COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	1	9	9	7	1	3	4	5	6	

COMPANY NAME

CONCEPCION INDUSTRIAL CORPORATION

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

308 SEN. GIL PUYAT AVENUE
MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, if Applicable
AAFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
sec_cic@cic.ph	87721819	+639178424881

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
26	Third Wed. of July	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Omar C. Taccad	omar.taccad@cic.ph	87721819	+639985843327

CONTACT PERSON's ADDRESS

Km. 20 East Service Road South Super Highway, Alabang, Muntinlupa City

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

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

Independent Auditor's Report

To the Board of Directors and Shareholders of
Concepcion Industrial Corporation
308 Gil Puyat Avenue
Makati City

Report on the Audits of the Separate Financial Statements

Our Opinion

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of Concepcion Industrial Corporation (the "Company") as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The separate financial statements of the Company comprise:

- the statements of financial position as at December 31, 2020 and 2019;
- the statements of total comprehensive income for the years ended December 31, 2020 and 2019;
- the statements of changes in equity for the years ended December 31, 2020 and 2019;
- the statements of cash flows for the years ended December 31, 2020 and 2019; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for our Opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audits of the separate financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

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

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

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

Auditor's Responsibilities for the Audits of the Separate Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard.

Report on the Bureau of Internal Revenue Requirement

Our audits were conducted for the purpose of forming opinion on the basic separate financial statements taken as a whole. The supplementary information in Note 18 to the separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic separate financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

Isla Lipana & Co.

Ma. Lois M. Gregorio-Abad
Partner
CPA Cert. No. 0104589
P.T.R. No. 0028729; issued on January 5, 2021 at Makati City
SEC A.N. (individual) as general auditors 1573-AR-1, Category A; effective until July 22, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 212-206-626
BIR A.N. 08-000745-129-2019; issued on January 14, 2019; effective until January 13, 2022
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
April 14, 2021

Concepcion Industrial Corporation

Statements of Financial Position
December 31, 2020 and 2019
(All amounts in Philippine Peso)

	Notes	2020	2019
A S S E T S			
Current assets			
Cash and cash equivalents	2	374,653,767	83,298,461
Receivables	3	16,571,449	46,684,140
Prepayments and other current assets	4	16,622,510	15,198,299
Subscription receivable	1	15,625,000	-
Total current assets		423,472,726	145,180,900
Non-current assets			
Investments in subsidiaries and an associate	5	3,939,177,714	3,802,773,714
Investment property	7	40,254,900	40,254,900
Property and equipment, net	6	437,076	96,134
Right-of-use asset	14	-	377,828
Total non-current assets		3,979,869,690	3,843,502,576
Total assets		4,403,342,416	3,988,683,476
LIABILITIES AND EQUITY			
Current liabilities			
Accrued expenses and other current liabilities	8	58,549,705	94,294,724
Due to related parties	9	1,215,190	5,044,187
Lease liabilities	14	-	156,824
Total current liabilities		59,764,895	99,495,735
Non-current liability			
Retirement benefit obligation	13	21,536,542	20,040,080
Total liabilities		81,301,437	119,535,815
Equity			
Share capital	11	407,263,891	407,263,891
Share premium	11	993,243,008	993,243,008
Retained earnings		3,090,243,622	2,614,589,434
Treasury shares	11	(170,068,440)	(146,528,080)
Other comprehensive income	13	1,358,898	579,408
Total equity		4,322,040,979	3,869,147,661
Total liabilities and equity		4,403,342,416	3,988,683,476

The notes on pages 1 to 37 are integral part of these separate financial statements.

Concepcion Industrial Corporation

Statements of Changes in Equity
For the years ended December 31, 2020 and 2019
(All amounts in Philippine Peso)

	Share capital (Note 11)	Share premium (Note 11)	Retained earnings (Note 11)	Treasury shares (Note 11)	Other comprehensive income (loss) (Note 13)	Total
Balances as at January 1, 2019	407,263,891	993,243,008	1,761,197,470	(73,759,370)	(494,322)	3,087,450,677
Comprehensive income						
Net income for the year	-	-	1,339,998,193	-	-	1,339,998,193
Remeasurement gain of retirement benefit	-	-	-	-	1,073,730	1,073,730
Total comprehensive income	-	-	1,339,998,193	-	1,073,730	1,341,071,923
Transactions with owners						
Cash dividends declared	-	-	(486,606,229)	-	-	(486,606,229)
Acquisition of treasury shares	-	-	-	(72,768,710)	-	(72,768,710)
Total transactions with owners	-	-	(486,606,229)	(72,768,710)	-	(559,374,939)
Balances as at December 31, 2019	407,263,891	993,243,008	2,614,589,434	(146,528,080)	579,408	3,869,147,661
Comprehensive income						
Net income for the year	-	-	757,906,852	-	-	757,906,852
Remeasurement gain of retirement benefit	-	-	-	-	779,490	779,490
Total comprehensive income	-	-	757,906,852	-	779,490	758,686,342
Transactions with owners						
Cash dividends declared	-	-	(282,252,664)	-	-	(282,252,664)
Acquisition of treasury shares	-	-	-	(23,540,360)	-	(23,540,360)
Total transactions with owners	-	-	(282,252,664)	(23,540,360)	-	(305,793,024)
Balances as at December 31, 2020	407,263,891	993,243,008	3,090,243,622	(170,068,440)	1,358,898	4,322,040,979

The notes on pages 1 to 37 are integral part of these separate financial statements.

Concepcion Industrial Corporation

Statements of Total Comprehensive Income
For the years ended December 31, 2020 and 2019
(All amounts in Philippine Peso)

	Notes	2020	2019
Income			
Dividend income	5,9	838,558,709	1,453,659,619
Interest income from cash and cash equivalents	2	864,291	2,611,978
Miscellaneous income, net	3	712,195	31,100,283
Total income		840,135,195	1,487,371,880
Expenses			
Personnel costs		(38,304,117)	(77,301,262)
Donation	1	(15,000,000)	(30,000)
Professional fees		(13,469,475)	(25,396,099)
Outside services		(6,266,384)	(34,001,887)
Rent and utilities		(1,521,326)	(1,553,885)
Registration		(1,232,792)	(1,509,876)
Advertising and promotion		(1,223,214)	(1,000,000)
Amortization of right-of-use asset	14	(377,828)	(799,972)
Insurance		(175,016)	(185,113)
Taxes and licenses		(163,489)	(131,368)
Supplies		(26,228)	(103,759)
Others		(4,451,979)	(4,723,096)
Total expenses		(82,211,848)	(146,736,317)
Operating income		757,923,347	1,340,635,563
Finance cost on lease liability	14	(1,978)	(14,762)
Income before income tax		757,921,369	1,340,620,801
Income tax expense	10	(14,517)	(622,608)
Net income for the year		757,906,852	1,339,998,193
Other comprehensive loss that will not be subsequently reclassified to profit or loss			
Remeasurement gain of retirement benefit obligation	13	779,490	1,073,730
Total comprehensive income for the year		758,686,342	1,341,071,923
Earnings per share - basic and diluted	12	1.88	3.31

The notes on pages 1 to 37 are integral part of these separate financial statements.

Concepcion Industrial Corporation

Statements of Cash Flows
For the years ended December 31, 2020 and 2019
(All amount in Philippine Peso)

	Notes	2020	2019
Cash flows from operating activities			
Income before income tax		757,921,369	1,340,620,801
Adjustments for:			
Dividend income	5,9	(838,558,709)	(1,453,659,619)
Provision for bonus	8	13,492,978	46,611,513
Retirement benefit expense	13	2,275,952	2,608,543
Interest income on bank deposits and short-term placements	2	(864,291)	(2,611,978)
Depreciation and amortization	6,14	512,129	811,989
Interest expense from lease liability	14	1,978	14,762
Operating loss before changes in working capital		(65,218,594)	(65,603,989)
Changes in working capital:			
Receivables		30,129,114	(41,577,087)
Accrued expenses and other current liabilities		(48,081,258)	(32,211,136)
Prepayments and other current assets		(1,438,728)	(299,177)
Due to related parties		(4,985,736)	10,427,734
Cash absorbed by operations		(89,595,202)	(129,263,655)
Interest received from bank deposits		103,924	278,183
Net cash used in operating activities		(89,491,278)	(128,985,472)
Cash flows from investing activities			
Dividends received	5,9	838,558,709	1,453,659,619
Subscription of shares of subsidiaries	1,5	(136,404,000)	(975,450,000)
Deposit for future stock subscription	1	(15,625,000)	-
Interest received from short-term placements		743,944	2,666,023
Acquisition of property and equipment	6	(475,243)	(108,151)
Acquisition / improvement cost of investment property	7	-	(1,187,594)
Net cash provided by investing activities		686,798,410	479,579,897
Cash flows from financing activities			
Dividends paid	11	(282,252,664)	(486,606,229)
Cash paid for acquisition of treasury shares	11	(23,540,360)	(72,768,710)
Principal repayment of lease liability	14	(156,824)	(333,429)
Interest paid for lease liability	14	(1,978)	(14,762)
Net cash used in financing activities		(305,951,826)	(559,723,130)
Net increase (decrease) in cash and cash equivalents		291,355,306	(209,128,705)
Cash and cash equivalents as at January 1		83,298,461	292,427,166
Cash and cash equivalents as at December 31	2	374,653,767	83,298,461

The notes on pages 1 to 37 are integral part of these separate financial statements.

