

MGA LIKHA NI INAY, INC.

Financial Statements

December 31, 2023 and 2022

and

Independent Auditor's Report

ENDRIGA, MANANGU & ASSOCIATES
Certified Public Accountants

MGA LIKHA NI INAY, INC.
STATEMENTS OF FINANCIAL POSITION

		As of December 31	
	Notes	2023	2022
ASSETS			
CURRENT ASSETS			
Cash	3, 5	₱ 8,363,430	₱ 6,296,582
Trade and other receivables	3, 6	1,728,178	2,189,576
Inventories	3, 7	8,159,651	4,902,132
Other current assets	3, 8	1,083,172	830,658
Total Current Assets		19,334,431	14,218,948
NONCURRENT ASSETS			
Property and equipment - net	3, 9	3,030,345	424,040
Retirement asset	3, 11	673,397	473,923
Other noncurrent assets	3, 8	275,261	5,261
Total Noncurrent Assets		3,979,003	903,224
TOTAL ASSETS		₱ 23,313,434	₱ 15,122,172
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	3, 10	₱ 5,527,920	₱ 4,819,722
Income tax payable	3, 18	414,431	-
Total Current Liabilities		5,942,351	4,819,722
EQUITY			
Capital stock	3, 13	11,047,500	7,836,450
Retained earnings	3	6,323,583	2,466,000
Total Equity	3	17,371,083	10,302,450
TOTAL LIABILITIES AND EQUITY		₱ 23,313,434	₱ 15,122,172

See accompanying Notes to Financial Statements.



MGA LIKHA NI INAY, INC.
STATEMENTS OF INCOME

For the Years Ended December 31				
	Notes	2023		2022
REVENUES	3, 14	₱ 78,133,085	₱	32,296,092
COST OF GOODS SOLD	3, 15	(62,333,857)		(21,602,027)
COST OF SERVICES	3, 15	(175,536)		(532,999)
GROSS PROFIT		15,623,692		10,161,066
ADMINISTRATIVE EXPENSES	3, 16	(10,591,675)		(6,569,646)
NET INCOME FROM OPERATIONS		5,032,017		3,591,420
OTHER INCOME (CHARGES) - NET	3, 17	178,865		(62,691)
NET INCOME BEFORE INCOME TAX		5,210,882		3,528,729
PROVISION FOR INCOME TAX	3, 18	1,353,299		815,829
NET INCOME AFTER INCOME TAX		₱ 3,857,583	₱	2,712,900

See accompanying Notes to Financial Statements.



MGA LIKHA NI INAY, INC.**STATEMENTS OF CHANGES IN EQUITY**

	As of December 31		
	Capital Stock <i>(Note 13)</i>	Retained Earnings	Total
At January 1, 2023	₱ 7,836,450	₱ 2,466,000	₱ 10,302,450
Issuance of stocks	3,211,050	-	3,211,050
Net income after income tax	-	3,857,583	3,857,583
At December 31, 2023	₱ 11,047,500	₱ 6,323,583	₱ 17,371,083
At January 1, 2022	₱ 5,000,000	₱ (534,453)	₱ 4,465,547
Issuance of stocks	1,899,450	-	1,899,450
Application of deposit for future stock subscription	937,000	-	937,000
Prior period adjustment	-	287,553	287,553
Net income after income tax	-	2,712,900	2,712,900
At December 31, 2022	₱ 7,836,450	₱ 2,466,000	₱ 10,302,450

See accompanying Notes to Financial Statements.

