

# COVER SHEET

## for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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### Company Name

O	P	T	I	M	U	M	M	E	D	I	C	A	L	A	N	D				
H	E	A	L	T	H	C	A	R	E											
S	E	R	V	I	C	E	S	I	N	C										

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

N	O		7	0	5	-	C	A	T	L	A	N	T	A	C	E	N	T	E	R	#	3	1	
A	N	N	A	P	O	L	I	S	S	T	G	R	E	E	N	H	I	L	L	S				
S	A	N	J	U	A	N	C	I	T	Y														

Form Type

F	S		
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Department requiring the report

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Secondary License Type, if Applicable

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### COMPANY INFORMATION

Company's Email Address

jac.juan@yahoo.com

Company's Telephone Number/s

7 2 9 7 9 6 8

Mobile Number

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No. of Stockholders

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Annual Meeting  
Month/Day

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Fiscal Year  
Month/Day

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### CONTACT PERSON INFORMATION

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

Name of Contact Person

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Email Address

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Telephone Number/s

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Mobile Number

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Contact Person's Address

D	R	G	E	R	A	L	D	S	Y													
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**Note:** 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.

**Optimum Medical and Healthcare Services Inc.**  
**705-C Atlanta Center #31 Annapolis St. Greenhills San Juan City**

**CALENDAR YEAR**

**AUDITED FINANCIAL STATEMENTS**

**December 31, 2021**

**INDEPENDENT AUDITOR'S REPORT**

**The Board of Directors and Stockholders**  
**Optimum Medical and Healthcare Services Inc.**  
705-C Atlanta Center #31 Annapolis St. Greenhills San Juan City

**Report on the Audit of the Financial Statements***Opinion*

I have audited the Financial Statements of **Optimum Medical and Healthcare Services Inc.** which comprise the Balance sheet as at December 31, 2021 and 2020 the Statement of Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small Entities (PFRS for SE's).

*Basis for Opinion*

I conducted my audits in accordance with Philippine Standards on Auditing (PSA's). My responsibilities under those standards are further described in *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to my audit of the financial statements in the Philippines, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 the Philippine Financial Reporting Standards for Small Entities (PFRS for SEs), 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, matter 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 to do so.

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

*Auditor's Responsibilities for the Audit of the Financial Statements*

My 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 my 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.

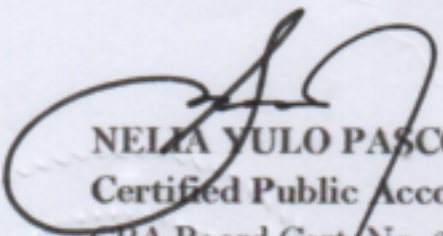
As part of an audit in accordance with PSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- 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 my opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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 contents 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.

I 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 I identify during my audit.

*Report on Other Legal and Regulatory Requirements*

My audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 9 on the notes to financial statements is presented for the purpose of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in my audits of the basic financial statements. In my opinion, the supplementary information is fairly stated in all material respect in relation to the basic financial statements taken as a whole.



**NELIA YULO PASCO**  
Certified Public Accountant  
CPA Board Cert/No. 26107

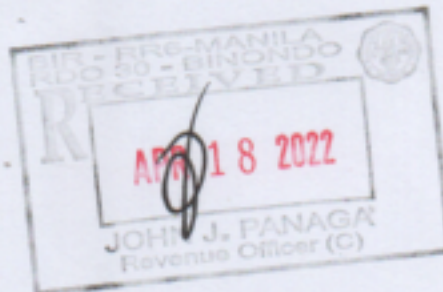
B.O.A No. 0048 valid until November 14, 2023.

