



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
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The following document has been received:

Receiving: ICTD ERMD

Receipt Date and Time: May 08, 2024 11:54:18 AM

Company Information

SEC Registration No.: CS200617161

Company Name: STARPORT TRADING CORPORATION

Industry Classification: K642

Company Type: Stock Corporation

Document Information

Document ID: OST10508202482359576

Document Type: Financial Statement

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Period Covered: December 31, 2023

Submission Type: Annual

Remarks: None

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



Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

For BIR Use Only: BCS/Item:

BIR Form No. 1702-RT January 2019(ENCS) Page 1		Annual Income Tax Return For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two Copies MUST be filed with the BIR and one held by the taxpayer.		 1702-RT 01/18ENCS P1	
1 For ☒ Calendar ☐ Fiscal		3 Amended Return? ☐ Yes ☒ No		4 Short Period Return? ☐ Yes ☒ No	
2 Year Ended (MM/YYYY) 12/2023		5 Alphabetic Tax Code (ATC) IC055 Minimum Corporate Income Tax (MCIT) ☐ IC010 ☒			
Part I - Background Information					
6 Taxpayer Identification Number (TIN) 006 - 534 - 211 - 000				7 RDO Code 042	
8 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS) STARPORT TRADING CORPORATION					
9A Registered Address (Indicate complete registered address) UNIT 301 3RD FLR, GRACE BLDG., ORTRIGAS AVENUE GREENHILLS SAN JUAN CITY					
9B Zipcode					
10 Date of Incorporation/Organization (MM/DD/YYYY)					
11 Contact Number 09177730839			12 Email Address operations.artsaico@gmail.com		
13 Method of Deductions ☒ Itemized Deductions (Section 34 (A-J), NIRC) ☐ Optional Standard Deduction (OSD) - 40% of Gross Income (Section 34(L), NIRC as amended by RA No. 9504)					
Part II - Total Tax Payable (Do NOT enter Centavos)					
14 Total Income Tax Due (Overpayment) (From Part IV Item 43)				312,121	
15 Less: Total Tax Credits/Payments (From Part IV Item 55)				64,460	
16 Net Tax Payable (Overpayment) (Item 14 Less Item 15) (From Part IV Item 56)				247,655	
Add Penalties					
17 Surcharge				0	
18 Interest				0	
19 Compromise				0	
20 Total Penalties (Sum of Items 17 to 19)				0	
21 TOTAL AMOUNT PAYABLE (Overpayment) (Sum of Item 16 and 20)				247,655	
If Overpayment, mark "X" one box only (Once the choice is made, the same is irrevocable)					
☐ To be refunded ☒ To be issued a Tax Credit Certificate (TCC) ☐ To be carried over as tax credit next year/quarter					
We declare under the penalties of perjury that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If Authorized Representative, attach authorization letter and indicate TIN)					
Signature over printed name of President/Principal Officer/Authorized Representative RICHARD B. LIM JR.				22 Number of Attachments	
Title of Signatory		TIN		0	
Part III - Details of Payment					
Particulars		Drawee Bank/Agency		Amount	
23 Cash/Bank Debit Memo				0	
24 Check				0	
25 Tax Debit Memo				0	
26 Others (Specify Below)				0	
Machine Validation/Revenue Official Receipts Details (if not filed with an Authorized Agent Bank)					
Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial) APR 22 2024 CARLO PAOLO A. CRUZ REVENUE OFFICER					

BIR Form No. 1702-RT January 2018(ENCS) Page 2	Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P2
Taxpayer Identification Number (TIN) 006 - 534 - 211 - 000		Registered Name STARPORT TRADING CORPORATION
Part IV - Computation of Tax (Do NOT enter Centavos)		
27 Sales/Receipts/Revenues/Fees		54,928,914
28 Less: Sales Returns, Allowances and Discounts		0
29 Net Sales/Receipts/Revenues/Fees (Item 27 Less Item 28)		54,928,914
30 Less: Cost of Sales/Services		34,120,862
31 Gross Income from Operation (Item 29 Less Item 30)		20,808,052
32 Add: Other Taxable Income Not Subjected to Final Tax		0
33 Total Taxable Income (Sum of Items 31 and 32)		20,808,052
Less: Deductions Allowable under Existing Law		
34 Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)	20,627,087	
35 Special Allowable Itemized Deductions (From Part VI Schedule II Item 5)	0	
36 NOLCO (only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(5)(b) of the tax Code) (From Part VI Schedule III Item 8)	0	
37 Total Deductions (Sum of Items 34 to 36)	20,627,087	
OR [in case taxable under Sec 27(A) & 28(A)(1)]		
38 Optional Standard Deduction (40% of Item 33)	0	
39 Net Taxable Income/(Loss) (If Itemized: Item 33 Less Item 37; if OSD: Item 33 Less Item 38)		180,965
40 Applicable Income Tax Rate		20 %
41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) (Item 39 x Item 40)		36,193
42 MCIT Due (2% of Item 33)		312,121
43 Tax Due (Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 14)		312,121
Less: Tax Credits/Payments (attach proof)		
44 Prior Year's Excess Credits Other Than MCIT		0
45 Income Tax Payment under MCIT from Previous Quarter/s		0
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s		0
47 Excess MCIT Applied this Current Taxable Year (From Part VI Schedule IV Item 4)		0
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307		64,466
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter		0
50 Foreign Tax Credits, if applicable		0
51 Tax Paid in Return Previously Filed, if this is an Amended Return		0
52 Special Tax Credits (To Part V Item 58)		0
Other Credits/Payments (Specify)		
53		0
54		0
55 Total Tax Credits/Payments (Sum of Items 44 to 54) (To Part II Item 15)		64,466
56 Net Tax Payable / (Overpayment) (Item 43 Less Item 55) (To Part II Item 16)		247,655
Part V - Tax Relief Availment		
57 Special Allowable Itemized Deductions (Item 35 of Part IV x Applicable Income Tax Rate)		0
58 Add: Special Tax Credits (From Part IV Item 52)		0
59 Total Tax Relief Availment (Sum of Items 57 and 58)		0