MGA LIKHA NI INAY, INC.
STATEMENTS OF CASH FLOWS

For the Years Ended December 31				
	Notes	2023		2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income before income tax		₱ 5,210,882	₱	3,528,729
Adjustment for:				
Interest expense	16	76,427		82,160
Depreciation	9, 16	541,455		168,047
Retirement expense, net of contributions paid	11, 16	(85,262)		(75,237)
Loss on inventory	16	23,563		43,541
Write-off of receivables	6	-		(914,963)
Provision on uncollectible accounts	16	137,557		700,793
Actuarial (gain) loss on retirement plan	16	(114,212)		73,201
Interest income	16	(3,056)		(1,787)
Operating income before working capital changes		5,787,354		3,604,484
Changes in operating assets and liabilities				
Decrease (increase) in:				
Trade and other receivables	6	323,841		698,536
Inventories	7	(3,281,082)		(3,954,827)
Other current assets	8	(615,840)		(288,463)
Increase in:				
Trade and other payables	10	708,198		(109,100)
Net cash flow provided by (used in) operations		2,922,471		(49,370)
Interest received	17	3,056		1,787
Interest paid	16	(76,427)		(82,160)
Income taxes paid	18	(575,542)		(272,825)
Net cash flow provided by (used in) operating activities		2,273,558		(402,568)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property and equipment	9	(3,147,760)		(309,597)
(Increase) decrease in other noncurrent assets	8	(270,000)		65,745
Net cash flow used in investing activities		(3,417,760)		(243,852)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of shares of stocks	13	3,211,050		2,836,450
Decrease in loan payables				(1,188,474)
Increase (decrease) in deposit for future stock subscription				(937,500)
Net cash flow provided by financing activities		3,211,050		710,476
NET INCREASE IN CASH		2,066,848		64,056
CASH AT BEGINNING OF THE YEAR	5	6,296,582		6,232,526
CASH AT END OF THE YEAR		₱ 8,363,430	₱	6,296,582

See accompanying Notes to Financial Statements.

MGA LIKHA NI INAY, INC.

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2023 and 2022

1. Corporate Information

MGA LIKHA NI INAY, INC. (the Company) was registered with the Philippine Securities and Exchange Commission (SEC) on May 8, 2014, with an SEC registration number of CS201408286. The main purpose of the Company is to engage in manufacturing, selling, advertising, promoting, consolidating, and trading of products of the members and clients of the Center for Agriculture and Rural Development-Mutually Reinforcing Institutions (CARD-MRI; the Group).

The Company's registered address is located at 20 M.L. Quezon Street, City Subdivision, San Pablo City, Laguna.

2. Financial Reporting Framework

Basis of Preparation

The Company's financial statements have been prepared under the historical cost basis. The financial statements are presented in Philippine peso (₱), 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).

3. Summary of Significant Accounting Policies

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

Presentation of Financial Statements

Financial assets and financial liabilities are offset and the net amount is 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, the 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

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 the 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 their net realizable value (NRV). 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.

NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. NRV for inventories represents the related replacement costs. Any decrease in inventories arising from the write down of cost to NRV is recognized under the 'Provision for inventory losses' account in the statement of income.

Write down of Inventories

At each reporting date, inventories are assessed for write-down, i.e., the amount is not fully recoverable because of damage or declining selling prices. The Company measures loss on write-off by comparing the carrying amount of each item of inventory with its selling price less the cost to sell. If the cost of an item of the inventory is higher than NRV, its carrying amount is reduced to the selling price less the cost to sell and loss is recognized immediately in the statement of income. The inventory is eventually written off against the related provision in cases of obsolescence or when inventory is no longer saleable.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured in 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.

Other Current Assets

Other current assets represent assets of the Company that are expected to be realized or consumed within one year or within the Company's normal operating cycle whichever is longer. Other current assets are presented in the financial position at cost.

Property and Equipment

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

Items of property and equipment are initially measured at cost. Such cost includes the purchase price and all incidental costs necessary to bring the asset to its location and condition. Subsequent to initial recognition, items of property and equipment are measured in the statement of financial position at cost less accumulated depreciation and any accumulated impairment losses. Depreciation, which is computed on a straight-line basis, is recognized to allocate the cost of assets less their residual values over their estimated useful lives.

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

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

Impairment of Non-Financial Assets

Non-financial assets are assessed at each reporting date to determine whether there is any indication that the assets are impaired. When an impairment indicator is identified, the carrying value of the asset is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. If the recoverable amount cannot be estimated for an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are independent of the cash flows from other assets within the Company.

If an impairment indicator no longer exists or the recoverable amount has increased subsequently, the Company will determine the amount of impairment loss that can be reversed to the extent that the reversal should not result in a carrying amount of the asset that is higher than the carrying amount that would have been determined if no impairment loss was recognized in the prior years.

Provisions and Contingencies

Provisions

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

Provisions are recognized initially at the best estimate of the amount required to settle the obligation. Subsequently, the Company charged to the provision only those expenditures for which the provision was originally recognized.

Contingent Assets and Liabilities

Contingent assets and liabilities are not recognized in the statement of financial position.

Capital Stock

The 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 represent the cumulative balance of periodic net income, prior period adjustments and effect of changes in accounting policies, and other capital adjustments, net of any dividend declaration. Dividends, except for stock dividends, are recognized as a liability and deducted from equity when they are approved by the Company's Board of Directors and/or stockholders. Dividends for the period that are approved after the end of the financial reporting period are dealt with as an event after the financial reporting period. Retained earnings may also include the effect of changes in accounting policy as may be required by the accounting standard's transitional provisions.