BIR - Accred. No. 07-000077-004-2021 valid until August 04, 2024

PTR No. 2446713 at Q.C. on January 07, 2022

T.LN. 103-998-414

Quezon City, Philippines  
April 12, 2022



BIR - RR - MANILA  
RDO 50 - BINONDO  
RECEIVED  
APR 18 2022  
JOHN J. PANAGA  
Revenue Officer (C)

**NELIA YULO PASCO**

Certified Public Accountant

Rm. 311 Anita Bldg., Timog Ave., Quezon Ave., Quezon City

**SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITOR**

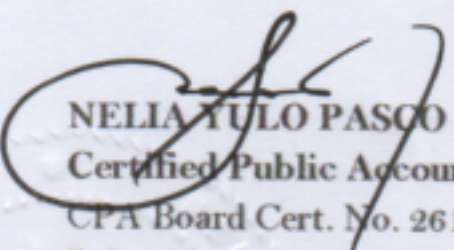
THE BOARD OF DIRECTORS

**Optimum Medical and Healthcare Services Inc.**

705-C Atlanta Center #31 Annapolis St. Greenhills San Juan City

I have examined the financial statements of **Optimum Medical and Healthcare Services Inc.** as of December 31, 2021 of which I have rendered the attached report dated April 12, 2022.

In compliance with SRC Rule 68, I am stating that the company has a total number of five (5) stockholders owning 100 or more shares each as of December 31, 2021.



**NELIA YULO PASCO**

Certified Public Accountant

CPA Board Cert. No. 26107

B.O.A No. 0048 valid until November 14, 2023.

BIR - Accredited. No. 07-000077-004-2021 valid until August 04, 2024

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T.I.N. 103-998-414

Quezon City, Philippines

April 12, 2022

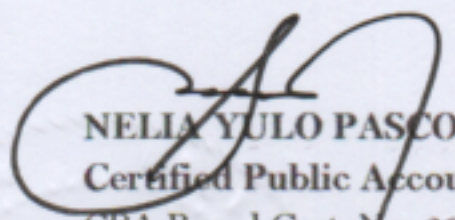
**STATEMENT OF REPRESENTATION**

**TO THE SECURITIES AND EXCHANGE COMMISSION:**

In connection with my examination of the Financial Statements of **Optimum Medical and Healthcare Services Inc.**, which is to be submitted to the Commission, I hereby represent the following:

1. That I am in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);
2. That the said Financial Statements are represented in conformity with generally accepted accounting principles in all cases where I shall express an unqualified opinion. Except that in case of any departure from such principles, I shall indicate the nature of the departure the effect thereof and the reasons while compliance with principles would result in a misleading statement, if such is a fact;
3. That I shall fully meet the requirements of Independence as provided in SECTION 14 of the Code of Professional Ethics for CPA's;
4. That in the conduct of the audit, I shall comply with generally accepted auditing standards promulgated by the Board of Accountancy in case of any departure such standard or limitation in the scope of my examination. I shall indicate the nature of the departure and the extent of the limitation, the reasons thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion;
5. That I shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements; and
6. That relative to the expression of my opinion, on the said Financial Statements, I shall not commit any acts discreditable to the profession as provided in Section 23 of the Code of Professional Ethics for CPA's.

As a CPA, engaged in public practice, I make these representations in my individual capacity.

  
**NELIA YULO PASCO**  
Certified Public Accountant

CPA Board Cert. No. 26107

B.O.A No. 0048 valid until November 14, 2023.

BIR - Accredited No. 07-000077-004-2021 valid until August 04, 2024

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T.I.N. 103-998-414

Quezon City, Philippines

April 12, 2022

# OPTIMUM MEDICAL AND HEALTHCARE SERVICES INC.

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

28 February, 2022

The Securities and Exchange Commission  
Secretariat Building, PICC Complex,  
Roxas Blvd., Pasay, 1307 Metro Manila

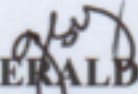
The Management of **OPTIMUM MEDICAL AND HEALTHCARE SERVICES INC.** is responsible for the preparation and fair presentation of the Financial Statements including the schedules attached therein, for the year(s) ended December 31, 2021 and 2020, in accordance with the prescribed financial reporting framework 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.

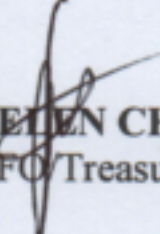
In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of Accounting unless Management either intends to liquidate the Company or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

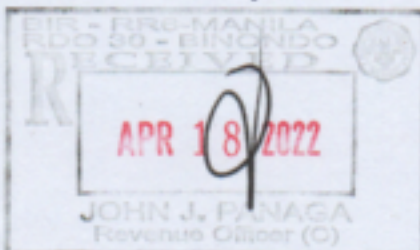
The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the Financial Statements including the schedules attached therein, and submits the same to the Stockholders or Members.

**GRACE T. LIM, CPA**, 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.

  
**GERALD SY**  
CEO/President

  
**BEIEN CHIU**  
CFO/Treasurer





# OPTIMUM MEDICAL AND HEALTHCARE SERVICES INC.

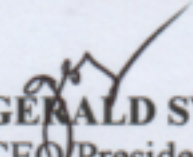
## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of **OPTIMUM MEDICAL AND HEALTHCARE SERVICES INC.** is responsible for all information and representations contained in the Annual Income Tax Return for the year-ended December 31, 2021 and 2020.

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, and any and all other tax returns.

In this regard, Management affirms that the attached Audited Financial Statements for the year-ended December 31, 2021 and 2020 the accompanying Annual Income Tax Return are in accordance with the books and records of **OPTIMUM MEDICAL AND HEALTHCARE SERVICES INC.**, complete and correct in all material respects. Management likewise affirms that:

- a. 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;
- b. Any disparity of figures in the submitted reports arising from the preparation of Financial Statements pursuant to Financial Accounting Standards and the preparation of 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;
- c. **OPTIMUM MEDICAL AND HEALTHCARE SERVICES INC.** has filed all applicable 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.

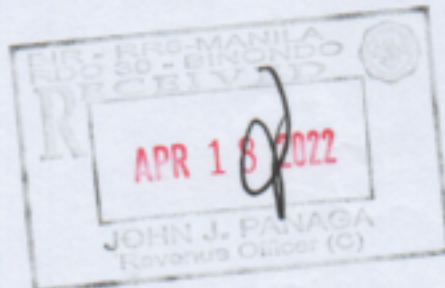
  
**GERALD SY**  
CEO/President

  
**BELEN CHIU**  
CFO/Treasurer

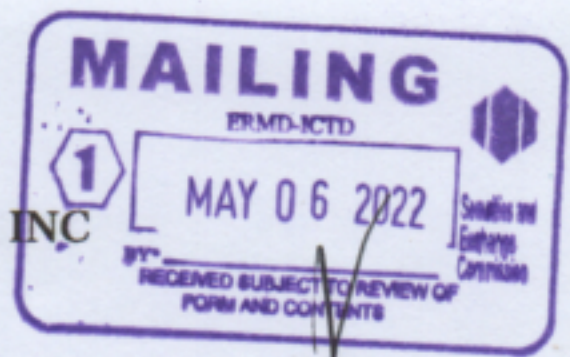
SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2022, affiant exhibiting to me his/her Community Tax Certificate No. or Tax Identification No. as follows:

NAME	CTC/TIN	DATE/PLACE OF ISSUE
1. <b>GERALD SY</b>	100-659-815-000	
2. <b>BELEN CHIU</b>	103-876-657-000	

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Page No. \_\_\_\_\_  
Book No. \_\_\_\_\_  
Series of 2022



OPTIMUM MEDICAL AND HEALTHCARE SERVICES, INC



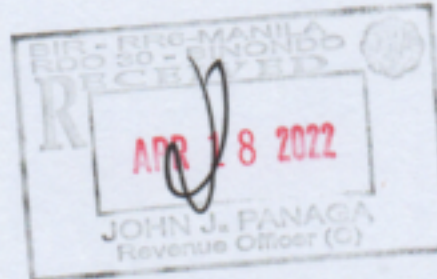
**BALANCE SHEET**  
As of December 31, 2021  
(with comparative figures for 2020)  
**ASSETS**

		2021		2020
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note2&3)	P	1,746,355.00	P	2,339,298.60
Prepaid and Other current assets(Note4)		3,235,112.00		4,119,618.83
<b>Total Current Assets</b>		<b>4,981,467.00</b>		<b>6,458,917.43</b>
<b>PROPERTY AND EQUIPMENT</b>				
		1.00		1.00
<b>OTHER NON CURRENT ASSETS(Note6)</b>				
		8,656,230.00		8,627,000.00
<b>TOTAL ASSETS</b>				
	P	<b>13,637,698.00</b>	P	<b>15,085,918.43</b>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued expenses(Note7)	P	731,316.00	P	924,814.26
MCIT/ Income Tax Payable		9,671.00		23,897.00
<b>Total Current Liabilities</b>		<b>740,987.00</b>		<b>948,711.26</b>
<b>STOCKHOLDER'S EQUITY</b>				
		12,896,711.00		14,137,207.17
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>				
	P	<b>13,637,698.00</b>	P	<b>15,085,918.43</b>

See Accompanying Notes to Financial Statements

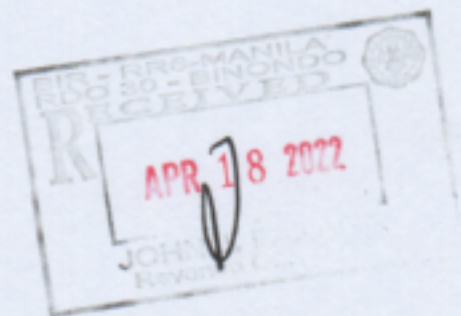


OPTIMUM MEDICAL AND HEALTHCARE SERVICES, INC

**INCOME STATEMENT**

For the year Ended December 31, 2021  
(with comparative figures for 2020)

	2021	2020
<b>HMO REVENUES:</b>		
Membership Fees	P - P	32,300.00
Enrolment Fees	2,000.00	559,400.00
Administrative Fees	964,400.00	630,000.00
<b>TOTAL</b>	<b>966,400.00</b>	<b>1,221,700.00</b>
<b>ADD: OTHER INCOME</b>		
Interest Income	416.00	359.13
Miscellaneous Income	300.00	-
Total	716.00	359.13
<b>TOTAL INCOME</b>	<b>967,116.00</b>	<b>1,222,059.13</b>
<b>OPERATING EXPENSES(Note10)</b>	<b>2,207,612.00</b>	<b>2,051,265.50</b>
<b>NET (LOSS) BEFORE INCOME TAX</b>	<b>(1,240,496.00)</b>	<b>(829,206.37)</b>
<b>LESS: PROVISION FOR INCOME TAX(20%)</b>	<b>-</b>	<b>-</b>
<b>NET (LOSS)</b>	<b>P (1,240,496.00) P</b>	<b>(829,206.37)</b>
See Accompanying Notes to Financial Statements		
<b>MCIT/INCOME TAX PAYABLE</b>	<b>9,671.00</b>	<b>24,441.00</b>
Prior's years excess credit	-	544.00
	<b>9,671.00</b>	<b>23,897.00</b>



OPTIMUM MEDICAL AND HEALTHCARE SERVICES, INC

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

For the year Ended December 31, 2021

(with comparative figures for 2020)

	2021		2020	
<b>STOCKHOLDER'S EQUITY</b>				
Capital Stock(Note12)				
Authorized-100,000 shares @ P100.00 per share				
Subscribed & Paid Up Capital Stock	P	10,000,000.00	P	10,000,000.00
Retained Earnings, Beg.(Adjusted)		4,137,207.00		4,966,413.54
Add: Net (Loss)		(1,240,496.00)		(829,206.37)
Retained Earnings ,End		2,896,711.00		4,137,207.17
<b>Total Stockholder's Equity</b>	P	12,896,711.00	P	14,137,207.17

See Accompanying Notes to Financial Statements

OPTIMUM MEDICAL AND HEALTHCARE SERVICES, INC

STATEMENT OF CASH FLOWS

For the year Ended December 31, 2021

(with comparative figures for 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
INCOME(LOSS) BEFORE INCOME TAX	P (1,240,496.00) P	(829,206.00)
ADJUSTMENTS FOR:		
DEPRECIATION		
OPERATING INCOME BEFORE CHANGES IN WORKING CAPITAL		
DECREASE(INCREASE) IN ASSETS:		
Prepaid and Other current assets	884,506.83	389,148.00
Other Non Current Assets	(29,230.00)	(3,152,000.00)
Prepaid Income Tax	-	-
INCREASE (DECREASE) IN LIABILITIES:		
Accounts payable and accrued expenses	(193,498.26)	656,472.00
Income Tax Payable	(14,226.00)	23,897.00
	<hr/>	<hr/>
CASH GENERATED FROM OPERATIONS	(592,943.43)	(2,911,689.00)
INCOME TAX PAID		
NET CASH USED BY OPERATING ACTIVITIES	<u>(592,943.43)</u>	<u>(2,911,689.00)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
DECREASED(INCREASED) IN OTHER NON-CURRENT ASSETS		(484,877.00)
CASH FLOWS FROM INVESTING AND FROM OTHER ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(592,943.43)</u>	<u>(3,396,566.00)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING	2,339,298.00	5,735,864.00
CASH AND CASH EQUIVALENTS AT END	P <u><u>1,746,355.00</u></u> P	<u><u>2,339,298.00</u></u>

**OPTIMUM MEDICAL AND HEALTHCARE SERVICES, INC**

	2021		2020
<b>3. Cash and cash equivalents</b>			
This consists of cash on hand and in banks			
	P	1,746,355.00	P 2,339,298.60
<b>4. Prepaid and Other current assets</b>			
Other Prepaid Expenses	-		894,178.00
Other Accounts Receivables	1,200,000.00		1,200,000.00
Due from officers and Employees	2,001,000.00		2,001,000.00
MCIT 2% 2020	24,441.00		24,441.00
MCIT 1% 2021	9,671.00		-
	<b>3,235,112.00</b>		<b>4,119,619.00</b>
<b>5. Property and Equipment</b>			
Medical Equipments	1,108,950.00		1,108,950.00
Car	1,421,181.00		1,421,181.00
Improvements	181,104.00		181,104.00
Office Equipments	203,827.00		203,827.00
Furniture and Fixtures	105,000.00		105,000.00
Total	3,020,062.00		3,020,062.00
Less: Accum. Depreciation	3,020,061.00		3,020,061.00
	<b>1.00</b>		<b>1.00</b>
<b>6. Other Assets</b>			
Investment Bond - IC	5,152,000.00		5,152,000.00
Cash Bonds	3,504,230.00		3,475,000.00
	<b>8,656,230.00</b>		<b>8,627,000.00</b>
<b>7. Accounts payable and accrued expenses</b>			
Liabilities Due to Insurance and Providers	(298,256.00)		325,041.45
SSS Premiums, Loans, PHIC Payables	(1,663.00)		7,002.44
Other Accounts Payable	338,334.00		231,198.49
Other Taxes Payable	604,929.00		379,236.88
Accrued Expenses	87,972.00		(17,665.00)
	<b>731,316.00</b>		<b>924,814.26</b>
<b>8. COST OF SERVICES</b>			
Sub-contractors/Hospital Bills	-		-
	-		-
<b>9. Taxes and Licenses-2021</b>			
<b>DATE</b>	<b>KIND OF TAX</b>	<b>O.R.NO.</b>	<b>AMOUNT</b>
01-28-2021	Annual Reg. Fee		500.00
	Residence Certificate	#00174196	5,132.00
01-20-2021	MP/MPL/GF/ETC	#1294995	80,496.00
2-15-2021	EF/GF/BRGY FEE/ETC	#18-0315003	4,851.00
	Other Taxes and Licenses		52,775.00
			<b>143,754.00</b>

**OPTIMUM MEDICAL AND HEALTHCARE SERVICES, INC**

		2021		2020
<b>10. OPERATING EXPENSES</b>				
Management and Other Professional Fees	P	475,200.00	P	325,781.32
Rental Expense		518,931.00		518,930.88
Power, Light and Water		70,154.00		52,813.79
Salaries and Wages		467,130.00		433,716.91
Taxes and Licenses		143,754.00		126,383.82
Employee Benefits and Welfare		36,960.00		2,455.00
SSS, PHIC, ECC & HDMF		57,148.00		63,470.00
Transportation and Travel		46,039.00		52,408.82
Telecommunication and Postage		47,276.00		51,174.20
Representation and Entertainment		1,341.00		950.08
Service Fees		6,000.00		6,945.00
Legal Fee		55,620.00		1,870.00
Monthly Dues		204,051.00		194,051.00
Printing, Stationery and Supplies		43,110.00		94,797.48
Miscellaneous		14,698.00		5,917.20
Supervision Fee - IC		20,200.00		-
Acturial Fee		-		119,600.00
	P	<b>2,207,612.00</b>	P	<b>2,051,265.50</b>

**11. INCOME TAX COMPUTATION:**

Income Before Income Tax	P	967,116.00	P	1,222,059.13
Rate		1%		2%
	P	<b>9,671.00</b>	P	<b>24,441.00</b>

**12. CAPITAL STOCK**

The authorized capital stock of the corporation is TEN MILLION (10,000,000.00) Pesos , divided into ONE HUNDRED THOUSAND (100,000) common shares with a par value of one hundred(100.00) pesos per share. Out of authorized, the amount of TEN MILLION (10,000,000.00) pesos had been subscribed and paid up.

**13. QUARTERLY CORPORATE INCOME TAX**

QUARTERS	DATE		2021		2020
1ST QTR	MAY, 2021	P	-	P	-
2ND QTR	AUGUST, 2021		-		-
3RD QTR	NOVEMBER, 2021		-		-
			-		-

# OPTIMUM MEDICAL AND HEALTHCARE SERVICES INC.

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## NOTES TO FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

**OPTIMUM MEDICAL AND HEALTHCARE SERVICES INC** is a domestic corporation organized under the laws of the Philippines. The Corporation was registered with the Securities and Exchange Commission (SEC) on the 26<sup>th</sup> day of February 2013 with SEC Registration No. CS201304002. The primary purpose of the Corporation is to engage in the business of providing health services to be carried out by licensed professionals hired, employed or accredited by the corporations

The accompanying Financial Statements were approved and authorized for issue by the Board of Directors on February 28, 2022.

The Board of Directors is empowered to make revisions 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 Peso, which is the Company's Functional Currency.

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.

#### 2.2 Statement of Compliance

The accompanying Financial Statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs) for SMEs.

#### 2.3 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 the Accounting period beginning on or after January 1, 2006 were adopted by the Company:

Section 3	-	Financial Statements Presentation
Section 4	-	Statement of Financial Position
Section 5	-	Statement of Comprehensive Income and Income Statement
Section 6	-	Statement of Changes in Equity
Section 7	-	Statement of Cash Flows
Section 8	-	Notes to Financial Statements
Section 10	-	Accounting Policies, Estimates and Errors
Section 11	-	Basic Financial Instruments
Section 13	-	Inventory
Section 17	-	Property and Equipment
Section 21	-	Provisions and Contingencies
Section 22	-	Liabilities and Equities
Section 23	-	Revenue
Section 25	-	Borrowing Costs
Section 27	-	Impairment of Assets



Section 28	-	Employee Benefits
Section 32	-	Events after the end of Reporting Period
Section 33	-	Related Party Disclosures
Section 35	-	Transition to PFRS for SMEs

**Financial Assets (Cash)** – Include Cash on Hand & in Banks, and Petty Cash Fund

**Trade and Other Receivables** – This account includes the Trade Receivables which are recognized and carried at original Invoice amount, Deposits made to Contractors, and Advances to Officers & Employees.

**Property, Plant & Equipment** – This account is stated at Cost, excluding the costs of day to day servicing, less Accumulated Depreciation, Amortization and any Impairment in Value.

The initial cost of Property, Plant & Equipment comprises its Purchase Price and any directly attributable costs of bringing the Assets to its working condition for its intended use. Expenditures incurred after the Property, Plant and Equipment have been put into operations, such as Repairs & 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, Plant and Equipment beyond its originally assessed standard of performance, the expenditures are Capitalized as additional costs of Property, Plant 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 account 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 estimated useful lives of the Assets. Leasehold Improvements are amortized over the estimated useful life of the Improvements or the term of the lease, whichever is shorter.

Depreciation is computed on a Straight Line Method over the estimated useful lives of the Assets as follow:

Office Equipment	5 years
Furniture & Fixtures	5 years

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 estimate is based on a collective assessment of Industry practice and experience with similar Assets.

The Assets' Residual Values, Useful Lives and Depreciation methods 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.

**Trade and Other Payables** – These are Liabilities to pay for goods or services that have been received or supplied and have been invoiced formally agreed with the Supplier. Trade Payables are non interest bearing and are stated at their nominal value.

Income Tax Payable is Current Income Tax due to the Government. The Tax Rates and Tax Laws used to compute the amount are those that are enacted or substantively enacted as at the Balance Sheet date.

Accrued Expenses are Expenses already incurred as of the Balance Sheet date but not yet paid.

### **Revenue and Cost Recognition**

Revenue is recognized when it is probable that the economic benefits associated with the transactions will flow to the Company and the amount of the Revenue can be reliably measured. The following specific recognition criteria must also be met before Revenue is recognized.

When the outcome of a transaction involving the rendering of services can be estimated reliably, Revenue associated with the transactions shall be recognized by reference to the stage of completion of the transactions at the Balance Sheet date.

Revenue is measured at the Fair Value of the consideration received or receivable and represents amount receivable for goods or services provided in the normal course of business.

Costs 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 amount already paid and an Expense for services rendered by Employees during the Accounting period. Short Term Benefits given by the Company to its Employees includes Salaries & Wages, Social Security Contributions, Short Term Compensated Absences, Bonuses and Other Non Monetary Benefits.

### **Income Tax**

The Tax currently payable for the year is a Regular Corporate Income Tax (RCIT). Taxable Profit differs from Net Profit as reported in the Statement of Operations because it excludes items of Income or Expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The reconciliation of the Company's Liability if any, for Current Tax is calculated using 30% Tax Rate.

Deferred Tax, if recognized is the Tax expected to be payable or recoverable on differences between the carrying amounts of Assets and Liabilities in the Financial Statements and the corresponding Tax bases used in the computation of Taxable Profit is accounted for using the Balance Sheet Liability Method. Deferred Tax Liabilities are recognized for all Taxable Temporary Differences while Deferred Tax Assets are recognized to the extent that it is probable that Taxable Profits will be available against which future deductible Temporary Differences can be utilized.

The carrying amount of Deferred Tax Assets is reviewed at each Balance Sheet date and reduced to the extent that it 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 Income Tax Assets are reassessed at each Balance Sheet date and recognized to the extent that it has become probable that future Taxable Profit will allow the Deferred Tax Asset to be recovered.

Deferred Tax Assets and Liabilities are measured at the Tax Rates that are expected to apply to the year when the Asset is realized or the Liability is settled, based on the Tax Rates and Tax Laws that have been enacted or substantively enacted at the Balance Sheet date.

### **Related Parties**

Parties are considered to be 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. 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 the Company's Employees are also considered to be Related Parties.

### 3. MANAGEMENT'S SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

#### **Judgments**

The preparation of the Company's Financial Statements in conformity with the Financial Reporting Framework (in reference to the Generally Accepted Accounting Principles of the Philippines) 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.

#### **Estimates**

In the application of the Company's Accounting Policies, Management is required to make Judgments, Estimates and Assumptions about the carrying amounts of the Assets and Liabilities that are not easily apparent from other source. The Estimates and associated Assumptions are based on historical experience and other factors that are considered to be relevant. Actual results could differ from these Estimates.

The Estimates and underlying Assumptions are reviewed on an on-going basis. Revisions to Accounting Estimates are recognized in the period in which the Estimate is revised if the revision affects only that period or in period of revision and future period if the revision affects both current and future periods.

The following represents a summary of the significant Estimates and Judgments and related impact and associated risks in the Company's Financial Statements.

#### Allowance for Doubtful Accounts

The Company assesses whether objective evidence of impairment exist for Receivables and Due from Related Parties that are individually significant and collectively for Receivables that are not individually significant. Allowance for Doubtful Accounts is maintained at a level considered adequate to provide for potentially uncollectible Receivables.

#### Estimated Useful Lives of the Property, Plant and Equipment

The Company estimates the useful lives of the Property, Plant and Equipment based on the period over which they are expected to be available for use. The estimated useful lives 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 Property, Plant and Equipment. In addition, the estimation of the useful lives is based in the collective assessment of Industry practice, internal technical evaluation and experience with similar Assets. It is possible however, the future Financial performance could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amount 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, Plant and Equipment would increase the recorded Expenses and decrease the Non Current Assets.

#### Deferred Tax Assets

The Company reviews the carrying amount at each Balance Sheet date and reduces Deferred Tax Assets to the extent that it is no longer probable that sufficient Taxable Profit will be available to allow or part of the Deferred Tax Assets to be utilized. Unrecognized Deferred Tax Assets are reassessed at each Balance Sheet date and are recognized to the extent that it has become probable that future Taxable Profit will allow the Deferred Tax Assets to be recovered.

#### Revenue Recognition

The Company's Revenue recognition policies require the use of Estimates and Assumptions that may affect the reported amounts of Revenue and Receivables. Differences between the amounts initially recognized and actual statements 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 exposed it to a variety of Financial Risks namely Credit Risks and Liquidity Risks. The Company's overall risk Management program seeks to minimize potential adverse effects on the Financial performance of the Company. The policies of managing specific risks are summarized below.

#### **Management of Financial Risk**

##### 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 Risks and its interpretation, limit structure to ensure the appropriate quality and diversification of Assets to the Corporate goals and specify reporting requirements.

##### Capital Management Frameworks

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 consider the aggregate impact on 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 Frameworks

The operations of the Company is also subject to the regulatory requirements of the 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 this Financial Risks are Credit Risks, Liquidity Risks and Material Risks.

Credit Risks – This is primarily attributable to its Trade and Other Receivables. The Company has adopted stringent procedure in extending credit terms to Customers and in monitoring its Credit Risks.

Credit Risk is the risk that one party to a Financial Instrument will fail to discharge an obligation and the other party to incur a Financial Loss.

The Company manages the level of Credit Risks it accepts through comprehensive Credit Risks Policy setting out assessment and determination of what constitutes Credit Risks for the Company; setting up exposure limits by each Counterparty or Group of Counterparties, Geographical and Industry segments; guidelines on obtaining collateral and guarantees; reporting of Credit Risks exposures and breaches to the monitoring Authority; monitoring compliance with Credit Risks Policy and review for pertinence and changing environment.