

COVER SHEET

CS 201518133

SEC Registration Number

AREOPAGUS COMMUNICATIONS INC.

(Company's Full Name)

HOLY FACE OF JESUS CENTER AND
CONVENT 1111 FR. HIDALGO ST.
BRGY 393 QUIAPO
MANILA

(Business Address: No. Street City/Town/Province)

(Contact Person)

(Company Telephone Number)

1 2

Month Day
(Fiscal Year)

3 1

A A F S

(Form Type)

Month

Day

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

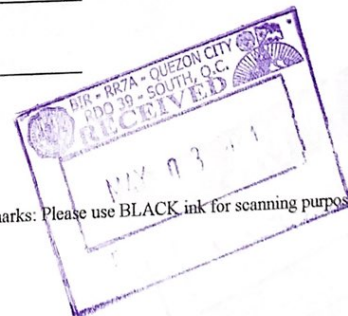
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Document ID

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AREOPAGUS COMMUNICATIONS, INC.

**Financial Statements
As of December 31, 2020**

and

Independent Auditors' Report

**SYLVIA G DELA CRUZ
Certified Public Accountant**



**SYLVIA DELA CRUZ
CERTIFIED PUBLIC ACCOUNTANT**

REPORT OF INDEPENDENT AUDITOR

The Board of Directors
AREOPAGUS COMMUNICATIONS INC.
(Advertising Company)

Holy Face of Jesus Center and Convent
1111 Fr. Hidalgo St., Brgy. 393
Quiapo, Manila

I have audited the accompanying financial statements of AREOPAGUS COMMUNICATIONS INC. (Advertising Company), which comprise the balance sheet as of December 31, 2020 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to financial statement comprising of a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

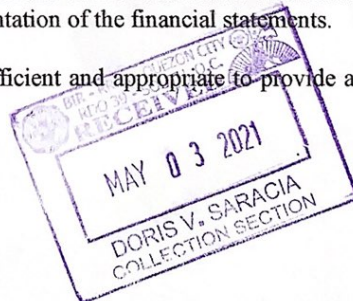
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Philippine Financial Reporting Standards for Small and Medium-Sized Entities (PFRS for SMEs). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Philippine Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

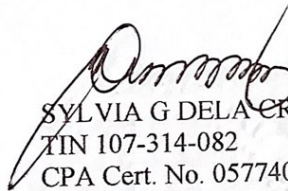


Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of AREOPAGUS COMMUNICATION INC. as of December 31, 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small and Medium-Sized Entities (PFRS for SMEs).

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

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



SYLVIA G DELA CRUZ

TIN 107-314-082

CPA Cert. No. 057740

Valid Until January 11, 2022

PRC BOA Certificate No. 2189

Issued July 1, 2019, Valid Until January 11, 2022

BIR Tax Agent No. 08-001599-001-2017

PTR No. 8554131, Makati City, January 18, 2021

April 29, 2021



**SYLVIA DELA CRUZ
CERTIFIED PUBLIC ACCOUNTANT**

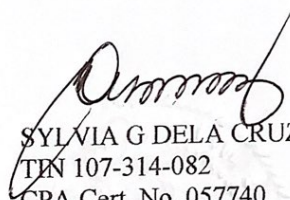
SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITOR

**The Board of Directors
Areopagus Communications Inc.
(Advertising Company)**

Holy Face of Jesus Center and Convent
1111 Fr. Hidalgo St., Brgy. 393
Quiapo, Manila

I have audited the financial statements of **Areopagus Communications Inc.** for years ended December 31, 2020, on which I have rendered the attached report dated April 30, 2021.

In compliance with SRC Rule 68, I am stating that the above Company has eleven (11) stockholders owning one hundred (100) or more shares.


SYLVIA G DELA CRUZ
TIN 107-314-082
CPA Cert. No. 057740
Valid Until January 11, 2022
PRC BOA Certificate No. 2189
Issued July 1, 2019, Valid Until January 11, 2022
BIR Tax Agent No. 08-001599-001-2017
PTR No. 8554131, Makati City, January 18, 2021

April 29, 2021



**SYLVIA DELA CRUZ
CERTIFIED PUBLIC ACCOUNTANT**

REPORT OF INDEPENDENT AUDITOR TO ACCOMPANY INCOME TAX RETURN

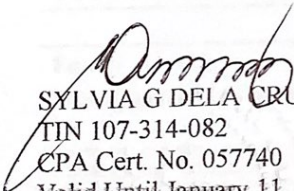
**The Board of Directors
Areopagus Communications Inc.
(Advertising Company)**

Holy Face of Jesus Center and Convent
1111 Fr. Hidalgo St., Brgy. 393
Quiapo, Manila

I have audited the accompanying financial statements of AREOPAGUS COMMUNICATIONS INC., Inc. for the year ended December 31, 2020, on which I have rendered the attached report dated March 6, 2020.

In compliance with Revenue Regulations V-20, I am stating the following:

1. The taxes paid and accrued by the above Company for the year ended December 31, 2020 are shown in the Schedule of Taxes and Licenses.
2. I am not related by consanguinity or affinity to the president, manager or principal stockholders of the Company.


SYLVIA G DELA CRUZ
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April 29, 2021



AREOPAGUS COMMUNICATIONS, INC.
(Advertising Company)
STATEMENT OF FINANCIAL POSITION
In Philippine Peso

		31-Dec	
	Notes	2020	2019
ASSETS			
Current Assets			
Cash	5	4,835,784.64	1,230,548.39
Other Current Assets	6	130,765.57	107,520.57
Total Current Assets		4,966,550.21	1,338,068.96
Noncurrent Assets			
Property & Equipment - net of depreciation	7	1,404,784.00	1,404,784.00
Total Noncurrent Assets		1,404,784.00	1,404,784.00
TOTAL ASSETS		6,371,334.21	2,742,852.96
LIABILITIES AND EQUITY			
Current Liabilities			
Long Term Liabilities	8	5,048,253.79	309,372.82
TOTAL LIABILITIES		15,481,652.11	15,094,807.86
Equity			
Share Capital Subscribed		62,500.00	62,500.00
Cumulative Earnings (Deficit)		(14,221,071.69)	(12,723,827.72)
TOTAL EQUITY		(14,158,571.69)	(12,661,372.72)
TOTAL LIABILITIES & EQUITY		6,371,334.21	2,742,852.96

See accompanying Notes to Financial Statements.



AREOPAGUS COMMUNICATIONS INC.
(Advertising Company)
STATEMENT OF COMPREHENSIVE INCOME

	Notes	Years Ended December 31	
		2020	2019
INCOME:			
Service Income	10	2,781,642.00	3,924,910.00
Less: Direct Cost	11	3,725,220.00	3,955,815.75
GROSS INCOME		(943,578.00)	(30,905.75)
OPERATING EXPENSE			
Commissions		86,246.00	321,189.00
Rental & Utilities		172,241.30	336,237.77
Donation		115,509.00	301,777.00
Mailing		14,594.00	231,691.60
Repairs and Maintenance		8,706.67	
Supplies		25,000.00	
SSS, Philhealth, HDMF & Other Cont.		14,560.00	124,870.00
Transportation and Travel			41,220.00
Meals			93,999.00
Taxes and Licenses, Registration			50,550.76
Professional fees		34,000.00	34,000.00
Miscellaneous		82,809.00	
TOTAL OPERATING EXPENSE		553,665.97	1,303,843.53
NET INCOME (LOSS)		(1,497,243.97)	(1,334,749.28)

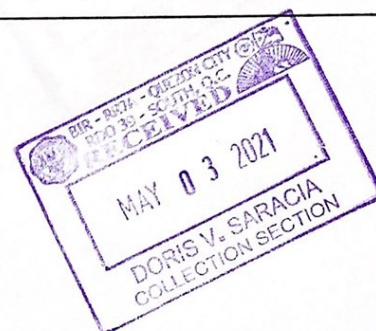
See accompanying Notes to Financial Statements.



AREOPAGUS COMMUNICATIONS, INC.
(Advertising Company)

STATEMENTS OF CASH FLOWS
In Philippine Peso

	Years Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (Loss) after income tax	(1,497,243.97)	(1,334,749.28)
Adjustments for:		
Depreciation		
Operating Income before Working Capital Changes	(1,497,243.97)	(1,334,749.28)
Changes in operating assets and liabilities		
(Increase) decrease of prepayments & other assets	(23,245.00)	
Increase (decrease) in other current liabilities	4,738,880.97	850.00
Net cash generated from operations	4,715,635.97	(1,333,899.28)
Cash Paid for Income Tax		
Net cash provided by operating activities	3,218,392.00	(1,333,899.28)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Plant, Property & Equipment		
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from Loans	386,844.25	1,332,762.86
Cash dividend paid		
Net cash used in financing activities	386,844.25	1,332,762.86
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,605,236.25	(1,136.42)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,230,548.39	1,231,684.81
CASH AND CASH EQUIVALENTS AT END OF YEAR	4,835,784.64	1,230,548.39



AREOPAGUS COMMUNICATIONS INC.
(Advertising Company)
STATEMENTS OF CHANGES IN EQUITY
In Philippine Peso

	Share Capital	Cumulative Earnings	Total Equity
Balance at December 31, 2019	62,500.00	(12,723,827.72)	(12,661,327.72)
Share Premium			
Net Income		(1,497,243.97)	(1,497,243.97)
Balance at December 31, 2020		(14,221,071.69)	(14,158,571.69)
Balance at December 31, 2018	62,500.00	(11,389,078.44)	(11,326,578.44)
Share Premium			
Net Income		(1,334,749.28)	(1,334,749.28)
Balance at December 31, 2019	62,500.00	(12,723,827.72)	(12,661,327.72)

See accompanying Notes to Financial Statements.



AREOPAGUS COMMUNICATIONS INC.
Holy Face of Jesus Center and Convent 1111 Fr. Hidalgo St.,
Brgy. 393, Quiapo, Manila

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

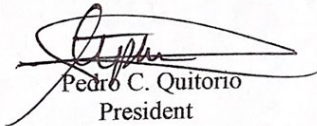
The management of AREOPAGUS COMMUNICATIONS INC. is responsible for all information and representations contained in the financial statements for the year ended December 31, 2020. The financial statements have been prepared in conformity with generally accepted accounting principles in the Philippines and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

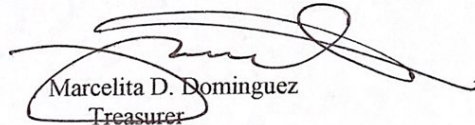
In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized. The management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

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

SYLVIA DELA CRUZ, the independent auditor appointed by the stockholders, has examined the financial statements of the company in accordance with generally accepted auditing standards in the Philippines and has expressed its opinion on the fairness of presentation upon completion of such examination, in its report to the Board of Directors and stockholders.

Signed under oath by the following:


Pedro C. Qutorio
President

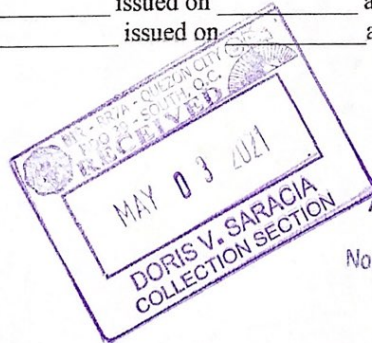

Marcelita D. Dominguez
Treasurer

APR 30 2021

SUBSCRIBED and sworn to before me this _____ day of _____, 2021 in QUEZON CITY, Philippines. Affiants exhibited to me the following Community Tax Certificates/ Government IDs:

Pedro C. Qutorio _____ issued on _____ at _____
Marcelita D. Dominguez _____ issued on _____ at _____

Notary Public
Doc No. 337
Page No. 68
Book No. 230
Series of 2021



ATTY. JASON G. DE BELEN
Ref. No. 36259
Adm. NP-019 (Notary Public (2020-2021))
Unit M Panay Commercial Building
No. 7 Panay Ave. cor. Sgt. Borromeo St. Q.C.
IBP AR No. 34918187; QC 1-4-2021
PTR No. 0598847; QC 1-4-2021
MCLE VI-0022012; 4-14-22

AREOPAGUS COMMUNICATIONS, INC.
(Advertising Company)
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Areopagus Communications, Inc (the Company), was incorporated and registered with the Securities and Exchange Commission on September 9, 2015 with SEC Registration Number CS201518133. The primary purpose of the company is to engage in the business of publishing in different forms of media for local and worldwide market; and to carry on the business of advertising and other related services; to engage in the study, research, conceptualizations, design, arranging, online social media, online news, publication and/or rearranging of corporate data and materials to provide related publishing, advertising and marketing consultancy services to support the marketing, advertising, public relations, management and operational needs of lawful activities, whether local or foreign.

The registered office of the Company is located at Holy Face of Jesus Center and Convent 1111 Fr. Hidalgo St., Brgy. 393 Quiapo, Manila.

The Company operates within the Philippines and had manpower complement of about six (6) people as of December 31, 2020.

The Company adopted the calendar year accounting period. The Company was registered as NONVAT Taxpayer with the Bureau of Internal Revenue and was assigned Taxpayer Identification No. 009-127-231-000 at Revenue District Office 032.

The financial statements of the Company for the year ended December 31, 2020 was authorized for issue by the Company's President on April 30, 2021.

The board of directors is still empowered to make revisions on financial statements even after the date of issue.

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation

The financial statements of the Company have been prepared on a fair value measurement and are presented in Philippine Pesos, which is the Company's functional and presentation currency. All values represent absolute amounts except when otherwise indicated.

2.2 Statement of Compliance

The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards for Small and Medium-Sized Entities (PFRS for SMEs).

2.3 Accounting Policies Adopted

The principal accounting policies applied in the preparation of the financial statements have been consistent to all the years presented, unless otherwise stated.

Cash and Cash Equivalents

Cash are stated at face value. Cash also includes cash in banks and cash on hand which is being utilized to fund expenses on a day to day transaction of the company and cash in banks which consist of current and savings accounts.

Other Current Assets

Other current assets are carried at face value, and include advances, input vat and prepaid taxes.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and any impairment in value. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. Cost also includes any asset retirement obligation and interest on borrowed funds used. When assets are sold or retired, their costs and accumulated depreciation, amortization and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of operations of such period.

Depreciation and amortization are calculated on a straight-line basis over the useful lives of the assets.

The useful life of each of the property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice and experience with similar assets.

The assets' residual values, useful lives and depreciation and amortization method are reviewed, and adjusted if appropriate, at each financial year-end.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of operations in the year the item is derecognized.

Financial Liabilities

Financial liabilities include trade and other payables.

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Trade and Other Payables

Trade and other payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier. Trade payables are not interest bearing and are stated at their nominal value.

Trade and other payables are measured initially at their nominal values and subsequently recognized at amortized costs less settlement payments.

Financial Instruments

Date of Recognition

The Company recognizes a financial asset or a financial liability in the balance sheets when it becomes a party to the contractual provisions of the instrument.

Initial Recognition of Financial Instruments

All financial assets are initially recognized at fair value.

Determination of Fair Value

For all financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models.

Impairment of Financial Assets

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

Derecognition of Financial Assets and Financial Liabilities

Financial assets

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

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

Financial Liabilities

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

Offsetting Financial Instruments

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

Impairment of Non-financial Assets

The Company assesses as at reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use or its net selling price and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in the statements of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of income unless the asset is carried at revalued amount, in which case the reversal is treated as revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Share Capital

Ordinary shares are classified as equity.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Cumulative Earnings

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

Revenue and cost recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably.

Cost, distribution cost and administrative expenses are recognized in the statement of income upon utilization of the service or in the date they are incurred.

Short-term Benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Company to its employees include compensation, social security contributions, short-term compensated absences, bonuses and other non-monetary benefits.

Income Taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and

tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

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

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

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

Deferred tax asset and liabilities are measured at the tax rates expected in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. When the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to the common shareholders of the company by the weighted average number of common shares outstanding during the year, after considering the retroactive effect of stock dividend declaration, if any.

Events after the End of the Reporting Period

Post-year-end events up to the date of the auditor's report that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

Related Parties

Related party relationships exist 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. This includes: (1) individual owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Company; (2) associates; and (3) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

The key management personnel of the Company and post-employment benefit plans for the benefit of Company's employees are also considered to be related parties.

3. Management's Significant Accounting Judgment and Estimate

3.1 Judgments

The preparation of the Company's financial statements in conformity with PFRS for SMEs requires management to make estimates and assumptions that affect the amounts reported in the Company's financial statements and accompanying notes. The estimates and assumptions used in the Company's financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Company's financial statements. Actual results could differ from such estimates, judgments and estimates 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.

3.2 Estimates

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

1. Estimated Useful Lives of Property and Equipment

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

A reduction in the estimated useful lives of the property and equipment would increase the recorded expenses and decrease the noncurrent assets.

Depreciation is computed on a straight-line method over the estimated useful lives of the assets.

2. Impairment of Non-financial Assets

The Company assesses the value of property and equipment which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, and require the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that property, plant and equipment and other

long-lived assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Company's assessment of recoverable values and may lead to future additional impairment charges.

- **Revenue recognition**

The Company's revenue recognition policies require the use of estimates and assumptions that may affect the reported amounts of revenues and receivables. Differences between the amounts initially recognized and actual settlements are taken up in the accounts upon reconciliation. However, there is no assurance that such use of estimates may not result to material adjustments in future periods.

4. Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company. The policies for managing specific risks are summarized below.

Governance Framework

The Company has established a risk management function with clear terms of reference and with the responsibility for developing policies on market, credit, liquidity and operational risk. It also supports the effective implementation of policies.

The policies define the Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets to the corporate goals and specify reporting requirements.

Capital Management Framework

The Company's risk management function has developed and implemented certain minimum stress and scenario tests for identifying the risks to which the Company are exposed, quantifying their impact on the volatility of economic capital. The results of these tests, particularly, the anticipated impact on the realistic balance sheet and revenue account, are reported to the Company's risk management function. The risk management function then considers the aggregate impact of the overall capital requirement revealed by the stress testing to assess how much capital is needed to mitigate the risk of insolvency to a selected remote level.

Regulatory Framework

The operation of the Company is also subject to the regulatory requirements of SEC. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions.

Financial Risk

The Company is also exposed to financial risk through its financial assets and financial liabilities. The most important components of these financial risks are credit risk, liquidity risk and market risk.

Liquidity Risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of generated funds. Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due. The Company manages this risk through periodically monitoring of cash flows in consideration of future payment due dates and daily collection amounts. The Company also ensures that there are sufficient, available and approved working capital lines that it can draw from anytime. The Company maintains an adequate amount of cash and cash equivalents in the event of unforeseen interruption of its cash collections. The Company also maintains accounts with several relationship banks to avoid significant concentration of cash with one institution.

5. Cash

This account consists of:

	2020	2019
Cash in banks	4,830,784.64	1,225,548.39
Petty Cash Fund	5,000.00	5,000.00
Total	4,835,784.64	1,230,548.39

Cash in banks consists of deposits from a reputable local bank which earn interest at the prevailing bank deposit rates.

6. Other Current Assets

This account consists:

	2020	2019
Advances	130,765.57	107,520.57
TOTAL	130,765.57	107,520.57

7. PLANT, PROPERTY & EQUIPMENT

	Video Equipment	Studio	Furniture and Fixtures	Total
Cost				
Balance at beginning of year	509,784.07	895,000.00		1,404,784.07
Acquisitions				
Balance as of December 31, 2020	509,784.07	895,000.00		1,404,784.07
Accumulated depreciation and amortization				
Balance at beginning of year				
Depreciation and amortization				
Balance as of December 31, 2020				
Net book value	509,784.07	895,000.00		1,404,784.07

The Carrying value of the property and equipment approximate their fair values.