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 the 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.

Service fee

Service fee arises from services rendered to affiliates other than selling of goods. This income is also subject to 12% VAT and is recognized when the related services are rendered.

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 when cash is received.

Expenses

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

Expenses are recognized in the statement of income:

- on the basis of a direct association between the costs incurred and the earning of specific items of income;
- 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
- 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 are costs that include all expenses associated with the specific sale of goods. Cost of sales include 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 a 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:

- Service cost
- Net interest on the net defined benefit liability or asset
- 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 an 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 profit or loss 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. The 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 whether the arrangement conveys a right to use the asset. A reassessment is made after the 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 Tax

The Company accounted for 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 in 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 (see Note 18). The MCIT is compared with the regular income tax, and whichever is higher shall be the income tax to be paid.

Related Parties

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

Related parties include members of key management personnel, including directors and officers of the Company and their close family members, and companies associated with these individuals. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

Foreign Currency Transactions

Transactions in foreign currencies are translated into Philippine pesos at exchange rates that 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 Date

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

4. Information About Key Sources of Estimation Uncertainty and Judgments

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of the future.

Estimates

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

(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 selling price less the cost to sell. An inventory is written down to the selling price less the cost to sell when such amount is lower than the cost, with the loss immediately recognized in the statement of income.

The carrying value of the Company's inventories are disclosed in Note 7.

(b) Present value of retirement asset

The determination of the Company's retirement cost is dependent on certain assumptions used by the actuary in calculating the amount. Those assumptions are described in Note 11 to the financial statements and include, among others, discount rate, future salary increase, and average remaining working lives of employees. While management believes that the assumptions are reasonable and appropriate, significant differences in the Company's actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

(c) Recognition of deferred tax assets

The Company reviews the net carrying amount of deferred tax assets at each reporting date and adjusts it, using valuation allowance, to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax income tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax asset that can be recognized based upon the likely timing and level of future taxable profits together with future tax planning strategies.

As of December 31, 2023 and 2022, the Company's unrecognized deferred tax assets are disclosed in Note 18.

5. Cash

This account consists of:

		2023		2022
Cash in banks	₱	7,066,314	₱	6,271,582
Cash on hand		1,272,116		-
Petty cash		25,000		25,000
	₱	8,363,430	₱	6,296,582

Cash in banks consists of savings deposit accounts, with annual interest rates ranging from 0.25% to 0.625% and 0.25% to 1.00% in 2023 and 2022, respectively. The Company earned interest income amounting to ₱3,056 and ₱1,787 in 2023 and 2022, respectively.

Cash on hand consists of cash and checks as of December 31, 2023 which were deposited on the following banking day.

6. Trade and Other Receivables

This account consists of:

		2023		2022
Trade receivables	₱	1,959,115	₱	929,782
Due from affiliates		85,676		1,438,850
		2,044,791		2,368,632
Less: allowance for uncollectible accounts		(316,613)		(179,056)
	₱	1,728,178	₱	2,189,576

Trade receivables pertain to transactions that arise from the ordinary course of business and are non-interest bearing and generally collectible on a 30-day period.

Due from affiliates include expenses, paid initially by the Company for seminars and meetings on behalf of the entities within the CARD-MRI, which are collectible from the affiliated CARD-MRI entities.

The movements in the allowance for uncollectible accounts are as follows:

		2023		2022
Beginning balance	₱	179,056	₱	393,227
Additions		137,557		700,793
Written off		-		(914,964)
Ending balance	₱	316,613	₱	179,056

7. Inventories

This account consists of:

	2023	2022
Inventories	₱ 8,159,651	₱ 5,268,335
Less: allowance for inventory losses	-	(366,203)
	₱ 8,159,651	₱ 4,902,132

Inventories in 2023 pertain to kalamansi concentrate, coffee, dried fruit, peanut butter, banana chips, fresh jams, muscovado sugar, and groceries. Inventories in 2022 pertain to Indomie Mi Goreng, coffee, coco sugar, handwoven fans, and groceries intended for sale.