Concepcion Industrial Corporation

Notes to the Separate Financial Statements
As at and for the years ended December 31, 2020 and 2019
(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General Information

1.1 Registration and business

Concepcion Industrial Corporation (the Company, Parent Company or CIC), formerly Concepcion Airconditioning Corporation, was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 17, 1997 primarily to carry on business as a holding company, including but not limited to the acquisition by purchase, exchange, assignment, gift, importation or otherwise, and to hold, own and use for investment or otherwise, and to sell, assign, transfer, exchange, mortgage, pledge, traffic or otherwise to enjoy and dispose of real and personal property of every kind and description, including land, condominium units, buildings, machineries, equipment, bonds, debentures, promissory notes, shares of capital stock or other securities or obligations, created, negotiated or issued by any corporation, association or other entity, foreign or domestic, and while the owner thereof, to exercise all the rights, powers and privileges of ownership, including the right to receive, collect, and dispose of, any and all dividends, rentals, interest and income derived therefrom and generally perform acts or things designed to promote, protect, preserve, improve or enhance the value of any such land, condominium units, buildings, machineries, equipment, bonds, debentures, promissory notes, shares of capital stock, securities or obligations to the extent permitted by law without however engaging in dealership in securities, in the stock brokerage business or in the business of an investment company.

The Company's primary shareholders are Foresight Realty & Development Corp., Hyland Realty & Development Corp., and Horizons Realty Inc., entities registered and doing business in the Philippines, which have equally divided equity over the Company. These companies are owned by Filipino individuals.

The Company's shares are publicly traded in the Philippine Stock Exchange. Accordingly, the Company is considered a public company under the Implementing Rules and Regulations of the Securities Regulation Code (SRC), which, among others, defines a public corporation as any corporation with a class of equity securities listed on an exchange, or with assets in excess of P50 million and having 200 or more shareholders, each of which holds at least 100 shares of its equity securities.

As at December 31, 2020, the Company has at least 15 shareholders (2019 - 16) each holding 100 or more shares with certain securities still held by nominees and brokers and have not been dislodged as at report date.

The Company's registered office address, which is also its principal place of business, is located at 308 Sen. Gil Puyat Avenue, Makati City, Metro Manila. The Company has three (3) regular employees as at December 31, 2020 and 2019.

1.2 Significant business developments

On March 28, 2018, CIC subscribed to additional 40 million shares of Cortex Technologies Corporation (CTC), a wholly-owned subsidiary of CIC registered with the SEC on September 19, 2017, amounting to P40 million which represents the balance of CTC's unissued share capital. Moreover, on July 11, 2018, the BOD and stockholders of CTC approved the increase in authorized share capital from P80 million to P200 million divided into 200 million shares at par value of P1 per share. The increase is to fund potential partnerships and business ventures. CIC subscribed for the full amount of the increase totaling P120 million. On January 31, 2019, the SEC approved CTC's application for the increase in authorized share capital. Consequently, the corresponding shares relating to the Company's deposit for future stock subscription amounting to P60 million were issued to the Company.

On December 19, 2019, BOD approved the proposed increase in authorized share capital of CTC from 200 million shares to 450 million shares at P1 par value per share. On July 17, 2020, CTC received deposit for future stock subscription from the Parent Company amounting to P15.6 million. As of December 31, 2020, CTC is still in the process of completing the requirements for its application of the proposed increase in authorized share capital with the SEC.

On April 6, 2018, the BOD and stockholders of Concepcion Durables, Inc. (CDI), a wholly-owned subsidiary, approved the increase in its authorized share capital from P500 million to P678 million divided into 6.78 million shares with par value of P100 per share. The Company subscribed for the full amount of the increase totaling P178 million. On April 2, 2019, the SEC approved CDI's application for the increase in authorized share capital. Consequently, the corresponding shares relating to the Company's deposit for future stock subscription amounting to P178 million were issued to the Company. On February 12, 2020, the BOD approved the increase in authorized capital stock from P678 million to P1.2 billion consisting of 12 million shares at P100 par value per share. On November 27, 2020, CDI filed the application for the increase in authorized capital stock with the SEC. Relative to the foregoing, a deposit for future subscription received from the Parent Company on August 26, 2020 amounting P136,404 was classified under equity in December 2020. On December 15, 2020, SEC approved the CDI's application for the increase in authorized share capital to P1.2 billion or 12 million shares at P100 par value per share and that out of the said increase in capital, 1,364,040 shares was subscribed to and paid by the Company at a total subscription price of P136.4 million.

On October 15, 2018, CIC incorporated Alstra, Inc. (Alstra), a holding company with authorized share capital of P500 million divided into 500 million shares at par value of P1 per share and paid up capital of P125 million subscribed wholly by CIC. On July 23, 2019 the Securities and Exchange Commission approved the reclassification of 50,000,000 unissued shares of common stock to preferred stock and the corresponding amendment of Alstra's Articles of Incorporation. Subsequently, Alstra issued to its Parent Company, preferred shares at a premium over par value at P20 per share for a total subscription price of P915.5 million.

On October 31, 2018, CTC entered into a stock purchase and shareholders agreement (SPSA) for the purchase of 30% of the issued and outstanding shares of Teko Solutions Asia Inc. (Teko), equivalent to 6,000 shares for P19.9 million. The purchase of 30% interest was made on November 27, 2018. The SPSA also provides that additional 21% interest will be subscribed by CTC on November 27, 2018 to increase its total ownership to 51% upon completion of certain provisions in the SPSA. The actual issuance of additional 8,572 shares of Teko equivalent to 21% interest happened on January 17, 2019. As at December 31, 2018, Teko was considered as a subsidiary of the Parent Company as a result of the latter's significant representation in Teko's BOD, representing control over Teko's operations as at reporting date. In the first quarter of 2019, CTC subscribed and paid 21,250 of Teko's preferred shares amounting to P2.1 million. On December 19, 2019, Teko's BOD approved the issuance of 127,500 shares of preferred stock to the CTC at an issue price equal to the par value, payable by applying or offsetting an equivalent amount of the outstanding advances due and payable by Teko to CTC. CTC and Teko's shareholders are in the process of finalizing the terms and conditions regarding the issuance of shares and the offsetting of advances. Hence, the balance of CTC's deposit for future stock subscription was recorded as a liability as at December 31, 2019. The shares were issued on February 3, 2020.

On April 25, 2019, Tenex Services, Inc. (Tenex), was incorporated and registered with the Philippine Securities and Exchange Commission (SEC), primarily to undertake and transact all kinds of business relating to installation, servicing sale and distribution of heating, ventilation and air conditioning systems and products, and such other activities related thereto, such as but not limited to construction and mechanical maintenance services. On July 2, 2020, Tenex issued the 15,500 stock subscription at par value to a shareholder and Alstra amounting to P6.9 million and P8.6 million respectively. Tenex is 49% owned by Alstra Incorporated (Alstra), a wholly-owned subsidiary of the Company.

On August 28, 2019, the BOD of Alstra authorized the acquisition of 73,950 shares of stock, which represents 51% of the issued and outstanding capital stock, of Concepcion-Otis Philippines, Inc. (COPI) from Concepcion-Carrier Air Conditioning Company (CCAC). COPI is a joint venture between CCAC and United Technologies International Corporation Asia PVT LTD. (UTICA). CCAC is a partnership between the Company with 60% equity and Carrier Air Conditioning Philippines, Inc. (CACPI) with 40% equity, both incorporated in the Philippines. On August 30, 2019, the BOD of CCAC authorized the sale and transfer of all its shares of stock in COPI to Alstra and Otis Elevator Company (Philippines), Inc. (OECPI) for a total selling price of P1,526 million.

1.3 Approval of financial statements

On March 24, 2021, the Company's BOD authorized the Audit and Risk Oversight Committee (Audit Com) to approve and authorize the issuance of the separate financial statements of the Company for the year ended December 31, 2020.

On April 14, 2021, pursuant to the authority granted to it by the BOD, the Audit Com approved and authorized the issuance of the separate financial statements of the Company for the year ended December 31, 2020.

1.3 Corona Virus (COVID-19)

Subsequent to the outbreak of the COVID-19 pandemic in early 2020, a series of measures to curb the COVID-19 outbreak has been and continues to be implemented in the country. The Company has taken appropriate measures to preserve the health and safety of its employees and stakeholders as well as the business operations and in compliance with government mandated issuances and regulations.

The pandemic has slowed down the operations of the Company's subsidiaries and associates as a result of government-imposed restrictions in the country starting March 17, 2020. Recovery was seen starting from the third quarter of 2020 as more consumers remained on lockdown. The Company did not have major difficulties in the collection of outstanding receivables for sales earned in 2020.

The Company is closely monitoring the status of the COVID-19 pandemic and its continuing impact on its business operations and is optimistic that the pandemic would not have a significant long-term impact on the Company's financials. The Company will continue to address the issues that directly affect its business operations and to look for measures to mitigate and reduce impact to its profitability. Management has also considered the impact of the pandemic in determining the recoverability of its assets and sufficiency of provisions as at December 31, 2020.

On March 27, 2020, the Company, together with business groups, donated P15 million in cooperation with the Philippine Disaster Resilience Foundation in supporting "Project Ugnayan" to raise funds in support of ongoing initiatives to help poor families that were economically displaced by the Enhanced Community Quarantine in Metro Manila.