8. Trade and Other Payables

	2020	2019

Expanded Withholding Tax payable	3,500.00	3,500.00
Loans Payable	15,481,652.11	15,094,807.86
Due from CBCP-CDFI	5,044,753.79	305,872.82
Total	20,529,905.90	15,404,180.68

9. Share Capital & Share Premium

The authorized share capital is P1,000,000 divided into 10,000 ordinary shares at P100 par value. Subscribed and fully paid ordinary shares of 2,500 amounting to P250,000.

10. Revenue

This account consists of:

	2020	2019
Service Income	2,781,642.00	3,924,910.00
Total	2,781,642.00	3,924,910.00

11. Direct Cost

This account consists of:

	2020	2019
Salaries & wages	2,454,568.00	1,787,665.00
Printing Cost	1,120,520.00	1,134,842.12
Communications	150,132.00	1,033,308.63
Total	3,725,220.00	3,955,815.75

12. Administrative and Other Expenses

This account consists of:

	2020	2019
Transportation		41,220.00
Taxes and Licenses		50,550.76
Professional Fees	34,000.00	34,000.00
Donation	115,509.00	301,777.00
SSS, Pagibig & Philhealth	14,560.00	124,870.00
Commission	86,246.00	321,189.00
Rental and Utilities	172,241.30	336,237.77
Repairs and Maintenance	8,706.67	
Supplies	25,000.00	
Mailing	14,594.00	

Meals		93,999.00
Miscellaneous Expense	82,809.00	
Total Expenses	553,665.97	1,942,797.25

13. Income Taxes

Republic Act (R.A.) No. 9337

On May 24, 2005, Republic Act No. 9337 was enacted into law amending provisions in the existing 1997 National Internal Revenue Code. Among the reforms introduced by the said R.A., which became effective on November 2, 2005, are as follows:

- Increase in the corporate income tax rate from 32% to 35% with a reduction thereof to 30% beginning January 1, 2009;
- Increase in Value-Added Tax (VAT) rate from 10% to 12% effective February 1, 2006 as authorized by the Philippine President pursuant to the recommendation of the Secretary of Finance;
- Revised invoicing and reporting requirements for VAT; and
- Expanded scope of transactions subject to VAT.

On October 10, 2007, the BIR issued Revenue Regulations No. 12-2007, which amended the timing of the calculation and payment of MCIT from an annual basis to quarterly basis, i.e. excess MCIT from a previous quarter during the current taxable year may be applied against subsequent quarterly or current annual income tax due, whether MCIT or Regular Corporate Income Tax (RCIT). However, excess MCIT from the previous taxable year/s is not creditable against MCIT due for a subsequent quarter and are only creditable against quarterly and annual RCIT.

14. Changes Arising from the Transition to PFRS for SMEs

There were no principal effects of the adoption of PFRS for SMEs for annual reporting period beginning January 1, 2009 since the financial statements of the Company had been prepared in accordance with generally accepted accounting principles in the Philippines applicable to non-publicly accountable entities (NPAEs) as set forth in Philippine Accounting Standards (PAS) 101, Financial Reporting Standards for NPAEs.

15. SUPPLEMENTARY INFORMATION

Revenue Regulations No. 15-2010

As required by the Revenue Regulation No. 15-2010, the Company must disclose a detailed information on internal revenue taxes as of the reporting period that includes withholding tax on compensation, expanded withholding tax and local taxes, licenses and fees paid or accrued by the Company.

Revenue Regulations No. 2 – 2014

The new BIR Form No. 1702-RF shall be filed by Corporation, Partnership and other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate of 30%. Every corporation, partnership no matter how created or organized, joint stock companies, joint accounts, associations (except foreign corporation not engaged in trade or business in the Philippines and joint venture or consortium formed for the purpose of undertaking

construction projects or engaging in petroleum, coal, geothermal and other energy operations), government-owned or controlled corporations, agencies and instrumentalities shall render a true and accurate income tax return in accordance with the provisions of the Tax Code. The return shall be filed by the president, vice-president or other principal officer, and shall be sworn to by such officer and by the treasurer or assistant treasurer.