The movements in the allowance for inventory losses are as follows:

	2023	2022
Beginning balance	₱ 366,203	₱ -
Additions	-	409,744
Written off	(366,203)	(43,541)
Ending balance	₱ -	₱ 366,203

The Company has written off its allowance for inventory losses that amounted to ₱366,203 and ₱43,541 as the management determined that these are no longer saleable in 2023 and 2022, respectively.

8. Other Assets

This account consists of:

	2023	2022
Current:		
Prepaid expenses - current portion	₱ 1,083,172	₱ 467,332
Excess tax credits	-	363,326
	1,083,172	830,658
Noncurrent:		
Prepaid expenses - noncurrent portion	275,261	5,261
	275,261	5,261
	₱ 1,358,433	₱ 835,919

Excess tax credits include payment of excess of MCIT over RCIT and excess creditable withholding taxes that could be claimed as tax credits on tax returns after this reporting period.

Prepaid expenses consist of advance payment to various suppliers, unexpired insurance premiums, security deposit on equipment, and advance rental for the lease of office and outlet spaces.

9. Property and Equipment - Net

The details of property and equipment as of December 31, 2023 are as follows:

	Transportation Vehicle	Computer and Printing Equipment	Furniture, Fixtures, and Other Equipment	Construction in Progress	Leasehold Improvement	Total
Cost:						
Balance at beginning of year	₱ 686,460	₱ 1,011,465	₱ 547,751	₱ -	₱ -	₱ 2,245,676
Additions	-	377,567	1,290,746	318,733	1,160,714	3,147,760
Balance at end of year	686,460	1,389,032	1,838,497	318,733	1,160,714	5,393,436
Accumulated Depreciation						
Balance at beginning of year	686,360	682,312	452,964	-	-	1,821,636
Depreciation	-	137,042	268,996	-	135,417	541,455
Balance at end of year	686,360	819,354	721,960	-	135,417	2,363,091
Net Carrying Value	₱ 100	₱ 569,678	₱ 1,116,537	₱ 318,733	₱ 1,025,297	₱ 3,030,345

The construction in progress pertains to the downpayment made In 2023 for the construction of the Company's new office in Tagum City, Davao. The leasehold improvement pertains to the costs incurred in 2023 for the construction of the Company's new mart.

The details of property and equipment as of December 31, 2022 are as follows:

	Transportation Vehicle	Computer and Printing Equipment	Furniture, Fixtures, and Other Equipment	Total
Cost:				
Balance at beginning of year	P 686,460	P 725,929	P 523,689	P 1,936,078
Additions	-	285,536	24,062	309,598
Balance at end of year	686,460	1,011,465	547,751	2,245,676
Accumulated Depreciation				
Balance at beginning of year	686,360	586,823	380,405	1,653,588
Depreciation	-	95,489	72,559	168,048
Balance at end of year	686,360	682,312	452,964	1,821,636
Net Carrying Value	P 100	P 329,153	P 94,787	P 424,040

10. Trade and Other Payables

This account consists of:

	2023	2022
VAT payable	P 2,338,644	P 901,596
Due to affiliates	1,760,065	2,941,415
Accounts payable	1,198,061	791,216
Withholding taxes payable	159,217	65,390
Accrued expenses	71,933	120,105
	P 5,527,920	P 4,819,722

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

Accounts payable represents due to suppliers for inventory purchases.

Accrued expenses consist of unpaid employee benefits, professional fees, interest payable, and other expenses.

11. Retirement Benefits

The Group maintains 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 is valued using the projected unit cost method and is financed solely by the Company and its related parties.

MERP complies with the requirements of Republic Act No. 7641 (Retirement Law). MERP provides lump sum benefits equivalent to up to 120% of the 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 latest actuarial valuation report covers reporting period as of December 31, 2023 and 2022.

The principal assumptions used in determining pension for the defined benefit plans of the Company as of December 31, 2023 and 2022 are shown below:

	2023	2022
Discount rate	6.16%	7.32%
Salary increase rate	5.00%	5.00%

In addition to the Company's defined benefit retirement plan, the Company also operates a defined contribution plan referred to as a "Hybrid Plan" which provides a retirement benefit equal to 100% of the member's employer accumulated value (the Company's contributions of 8% plan salary to Fund A plus credited earnings) and 100.0% of the member's employee accumulated value (member's contributions up to 10% of plan salary to Fund B plus credited earnings), if any, provided that in no case shall 100% of the employee accumulated value in Fund A be less than 100% of plan salary for every year of credited service.