Note 2 - Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2020	2019
Cash on hand	20,000	20,000
Cash in banks	1,633,767	14,278,461
Short term placements	373,000,000	69,000,000
	374,653,767	83,298,461

Cash in banks earn interest at the prevailing bank deposit rates while cash equivalents represent short-term placements that earn an average interest of 0.35% and 2.68% in 2020 and 2019, respectively. Interest income earned from cash and cash equivalents for the year ended December 31, 2020 amounted to P864,291 (2019 - P2,611,978).

Note 3 - Receivables

Receivables as at December 31 consist of:

	Note	2020	2019
Advances to a third party		11,392,780	8,836,075
Due from related parties	9	4,219,862	746,631
Non-trade receivable		817,108	35,105,717
Advances to employees		49,052	130,196
Accrued interest		42,667	26,244
Others		49,980	1,839,277
		16,571,449	46,684,140

On October 3, 2019, Carrier Air Conditioning Philippines, Inc. agreed to indemnify the Company amounting to P34.7 million, for and against all payments, charges, demands, and/or claims of taxes levied or imposed to and paid or incurred by the Company directly, or indirectly through the Company's 60% ownership in CCAC, as a direct result of the transfer of ownership of COPI to Alstra. This amount is included under non-trade receivable in the receivables account and as part of miscellaneous income in the statements of total comprehensive income. Payment was received on February 11, 2020.

Advances to a third party represents balances from a supplier for services yet to be rendered.

Accrued interest represents the amount earned by the Company's short-term placement for the month of December and is normally credited to their account in the subsequent month.

Other receivables represent advances paid to vendors for the subsequent year kick-off activities of the Company.

Note 4 - Prepayments and other current assets

Details of prepayments and other current assets as at December 31 are as follows:

	2020	2019
Input value added tax (VAT), net of output VAT	12,116,775	10,787,894
Prepaid taxes	2,878,972	2,600,541
Prepaid expenses	1,469,516	1,801,315
Others	157,247	8,549
Balance at December 31	16,622,510	15,198,299

Prepaid expenses include payments made for insurances and subscriptions expected to be used within 12 months after reporting date.

Note 5 - Investments in subsidiaries and an associate

Investments in subsidiaries, with direct ownership, and an associate as at December 31 consist of:

	Country of incorporation	Percentage of ownership	2020	2019
Subsidiaries				
CCAC	Philippines	60	1,445,879,634	1,445,879,634
CDI	Philippines	100	1,022,848,080	886,444,080
Alstra	Philippines	100	1,040,450,000	1,040,450,000
Concepcion Business Services, Inc. (CBSI)	Philippines	100	120,000,000	120,000,000
CTC	Philippines	100	200,000,000	200,000,000
			3,829,177,714	3,692,773,714
Associate				
Concepcion Midea, Inc. (CMI)	Philippines	40	110,000,000	110,000,000
			3,939,177,714	3,802,773,714

As at December 31, 2020 and 2019, the following were considered subsidiaries and an associate of the Company through indirect ownership:

	Country of incorporation	Percentage of indirect ownership 2020	2019	Year of acquisition
COPI	Philippines	51	51	2014
Teko Solutions Asia, Inc. (Teko)	Philippines	58	52	2018
Tenex	Philippines	49	49	2019

5.1 Subsidiaries with direct ownership

5.1.1 CCAC

CCAC was organized primarily to engage in the manufacture, sales (except retail), distribution, installation and service of heating, ventilating and air conditioning (HVAC) products and HVAC services.

The following are the summarized financial information of CCAC as at and for the years ended December 31 (in thousands):

	2020	2019
Current assets	5,582,668	5,786,709
Non-current assets	1,108,093	1,169,588
Current liabilities	(2,567,283)	(2,539,015)
Non-current liabilities	(717,760)	(615,332)
Total equity	(3,405,718)	(3,801,950)
Revenue	6,236,372	9,709,186
Net income for the year	471,899	1,534,108
Other comprehensive loss	(13,931)	(40,742)
Total comprehensive income	457,968	1,493,366
Cash provided by operating activities	1,382,200	1,944,875
Cash provided by (used in) investing activities	(35,449)	1,504,381
Cash used in financing activities	(1,027,860)	(2,879,560)

For the year ended December 31, 2020, the Company earned from its investment in CCAC dividends amounting to P512.5 million (2019 - P1,314 million) (Note 9).

5.1.2 CDI

CDI was organized primarily to engage in the manufacture, export, wholesale, retail, buy, trade and/or otherwise deal in various appliances as well as all kinds of machineries, equipment and/or appliances of any kind or description and related parts thereof.

For the year ended December 31, 2020, the Company earned dividend from its investment in CDI amounting to P326.0 million (2019 - P139.6 million) (Note 9).

5.1.3 CBSI

CBSI was incorporated to render various corporate back-office support services including but not limited to, bookkeeping, accounting, business consultancy, governance, risk management and assurance, financial planning, reporting and analytics, human resources, and information technology services, directly or through duly licensed service providers and/or professionals, where necessary, exclusively for CIC, its subsidiaries, affiliates and/or related companies.

5.1.4 CTC

CTC was organized primarily to engage in the following services: (a) undertake research, development and commercialization of new, existing or emerging technology, (b) design, create, build, test, customize, upgrade, manufacture and sell prototypes and finished products, (c) process, analyze and share data gathered from such products, (d) charge commission for in-app purchase, (e) render services to support above activities, (f) enter into partnerships, joint ventures or other business relationships.

5.1.5 Alstra

Alstra was organized primarily to engage in the business of consultancy, construction, design and engineering and supply of equipment for mechanical, electrical, plumbing and fire protection services, and to engage in the business of facilities management, civil construction, technology services, electronics, devices and equipment in relation to building services and other building solutions-related services.

5.2 Investment in an associate

CMI

CMI was incorporated primarily to engage in the manufacture, sale, distribution, installation and services of all types of electrical appliances in the Philippines; and otherwise to do all things reasonably necessary or incidental thereto, or advisable in connection therewith, including the ownership of interests in corporations or other entities in furtherance thereof.

The following are the summarized financial information of CMI as at and for the years ended December 31 (in thousands):

	2020	2019
Current assets	1,191,847	990,480
Non-current assets	82,594	87,276
Current liabilities	(1,005,972)	(856,142)
Non-current liabilities	(30,946)	(34,563)
Total equity	(237,523)	(187,051)
Revenue	2,196,647	1,969,477
Net income for the year	48,494	61,424
Other comprehensive income	1,978	1,099
Total comprehensive income	50,472	62,523
Cash provided by (used in) operating activities	86,581	(22,320)
Cash used in investing activities	(7,253)	(364)
Cash provided by financing activity	4,953	59,159

5.3 Subsidiaries and an associate with indir ect ownership

5.3.1 COPI (Subsidiary)

As at December 31, 2018, the Company owns 51% of COPI through CCAC, which holds 85% of their common shares. COPI was organized primarily to import, buy and sell at wholesale, distribute, maintain and repair, elevators, escalators, moving walkways, and shuttle systems and all supplies, materials, tools, machinery and parts/components thereof.

On October 3, 2019, Carrier Corporation and Otis Elevator Company Philippines, Inc. (OTIS), together with the Company, entered into a Memorandum of Understanding to transfer shares in COPI from CCAC to Alstra. CCAC sold 60% of its shareholdings with COPI to Alstra, and 40% to OTIS. As at December 31, 2020 and 2019, the Company still effectively owns 51% of COPI through Alstra which holds 51% of their common shares.

The following are the summarized financial information of COPI as at and for the years ended December 31 (in thousands):

	2020	2019
Current assets	893,729	749,042
Non-current assets	89,164	96,933
Current liabilities	(497,567)	(403,355)
Non-current liabilities	(29,821)	(42,095)
Total equity	(455,505)	(400,525)
Revenue	677,017	884,031
Net income for the year	57,354	107,445
Other comprehensive loss	(2,374)	(2,506)
Total comprehensive income	54,980	104,939
Cash provided by (used in) operating activities	148,491	(5,783)
Cash provided by investing activities	114,377	80,611
Cash used in financing activities	(16,798)	(143,933)

5.3.2 Teko (Subsidiary)

Teko was incorporated and registered with the Philippine SEC on September 5, 2017. Teko's primary business is providing information technology solutions, I.T. enabled services, e-commerce, web design, and applications, to enterprise, consumers, businesses, institutions and other end-users without engaging in mass media, advertising nor in telecommunication activities.

On September 3, 2019, one of the shareholders of Teko sold 181 shares of its ordinary shares to CTC for a consideration of P600 increasing CTC's ownership to 14,750 shares or 52%. On December 19, 2019, CTC acquired 42,500 preferred shares for a consideration at par value.

On December 19, 2019, Teko's BOD approved the issuance of 127,500 shares of preferred stock to the CTC at an issue price equal to the par value, payable by applying or offsetting an equivalent amount of the outstanding advances due and payable by Teko to CTC. CTC and Teko's shareholders are in the process of finalizing the terms and conditions regarding the issuance of shares and the offsetting of advances. Hence, the balance of CTC's deposit for future stock subscription was recorded as a liability as at December 31, 2019 in Teko's financial statement. CTC subscribed 116,875 preferred shares of Teko for P11,688 as at December 31, 2019. On January 16, 2020, CTC paid the remaining subscription price of the 127,500 preferred shares amounting to P1,063. The shares were issued on February 3, 2020.