BIR Form No. 1702-RT January 2018(ENCS) Page 3	Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P3
Taxpayer Identification Number (TIN) 006 - 534 - 211 - 000		Registered Name STARPORT TRADING CORPORATION
Schedule I - Ordinary Allowable Itemized Deductions (Attach additional sheet/s, if necessary)		
1 Amortizations		0
2 Bad Debts		0
3 Charitable Contributions		0
4 Depletion		493,778
5 Depreciation		0
6 Entertainment, Amusement and Recreation		0
7 Fringe Benefits		0
8 Interest		17,370,678
9 Losses		0
10 Pension Trust		0
11 Rental		12,000
12 Research and Development		0
13 Salaries, Wages and Allowances		1,877,023
14 SSS, GSIS, Philhealth, HDMF and Other Contributions		50,400
15 Taxes and Licenses		104,915
16 Transportation and Travel		28,597
17 Others (Deductions Subject to Withholding Tax and Other Expenses) (Specify below; Add additional sheet/s, if necessary)		
a Janitorial and Messenger Services		0
b Professional Fees		143,974
c Security Services		0
d INSURANCE		82,090
e MISCELLANEOUS		234,979
f OFFICE SUPPLIES		230,853
g		0
h		0
i		0
18 Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 17) (To Part IV Item 34) 20,627,087		
Schedule II - Special Allowable Itemized Deductions (Attach additional sheet/s, if necessary)		
Description	Legal Basis	Amount
1		0
2		0
3		0
4		0
5 Total Special Allowable Itemized Deductions (Sum of Items 1 to 4) (To Part IV Item 35) 0		

BIR Form No. 1702-RT January 2018(ENCS) Page 4	Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18/ENCS P4
Taxpayer Identification Number (TIN) 008 534 211 000		Registered Name STARPORT TRADING CORPORATION

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)	
1 Gross Income (From Part IV Item 3.3)	0
2 Less: Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)	0
3 Net Operating Loss/Item 1 Less Item 2) (To Schedule IIIA, Item 7A)	0

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) (DO NOT enter Centavos; 49 Centavos or Less drop down, 50 or more round up)		
Net Operating Loss		B) NOLCO Applied Previous Year
Year Incurred	A) Amount	
4	0	0
5	0	0
6	0	0
7	0	0

Continuation of Schedule IIIA (Item numbers continue from table above)

C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) (E = A Less (B + C + D))
4 0	0	0
5 0	0	0
6 0	0	0
7 0	0	0
8 Total NOLCO (Sum of Items 4D to 7D) (To Part IV, Item 35)	0	

Schedule IV - Computation of Minimum Corporate Income Tax (MCIT)			
Year	A) Normal Income Tax as adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1	0	0	0
2	0	0	0
3	0	0	0

Continuation of Schedule IV (Item numbers continue from table above)

D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s (G = C Less (D + E + F))
1 0	0	0	0
2 0	0	0	0
3 0	0	0	0
Total Excess MCIT Applied (Sum of Items 1F to 3F) (To Part IV Item 47)		0	

Schedule V - Reconciliation of Net Income per Books Against Taxable Income (attach additional sheet/s, if necessary)	
1 Net Income/(Loss) per books	180,965
Add: Non-deductible Expenses/Taxable Other Income	
2	0
3	0
4 Total (Sum of Items 1 to 3)	180,965
Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5	0
6	0
B) Special Deductions	
7	0
8	0
9 Total (Sum of Items 5 to 8)	0
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)	180,965

BUREAU OF INTERNAL REVENUE
 RR 76, EDSA, ALABANG, MARIKINA CITY
 APR 22 2024
 CARLO PAOLO A. CRUZ
 REVENUE OFFICER

COVER SHEET for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	6	1	7	1	6	1
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Company Name

S	T	A	R	P	O	R	T		T	R	A	D	I	N	G		C	O	R	P	O	R	A	T	I	O	N		

Principal Office (No./Street/Barangay/City/Town/Province)

U	N	I	T		3	0	1		3	R	D		F	L	R	.		G	R	A	C	E		B	L	D	G	.	
O	R	T	I	G	A	S		A	V	E	N	U	E		G	R	E	E	N	H	I	L	L	S					
S	A	N		J	U	A	N		C	I	T	Y																	

Form Type

A	F	S	
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Department requiring the report

C	F	R	D
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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

operations.artsalco@gmail.com

Company's Telephone Number/s

584-3180

Mobile Number

0

No. of Stockholders

7

Annual Meeting
Month/Day

December 15

Fiscal Year
Month/Day

December 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Richard E. Lim, Sr.