The amounts recognized in the statement of financial position follows:

	2023	2022
Fair value of plan assets	P 1,913,863	P 1,757,796
Present value of defined benefit obligation	(357,575)	(252,959)
Effect of asset ceiling	(882,891)	(1,030,914)
Net defined benefit asset	P 673,397	P 473,923

The total retirement benefit expense (income) recognized in the statement of income follows:

	2023	2022
Current service cost (Note 16)	P 22,998	P 20,998
Interest - net (Note 16)	(39,279)	(32,828)
Remeasurement (gain) loss on retirement plan (Note 17)	(114,212)	73,201
	P (130,493)	P 61,371

The movements in the net retirement asset follows:

	2023	2022
Balance at the beginning of the year	P 473,923	P 471,887
Retirement expense	16,281	11,830
Remeasurement gain (loss) on retirement plan	114,212	(73,201)
Contributions paid	68,981	63,407
Balance at the end of the year	P 673,397	P 473,923

The movements in the present value of pension obligation follows:

	2023	2022
Balance at the beginning of the year	P 252,959	P 377,042
Current service cost	22,998	20,998
Interest cost	18,517	19,455
Transfer from plan assets	56,378	265,192
Actuarial changes arising from changes in demographic assumptions	(1,259)	(5,217)
Actuarial changes arising from changes in financial assumptions	43,623	(78,497)
Actuarial changes arising from experience	(35,641)	(346,014)
Balance at the end of the year	P 357,575	P 252,959

The movements in the fair value of plan assets follows:

	2023	2022
Balance at the beginning of the year	P 1,757,796	P 1,670,714
Interest income	133,259	94,687
Transfer from plan assets	56,378	265,192
Contributions	68,981	63,407
Return on plan assets, net of interest	(102,551)	(336,204)
Balance at the end of the year	P 1,913,863	P 1,757,796

The changes in remeasurement loss on retirement plan follows:

	2023	2022
Return on plan assets, net of interest	P 102,551	P 336,204
Actuarial changes arising from changes in financial assumptions	43,623	(78,497)
Actuarial changes arising from changes in demographic assumptions	(1,259)	(5,217)
Experience adjustments	(35,641)	(346,014)
Effect of asset ceiling	(223,486)	166,725
Total	P (114,212)	P 73,201

The maximum economic benefit of plan assets available is a combination of expected refunds from the plan and a reduction in future contributions. The fair value of plan assets by each class as of the end of the reporting period are as follows:

	2023	2022
Cash and cash equivalents	12%	16%
Debt instruments - government bonds	68%	69%
Debt instruments - other bonds	4%	5%
Loans	15%	8%
Other assets	1%	1%
	100%	100%

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

The plan assets have diverse investments and do not have any concentration risk other than those in government securities which are of low risk.

The overall investment policy and strategy of the Company's defined benefit plans are 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 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:

	2023		2022	
	Increase	Decrease	Increase	Decrease
Discount rate	₱ 46,253	₱ (38,152)	₱ 32,138	₱ (26,495)
Future salary increase	46,329	(38,871)	32,577	(27,262)

The average duration of the defined benefit obligation at the end of each reporting period is 11.8 years and 11.6 years in 2023 and 2022, respectively.

Shown below is the 10-year maturity analysis of the undiscounted benefit payments of the Company:

	2023	2022
Less than 1 year	₱ 29,228	₱ 27,324
More than 1 year to 5 years	141,962	99,351
More than 5 years to 10 years	184,113	144,437
	₱ 355,303	₱ 271,112

12. Deposit for Future Stock Subscriptions

On May 15, 2021, the Board of Directors of the Company met and approved the increase in the authorized capital stock of the Company from ₱5,000,000 (divided into 5,000 common shares with a par value of ₱100) to ₱20,000,000 (divided into 200,000 common shares with a par value of ₱100). The aforementioned increase in the authorized capital stock of the Company was likewise approved by the stockholders in their regular meeting held on May 15, 2021.

The Company entered into subscription agreements with different subscribers and approved a total amount of ₱5,000,000 consisting of 50,000 shares. On the said subscriptions, The Company received during the year a total of ₱937,500 during the year as a deposit for future stock subscriptions. The unissued authorized capital of the Company is insufficient to cover the number of shares indicated in the subscription agreements. The cash received by the Company was recognized as Deposits for Future Stock Subscriptions as of December 31, 2021, in compliance with the applicable SEC reporting requirements.

On January 20, 2022, the SEC approved and issued the certificate of approval for the Company's increase in authorized capital stock.