On October 1, 2020, one of the shareholders of Teko sold 1,831 shares of its ordinary shares to the CTC for a consideration of P6,066 increasing its ownership to 16,581 shares or 58% ownership.

The following are the summarized financial information of Teko as at and for the years ended December 31 (in thousands):

	2020	2019
Current assets	11,045	2,860
Non-current assets	11,873	5,766
Current liabilities	(26,967)	(16,901)
Non-current liabilities	(1,201)	-
Total capital deficiency	5,250	8,275
Revenue	17,589	1,982
Net loss for the year	(11,089)	(11,989)
Other comprehensive loss	(297)	-
Total comprehensive loss	(11,386)	(11,989)
Cash used in operating activities	(14,292)	(13,104)
Cash used in investing activities	(2,888)	(789)
Cash provided by financing activities	22,170	15,938

5.3.3 Tenex (Associate)

On March 29, 2019, Alstra subscribed to 6,125,000 shares at P1 per share of Tenex. Tenex was incorporated and registered with the SEC on April 25, 2019 primarily to undertake and transact all kinds of business relating to installation, servicing sale and distribution of heating, ventilation and air conditioning systems and products, and such other activities related thereto, such as but not limited to construction and mechanical maintenance services, including emergency works and repairs/replacements, preventive maintenance on equipment and associated devices related to heating, ventilation and air conditioning systems; shall not engage in the practice of profession. Provided that the corporation shall not solicit, accept or take investments/placements from the public neither shall it issue investment contracts.

Furthermore, a total of 8,575,000 shares where subscribed and paid by Alstra on December 9, 2019.

On July 2, 2020, Tenex issued the 15.5 million stock subscription at par value to a shareholder and Alstra amounting to P6.9 million and P8.6 million, respectively.

The following are the summarized financial information of Tenex as at and for the years ended December 31 (in thousands):

	2020	2019
Current assets	47,628	25,563
Non-current assets	1,991	1,201
Current liabilities	(27,738)	(16,921)
Total equity	(21,881)	(9,843)
Revenue	5,919	11
Net loss for the year	(5,462)	(2,657)
Total comprehensive loss for the period	(5,462)	(2,657)
Cash provided by (used in) operating activities	17,728	(2,047)
Cash used in investing activities	(1,217)	(950)
Cash provided by financing activities	2,000	28,000

Note 6 - Property and equipment, net

Details and movements of property and equipment, net as at and for the years ended December 31 are as follows:

	Furniture, fixtures and office equipment	Leasehold improvements	Motor vehicles	Total
Cost				
At January 1, 2020	444,843	199,190	-	644,033
Additions	81,250	-	393,993	475,243
At December 31, 2020	526,093	199,190	393,993	1,119,276
Accumulated depreciation				
At January 1, 2020	348,709	199,190	-	547,899
Depreciation and amortization	64,727	-	69,574	134,301
At December 31, 2020	413,436	199,190	69,574	682,200
Net book values as at December 31, 2020	112,657	-	324,419	437,076
Cost				
At January 1, 2019	336,692	199,190	-	535,882
Additions	108,151	-	-	108,151
At December 31, 2019	444,843	199,190	-	644,033
Accumulated depreciation				
At January 1, 2019	336,692	199,190	-	535,882
Depreciation and amortization	12,017	-	-	12,017
December 31, 2019	348,709	199,190	-	547,899
Net book values as at December 31, 2019	96,134	-	-	96,134

Additional capitalized assets during the year pertained to the acquisition of office laptops and motor vehicles. The cost of fully depreciated assets still in use at December 31, 2020 and 2019 amounted to P535,882.

Note 7 - Investment property

As at December 31, 2020 and 2019, the Company's investment property consists of parcel of land that it acquired in Davao City, which is held for capital appreciation.

The estimated fair value of the investment property as at December 31, 2020 and 2019 amounted to P37,520,000, based on the recent selling price per square meter.

In 2019, the Company paid P1,187,594 to a sub-contractor for direct costs related to planned construction of an investment property which is booked as construction in progress under the investment property account. There were no further costs incurred in 2020.

There was no income earned related to the property for the years ended December 31, 2020 and 2019. Further, P69,424 direct operating expense for the investment property was incurred in 2020 (2019 - P68,412).

Note 8 - Accrued expenses and other current liabilities

Accrued expenses and other current liabilities as at December 31 consist of:

	2020	2019
Provision for bonus	25,951,056	54,469,773
Accrued benefits of directors, officers and employees	13,666,304	21,442,118
Accrued outside services	10,534,500	11,248,331
Payable to a supplier	3,894,000	-
Accrued legal and professional fees	2,519,897	2,703,625
Payable to government and other regulatory agencies	534,811	707,850
Other liabilities	1,449,137	3,723,027
	58,549,705	94,294,724

Payable to a supplier pertains to the Company's enterprise resource planning upgrade.

Movements in the provision for bonus for the years ended December 31 are as follows:

	2020	2019
Beginning	54,469,773	51,247,712
Provisions, net of reversals	13,492,978	46,611,513
Payment	(42,011,695)	(43,389,452)
Ending	25,951,056	54,469,773

Note 9 - Related party transactions

In the normal course of business, the Company transacts with other companies, which are considered related parties under Philippine Accounting Standards (PAS) 24, *"Related Party Disclosures."*

The significant related party transactions, which are presented gross of VAT and net of creditable / expanded withholding taxes, and balances as at and for the years ended December 31, 2020 and 2019 follow:

	2020		2019		
Related party	Transactions	Outstanding receivable (payable)	Transactions	Outstanding receivable (payable)	Terms and conditions
Due from related parties					
Shareholders					
Reimbursements	288,134	288,134	-	-	Receivables are collectible in cash within 30 to 90 days from billing date. These receivables are unsecured and non-interest bearing.
Subsidiaries					
Dividend Income	838,558,709	-	1,453,659,619	-	These are receivable in cash within 12 months upon declaration of subsidiary (Note 5).
Reimbursements to subsidiaries	-	-	39,285,652	702,623	Receivables are collectible in cash within 30 to 90 days from billing date. These receivables are unsecured and non-interest bearing.
Reimbursements	27,213,820	3,931,728	-	-	Receivables are collectible in cash within 30 to 90 days from billing date. These receivables are unsecured and non-interest bearing.
Deposit for future stock subscription	15,625,000	15,625,000	-	-	Refer to Note 1.
Associate					
Reimbursements to an associate	1,308,582	-	1,310,721	44,008	Receivables are collectible in cash within 30 to 90 days from billing date. These receivables are unsecured and non-interest bearing.
Total		19,844,862		746,631	
Due to related parties					
Shareholders					
Dividend declaration	282,252,664	-	486,606,229	-	These are payable in cash within 12 months from reporting date (Note 11).
Reimbursements from shareholders	-	(1,156,739)	739,116	(1,156,739)	These are payable in cash and are due upon demand. These are non-interest bearing and not covered by any guarantee.
Subsidiaries					
Reimbursements from subsidiary	3,249,714	(58,451)	68,211,740	(3,887,448)	These are payable in cash and are due within 30 to 60 days from date of each transaction. These are non-interest bearing and not covered by any guarantee.
Total		(1,215,190)		(5,044,187)	
Key management personnel					
Director's bonus	9,411,700	(9,411,700)	3,942,874	(3,942,874)	These are payable in cash and are due within 30 to 60 days from date of each transaction. These are non-interest bearing and not covered by any guarantee. These are payable to directors in cash before end of April of the subsequent year with corresponded BOD's approval. These are non-interest bearing and not covered by any guarantee.
Salaries and wages	16,733,941	(883,172)	62,710,662	-	These are payable to employees in cash within 30 days from date of each transaction. These are non-interest bearing and not covered by any guarantee.
Retirement benefit	1,288,660	(18,940,881)	1,355,600	(17,363,788)	Refer to Note 13.

Reimbursements pertain to cross-charges to subsidiaries which are billed at 1% mark up. The amount presented is the total gross receipts, net of direct expenses.

Balances due from related parties are fully recoverable with no impairment loss recognized (Note 3). Balances due are settled/collected at gross (Note 17.5).

Note 10 - Income taxes

Realization of the future benefits related to the deferred income tax assets is dependent on many factors, including the Company's ability to generate taxable income in the future. The Company's management has considered these factors in arriving at its conclusion not to recognize deferred income tax assets as at December 31, 2020 and 2019. Details of unrecognized deferred income tax assets as at December 31 are as follows:

	2020	2019
Deferred tax assets		
Net operating loss carry-over (NOLCO)	112,596,443	109,816,536
Provision for bonuses	7,785,317	16,340,932
Accrued expenses	7,926,976	10,618,223
Retirement benefit obligation	6,460,963	6,012,024
Minimum corporate income tax (MCIT)	640,271	635,769
	135,409,970	143,423,484
Deferred tax liability		
Excess of right-of-use asset over lease liability	-	(66,301)
	135,409,970	143,357,183

The National Internal Revenue Code (NIRC) of 1997 provided for the introduction of NOLCO privilege, which can be carried over for the three (3) succeeding taxable periods immediately following the period of such loss.