Email Address

operation.artsalco@yahoo.com

Telephone Number/s

584-3180

Mobile Number

0

Contact Person's Address

PASIG 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.



EDDIE L. GARILAO
CERTIFIED PUBLIC ACCOUNTANT

CPA Certificate No. 41008
BOA Accreditation No. 8668,
[Valid until 11/30/2024]
BIR Accreditation No. 07-100748-002-2024
[Valid until 02/07/2027]

41620 Magorha Street, Greenwood Executive Village, Brgy. San Juan, Cagaita, Rizal ☎ 8635 86 21 📠 0917 500 6545 📧 ed_garilao@yahoo.com / elgaccounting@yahoo.com

STARPORT TRADING CORPORATION

Financial Statements December 31, 2023 and 2022

Contents

Statements of Management Responsibility
Independent Auditor's Report
Statements of Financial Position
Statements of Changes in Equity
Statements of Comprehensive Income
Statements of Cash Flows
Notes to Financial Statements
SEC Supplemental Statement



STARPORT TRADING CORPORATION

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

April 1, 2024

SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex
Roxas Blvd., Pasay City

The Management of **Starport Trading Corporation** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the year ended **December 31, 2023**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

The Board of Directors (Trustees) is responsible in overseeing the Company's financial reporting process.

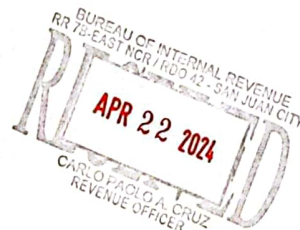
The Board of Directors (Trustees) reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Eddie L. Garilao, the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

RICHARD E. LIM
Chairman

RICHARD B. LIM, JR.,
President

PHOEBE B. LIM
Treasurer



311 A/C BURGUNDY EMPIRE TOWER, ADB AVENUE
ORTIGAS CENTER, SAN ANTONIO, PASIG CITY

STARPORT TRADING CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

April 1, 2024

BUREAU OF INTERNAL REVENUE

Revenue District Office
San Juan City

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

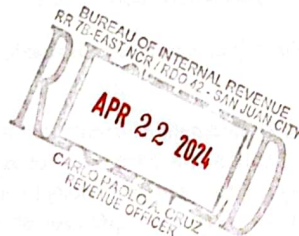
In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2023 and the accompanying Annual Income Tax Return are in accordance with the books and records of **Starport Trading Corporation** complete and correct in all material respects. Management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

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

RICHARD E. LIM
Chairman

RICHARD B. LIM, JR.
President

PHOEBE B. LIM
Treasurer



311 A/C BURGUNDY EMPIRE TOWER, ADB AVENUE
ORTIGAS CENTER, SAN ANTONIO, PASIG CITY



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Starport Trading Corporation
Unit 301 3rd Floor Grace Bldg.
Ortigas Ave. Greenhills, San Juan

Opinion

We have audited the accompanying financial statements of **Starport Trading Corporation**, which comprise the statement of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for SMEs (PFRS for SMEs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, the *Code of Ethics for Professional Accountants in the Philippines*, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the 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.

Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusions, 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 of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities of business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 the 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 safeguards.

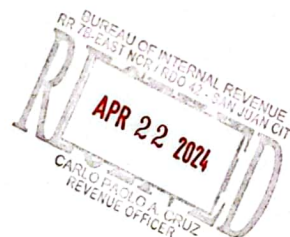
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on on the Supplementary Information Required Under the Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on Note 19 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and the schedules listed in the Annexes to the financial statements are presented for purposes of complying with the Securities and Exchange Regulation Code Rule 68, as amended (2011) and are not a required part of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A further description of the auditor's responsibilities for the audit of the financial is located at the Philippine Regulation Commission/Board of Accountancy website at: www.prc.boa.ph.prb/. This description forms part of our auditor's report.

Eddie L. Garilao
CPA Certificate No. 41008
Tax Identification No. 169-976-295-000
PTR No. 21322231A, January 22, 2024, Antipolo, Rizal
BOA Accreditation No. 3558, valid until 11/30/2024
BIR Accreditation No. 07-100748-002-2024, valid until 2/07/2027



April 1, 2024
Cainta, Rizal



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE BUREAU OF INTERNAL REVENUE

The Board of Directors and Stockholders Starport Trading Corporation

Unit 301 3rd Floor Grace Bldg.
Ortigas Ave. Greenhills, San Juan

We have audited the accompanying financial statements of **Starport Trading Corporation**, which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the year then ended on which we have rendered our report dated April 1, 2024.

In compliance with Revenue Regulations No. 3-90, we have examined the following returns of the taxpayer:

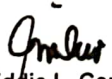
- Monthly and annual return of creditable tax withheld and expanded (BIR Form No. 1601C, 1604CF, 1601E, 1604E).
- Annual Income Tax Return for the taxable year.

Our examinations of the above-mentioned returns were made in accordance with the Statement of Auditing Standards of the Philippines (SASP) No. 11.

In our opinion, the tax returns mentioned above of **Starport Trading Corporation**, comply with the existing provisions of the National Internal Revenue Code of the Philippines.

Furthermore, in compliance with Revenue Regulations V-20, we are stating that:

1. The taxpayer does not have any pending or outstanding tax assessment.
2. We are not related by consanguinity or affinity within the fourth civil degree of relationship to the president, manager or principal officers and stockholders of the company.


Eddie L. Garilao
CPA Certificate No. 41008
Tax Identification No. 169-976-295-000
PTR No. 21322231A, January 22, 2024, Antipolo, Rizal
BOA Accreditation No. 3558, valid until 11/30/2024
BIR Accreditation No. 07-100748-002-2024, valid until 2/07/2027

April 1, 2024
Cainta, Rizal





SUPPLEMENTAL WRITTEN STATEMENT

The Board of Directors and Stockholders
Starport Trading Corporation
Unit 301 3rd Floor Grace Bldg.
Ortigas Ave. Greenhills, San Juan

We have examined the financial statements of **Starport Trading Corporation**, for the year ended December 31, 2023 on which we have rendered the attached report dated April 1, 2024.

In compliance with SRC Rule 68, we are stating that the said company has a total number of seven (7) shareholders owning one hundred (100) or more shares each.

Eddie L. Garilao
CPA Certificate No. 41008
Tax Identification No. 169-976-295-000
PTR No. 21322231A, January 22, 2024, Antipolo, Rizal
BOA Accreditation No. 3558, valid until 11/30/2024
BIR Accreditation No. 07-100748-002-2024, valid until 2/07/2027

April 1, 2024
Cainta, Rizal



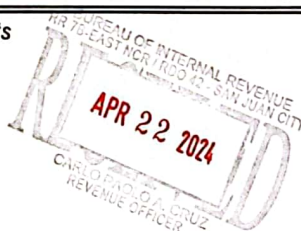
STARPORT TRADING CORPORATION
STATEMENTS OF FINANCIAL POSITION

		December 31	
	Notes	2023	2022
<u>ASSETS</u>			
Current Assets			
Cash	4	P 7,348,127	P 3,691,672
Trade and other receivables	5	54,640,330	67,238,423
Inventory	13	70,950,624	78,834,027
Other current assets	6	167,331	137,878
Total Current Assets		133,106,412	149,902,000
Non-Current Assets			
Property and equipment, Net	7	9,529,673	10,023,451
Other assets	8	341,745	74,866
Total Non-Current Assets		9,871,418	10,098,317
Total Assets		P 142,977,830	P 160,000,316

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities			
Trade and other payables	9	P 140,014,924	P 157,253,681
Income tax payable	15	247,655	71,293
Other current liabilities	10	29,177	124,991
Total Current Liabilities		140,291,756	157,449,966
Non-Current Liabilities			
Long-term debt		-	-
Stockholders' Equity	11	2,686,074	2,550,350
Total Liabilities and Stockholders' Equity		P 142,977,830	P 160,000,317

See Accompanying Notes to Financial Statements



STARPORT TRADING CORPORATION
STATEMENTS OF CHANGES IN EQUITY

	Notes	Years Ended December 31	
		2023	2022
Capital Stock			
Authorized, 10,000 shares at P100.00 par value	P	1,000,000	P 1,000,000
Paid-up capital		62,500	62,500
Retained earnings			
Retained earnings, <i>beginning</i>		2,487,850	2,248,273
Net income		135,724	239,577
Retained earnings, <i>ending</i>		2,623,574	2,487,850
<i>Appropriated</i>		2,200,000	2,200,000
<i>Unappropriated</i>		423,574	287,850
Total Capital Stock	11	P 2,686,074	P 2,550,350
See Accompanying Notes to Financial Statements			

STARPORT TRADING CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Years Ended December 31	
		2023	2022
Sales	12,19	P 54,928,914	P 89,729,917
Cost of Sales	13,19	34,120,862	74,257,462
Gross Profit		20,808,053	15,472,455
Operating Expenses	14,19	3,256,409	5,845,461
Income/Loss from operation		17,551,643	9,626,993
Other Income/Expenses			
Interest expenses		(17,370,678)	(9,307,557)
Net Income Before Tax		180,965	319,436
Income Tax Expense	15	45,241	79,859
Net Income		P 135,724	P 239,577
<i>See Accompanying Notes to Financial Statements</i>			
Earnings per Share		P 217	P 383

STARPORT TRADING CORPORATION
STATEMENTS OF CASH FLOWS

	Notes	Years Ended December 31	
		2023	2022
Cash Flows From Operating Activities			
Net income	P	135,724	P 239,577
Depreciation and amortization		493,778	493,778
Adjustment to reconcile to net cash provided by (used in) operating activities:			
Decrease (Increase) in:			
Trade and other receivables	5	12,598,094	9,527,144
Inventory	13	7,883,403	(13,153,092)
Other current assets	6	(29,453)	12,078
Other assets	6	(266,880)	(74,866)
Trade and other payables	9	(17,238,757)	4,052,044
Income tax payable	15	176,361	(149,261)
Other current liabilities	10	(95,814)	(182,021)
Net Cash from Operating Activities		3,656,455	765,383
Cash Flows From Investing Activities			
Acquisition of property and equipment	7	-	-
Cash Flows From Financing Activities			
Dividends declared			
Proceeds from loan availment			
Net Increase (Decrease) in Cash		3,656,455	765,383
Cash Balance, At Beginning of Year		3,691,672	2,926,289
Cash Balance, At End of Year	4	P 7,348,127	P 3,691,672

(See Accompanying Notes to Financial Statements)

STARPORT TRADING CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE 1- COMPANY INFORMATION AND APPROVAL OF FINANCIAL STATEMENTS

Starport Trading Corporation was registered with the Securities and Exchange Commission (SEC) on the 3rd day of November 2006 with SEC Registration No. CS200617161. To engage in the business of trading/importing of goods such as cement and other general merchandise on wholesale/retail basis.

The Registered business address of the Company is Unit 301 3rd FLR Grace Bldg. Ortigas Avenue, Greenhills San Juan City.

The financial statements of the Company for the year ended December 31, 2023 were approved by the Board of Directors and authorized for issue on April 13, 2024.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements of the Company have been prepared on a fair value measurement. The financial statements are presented in Philippine Pesos, which is the Company's functional currency. All amounts are rounded to the nearest Philippine peso, except when otherwise indicated.

The accompanying financial statements have been prepared on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the normal course of business.

Statement of Compliance

The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) for SMEs.

Accounting Policies Adopted

The following accounting standards, amendments and interpretations to existing standards that have been published by the International Accounting Standards Board (IASB) and adopted by the FRSC which became effective for accounting periods beginning on or after January 1, 2008 were adopted by the Company:

These new standards, amendments and interpretations prescribe new accounting measurement and disclosure requirements applicable to the Company. When applicable, the adoption of the new standards was made in accordance with the transitional provisions of the standards, otherwise the adoption of the new standards is accounted for as change in accounting policy under PAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors". The effects of these new standard, amendments and interpretations on the Company's accounting policies and on the amounts disclosed in the financial statements are summarized as follows:

PFRS 7, "Financial Instruments: Disclosures introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces disclosure requirements in PAS 32, *Financial Instruments: Disclosure and Presentation*.

PAS 1 (Revised 2007), "Presentation of Financial Statements," provides a framework within which an entity assesses how to present fairly the effects of transactions and other events. It provides the criteria for classifying liabilities as current or non-current, prohibits the presentation of items of income and expense as extraordinary items, specifies disclosures about the judgments made by management in applying accounting policies, the key sources of estimation uncertainty at the balance sheet date that have significant risks.

PAS 7, "Cash Flow Statements", requires the provision of information about the historical changes in cash and cash equivalents of an entity by means of a cash flow statement which classifies cash flows during the period from operating, investing and financing activities.

PAS 8 (Revised 2003), "Accounting Policies, Changes in Accounting Estimates and Errors," eliminates the concept of fundamental error and the allowed alternative to retrospective application of voluntary changes in accounting policies and retrospective restatement to correct prior period errors. The standard defines material omissions and misstatements and describes how to apply the concept of materiality when applying accounting policies and correcting errors.

PAS 10 (Revised 2003), "Events After the Balance Sheet Date," clarifies that dividends declared after balance sheet date are not to be recognized as a liability at the balance sheet date.

PAS 12, "Income taxes," the objective of the standard is to prescribe the accounting treatment for income taxes.

PAS 16 (Revised 2003), "Property, Plant and Equipment," prescribes the accounting treatment for property, plant and equipment and related disclosure requirements. The Standard contains a limited revision to provide additional guidance and clarification on recognition and measurement of items of property, plant and equipment. It provides guidance on initial and subsequent recognition as well as measurement after recognition. It requires depreciation for each significant part of an item of property, plant and equipment. The standard also provides guidance on the determination of the carrying amount of the assets, the residual value, depreciation period and derecognition principles to be observed.

PAS 17 (Revised 2003) "Leases," provides limited revision to clarify the classification of a lease of land and buildings and prohibits expensing of initial direct costs in the financial statements of lessors.

PAS 18, "Revenue," provides additional guidelines as to the timely recognition of revenue, which is measured at the fair value of the consideration received or receivable.

PAS 19, "Employee Benefits," applies to all employee benefits offered by an employer to employees and their dependents and beneficiaries. This standard applies to employee benefits under: (i) formal plans and agreements between an enterprise and its employees, (ii) national, local, industry or multi-employer plans; and informal practices giving rise to a constructive obligation. This standard also identifies the following categories of employee benefits such as short-term employee benefits, post-employment benefits, other long-term employee benefits and termination benefits.

PAS 23, "Borrowing Costs," this Standard prescribe the accounting treatment for borrowing costs. This Standard generally requires the immediate expensing of borrowing costs. However, the standard permits, an allowed alternative treatment, the capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

PAS 24 (Revised 2003), "Related Party Disclosures," provides additional guidance and clarity in the scope of the Standard, the definitions and the disclosures for related parties. It requires disclosure of the compensation of key management personnel.

PAS 32 (Revised 2003), "Financial Instruments: Disclosures and Presentation," which prescribes the requirements for the presentation of financial instruments and identifies the information that should be disclosed about them. The presentation requirements apply to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset. The standard requires disclosure of information about factors that affect the amount, timing and certainty of an entity's future cash flows relating to financial instruments and the accounting policies applied to those instruments.

This standard also requires disclosure of information about the nature and extent of an entity's use of financial instruments, the business purposes they serve, the risks associated with them, and management policies for controlling those risks.

PAS 36 (Revised 2004), "Impairment of Assets," prescribes the procedures that an entity applies to ensure that its assets are carried at no more than their recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described to be impaired and the standard requires the entity to recognize an impairment loss. The standard also specifies when an entity should reverse an impairment loss previously recognized. The revised standard clarifies the elements that should be reflected in the calculation of an asset's value in use. PAS 36 prescribes the frequency of impairment testing for intangible assets.

PAS 39, "Financial Instruments: Recognition and Measurement", which prescribes the principles for recognizing, measuring, and disclosing information about financial assets and financial liabilities. PAS 39 supplements the disclosure provision of PAS 32, Financial Instruments: Disclosures and Presentation.

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

In 2009, it is the opinion of Management that assets and liabilities were recognized at fair value; hence, these were considered deemed cost.

The significant accounting policies and practices of the Company are set forth to facilitate the understanding of the financial statements:

Financial Assets

Financial assets include cash, trade & other receivables, and investment in subsidiaries

Cash

Cash includes cash on hand and in banks and petty cash fund. Cash in bank in savings accounts earn interest at the respective bank deposit rates and these are deposits held at call with banks. Petty cash funds are intended as working funds for a small amount of expenses such as periodicals, reproduction cost, transportation, etc. Cash equivalents if any may consist of short-term, highly liquid debt instruments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Trade and Other Receivables

Accounts receivables are stated at their nominal values as reduced by any appropriate allowances for doubtful accounts. Any allowance for impairment loss and allowance for doubtful accounts are the estimated amount of probable losses arising from non-collection based on past collection experience and management's review of the current status of the long-outstanding receivables. Any doubtful account expense is to be recognized in the statement of income.

Other receivables are stated at amortized cost less provision for impairment. Impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

Inventories

Inventories are stated at cost valued as follows:

Raw materials and merchandise First-in, First-out

Other Current Assets

Other current assets include unused input tax and unexpired portion of expenses. Other current assets are carried at face value net of used and expense portion.

Property and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value.

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

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets.

The useful life of each of the property, plant 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, plant 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.

Other Assets

Other assets represent refundable deposit, advance withholding tax on salaries and deferred MCIT and VAT. Deposits to Meralco represent the Company's refundable deposit upon expiration of the contract. MCIT, advance withholding tax on salaries and VAT input are used as needed. Other assets are measured at amortized cost less any impairment loss.

Financial Liabilities

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

This category includes trade payables and other payables, and interest-bearing borrowings.

Trade and Other Payables

Trade 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 non-interest bearing and are stated at their nominal value.

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

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

Income Tax Payable

The Company is subject to Minimum Corporate Income Tax (MCIT). Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits from excess minimum corporate income tax (MCIT) and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward of unused tax credits and unused tax losses can be utilized.

Notes Payable

Notes payable are measured at their nominal values and subsequently recognized at amortized costs less settlement payments, if any.

Other Current Liabilities

This account represents the uncollected output tax on billed sales and other regulatory premium and tax obligations 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 the Company 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.

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.

Equity

Share Capital

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

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

Cumulative Earnings

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

Revenue and cost recognition

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

Cost, administrative expenses and other expenses are recognized in the statement of income upon utilization of the service or in the date they are incurred. Finance costs are reported on an accrual basis.

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 salaries and wages, social security contributions, short-term compensated absences, bonuses and other non-monetary benefits.

Long-term Benefits

The Company provides retirement benefits to entitled employees as mandated by law.

Borrowing Costs

Borrowing costs are generally expenses as incurred. Borrowing costs, including exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest cost, are capitalized if they are directly attributable to the acquisition or construction of an qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized.

For income tax reporting purposes, borrowing costs are treated as deductible expense in the year such are incurred.

Income Taxes

The tax currently payable for the year is Minimum Corporate Income Tax (MCIT). 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, if any, 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.

The carrying amount of deferred tax assets, if any, 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, if any, 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, if any, 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.

Value-Added Tax

Revenues, expenses and assets are recognized net of the amount of value-added tax except:

- ❖ Where the value-added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value-added tax is recognized as part of the costs of acquisition of the asset or as part of the expense item as applicable; and
- ❖ Receivables and payables that are stated with the amount of value-added tax included.
- ❖ The net amount of value-added tax recoverable from, or payable to, the taxation authority is included as part of other current assets or payables in the balance sheets.

Related Parties

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Individuals, associated or companies that directly or indirectly control or are controlled by or are under common control with the company are also considered related parties.

Subsequent Events

The Company identifies subsequent events as events that occurred after the balance sheet date but before the date when the financial statements were authorized for issue. Any subsequent events that provide additional information about the Company's financial position at the balance sheet date are reflected in the financial statements.

Events that are not adjusting events are disclosed in the notes to the financial statements when material.

New Accounting Policies for Adoption

The Company adopts the following standards, amendments and interpretations that have been approved:

PAS 1, "Presentation of Financial Statements" (revised 2007) (effective from January 1, 2009).

The revised standard requires that the statement of changes in equity includes only transactions with owners and all non-owner changes are presented in equity as a single line with details included in a separate statement. Owners are defined as holders of instruments classified as equity.

In addition, the amendment to PAS 1 provides for the introduction of a new statement of comprehensive income that combines all items of income and expense recognized in the statements of income together with 'other comprehensive income'. The revisions specify what is included in other comprehensive income, such as gains and losses on available-for-sale assets, actuarial gains and losses on defined benefit pension plans and changes in the asset revaluation reserve. Entities can choose to present all items in one statement of comprehensive income. The Company will assess the impact of the Standard on its current manner of reporting all items of income and expenses.

NOTE 3- CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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.

Judgments

In the process of applying the accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the financial statements:

Determination of Functional Currency

The Company has determined that its functional currency is the Philippine Peso. The determination of functional currency was based in the primary economic environment in which the Company generates and expends cash.

Classification of Financial Instrument

The Company classifies financial instruments or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the guidelines set by PFRS for SMEs on the definitions of a financial asset, a financial liability or equity.

The substance of a financial instrument, rather than its legal form and the management intention and ability to hold the financial instrument to maturity generally governs its classification in the statement of financial position.

The classification of financial assets and liabilities is presented in Note 4.

Determination of Fair Value of Financial Instruments

The Company carries certain financial assets and liabilities at fair value, which requires use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Company utilized different valuation methodologies and assumptions. Any changes in the fair value of these financial assets and liabilities would directly affect profit and loss and equity.

Estimates and Assumptions

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimation of Useful Lives of Property and Equipment

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of 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 assets. In addition, estimation of the useful lives of the property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in 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 property and equipment would increase recorded operating costs and expenses and decrease non-current assets.

The useful lives of the Company's property and equipment are set-out in Note 2. Depreciation expense amounted to P 493,778 for the years ended December 31, 2023 and P493,778 for 2022 (see Note 7). Carrying amounts of property and equipment as at financial reporting dates amounted to P 9,529,673 and P 10,023,451 as at December 31, 2023 and 2022, respectively

Impairment of Non-Financial Assets

The Company determines at least annually whether its property and equipment and computer software are impaired. In determining the fair value of property, plant and equipment and computer software the Company relies on the determination of an independent firm of appraisers, which involves significant assumptions and estimates. Future events could cause management to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial condition and results of operations. While management believes that the assumptions made are appropriate and reasonable, significant changes in assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS for SMEs.

Based on management's assessment, property and equipment are fully recoverable at their carrying amounts, thus, no impairments were recognized for the years ended December 31, 2023 and 2022.

Impairment of Financial Assets

The Company reviews its loan and receivables at each financial reporting date to assess whether a provision for impairment should be recognized in its statements of comprehensive income or whether loans and receivables balance should be written off. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance. Moreover, management evaluates the presence of objective evidence of impairment which includes observable data that comes to the attention of the Company about loss events such as but not limited to significant financial difficulty of the counterparty, a breach of contract, such as a default or delinquency in interest or principal payments, probability that the borrower will enter bankruptcy or other financial re-organization.

No provision for impairment is made as management believes that the Company's loan and receivables are recoverable at their carrying amounts.

Recoverability of Deferred Tax Assets

At each reporting date, the Company assesses the recoverability of its deferred tax assets. During 2023 and 2022, no deferred tax asset was recognized on the Company's NOLCO as management does not expect to generate taxable income in the next few years where the NOLCO can be applied as deductible expense.

4. CASH

Details of this account as of December 31, 2022 and 2021 are as follows:

		2023		2022
Cash in Bank	P	7,348,127	P	3,691,672
Total Cash	P	7,348,127	P	3,691,672

5. TRADE AND OTHER RECEIVABLES

		2023		2022
Accounts receivable-trade	P	54,640,330	P	67,238,423
Total Trade and Other Receivables	P	54,640,330	P	67,238,423

The accounts receivable are non-interest bearing receivables from various clients. The fair values of this short-term financial asset are not individually determined as the carrying amounts are the reasonable approximation of fair values.

6. OTHER CURRENT ASSETS

Details of this account are as follows:

		2023		2022
Deferred input tax	P	39,969	P	83,573
Input Tax		127,362		54,305
Advance income tax		-		-
Total Other Current Assets	P	167,331	P	137,878

7. PROPERTY AND EQUIPMENT

Acquisition Cost	Property	Transportation Equipment	Office Equipment	Total
Beginning balance	P 7,083,411	4,937,783	P 31,845	P 12,053,038
Additions				-
Disposals/Retirement		-		
Ending balance	7,083,411	4,937,783	31,845	12,053,038
Accumulated Depreciation				
Beginning balance		1,997,743	31,844	2,029,586.52
Depreciation		493,778		493,778.26
Disposals/Retirement		-		
Ending balance	-	2,491,521	31,844	2,523,365
Carrying Value 2022	7,083,411	2,940,040	1	10,023,451
2023	P 7,083,411	P 2,446,262	P 1	P 9,529,673

8. OTHER ASSETS

Details of this account are as follows:

		2023		2022
Deferred MCIT	P	341,745	P	74,866
Total Other Non-current Assets	P	341,745	P	74,866

9. TRADE AND OTHER PAYABLES

		2023		2022
Loans payable	P	139,192,631	P	152,657,047
Accounts payable		822,293		4,596,634
Total Trade and Other Payables	P	140,014,924	P	157,253,681

This Business mortgage loan was taken out from bank with a term of 5 years at the bank's prevailing interest rate.

10. OTHER CURRENT LIABILITIES

Details of this account are as follows:

		2023		2022
ITW-income	P	(9,170)	P	122,776
ITW-salaries		5,049		0
SSS/Philhealth/HDMF payable		33,298		2,215
Total Other Current Assets	P	29,177	P	124,991

11. STOCKHOLDERS' EQUITY

		2023		2022
Capital Stock				
Authorized, 10,000 shares at P100.00 par value	P	1,000,000	P	1,000,000
Paid-up capital		62,500		62,500

Retained earnings			
Retained earnings, beginning	2,487,850		2,248,273
Net income (Loss)	135,724		239,577
Retained earnings, ending	2,623,574		2,487,850
Total Stockholders' Equity	P 2,686,074	P	2,550,350

12. SALES

	2023		2022
Sales	P 54,928,914	P	89,729,917

13. COST OF SALES

	2023		2022
Merchandise inventory, beginning	P 78,834,027	P	65,680,935
Add: Purchases	25,940,623		86,945,468
Goods available for sale	104,774,650		152,626,403
Merchandise inventory, ending	(70,950,624)		(78,834,027)
Repairs and maintenance	296,836		465,086
Cost of Goods Sold	P 34,120,862	P	74,257,462

14. OPERATING EXPENSES

Operating expenses for the year ended December 31, 2022 and 2021 is composed of the following:

	2023		2022
Communication	P -	P	1,842
Insurance	82,090		808,778
Miscellaneous	234,979		16,023
Office supplies	230,653		114,668
Professional Fee	143,974		159,541
Rental	12,000		12,000
Depreciation	493,778		493,778
Representation	-		1,388,027
Salaries and allowances	1,740,358		2,294,821
13th month pay	136,664		226,873
SSS/Philhealth/HDMF contribution	50,400		67,020
Gasoline and oil	-		18,998
Taxes and licenses	104,915		178,667
Transportation & Travel	26,597		64,423
Total Operating expenses	P 3,256,409	P	5,845,461

15. INCOME TAX

Computation of provision for current income tax is as follows:

	2023		2022
Gross Income	P 20,808,053	P	15,472,455
Net Income Before Tax	180,965		319,436
Add: Non deductible portion of interest expense			
Less: Non taxable interest income subjected to final tax			
Net Operating Loss Carry Over (NOLCO)	-		
Taxable Income	180,965		319,436
Minimum Corporate Income Tax (MCIT)	312,121		154,725
Regular Corporate Income Tax(RCIT) rate @25%	45,241		79,859
Less: Prior year excess credit	-		-
Advance income tax	(64,466)		(83,431)
Deferred income tax			
Income tax still due (creditable)	P 247,655	P	71,294

16. FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risks arising from its operating and investing activities. The Company is mainly responsible for overall risk management approach and for the approval of risk strategies and principles of its operations. It also has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a discussion forum of the Company's approach to risk issues in order to make relevant decisions.

The Company's principal financial instruments comprise of cash and advances to and from related parties. The main purpose of these financial instruments is to facilitate the financing of the Company's operations. The Company has various other financial assets and liabilities, which arise directly from operations.

Company policies and guidelines cover credit risk, interest risk and liquidity risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Company's results and financial position. The Company actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of

Credit Risk

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Company.

The Company is not so much exposed to credit risk as to its accounts receivable, since the volume of

Liquidity Risk

Liquidity Risk refers to the risk that the Company will not be able to meet its financial obligation as they

The Company is similarly not exposed to liquidity risk through its maturing liabilities. The Company has a policy of regularly monitoring its cash position to ensure that maturing liabilities will be adequately

The carrying amount of cash, accounts receivable, accounts payable and other liabilities and advances from related parties approximate their fair values due to the relatively short-term maturities of the financial instruments.

17. FINANCIAL INSTRUMENTS

The carrying amount of cash, account receivable, accounts payable and other liabilities and loans payable approximate their fair values due to the relatively short-term maturities of the financial

18. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios to support its business and maximize shareholder value.

The Company has overall responsibility for the monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operations and industry.

The Company monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to trade and other payables and other liabilities. Total equity comprises all components of equity, deposit for future subscription in cash, equity and related earnings.

The Company is subject to externally imposed capital requirements.

19. TAXES AND LICENSES

The following data are presented in compliance with RR-15-2010, which requires additional disclosures of taxes and licenses paid during the year:

Value Added Tax

	Amount
a. Sales - Vatable	P 54,928,914
Sales - Zero Rated	
Sales - Exempt	-
Total Sales	54,928,914
Total Output Tax	6,591,470
b. Input Tax at the Beginning of the Year	54,305
Current year's transactions:	
Domestic purchases of goods other than capital good	51,018,437
Domestic purchases of services	1,169,719
Purchases of capital goods less than P1M	-
Purchases of capital goods more than P1M	-
Total	52,188,157
Input tax	6,262,579
Adjustments on Input Tax:	
Total amount applied this year/claims for tax credit	358,344
Deferred input tax on capital goods	43,603
Input tax on sales to government closed to expense	-
Input tax allocable to exempt sales	-
Vat refund or TCC claims	-
Total	401,947
Input Tax at the End of the Year	6,718,832
VAT payable, 12/31/23	(127,362)
c. Importation for the year	-
d. Excise taxes	-
e. Documentary stamp tax paid during the year	
f. Schedule of Taxes and Licenses(Pls. see below schedule)	
g. Withholding taxes paid during the year as follows:	
1. Withholding tax on compensation	230,000
2. Creditable withholding tax	862,561
3. Final Withholding tax	-
h. Deficiency payments during the year:	-
<u>Schedule of Taxes and Licenses</u>	
BIR Registration	1,000
Municipal tax/Business Permit	103,915
Total	P 104,915

Under Regular Rate

Sales	54,928,914
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Under Regular Rate

Cost of Sales	34,120,862
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Under Regular Rate**Operating Expenses**

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Taxes and licenses	104,915
Transportation & Travel	26,597
Total	3,256,409