13. Capital Stock

The Company's capital stock as of December 31, 2023 and 2022 consists of:

	2023		2022	
	Shares	Amount	Shares	Amount
Common stock - P100 par value, 200,000 authorized shares				
Issued and outstanding				
Balance at the beginning of the year	78,365	₱ 7,836,450	50,000	₱ 5,000,000
Additional issuance of stocks	32,111	3,211,050	-	-
Application of deposit for future stock subscription	-	-	9,370	937,000
Collection of subscription receivables	-	-	18,995	1,899,450
Balance at the end of the year	110,475	₱ 11,047,500	78,365	₱ 7,836,450

On January 20, 2022, the SEC approved and issued the certificate of approval for the Company's increase in authorized capital stock.

Capital Management

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

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

14. Revenues

This account consists of:

	2023	2022
Sales	₱ 74,422,064	₱ 29,401,738
Service fee	3,713,176	2,897,307
Gross sales	78,135,240	32,299,045
Less: Sales discount	(2,155)	(2,953)
Net revenues	₱ 78,133,085	₱ 32,296,092

Breakdown of sales follows:

	2023	2022
Recurring sales	₱ 56,030,053	₱ 29,401,738
Non-recurring sales	18,392,011	-
Sales	₱ 74,422,064	₱ 29,401,738

Recurring sales represent the standard, ongoing sales activities that form the core of the Company's business and revenue generation model.

Non-recurring sales in 2023 include significant non-recurring sales amounting to ₱18,392,011. This notably includes a special order from the Center for Agriculture and Rural Development (CARD), Inc., wherein products were purchased from Mga Likha Ni Inay. These sales are considered non-recurring due to their one-off nature and the fact that they are not expected to be a regular occurrence in the operational revenue streams.

15. Cost of Services and Cost of Goods Sold**a. Cost of Services**

As of December 31, 2023 and 2022, the Cost of Services amounted to ₱175,536 and ₱532,999, respectively.

b. Cost of Goods Sold

This account consists of:

	2023	2022
Inventories at beginning of period	₱ 4,902,132	₱ 990,846
Purchases during the period	65,591,376	25,513,313
Inventories available for sale	70,493,508	26,504,159
Inventories at end of period	8,159,651	4,902,132
	₱ 62,333,857	₱ 21,602,027

16. Administrative Expenses

Details of administrative expenses are as follows:

	2023	2022
Compensation and employee benefits	₱ 2,165,537	₱ 1,521,590
Outsourced services	1,806,144	486,077
Rent	1,611,703	513,993
Transportation and travel	958,136	385,603
Supplies and materials	885,676	496,872
Depreciation and amortization	541,455	168,047
Information technology	509,610	336,819
Repairs and maintenance	313,635	242,976
Miscellaneous	284,382	130,918
Utilities	281,690	152,589
Fines and penalties	225,460	-
Advertising and publicity	224,967	236,153
Insurance	188,209	219,119
Provision on uncollectible accounts	137,557	700,793
Communications and postage	81,581	10,325
Interest expense	76,427	82,160
Directors' fee	66,667	72,222
Seminars and meetings	63,850	39,186
Staff training and development	57,017	50,628
Program monitoring and evaluation	51,833	32,602
Management and professional fees	23,563	63,154
Taxes and licenses	22,733	198,493
Supervision and examination	6,357	1,115
Representation expense	3,618	17,468
Loss on inventory	2,238	43,541
Product development	1,630	1,000
Provision on loss on inventory	-	366,203
	₱ 10,591,675	₱ 6,569,646

Miscellaneous includes bank charges, antigen tests, garbage disposal, small gifts and tokens.

The composition of the compensation and employee benefits above are shown below:

	2023	2022
Salaries and wages	₱ 1,144,874	₱ 886,988
Short-term employee benefits and other contributions	1,036,944	646,432
Retirement benefits	(16,281)	(11,830)
	₱ 2,165,537	₱ 1,521,590

17. Other Income (Charges) - Net

This account consists of:

	2023		2022
Actuarial gain (loss) on retirement plan	P 114,212	P	(73,201)
Interest income from bank deposits	3,056		1,787
Others	61,597		8,723
	P 178,865	P	(62,691)

Other income pertains to cash overages, delivery fees, and unclaimed gift checks.