On September 11, 2020, Republic Act (R.A.) No. 11494, otherwise known as "Bayanihan to Recover as One Act", was passed into law to strengthen the government's efforts in mitigating the effects of COVID-19 pandemic. Under R.A. No. 11494, NOLCO for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Details of NOLCO as at December 31 are as follows:

Year incurred	Year of expiration	2020	2019
2016	2019	-	99,397,743
2017	2020	107,227,838	107,227,838
2018	2021	122,533,876	122,533,876
2019	2022	136,293,406	136,293,406
2020	2025	116,494,195	-
		482,549,315	465,452,863
Expired during the year		(107,227,838)	(99,397,743)
Total NOLCO		375,321,477	366,055,120
Tax benefit at 30% tax rate		112,596,443	109,816,536

As provided under the Tax Reform Act of 1997, the Company shall pay the MCIT or the normal tax, whichever is higher. Any excess of MCIT over the normal income tax shall be carried forward on an annual basis and credited against the normal income tax for the next three (3) succeeding taxable years.

As at December 31, the details of MCIT are as follows:

Year incurred	Year of expiration	2020	2019
2016	2019	-	137
2017	2020	10,015	10,015
2018	2021	3,146	3,146
2019	2022	622,608	622,608
2020	2023	14,517	-
		650,286	635,906
Expired during the year		(10,015)	(137)
Total MCIT		640,271	635,769

Reconciliation of income tax expense computed at the statutory income tax rate to actual income tax expense for the years ended December 31 are as follows:

	2020	2019
Income tax at statutory rate of 30%	227,376,411	402,186,240
Add (Deduct) tax effects of:		
Unrecognized NOLCO	34,948,258	40,888,022
MCIT directly charged to expense	14,517	622,608
Interest income subject to final tax	(259,287)	(783,593)
Movement in unrecognized deferred tax assets	(10,497,775)	(6,192,783)
Non-taxable dividend income	(251,567,607)	(436,097,886)
Income tax expense at effective tax rate	14,517	622,608

Note 11 - Equity

11.1 Share capital, share premium and treasury shares

Details and movements of share capital as at December 31 are as follows:

	No. of common shares issued and outstanding	Amount		
		Share capital	Share premium	Treasury shares
January 1, 2019	405,505,191	407,263,891	993,243,008	(73,759,370)
Acquisition of treasury shares	(2,287,100)	-	-	(72,768,710)
December 31, 2019	403,218,091	407,263,891	993,243,008	(146,528,080)
Acquisition of treasury shares	(1,263,000)	-	-	(23,540,360)
December 31, 2020	401,955,091	407,263,891	993,243,008	(170,068,440)

Details of acquisition of treasury shares for the year ended December 31 follow:

Trade Date	Date Paid	Shares	Per share	Absolute amount
2016				
March 16, 2016	March 21, 2016	500,000	42.00	21,000,000
March 16, 2016	March 21, 2016	384,100	42.50	16,324,250
April 05, 2016	April 08, 2016	500,000	45.00	22,500,000
				59,824,250
2018				
October 09, 2018	October 12, 2018	250,000	37.20	9,300,000
October 11, 2018	October 16, 2018	124,600	37.20	4,635,120
				13,935,120

Trade Date	Date Paid	Shares	Per share	Absolute amount
2019				
September 10, 2019	September 13, 2019	500,000	32.30	16,150,000
September 11, 2019	September 16, 2019	500,000	32.50	16,250,000
September 17, 2019	September 20, 2019	30,000	32.00	960,000
September 19, 2019	September 24, 2019	152,000	31.99	4,863,970
September 25, 2019	September 30, 2019	100,000	31.51	3,151,490
September 26, 2019	October 1, 2019	5,700	30.80	175,560
September 26, 2019	October 1, 2019	12,500	31.20	390,000
September 26, 2019	October 1, 2019	5,000	31.30	156,500
September 26, 2019	October 1, 2019	5,000	31.40	157,000
September 26, 2019	October 1, 2019	71,800	31.50	2,261,700
September 27, 2019	October 1, 2019	3,000	30.50	91,500
September 27, 2019	October 1, 2019	30,800	31.50	970,200
October 8, 2019	October 10, 2019	300	31.10	9,330
October 8, 2019	October 10, 2019	500	31.30	15,650
October 8, 2019	October 10, 2019	2,100	31.35	65,835
October 8, 2019	October 10, 2019	600	31.40	18,840
October 8, 2019	October 10, 2019	600	31.50	18,900
October 8, 2019	October 10, 2019	300	31.80	9,540
October 8, 2019	October 10, 2019	700	31.90	22,330
October 8, 2019	October 10, 2019	7,000	31.95	223,650
October 8, 2019	October 10, 2019	25,900	32.00	828,800
October 9, 2019	October 14, 2019	400	31.55	12,620
October 9, 2019	October 14, 2019	200	31.70	6,340
October 9, 2019	October 14, 2019	1,400	31.80	44,520
October 9, 2019	October 14, 2019	9,100	31.90	290,290
October 9, 2019	October 14, 2019	245,500	32.00	7,856,000
October 10, 2019	October 14, 2019	5,600	31.00	173,600
October 10, 2019	October 14, 2019	600	31.80	19,080
October 10, 2019	October 14, 2019	2,000	31.85	63,700
October 10, 2019	October 14, 2019	9,200	31.90	293,480
October 10, 2019	October 14, 2019	9,200	31.95	293,940
October 10, 2019	October 14, 2019	80,400	32.00	2,572,800
October 25, 2019	October 29, 2019	700	31.00	21,700
October 25, 2019	October 29, 2019	2,000	31.45	62,900
October 25, 2019	October 29, 2019	300	31.50	9,450
October 25, 2019	October 29, 2019	500	31.60	15,800
October 25, 2019	October 29, 2019	1,700	31.70	53,890
October 25, 2019	October 29, 2019	900	31.75	28,575
October 25, 2019	October 29, 2019	300	31.80	9,540
October 25, 2019	October 29, 2019	3,000	31.90	95,700
October 25, 2019	October 29, 2019	2,000	31.95	63,900
October 25, 2019	October 29, 2019	25,100	32.00	803,200
October 28, 2019	November 1, 2019	600	30.80	18,480
October 28, 2019	November 1, 2019	1,300	31.00	40,300
October 28, 2019	November 1, 2019	9,600	32.00	307,200
November 5, 2019	November 11, 2019	25,200	30.30	763,560
November 5, 2019	November 11, 2019	44,800	31.00	1,388,800
November 6, 2019	November 11, 2019	9,600	30.60	293,760
November 6, 2019	November 11, 2019	10,000	30.80	308,000
November 6, 2019	November 11, 2019	45,400	31.00	1,407,400
November 7, 2019	November 11, 2019	15,000	30.00	450,000
November 7, 2019	November 11, 2019	5,900	30.80	181,720
November 7, 2019	November 11, 2019	12,000	30.90	370,800

Trade Date	Date Paid	Shares	Per share	Absolute amount
November 7, 2019	November 11, 2019	1,000	30.95	30,950
November 7, 2019	November 11, 2019	41,100	31.00	1,274,100
November 8, 2019	November 13, 2019	84,700	31.00	2,625,700
November 14, 2019	November 13, 2019	5,000	31.00	155,000
November 19, 2019	November 21, 2019	10,000	29.00	290,000
November 19, 2019	November 21, 2019	11,000	29.50	324,500
November 19, 2019	November 21, 2019	800	29.60	23,680
November 19, 2019	November 21, 2019	53,200	30.00	1,596,000
December 12, 2019	December 19, 2019	38,000	28.10	1,067,800
December 27, 2019	December 30, 2019	9,000	29.90	269,140
				72,768,710
2020				
July 28, 2020	July 29, 2020	200,300	19.00	3,805,700
July 28, 2020	July 29, 2020	1,400	18.50	25,900
July 28, 2020	July 29, 2020	1,000	18.48	18,480
July 28, 2020	July 29, 2020	300	18.46	5,538
July 29, 2020	July 30, 2020	200,000	19.00	3,800,000
August 18, 2020	August 20, 2020	200,900	19.00	3,817,100
August 18, 2020	August 20, 2020	700	18.98	13,286
August 18, 2020	August 20, 2020	400	18.96	7,584
August 18, 2020	August 20, 2020	600	18.94	11,384
August 18, 2020	August 20, 2020	1,400	18.92	26,488
August 18, 2020	August 20, 2020	1,000	18.90	18,900
August 27, 2020	September 1, 2020	200,000	19.00	3,800,000
September 1, 2020	September 3, 2020	455,000	18.00	8,190,000
				23,540,360
				170,068,440

11.2 Retained earnings

Cash dividends declared for the years ended December 31 are as follows:

Date declared	Record date	Date paid	Per share	2020	2019
May 13, 2020	May 27, 2020	June 17, 2020	0.7	282,252,664	-
April 3, 2019	April 22, 2019	May 10, 2019	1.20	-	486,606,229

The Company annually performs an evaluation of the amount to be declared as dividends. Subsequently, on February 10, 2021, the Company's BOD declared cash dividends in the amount of P1.00 per share totaling to P401,955,091 for shareholders of record as at March 12, 2021, which will be paid on April 12, 2021.

Note 12 - Earnings per share

Basic earnings per share is calculated by dividing the net income attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares, if any. There were no stock splits nor stock dividends that should be considered in determining issued ordinary shares.