18. Income Taxes**a. Optional Standard Deduction**

Effective July 2008, Republic Act 9504 was approved giving corporate taxpayers an option to claim an 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 2023 and 2022, the Company opted to continue claiming itemized deduction scheme in its computation of income tax.

b. 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 follows:

- Effective July 1, 2020, the corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding ₱5,000,000 and with total assets not exceeding ₱100,000,000, 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 a 25% income tax;
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% effective July 1, 2020, to June 30, 2023;
- The imposition of improperly accumulated earnings is repealed.

c. Tax Computation

Regular Corporate Income Tax (RCIT)	2023		2022
Revenue	P 78,133,085	P	32,296,092
Less: Cost of Goods Sold and Cost of Services	(62,509,393)		(22,135,026)
Gross income from operation	15,623,692		10,161,066
Add: Other income	61,597		8,723
Total Gross income	15,685,289		10,169,789
Less: Itemized deductions	(10,274,538)		(5,470,582)
Net Operating Loss Carry-over (NOLCO)	-		(621,847)
Taxable income	P 5,410,751	P	4,077,360
RCIT - at 25% and 20%, respectively	P 1,352,688	P	815,472
MCIT - at 1.5% and 1%, respectively	235,279		101,698
Total income tax due	1,352,688		815,472
Income taxes paid and tax credits:			
Prior year's excess tax credit	(363,326)		(618,777)
Excess MCIT over RCIT	-		(287,553)
Creditable taxes withheld for the year	(574,931)		(272,468)
Income tax payable (overpayment)	P 414,431	P	(363,326)

d. Reconciliation between accounting income and taxable income is presented below:

	2023	2022
Accounting income	₱ 5,210,882	₱ 3,528,729
Reconciling items:		
Permanent differences:		
Interest income subject to final tax	(3,056)	(1,787)
Contributions to the retirement plan	(31,837)	-
Penalties and surcharges	225,460	-
Interest expense	-	357
Temporary differences:		
Actuarial (gain) loss on retirement plan	(114,212)	73,201
Loss on inventory	2,238	43,541
Provision on uncollectible accounts	137,557	700,793
Retirement plan income - net	(16,281)	(11,830)
Net Operating Loss Carry-over (NOLCO)	-	(621,847)
Provision on loss on inventory	-	366,203
Taxable income	₱ 5,410,751	₱ 4,077,360

e. Provision for income tax consists of:

	2023	2022
Current:		
Income tax	₱ 1,352,688	₱ 815,472
Final tax	611	357
	₱ 1,353,299	₱ 815,829

f. The Company did not recognize deferred tax assets (liabilities) on the following:

	2023	2022
Retirement asset	₱ (673,397)	₱ (473,923)
Allowance for inventory losses	-	(366,203)

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. The such relationship also exists between and/or among entities that 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.

The Company has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business.

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 members of the board of directors and senior management to constitute key management personnel.

The total compensation for key management personnel amounted to ₱0 (nil) and ₱848,237 in 2023 and 2022, respectively.

Other Related Party Transactions

Transactions between the Company and its key management personnel meet the definition of related party transactions. Transactions between the Company and its affiliates within the CARD-MRI, also qualify as related party transactions.

As of December 31, 2023 and 2022, transactions with related parties are as follows:

2023				
Category	Amount / Volume	Outstanding Balance	Nature, Terms and Conditions	
Affiliates				
Cash in banks		₱ 4,671,018	This pertains to checking and savings accounts with an annual interest rates ranging from 0.25% to 0.625%	
Deposits	₱ 98,109,720			
Withdrawals	98,681,261			
Accounts receivable		85,676	This pertains to unremitted collections made on behalf of the Company for the sale of souvenirs, and agricultural products. Also includes a share of expenses at meetings held by the CARD-MRI group (unimpaired, due, and demandable).	
Billings	70,231,338			
Collections	71,584,512			
Other income		350	This pertains to the service fees for the facilitation of food during meetings and for the purchase of giveaways.	
Accounts payable		1,760,065	This pertains to unpaid inventories purchased by other CARD-MRI entities and loans from CLFC.	
Billings	1,260,425			
Payments	2,441,775			
2022				
Category	Amount / Volume	Outstanding Balance	Nature, Terms and Conditions	
Affiliates				
Cash in banks		₱ 5,242,559	This pertains to checking and savings accounts with an annual interest of 0.25%.	
Deposits	₱ 45,067,994			
Withdrawals	44,481,187			
Accounts receivable		1,438,850	This pertains to unremitted collections made on behalf of the Company for the sale of souvenirs, and agricultural products. Also includes a share of expenses at meetings held by the CARD-MRI group (unimpaired, due, and demandable).	
Billings	25,510,794			
Collections	24,086,337			
Other income	2,906,030		This pertains to the service fees for the facilitation of food during meetings and for the purchase of giveaways.	
Accounts payable		2,941,415	This pertains to unpaid inventories purchased by other CARD-MRI entities and loans from CLFC.	
Billings	178,939			
Payments	910,413			
Loans payable		-	This pertains to loan agreements with CLFC.	
Availments	-			
Payments	1,188,474			
Interest expense	396,523		This pertains to 12% interest on financing loans.	

20. Leases

As a Lessee

The Company leases offices and outlets. The lease contracts are for one to three years and are renewable upon mutual agreement between the Company and the lessors.

The future aggregate minimum lease payments under operating leases are as follows:

	2023	2022
Not later than one year	₱ 1,905,366	₱ 505,325
Later than one year and not later than five years	5,427,945	1,064,248
	₱ 7,333,310	₱ 1,569,573

The total rent expenses recognized in 2023 and 2022 are disclosed in Note 16. The total security deposit related to these operating leases amounted to ₱630,521 and ₱46,010 in 2023 and 2022, respectively.

21. Prior period adjustment

In 2022, an understatement of account was discovered in the prior period financial statements. This was corrected by adjusting the beginning balance of Retained Earnings.

Nature	Accounts Affected	Before Restatement	Correction	After Restatement
Understatement of prepaid income tax	Other current assets	₱ 543,105	₱ 287,553	₱ 830,658

22. Other Matter**COVID-19 Impacts**

Since December 31, 2019 to December 31, 2023, 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.

Proclamation No. 297, signed on July 21, 2023, stated that all prior orders, memoranda, and issuances that are effective only during the State of Public Health Emergency shall be deemed withdrawn, revoked, or canceled and shall no longer be in effect.

The Company's management has assessed and addressed the impacts of COVID-19. As of December 31, 2023 and 2022, all COVID-19 determinable impacts on the Company's 2023 financial statements have been either adjusted or disclosed.

23. Approval of the Release of the Financial Statements

The accompanying financial statements were reviewed and approved for release by the Company's Board of Directors on April 4, 2024.

24. Supplementary Information Required by the Bureau of Internal Revenue**I. Revenue Regulations (RR) No. 15-2010**

On November 25, 2010, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 15-2010 which prescribes additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying the tax returns. Under the said RR, companies are required to disclose, in addition to the disclosures mandated under PFRS for SEs and such other standards and/or conventions, taxes, duties, and license fees paid or accrued during the taxable year. Following is the required information under RR No. 15-2010 for the year ended December 31, 2023:

a. Withholding Taxes

The amount of withholding taxes paid/accrued:

	Paid		Payable	
Expanded withholding taxes	P	218,910	P	153,552
Tax on compensation and benefits		2,304		4,875
	P	221,214	P	158,427

b. Other Taxes Paid

The following are the other taxes paid by the Company during the year recognized under Taxes and licenses account:

Business permit	P	17,733
Motor vehicle registration		4,500
Annual registration fee		500
	P	22,733

c. Value-Added Tax (VAT)

The work forward analysis of the Company's output and input VAT for its sales and purchases is as follows:

<i>Output VAT</i>			
Vatable sales/receipts	₱	74,893,669	₱ 8,987,240
Exempt sales/receipts		3,278,120	-
Total Output VAT		78,171,788	8,987,240
<i>Input VAT</i>			
Balance at beginning of the year			-
Add: Purchases or payments for:			
Goods (Domestic)	₱	34,324,279	4,118,913
Services (Domestic)		4,846,944	581,634
Total Input VAT		34,324,279	4,700,547
VAT payable			4,286,693
Less: Tax Payments			(1,948,049)
VAT still due			₱ 2,338,644

d. Tax Assessments and Cases

On February 10, 2021, the Company received a Letter of Authority (LOA) No. 055-2021-00000007/ eLA201500002506 dated February 3, 2021 for the examination of the Company's books of accounts and other accounting records for all internal revenue taxes for the period from January 1, 2019 to December 31, 2019. On July 13, 2021, the Company received a replacement LOA No. 055-2021-00000161/ eLA201500003432 for the continuation of the BIR audit for the taxable year 2019. In December 2023, the Company paid the assessed deficiency taxes that amounted to ₱300,246, inclusive of interest and penalties.