Earnings per share for the years ended December 31 are calculated as follows:

	2020	2019
Net income for the year	757,906,853	1,339,998,193
Weighted average common shares - basic and diluted	402,750,699	405,243,218
Basic and diluted earnings per share	1.88	3.31

Note 13 - Retirement plan

The retirement plan established by CIC in 2014 is a non-contributory and of the defined benefit type which provides a retirement benefit ranging from twenty percent (20%) to one hundred twenty-five percent (125%) of basic monthly salary times number of years of service. Benefits are paid in a lump sum upon retirement or separation in accordance with the terms of the plan. This plan is in agreement with CCAC's retirement plan that was started on July 1, 1999 since most of the employees of CIC were absorbed from CCAC.

The principal annual actuarial assumptions used as at December 31 are as follows:

	2020	2019
Discount rate	3.22%	5.13%
Salary increase rate	3.70%	4.90%
Average expected future service years of plan members	14.10	15.10

The discount rate assumption is based on the theoretical spot yield curve calculated from the Bankers Association of the Philippines (BAP) PHP Bloomberg BVAL Reference Rates (BVAL) benchmark reference curve for the government securities market (previously the PDEx (PDST-R2) market yields on benchmark government bonds) by stripping the coupons from government bonds to create virtual zero coupon bonds as of the valuation date, and considering the estimated timing and amount of projected benefit payments.

The following are the details of the retirement benefit obligation and retirement benefit expense as at and for the years ended December 31:

	2020	2019
Retirement benefit obligation	21,536,542	20,040,080
Retirement benefit expense	2,275,952	2,608,543

Retirement benefit expense was recognized in the statement of total comprehensive income under personnel costs.

The movements of present value of the defined benefit obligation for the years ended December 31 are as follows:

	2020	2019
January 1	20,040,080	18,505,267
Current service cost	1,247,896	1,216,947
Interest expense	1,028,056	1,391,596
Remeasurement losses (gains)		
Changes in financial assumptions	239,449	354,036
Changes in demographic assumptions	(20,658)	(7,579)
Experience adjustments	(998,281)	(1,420,187)
December 31	21,536,542	20,040,080

The weighted average duration of the defined benefit obligation as at December 31, 2020 is 1.6 years (2019 - 1.5 years).

Details of retirement benefit expense for the years ended December 31 are as follows:

	2020	2019
Current service cost	1,247,896	1,216,947
Interest expense	1,028,056	1,391,596
December 31	2,275,952	2,608,543

The movements of retirement benefit obligation recognized in the separate statements of financial position for the years ended December 31 are as follows:

	2020	2019
January 1	20,040,080	18,505,267
Retirement benefit expense	2,275,952	2,608,543
Remeasurement gains	(779,490)	(1,073,730)
December 31	21,536,542	20,040,080

The movements of other comprehensive gains recognized in the separate statements of financial position for the years ended December 31 are as follows:

	2020	2019
January 1	579,408	(494,322)
Remeasurement gains	779,490	1,073,730
December 31	1,358,898	579,408

Expected maturity analysis of undiscounted retirement benefits as at December 31 follow:

	2020	2019
Less than a year	19,639,940	18,855,417
More than 1 year up to 5 years	1,362,547	1,218,533
More than 5 years up to 10 years	1,988,319	1,829,171
	22,990,806	21,903,121

Note 14 - Leases

The Company leases various vehicles. Rental contracts are typically made for fixed periods of three (3) to five (5) years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. From January 1, 2019, the Company has recognized right-of-use assets for these leases, except for short-term and low-value leases.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated either on a collective or individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Details and movements in right-of-use assets, net as at December 31 are as follows:

	2020	2019
Cost		
January 1	3,999,861	3,999,861
Termination	(3,999,861)	-
December 31	-	3,999,861
Accumulated amortization		
January 1	3,622,033	2,822,061
Amortization	377,828	799,972
Termination	(3,999,861)	-
December 31	-	3,622,033
Net book value	-	377,828

The Company purchased all its previously leased vehicles from BPI Century Tokyo Rental Corporation in August 2020. Total purchase price of P393,993 was treated as an addition to motor vehicles under property and equipment (Note 6).

Details and movements of lease liabilities as at December 31 are as follows:

	2020	2019
January 1	156,824	490,253
Interest expense	1,978	14,762
Lease payment	(156,824)	(333,429)
Interest payment	(1,978)	(14,762)
December 31	-	156,824

The profit or loss for the years ended December 31 show the following amounts relating to leases:

	2020	2019
Amortization expense	422,137	799,972
Interest expense	1,978	14,762
	424,115	814,734

Total cash outflow for leases as at December 31, 2020 amounted to P158,802 (2019 - P348,191).

Note 15 - Financial risk and capital management

15.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by the Company's management under policies approved by its BOD. These policies provide written principles for overall risk management. There are no changes in the Company's risk management plans for the years ended December 31, 2020 and 2019.

15.1.1 Market risk

(a) Foreign exchange risk

The Company is not exposed to significant foreign exchange risk since the Company has no transactions that are denominated in currencies other than the Philippine Peso, its functional currency.

(b) Price risk

The Company is not exposed to significant price risk due to the absence of material security investments and is not subject to commodity price risk.

(c) Cash flow and fair value interest risk

The Company is not significantly exposed to cash flow and fair value interest rate risks since its income and operating cash flows are substantially independent of changes in market interest rates on long-term borrowings and investments. Management believes that the related cash flow risk on short-term placements is relatively low due to immaterial changes on interest rates within the duration of these financial instruments.

15.1.2 Credit risk

Credit risk arises from cash for its deposits and short-term placements with banks, as well as credit exposure to outstanding receivables and due from related parties, except for advances to suppliers and advances to employees, which are classified as financial assets at amortized cost. For banks, the Company only has existing arrangements with either universal or commercial banks, which are considered top tier banks in terms of capitalization as categorized by the Philippine Banking System (Note 2).

Advances to employees consist of cash and product loans obtained from the Company which are payable through salary deduction.

While cash and cash equivalents are subject to the impairment requirements of PFRS 9, the identified impairment loss was immaterial.

Moreover, the Company's outstanding receivables and due from related parties which are measured at amortized cost are subject to the expected credit loss model. Based on the Company's analysis, it has a degree of concentration of credit risk since a significant portion of its receivables is attributed only to few debtors, primarily related parties, which are either subsidiaries or entities under common control. The Company's assessment resulted to a conclusion that the expected credit loss is close to zero percent (0%) as potential default and non-payment, considering both historical and forward looking information, resulted to be remote as these entities have certain common management personnel and with no history of default and strong financial position to settle maturing obligations as they fall due.

As at December 31, 2020 and 2019, outstanding receivables and due from related parties are considered current with no balances identified as past due or impaired.

The maximum exposure to credit risk at reporting date is the carrying values of each financial asset as presented in the separate statement of financial position.

15.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet its operating cash requirements. The Company monitors liquidity reserve on the basis of expected cash flows and seeks to collect amounts due from related parties on a timely basis to ensure availability of funds.

The Company's financial liabilities consist of accrued expenses and other current liabilities (excluding payable to government and other regulatory agencies) and due to related parties. Entire balance of financial liabilities is due within 12 months from reporting date. The amounts disclosed are the contractual undiscounted cash flows which equal their carrying amounts as the impact of discounting is not significant due to its short-term nature. Management expects to settle these obligations in accordance with their maturity dates.

15.2 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Total capital is the total equity as shown in the separate statements of financial position, excluding other comprehensive income.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares. The Company is not subject to externally imposed capitalization requirements other than required public float of at least 10% of issued and outstanding shares, exclusive of any treasury shares. The Company is compliant with this requirement as at December 31, 2020 and 2019.

15.3 Fair value estimation of financial assets and liabilities

Due to the short-term nature of the transactions, the carrying values of each financial asset and liability including cash and cash equivalents, accrued expenses and other current liabilities excluding payable to government and other regulatory agencies and due to/from related parties as at the reporting dates approximate their fair values. The Company does not hold financial instruments traded in active market which might be affected by quoted market prices at reporting date. In addition, the Company has no financial assets or liabilities that are measured and carried at fair value in the separate statements of financial position.

Note 16 - Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

16.1 Critical judgments in applying the Company's accounting policies

16.1.1 Impairment of investments in subsidiaries and an associate

Investments in subsidiaries and an associate are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Determining the value in use of assets requires the estimation of cash flows expected to be generated in maintaining and ultimate disposition of such investments. The results of operations of each subsidiary and the carrying values of the assets could be materially affected by updates in assumptions and judgments used in the cash flow projections driven by significant changes in business operations and strategies of each subsidiary and associate. Correspondingly, these may significantly affect the Company's investment balance with any provision or write-off directly charged to the statement of total comprehensive income through profit or loss. Accordingly, in the absence of any indicators identified and assessment of subsidiaries and associates' operations, the Company did not recognize any provision for impairment on its investments. The details of investments in subsidiaries and an associate are shown in Note 5.1 and Note 5.2, respectively.

16.1.2 Impairment of receivables

Due from related parties and outstanding receivables are assessed based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's history, existing market conditions as well as forward looking information. As a result of their assessment, the Company did not recognize any provision for impairment of receivables given that the expected credit loss rate is close to zero percent (0%). Details for the analysis are discussed in Note 15.1.2.

16.1.3 Provision for bonus

Provision for bonus is estimated based on a formula that takes into consideration the profit attributable to the Company after certain adjustments and employee's performance. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation. The details of the provision for bonus are shown in Note 8.

16.1.4 Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business.

The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. Further, recognition of deferred income taxes depends on management's assessment of the probability of available future taxable income against which the temporary differences can be applied.

The Company reviews the carrying amounts of deferred income tax assets at each reporting date and reduces the amounts to the extent that it is no longer probable that sufficient taxable profit will allow all or part of its deferred income tax assets to be utilized during the periods in which these are expected to be recovered. The components of unrecognized deferred income tax assets are shown in Note 10.

16.2 Critical accounting estimates and assumptions

16.2.1 Provision for retirement benefits

The determination of the Company's retirement obligation and benefits is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. These assumptions, as described in Note 13, include among others, discount rate and salary increase rate. One or more of the actuarial assumptions may differ significantly and as a result, the actuarial present value of the pension benefit obligation estimated at the reporting date may differ significantly from the amount reported.

The impact on equity and pre-tax profit of potential changes in the discount rate and salary increase rate in the amount of defined benefit obligation as at December 31 are presented below:

	2020		2019	
	%	Impact	%	Impact
Decrease due to 100 basis point (bps) increase in discount rate	(1.5%)	(333,739)	(1.4%)	(281,479)
Increase due to 100 bps decrease in discount rate	1.7%	369,408	1.6%	311,436
Increase due to 100 bps increase in salary increase rate	1.7%	363,909	1.5%	309,052
Decrease due to 100 bps decrease in salary increase rate	(1.6%)	(335,347)	(1.4%)	(284,650)
Increase due to zero attrition rates	2.7%	579,510	1.9%	375,017

Note 17 - Summary of significant accounting policies

The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

17.1 Basis of preparation

The separate financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, PAS, and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The Company also prepares consolidated financial statements, which include the Company and its subsidiaries, namely CCAC, CDI, CBSI, COPI, CTC, Alstra, and Teko. These separate financial statements should be read together with the Company's consolidated financial statements, in order to obtain full information on the financial position, results of operations and changes in financial position of the Company as a whole. The consolidated financial statements of the Company can be obtained from the SEC or from the Company's website: http://www.cic.ph.

These separate financial statements have been prepared under the historical cost convention.

The preparation of these separate financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in Note 16.

Changes in accounting policy and disclosures

(a) New standards, amendments to existing standards and interpretations adopted

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2020:

- Definition of Material - amendments to IAS 1 and IAS 8
- Definition of a Business - amendments to IFRS 3
- Interest Rate Benchmark Reform - amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting
- COVID-19-related Concessions - Amendments to IFRS 16

The Company also elected to adopt Annual Improvements to IFRS Standards 2018-2020 Cycle early.

The amendments listed above did not have a significant impact on the amounts recognized in the financial statements.

(b) New standards, amendments and interpretations to existing standards not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2020 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

17.2 Cash and cash equivalents

Cash and cash equivalents, which are carried at amortized cost, include deposits held at call with banks and other short-term highly liquid investments with original maturities of three (3) months or less from the date of acquisition.

17.3 Receivables

Receivables are amounts due from debtors in the ordinary course of business. Receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment, if any. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. Otherwise, they are presented as non-current assets.

Other receivables generally arise from transactions outside the usual operating activities of the Company. Collateral is not normally obtained. The non-current other receivables are due and payable upon retirement of the employees transferred from a subsidiary to the Company.

The Company's financial assets that are subject to expected credit loss model include only financial assets measured at amortized cost. The Company applies the 12-month ECL approach to measure expected credit losses. To measure the expected credit losses, the receivables have been grouped based on shared credit risk characteristics. The expected loss rates are based on the qualitative and quantitative assessment for the grouped receivables. Inputs used in determining the expected credit loss rates include the historical loss rates, reflecting current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their obligation. The Company has identified that inflation rate is the most relevant macroeconomic factor that must be considered in calculating their expected credit loss rate. Qualitatively, the Company assesses any changes in the credit risk for the receivables to determine whether impairment should be measured using the lifetime ECL. Changes in credit risk may include the following: significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. In determining the amount of provision, the expected credit loss rate is applied to the gross carrying amount of the receivable.

The carrying amount of the receivable is reduced through the use of an allowance account, and the amount of loss is recognized within expenses in profit or loss. When a receivable remains uncollectible after the Company has exerted all legal remedies, it is written off against the allowance account for receivables. If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss. Reversal of previously recorded impairment provision are based on the result of management's update assessment, considering the available facts and changes in circumstances, including but not limited to results of recent discussions and arrangements entered into with customers as to the recoverability of receivables at the end of the reporting period. Subsequent recoveries of the amounts previously written off are credited to operating expenses in profit or loss.

17.4 Prepayments and other current assets

Prepayments, which are carried at cost, are expenses paid in cash and recorded as assets before they are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption. Prepayments and other current assets are included in current assets, except when the related goods or services are expected to be received or rendered more than twelve (12) months after the reporting period which are classified as non-current assets.

Prepayments and other current assets include input value-added tax (VAT) and creditable withholding taxes which are recognized as assets in the period such input VAT and income tax payments become available as tax credits to the Company and carried over to the extent that it is probable that the benefit will flow to the Company.

17.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another entity. The Company recognizes a financial instrument in the consolidated statements of financial position, when and only when, the Company becomes a party to the contractual provisions of the instrument.

Financial assets

(a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(i) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(ii) Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Company assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by PFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

<u>Financial liabilities</u>

(a) Classification

The Company classifies its financial liabilities at initial recognition in the following categories: at FVPL and other financial liabilities.

(i) Financial liabilities at FVPL

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated by the Company as at FVPL upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller.

A financial liability is classified as financial liability at fair value through profit and loss upon initial recognition if: such designation eliminates or significantly reduces measurement or recognition inconsistency that would otherwise arise; the financial liability forms part of group of financial assets or financial liabilities or both, which is managed and its performance evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about grouping is provided internally on that basis; or it forms part of a contract containing one or more embedded derivatives, and PAS 39 permits the entire combined contract (asset or liability) to be designated as fair value through profit or loss.

(ii) Other financial liabilities

Issued financial instruments or their components, which are not designated at fair value through profit or loss, are classified as other financial liabilities, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder. Other financial liabilities include accrued expenses and other current liabilities (excluding payables to government and other regulatory agencies) and due to related parties. These are included in current liabilities except for maturities greater than 12 months after the reporting period which are classified as non-current liabilities.

(b) Initial recognition and derecognition

Financial liabilities are carried at fair value through profit or loss are initially recognized at fair value and transaction costs are recognized as expense in profit or loss. Other financial liabilities are initially recognized at fair value of the consideration received plus directly attributable transaction costs. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

(c) Subsequent measurement

Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

Derivatives are subsequently re-measured at their fair values. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Gains or losses arising from changes in the fair value are presented in profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party. As at December 31, 2020 and 2019, there are no financial assets and liabilities that were offset.

17.6 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active market is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. Note that under PFRS 13, the use of bid and asking prices is still permitted but not required. These instruments are included in Level 1.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3.

For non-financial assets, the Company uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a company of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

As at December 31, 2020 and 2019, the Company does not hold financial and non-financial assets and liabilities at fair value.

17.7 Investments in subsidiaries and an associate

17.7.1 Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date on which control ceases.

The Company applies the acquisition method to account for business combinations that are not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred from the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Company recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Company is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is not accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Investments in subsidiaries are stated at cost less impairment in value, if any, in the separate financial statements. Under this method, investments are recognized at cost and income from investment is recognized in profit or loss only to the extent that the investor receives distribution from accumulated profits of the investee company arising after the acquisition date. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment. Dividends or distributions of profits are recognized when the right to receive dividends or distributions has been established.

Investment in subsidiary is derecognized upon disposal or loss of control over a subsidiary. Any gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized through profit or loss. Upon loss of control, the investment account is measured at fair value and any difference between carrying amount and the fair value of investment is recognized in profit or loss.

17.7.2 Associate

An associate is an entity over which the Company has significant influence but no control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investment in an associate is accounted for at cost following the provisions of PAS 27, Separate Financial Statements. This investment is stated at cost less impairment in value, if any, in the Company's financial statements. Under this method, the Company recognizes income from the investment only to the extent that the Company receives distribution from accumulated profits of the associate arising after the date of acquisition. Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction of the cost of the investment.

The Company recognizes dividend income from investment in profit and loss when its right to receive dividends has been established.

Investment in associate is derecognized upon disposal or loss of significant influence over an associate. Any gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in profit or loss. Upon loss of significant influence, the investment account is measured at fair value, any difference between carrying amount and the fair value of investment is recognized in profit or loss.

17.7.3 Subscription receivables

Subscription receivables represent amounts paid to subsidiaries which will be settled by way of issuance of a subsidiary's own shares at a future date. These are recognized upon receipt of cash and measured at face value or nominal amount. This deposit is derecognized once share has been issued.

17.8 Property and equipment

Property and equipment are carried at historical cost less accumulated depreciation and amortization and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items, which comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation and amortization is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives (in years):

Leasehold improvements	5 or lease term whichever is shorter
Motor vehicles	5
Furnitures, fixtures and office equipment	2 to 5

Major renovations are depreciated over the remaining useful life of the related asset.

The assets' residual values, useful lives and depreciation and amortization method are reviewed and adjusted, as appropriate, at each reporting date to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount (Note 17.10).

The carrying amount of an item of property and equipment is derecognized on disposal; or when no future economic benefits are expected from its disposal at which time the cost and related accumulated depreciation are removed from the accounts. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in profit or loss.

17.9 Investment property

Investment property, consisting of a parcel of land, is recognized at cost less impairment, if any. Land is not depreciated. Investment property is recognized as an asset, when it is probable that the future economic benefits that are associated with the investment property will flow to the Company and cost of the investment can be measured reliably. The cost of investment property includes costs incurred initially to acquire the asset and costs incurred subsequently to add to, replace part of, or service a property.

Investment property is tested for impairment once indicators of impairment are present. The carrying amount of the investment property is written down immediately to its recoverable amount if the former is greater than its estimated recoverable amount. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. For purposes of assessing impairment of the investment property, fair value less cost to sell is based on the best information available to reflect the amount that the Company would obtain, at the reporting date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the cost of disposal. In determining this amount, the Company considers the outcome of recent transaction for similar property within the same location. In assessing the value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Investment property is derecognized when either it has been disposed of or when the investment property is permanently withdrawn from use and no further economic benefit is expected from its use or disposal. Any gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized through profit or loss in the year of disposal.

17.10 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that have definite useful life are subject to amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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. Value in use requires the Company to make estimates of future cash flows to be derived from the particular asset, and to discount them using a pre-tax market rate that reflect current assessments of the time value of money and the risks specific to the asset. For purposes of assessing impairment, assets are assessed at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increase should not exceed the carrying amount that would have been determined had not the impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment is recognized immediately to profit or loss.

17.11 Current and deferred income tax

Income tax expense for the period normally comprise of current and deferred income tax. Income tax is recognized in profit or loss, except to the extent that that it relates to items recognized in other comprehensive income or directly in equity. In this case, a deferred tax is also recognized in other comprehensive income or directly in equity, unless there is no expected probable future economic benefit for a deferred tax asset position.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled. Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (NOLCO) and unused tax credits (MCIT), to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority.

The Company reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets and liabilities are derecognized when the relevant temporary differences are realized/settled or recoverability is no longer probable.

17.12 Leases

The Company is the lessee

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

(a) Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Company’s leases, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third party financing, and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(b) Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life of between three (3) to (ten) 10 years and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

(c) Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the BPI Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(d) Residual value guarantees

The Company provides residual value guarantees for some lease contracts. The Company initially estimates and recognizes amounts expected to be payable under residual value guarantees as part of the lease liability.

(e) Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

17.13 Accrued expenses and other current liabilities

Accrued expenses and other current liabilities are recognized in the period in which the related goods or services are received or when a legally enforceable claim against the Company is established. These are classified as current liabilities if payment is due within one (1) year or less. If not, they are presented as non-current liabilities. These are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Accrued expenses and other current liabilities are derecognized when the obligation is discharged, cancelled or has expired.

17.14 Provisions and contingencies

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small. Provisions are derecognized when the obligation is settled, cancelled or has expired.

Provisions are measured at the present value of the expenditures expected to be required to settle the present obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense in the separate statement of total comprehensive income.

Contingent liabilities are not recognized in the separate financial statements. They are disclosed unless the possibility of an outflow of economic benefits is remote. Contingent assets are not recognized in the separate financial statements but disclosed when an inflow of economic benefit is probable. If it becomes virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the separate financial statements.

17.15 Equity

17.15.1 Share capital

The Company's share capital is composed of common shares stated at par value. The amount of proceeds from the issuance or sale of common shares representing the aggregate par value is credited to share capital. Proceeds in excess of the aggregate par value of common shares, if any, are credited to share premium. After initial measurement, share capital and share premium are carried at historical cost and are classified as equity in the separate statements of financial position.

Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Additional capital received from potential shareholders for which no share capital is issued is recorded as deposit for future shares subscription. These are classified as part of equity if and only if all of the following elements are present:

- The unissued authorized share capital of the Company is insufficient to cover the amount of shares indicated in the contract;
- There is Board of Directors' approval on the proposed increase in authorized capital stock (for which a deposit was received by the corporation);
- There is shareholders' approval of said proposed increase; and
- The application for the approval of the proposed increase has been filed with the SEC.

Otherwise, the deposits are presented as liability.

17.15.2. Treasury shares

Where the Company purchases its equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.

17.15.3 Retained earnings

Retained earnings include current and prior years' results of operations, net of transactions with shareholders and dividends declared, if any.

(a) Cash dividends

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's BOD.

(b) Stock dividends

Dividend distribution to the Company's shareholders is recognized as an addition to share capital in the Company's financial statements in the period in which the dividends are approved by the Company's BOD.

17.16 Employee benefits

17.16.1 Retirement benefit obligation

The retirement plan of the Company is a non-contributory and of the defined benefit type. The liability recognized in the statements of financial position in respect of the defined benefit retirement plan is the present value of the defined benefit obligation at the reporting date.

The defined benefit obligation is calculated annually by independent actuary using projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related retirement obligation.

Remeasurements arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income (loss) during the period in which they are incurred.

Past service costs are recognized immediately in profit or loss.

17.16.2 Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of PAS 37 and involves payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to present value. The related liability is derecognized when the obligation is discharged or cancelled.

17.16.3 Short-term employee benefits

The Company recognizes a liability and an expense for short-term employee benefits which include salaries, social security contributions, paid sick and vacation leaves, and bonuses. Bonuses are based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation. The related liability is derecognized when the obligation is settled, cancelled or has expired.

17.17 Earnings per share

17.17.1 Basic

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of common shares in issue during the year, excluding common shares purchased by the Company and held as treasury shares. In a capitalization or bonus issue or a share split, common shares are issued to existing shareholders for no additional consideration. Therefore, the number of common shares outstanding is increased without an increase in resources. The number of common shares outstanding before the event is adjusted for the proportionate change in the number of common shares outstanding as if the event had occurred at the beginning of the earliest period presented.

17.17.2 Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. As at report date, the Company has no dilutive potential common shares.

17.18 Income and expense recognition

17.18.1 Income

The Company recognizes income when the amount of income can be reliably measured, it is possible that future economic benefits will flow into the entity and specific criteria have been met. Interest income is recognized on a time-proportion basis using the effective interest method. Other income is recognized when earned or realized. In relation to the Company's nature of operations, income mainly pertains to dividends declared by subsidiaries and associate, which is recognized when the right to receive payment is established.

17.18.2 Expenses

Expenses are charged to operations when incurred.

17.19 Related party relationships and 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 exercise 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 reporting enterprises and their key management personnel, directors, or their shareholders. In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

17.20 Foreign currency transactions and translations

17.20.1 Functional and presentation currency

Items included in the separate financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The separate financial statements are presented in Philippine Peso, which is the functional and presentation currency of the Company.

17.20.2 Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

17.21 Events after reporting date

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

On March 26, 2021, (RA No.11534), otherwise known as CREATE, was signed into law. Among the salient provisions of CREATE include changes to the Corporate Income Tax (CIT) as follows:

- RCIT rate of 20% (from 30%) shall be applicable to domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million (excluding land on which the business entity's office, plant and equipment are situated) from July 1, 2020;
- RCIT rate of 25% (from 30%) shall be applicable to all other domestic and foreign corporations from July 1, 2020; and
- For the period beginning July 1, 2020 until June 30, 2023, the MCIT rate shall be 1%, instead of 2%.

As at December 31, 2020, the CREATE bill is still pending ratification by both the Philippine Congress and Senate, and consequently pending approval of the President of the Republic of the Philippines. As such, the Company has assessed that the proposed tax law is not enacted or substantively enacted as at December 31, 2020.

For financial reporting purposes, the enactment of CREATE after the reporting date is deemed a non-adjusting subsequent event.

Note 18 - Supplementary information required by the Bureau of Internal Revenue (BIR)

The following information required by Revenue Regulation (RR) No. 15-2010 is presented for purposes of filing with the BIR and is not required in the basic financial statements.

18.1 Output VAT

The Company is VAT-registered and output VAT declared for the year ended December 31, 2020 amounted to P5,761,094 based on gross receipts of P48,009,115. The gross receipts mainly represent collection of income from services to related parties presented as miscellaneous income, net of direct expenses.

18.2 Input VAT

Movements in input VAT for the year ended December 31, 2020 are as follows:

Beginning balance	14,409,002
Domestic purchase of services	3,530,918
Output VAT applied	
From prior year income	(4,406,826)
From current year income	(1,354,268)
Total input VAT	12,178,826

18.3 Importations

The Company had no import transactions that are subject to customs duties and tariffs for the year ended December 31, 2020.

18.4 Documentary stamp tax

The Company has no transactions subject to documentary stamp tax for the year ended December 31, 2020.

18.5 All other local and national taxes

All other local and national taxes paid and accrued for the year and lodged under taxes and licenses in the separate statement of total comprehensive income include the following:

	Total
Mayor's permit	80,738
Real property tax	69,424
Community tax	10,605
Business permit	500
Others	2,222
	163,489

18.6 Withholding taxes

Withholding taxes paid and accrued and/or withheld for the year ended December 31, 2020 consist of:

	Paid	Accrued	Total
Final withholding tax	17,490,351	-	17,490,351
Withholding tax on compensation	19,648,843	362,618	20,011,461
Expanded withholding tax	11,603,478	74,423	11,677,901
Fringe benefit tax	531,719	89,706	621,425
	49,274,391	526,747	49,801,138

18.7 Tax cases and assessments

There are no outstanding tax assessments and cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR.