

CONTRACT AGREEMENT
(CA No. 2022-2-10)



KNOWN ALL MEN BY THESE PRESENT:

THIS AGREEMENT made this _____ day of _____, 20____ between:

THE OFFICE OF THE OMBUDSMAN, with principal office address at Ombudsman Building, Agham Road, Diliman, Quezon City, represented by **HON. SAMUEL R. MARTIRES**, Ombudsman, hereinafter referred to as "the ENTITY;"

- AND -

MATTERHORN MOTOR, INC. with business address at Ford Quezon Avenue cor. Apo St., Brgy. Sta. Teresita, Quezon Avenue, Quezon City, represented by **MR. ARNEL T. ROA**, Authorized Representative, hereinafter referred to as "the SUPPLIER."

WHEREAS, the ENTITY invited Bids for certain goods and ancillary services, viz., **PB 2022-2-05: Rebidding for the Supply and Delivery of Brand New One (1) Unit 4x2 Sports Utility Vehicle** (categorized as Lot 1) and has accepted a bid by the Supplier for the supply of those goods and services in the amount of **Two Million Four Hundred Fourteen Thousand Six Hundred Forty-Three Pesos only (P2,414,643.00)** (hereinafter called "the Contract Price"), to wit:

Quantity	Item Description	Total Amount in Figures	Total Amount in Words
One (1) Lot	Lot 1 – Supply and Delivery of Brand New One (1) Unit 4x2 Sports Utility Vehicle	P2,414,643.00	Two Million Four Hundred Fourteen Thousand Six Hundred Forty-Three Pesos only

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. In this Agreement words and expressions shall have the same meanings as are respectively assigned to them in the Conditions of Contract referred to.

2. The following documents as required by the 2016 Revised Implementing Rules and Regulations of Republic Act No. 9184 shall be deemed to form and be read and construed as integral part of this Agreement, *viz.*:
- i. Philippine Bidding Documents (PBDs);
 - i. Schedule of Requirements;
 - ii. Technical Specifications;
 - iii. General and Special Conditions of Contract; and
 - iv. Supplemental or Bid Bulletins, if any
 - ii. Winning bidder's bid, including the Eligibility requirements, Technical and Financial Proposals, and all other documents or statements submitted;


Bid form, including all the documents/statements contained in the Bidder's bidding envelopes, as annexes, and all other documents submitted (*e.g.*, Bidder's response to request for clarifications on the bid), including corrections to the bid, if any, resulting from the Procuring Entity's bid evaluation;
 - iii. Performance Security;
 - iv. Notice of Award of Contract; and the Bidder's conforme thereto; and
 - v. Other contract documents that may be required by existing laws and/or the Procuring Entity concerned in the PBDs. Winning bidder agrees that additional contract documents or information prescribed by the GPPB that are subsequently required for submission after the contract execution, such as the Notice to Proceed, Variation Orders, and Warranty Security, shall likewise form part of the Contract.
3. In consideration for the amount of **Two Million Four Hundred Fourteen Thousand Six Hundred Forty-Three Pesos only (P2,414,643.00)** for Lot 1 or such other sums as may be ascertained, **MATTERHORN MOTOR, INC.** agrees to the **Supply and Delivery of Brand New One (1) Unit 4x2 Sports Utility Vehicle (Lot 1)**, in accordance with its Bid.
4. The **OFFICE OF THE OMBUDSMAN** agrees to pay the above-mentioned amounts in accordance with the terms of the Bidding.

IN WITNESS whereof the parties hereto have caused this Agreement to be executed in accordance with the laws of the Republic of the Philippines on the day and year first above written.


OFFICE OF THE OMBUDSMAN


SAMUEL R. MARTIRES
Ombudsman

MATTERHORN MOTOR INC.


ARNEL T. ROA
Authorized Representative

WITNESSES:


Christian L. Navarro
(Witness-Ombudsman)
Signature over printed name


(Witness-Supplier)
Signature over printed name

ACKNOWLEDGMENT

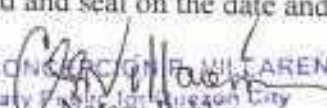
REPUBLIC OF THE PHILIPPINES)
City of QUEZON CITY) S.S.

BEFORE ME, a Notary Public in and for the above jurisdiction on this 13 MAR 2023 day of _____, personally appeared **Samuel R. Martires**, with **OMB ID No. 180062** issued on **October 15, 2018**, at Quezon City and **Arnel T. Roa** with _____ No. _____ issued on _____ at _____, known to me and to me known to be the same persons who executed the foregoing instrument which they acknowledged before as their free and voluntary act and deed.

This Contract Agreement, which consists of three (3) pages, is signed by the parties and their witnesses on each and every page thereof.

IN WITNESS WHEREOF, I hereby set my hand and seal on the date and at the place first above-written.

Doc. No. 243 ;
Page No. 49 ;
Book No. 81 ;
Series of 2023.


ATTY. CONSERCION R. VILLARENA
Notary Public for Quezon City
Until December 31, 2023
PTR No. 3716371 / January 3, 2023 Q.C.
IBP No. 167803 / November 25, 2021 Q.C.
Roll No. 35457 / 05-09-1980
MCLE VII-0008954 / 09-21-2021
ADM. MATTER No. NP-005 (2022-2023)
TIN NO. 131-942-754

Republic of the Philippines
Department of Budget and Management
PROCUREMENT SERVICE
CERTIFICATE OF PHILGEPS REGISTRATION
(Platinum Membership)

THIS IS TO CERTIFY THAT

MATTERHORN MOTOR INC. / FORD QUEZON AVENUE

Quezon Avenue, Cor. Apo St. Brgy. Sta. Teresita Quezon City ,
Quezon City , Metro Manila , NCR , Philippines

is registered in the Philippine Government Electronic Procurement System (PhilGEPS) on 10-Oct-2018 pursuant to Section 8.5.2 of the Revised Implementing Rules and Regulations of Republic Act No. 9184, otherwise known as the Government Procurement Reform Act.

This further certifies that MATTERHORN MOTOR INC. / FORD QUEZON AVENUE has submitted the required eligibility documents in the PhilGEPS Supplier Registry as listed in Annex A, which document is attached hereto and made an integral part hereof.

For the purpose of updating this Certificate, all Class "A" eligibility documents covered by Section 8.5.2 of the Revised Implementing Rules and Regulations of Republic Act No. 9184 supporting the veracity, authenticity and validity of this Certificate shall remain current and updated. The failure by the prospective Bidder to update this Certificate with the current and updated Class "A" eligibility documents shall result in the automatic suspension of its validity until such time that all of the expired Class "A" eligibility documents has been updated.

By submitting this Certificate, the Bidder certifies:

- 1. the authenticity, genuineness, validity, and completeness of the copy of the original eligibility documents submitted;*
- 2. the veracity of the statements and information contained therein;*
- 3. that the Certificate is not a guaranty that the named registrant will be declared eligible without first being determined to be such for that particular bidding, nor is it an evidence that the Bidder has passed the post-qualification stage; and*
- 4. that any finding of concealment, falsification, or misrepresentation of any of the eligibility documents submitted, or the contents thereof shall be a ground for disqualification from further participation in the bidding process, without prejudice to the imposition of appropriate administrative, civil and criminal penalty in accordance with the laws.*

This Certificate is valid until 24-May-2023

Issued this 24th day of May 2022.

This is a system generated certificate. No signature is required.

Documentary Stamp Tax Paid Php 30.00
Certificate Reference No: 201810738372022649189



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REMINDERS ¹

- *The PhilGEPS office shall not determine the eligibility of merchants. The PhilGEPS office's evaluation of the eligibility requirements shall be for the sole purpose of determining the approval or disapproval of the merchant's application for registration.*
- *A merchant's registration and membership in the GOP-OMR is neither contract-specific nor understood to be tantamount to a finding of eligibility. Neither shall the merchant's successful registration in the GOP-OMR be relied upon to claim eligibility for the purpose of participation in any public bidding.*
- *The determination of the eligibility of merchants, whether registered with the GOP-OMR or not, shall remain with the Bids and Awards Committee (BAC). The BAC's determination of validity of the eligibility requirements shall be conclusive to enable the merchant to participate in the public bidding process.*

Certificate Reference No: 201810738372022649189

¹Refer to Section 4 of the Guidelines for the Use of the Government of the Philippines - Official Merchant's Registry


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"Annex A"

List of Eligibility Documents

of

MATTERHORN MOTOR INC. / FORD QUEZON AVENUE

Quezon Avenue, Cor. Apo St. Brgy. Sta. Teresita Quezon City,
Quezon City, Metro Manila, NCR, Philippines

SEC Certificate	Registration Date : 05-Jan-2015 SEC Certificate Number : A199816858
Mayors Permit	Expiration Date : 29-Mar-2023 Permit Number : 00038119 Place of Issue : Quezon City Issued By / Signatory : Ma. Margarita T. Santos Issuance Date : 29-Mar-2022
Tax Clearance	Expiration Date : 20-May-2023 TCC Number : LT-124-05-20-0170-2022-M Issued By / Signatory : Gilda B. Iglesias Issuance date : 20-May-2022
Audited Financial Statement	Date of Filing : 04-May-2022 Current Asset : 759,972,581.00 Total Asset : 1,023,274,880.00 Current Liabilities : 743,325,584.00 Total Liabilities : 831,815,249.00 Name of Auditor : Felomino S. Belinario BIR RDO Code : 124
PCAB License	Expiration Date : - Issued By / Signatory : Issuance Date : - License Number : License First Issue Date : - Principal Classification : Category :

Certificate Reference No: 201810738372022649189


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STATEMENT OF ALL ONGOING GOVERNMENT AND PRIVATE CONTRACTS

I/We ARNEL T. ROA, do hereby state that:

I/We am/are the authorized and designated representative(s) of MATTERHORN MOTOR INC. with office address at COR. APO ST. BRGY. STA. TERESITAQUEZON AVE. Q.C. and

2. I/We am/are making this Statement of All Ongoing Government and Private Contract(s) as of **NOVEMBER 14, 2022** in compliance with Section 23.1 and 24.1 of the Revised IRR of RA 9184 and in accordance with the requirements of the Office of the Ombudsman-Bids and Awards Committee:

ONGOING GOVERNMENT AND PRIVATE CONTRACTS INCLUDING THOSE AWARDED BUT NOT YET STARTED

[illegible]

Important notes:

This statement shall be supported with:

1 Notice of Award and/or Contract

2 Notice to Proceed issued by the owner

Submitted by:

ARNEL T. ROA

Signature Over Printed Name of Authorized Representative

Name of the Company: **MATTERHORN MOTOR INC.**

Date Signed: NOVEMBER 14, 2022

CEP
TRUE COPY

STATEMENT OF SINGLE LARGEST COMPLETED CONTRACT SIMILAR TO THE REQUIREMENT

I/we ARNEL T. ROA do hereby state that:

1. I/we am/are the authorized and designated representative(s) of MATTERHORN MOTOR INC. with office address at COR. APO ST. BRGY. STA. TERESITA, QUEZON AVENUE, QUEZON CITY
2. I/we am/are making this Statement of Single Largest Completed Contract (SLCC) similar to the contract to be bid in accordance to the provisions of RA 9184 and the requirements of the Office of the Ombudsman- Bids and Awards Committee; and
3. The following are the details about the said single largest completed contract similar to the Project within the last five (5) years:

NAME OF THE CONTRACT	COMPANY NAME CONTACT PERSON AND CONTACT NUMBER	DESCRIPTION OF SIMILAR CONTRACT	ITEMS/GOODS	AMOUNT OF CONTRACT	DATE OF COMPLETION
SUPPLY AND DELIVERY OF TWO HUNDRED FORTY (240) UNITS BRAND NEW GENERAL PURPOSE VEHICLE DOUBLE CAB PICK-UP TRUCK FOR THE PHILIPPINE ARMY UNDER RFQ NO. MPO-EP- 2020-06-004	PHILIPPINE INTERNATIONAL TRADING CORP. PRO BELLOSILLO (02) 8818-9801	SUPPLY AND DELIVERY OF TWO HUNDRED FORTY (240) UNITS BRAND NEW GENERAL PURPOSE VEHICLE DOUBLE CAB PICK-UP TRUCK FOR THE PHILIPPINE ARMY UNDER RFQ NO. MPO-EP- 2020-06-004	240 UNITS FORD RANGER XL T 2.2L, 4X2 MT	286,881,6000	OCTOBER 22, 2020

Note: Description of Similar Contract (description should show with the requirements such as kinds of goods sold, nature/scope of the contract for the procuring entity to determine the relevance of the entries with the Procurement at hand)

This statement shall be supported with:

1. Certificate of Acceptance by the end-user or Official Receipt (OR) or Sales Invoice)
2. Contract or Purchase Order

Submitted by:

ARNEL T. ROA

Signature Over Printed Name of Authorized Representative

Name of the Company: MATTERHORN MOTOR INC.

Date Signed: NOVEMBER 14, 2022

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Philippine International Trading Corporation
The Office of the President



Dave M. Almarinez
President and CEO

Ref. No.: NOA-2020-08-168

27 August 2020

NOTICE OF AWARD

MATTERHORN MOTOR INC.
Ford Quezon Avenue
Cor. Apo St. Brgy. Sta Teresita
Quezon Avenue, Quezon City

ATTENTION : ARNEL T. ROA
Senior Sales Manager

Mode of Procurement : Emergency Procurement

Dear Mr. Roa,

We are happy to notify you of the award of contract for the emergency procurement project entitled: **SUPPLY AND DELIVERY OF TWO HUNDRED FORTY (240) UNITS BRAND NEW GENERAL PURPOSE VEHICLE DOUBLE CAB PICK-UP TRUCK FOR THE PHILLIPPINE ARMY under RFQ Reference No. MPG-EP-2020-06-004** for a total contract price of **PESOS: Two Hundred Eighty Six Million Eight Hundred Eighty One Thousand Six Hundred Pesos Only (P286,881,600.00)** inclusive of VAT, with details as follows:

DESCRIPTION	TOTAL QUANTITY	TOTAL FINANCIAL QUOTATION (P) (VAT INCLUSIVE)	
		Unit Price	Total Price
General purpose Vehicle Double Cab Pick-Up Truck	240 Units	1,195,340.00	286,881,600.00

Within ten (10) calendar days from receipt of this Notice, you are required to:

1. Furnish any of the following performance security which must be valid until the issuance of the Final Certificate of Acceptance:

5/F NDC Building, 116 Tordesillas St., Salcedo Village, Makati City, 1227 Philippines
Phone: (632) 818 9801 Direct Line: (632) 892 0425 Fax: (632) 892 0782
Email: pitc@pitc.gov.ph Website: www.pitc.gov.ph


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Form of Performance Security	Amount of Performance Security (Equal to Percentage of the Total Contract Price)
a) Cash or Cashier's/manager's Check issued by a local Universal or Local Commercial Bank.	Five Percent (5%) of the Total Contract Price
b) Bank Draft/Guarantee or irrevocable Letter of Credit issued by a local Universal or Local Commercial Bank.	
c) Surety Bond callable upon demand issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security.	Thirty Percent (30%) of the Total Contract Price

2. Sign the Contract for this project.

Failure to provide the Performance Security and/or sign the Contract as herein stated shall be a sufficient ground for cancellation of this award.

Kindly affix your conformity hereto and send back to us.

Very truly yours,


DAVE M. ALMARINEZ
President and CEO

Conformed: 

~~ARMED~~ / RCA
SIGNATURE OVER PRINTED NAME
Date: Sept. 7, 2020


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Philippine International Trading Corporation
The Office of the President



Dave M. Almarinez
President and CEO

Ref. No.: NTP-2020-09-189

07 September 2020

NOTICE TO PROCEED

MATTERHORN MOTOR INC.
Ford Quezon Avenue
Cor. Apo St. Brgy. Sta Teresita
Quezon Avenue, Quezon City

ATTENTION : ARNEL T. ROA
Reference No. : MPG-EP-2020-06-004

Bid Project : Emergency Procurement for the Supply and Delivery of Two Hundred Forty (240) Units Brand New General Purpose Vehicle Cab Pick-Up Truck for the Philippine Army (PA)

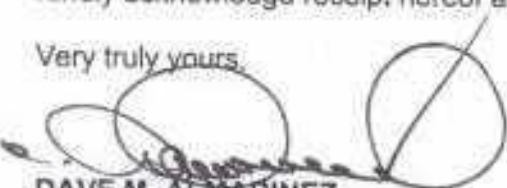
Dear Mr. Roa,

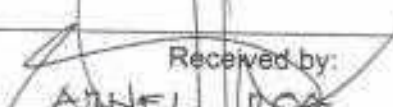
Please be advised that Contract Reference No. 2020- relative to this project has been approved by this Office. You are requested to proceed in accordance with the terms of the Contract.

We have attached hereto your copy of the said approved Contract for your file and reference.

Kindly acknowledge receipt hereof and send back to us.

Very truly yours,


DAVE M. ALMARINEZ
President & CEO
Philippine International Trading Corporation
Date Issued: _____

Received by:  ARNEL T. ROA (Signature Above Name of Supplier's Authorized Representative)
Date <u>9/9/20</u>

(For posting at PITC Website and Bulletin Board)

PITC-FO-GPG-009 Rev. 00 (08.13.18)

5/F NDC Building, 116 Tordesillas St., Salcedo Village, Makati City, 1227 Philippines
Phone: (632) 818 9801 Direct Line: (632) 892 0425 Fax: (632) 892 0782
Email: pitc@pitc.gov.ph Website: www.pitc.gov.ph


**CERTIFIED
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PITC



4th Original Copy for AO

CERTIFICATE OF ACCEPTANCE

TO WHOM IT MAY CONCERN:

THIS IS TO CERTIFY that PHILIPPINE INTERNATIONAL TRADING CORPORATION (PITC), a government owned and controlled corporation, with offices at the NDC Building, 116 Tordesillas St., Salcedo Village, Makati City, has facilitated the procurement of the following items for the Philippine Army:


Qty	Description	End-User
MATTERHORN MOTOR INC.		
25 Units	General Purpose Vehicle Double Cab Pick-Up Truck	For PA Wide

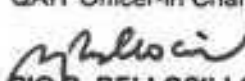
PITC hereby physically attested the partial delivery of the Items to PA pursuant to the existing PA Agency Control No. Mob 002-12-2018-19/ PITC AOR No. PA-2020-05-033.

PA has inspected and accepted above items having found to be complete and in accordance with the specifications as required.


This Certificate is issued this 21 of SEP 2020 for all legal intents and purposes.


PHILIPPINE INTERNATIONAL
TRADING CORPORATION

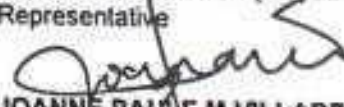

JOVITO V. SANTOS
QA/IT Officer-in Charge



PIO B. BELLOSILLO
PITC-Representative

PHILIPPINE ARMY – TECHNICAL
INSPECTION & ACCEPTANCE COMMITTEE


COL FLORANTE P. SISON MNSA (OS) PA
Chairperson


MAJ ISAGANI H. VIERNEZ (OS) PA
OG4-Representative


MAJ JOANNE PAUL M. VILLAREIZ (OS) PA
Technical Member


MAJ JOYNER Z. GASCON (OS) PA
End-User Representative


CPT LEONORA D. LINGA (OS) PA
Technical Member

PITC-FO-MPG-005 Rev. 00 (08.13.18)


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CERTIFICATE OF ACCEPTANCE

TO WHOM IT MAY CONCERN:

THIS IS TO CERTIFY that PHILIPPINE INTERNATIONAL TRADING CORPORATION (PITC), a government owned and controlled corporation, with offices at the NDC Building, 116 Tordesillas St., Salcedo Village, Makati City, has facilitated the procurement of the following items for the Philippine Army:

Qty	Description	End-User
MATTERHORN MOTOR INC.		
100 Units	General Purpose Vehicle Double Cab Pick-Up Truck	For PA Wide

PITC hereby physically attested the 2nd partial delivery of the items to PA pursuant to the existing PA Agency Control No. Mob 002-12-2018-19/ PITC AOR No. PA-2020-05-033.

PA has inspected and accepted above items having found to be complete and in accordance with the specifications as required.

This Certificate is issued this ____ of 05 OCT 2020 for all legal intents and purposes.

PHILIPPINE INTERNATIONAL
TRADING CORPORATION

JOVITO V. SANTOS
QA/T Officer-in Charge

FIO B. BELLOSILLO
PITC-Representative

PHILIPPINE ARMY – TECHNICAL
INSPECTION & ACCEPTANCE COMMITTEE

COL FLORANTE P SISON MNSA (OS) PA
Chairperson

MAJ ISAGANI H VIERNEZ (OS) PA
OG4-Representative

MAJ JOANNE PAULE M VILLAREIZ (OS) PA
Technical Member

MAJ JOYNER Z GASCON (OS) PA
End-User Representative

CPT LEONORA D LINGA (OS) PA
Technical Member

PITC-FO-MPG-005 Rev. 00 (08.13.18)

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PITC



4th Original Copy for AO

CERTIFICATE OF ACCEPTANCE

TO WHOM IT MAY CONCERN:

THIS IS TO CERTIFY that PHILIPPINE INTERNATIONAL TRADING CORPORATION (PITC), a government owned and controlled corporation, with offices at the NDC Building, 116 Tordesillas St., Salcedo Village, Makati City, has facilitated the procurement of the following items for the Philippine Army:


Qty	Description	End-User
MATTERHORN MOTOR INC.		
115 Units	General Purpose Vehicle Double Cab Pick-Up Truck	For PA Wide


PITC hereby physically attested the 2nd partial delivery of the Items to PA pursuant to the existing PA Agency Control No. Mob 002-12-2018-19/ PITC AOR No. PA-2020-05-033.

PA has inspected and accepted above items having found to be complete and in accordance with the specifications as required.

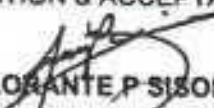
This Certificate is issued this _____ of 22 OCT 2020 2020 for all legal intents and purposes.


PHILIPPINE INTERNATIONAL
TRADING CORPORATION



JOVITO V. SANTOS
QAIT Officer-in Charge



PIO B. BELLOSILLO
PITC-Representative


PHILIPPINE ARMY – TECHNICAL
INSPECTION & ACCEPTANCE COMMITTEE


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Chairperson


MAJ ISAGANI H VIERNEZ (OS) PA
OG4-Representative


MAJ JOANNE RAULE M VILLAREIZ (OS) PA
Technical Member


MAJ JOYNER Z GASCON (OS) PA
End-User Representative


CPT LEONORA D LINGA (OS) PA
Technical Member

PITC-FO-MPG-005 Rev. 00 (08.13.18)


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Ford Quezon Ave./MMI

Owned & Operated by: MATTERHORN MOTOR, INC.

Quezon Ave., Sta. Teresita 1, NCR, Second District, Quezon City 1114,
VAT REG. TIN: 005-518-157-00001

COLLECTION RECEIPT NO 0037875
(TRADING)

Date: 12/15/2020

Received from PITC FAO PA

Trade Name:

Address: NDC BLDG. MAKATI CITY

TIN (Customer):

Bus. Style: the sum of TWO HUNDRED SEVENTY ONE MILLION, FIVE HUNDRED TWELVE THOUSAND, NINE HUNDRED FORTY TWO PESOS

(P 271,512,942.85 as /) Full () Partial payment of Invoice No. 85/100 ONLY as follows:

MODE OF PAYMENT <input type="checkbox"/> CASH <input type="checkbox"/> CHECK			
BANK	CHECK NO.	DATE	AMOUNT
LANDBANK	0002955404	12/11/20	271,512,942.85

PARTICULARS	AMOUNT
PAYMENT FOR THE	271,512,942.85
PROJECT: SUPPLY AND DELIVERY OF 246 UNITS BRAND NEW GENERAL PURPOSE VEHICLE TRUCK FOR FA	
Total Amount Payable:	271,512,942.85

MATTERHORN MOTOR, INC.

By: ARNEL E. ROA
CASHIER / AUTHORIZED REPRESENTATIVE

100 b/km. (50x3) 0037501-0042500, BIR ATP No. BAUD000347689

Date Issued: June 14, 2019; Valid until June 13, 2024

NEW SHERMAN PRINTERS, Antonio T. Yoo, B6 P. Jacinto St., Brgy. 87, Zone B, Dist 2, C.C.

TIN 103-762-540-000VAT, Printer's Accreditation No. 027MP20190000000023, Date of Accreditation: FEB 04, 2019

"THIS DOCUMENT IS NOT VALID FOR CLAIMING INPUT TAXES" THIS COLLECTION RECEIPT (Trading) SHALL BE VALID FOR FIVE (5) YEARS FROM THE DATE OF ATP

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shall be submitted with the Bid if bidder opts to provide this form of bid security.

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Technical Specifications

OMBUDSMAN BID FORM No. 1A – TECHNICAL SPECIFICATION WITH BIDDER'S STATEMENT OF COMPLIANCE

HON. ADORACION A. AGBADA
Chairperson, Bids and Awards Committee
Office of the Ombudsman
Agham Road, North Triangle
Diliman, Quezon City

Madam:

Herewith is our TECHNICAL PROPOSAL for your office requirement:

(INSTRUCTION TO BIDDER: Check ☒ the "Comply" box if bidder complies with the Ombudsman Specifications. A Technical Proposal containing unchecked "Comply" boxes would be automatically rated as "FAILED.")

Item No.	Qty	Unit	Office of the Ombudsman Technical Specifications		Bidder's Statement of Compliance*
1	1	unit	Lot 1: BRAND NEW 4x2 SPORT UTILITY VEHICLE		<input checked="" type="checkbox"/> Comply
1	1	2023 NEXT-GEN FORD EVEREST 2.0L TITANIUM 4X2 A5	Engine Type	4-cylinder In Line, 16-Valve, DOHC Diesel engine, Turbo intercooler, EURO 4 compliant or higher	<input checked="" type="checkbox"/> Comply
			Model	2022 or latest	<input checked="" type="checkbox"/> Comply
			Displacement	1900 cc Minimum, 2500 cc Maximum, or its equivalent	<input checked="" type="checkbox"/> Comply
			Power/output	At least 150hp/3400rpm	<input checked="" type="checkbox"/> Comply
			Torque	At least 400 Nm obtainable at 1600-2000 rpm	<input checked="" type="checkbox"/> Comply
			Transmission	At least 6 speed automatic transmission	<input checked="" type="checkbox"/> Comply
			Brake System	Manufacturer's standard	<input checked="" type="checkbox"/> Comply
			Suspension System	Manufacturer's standard	<input checked="" type="checkbox"/> Comply
			Dimension LxWxH	At least 4750x1800x1800mm	<input checked="" type="checkbox"/> Comply
			Ground Clearance	At least 220 mm	<input checked="" type="checkbox"/> Comply
			Wheels	At least 18 inches Alloy wheels	<input checked="" type="checkbox"/> Comply
			Fuel Capacity	At least 78 liters	<input checked="" type="checkbox"/> Comply
			Fuel Efficiency	Within 7-10 kilometers per liter	<input checked="" type="checkbox"/> Comply
			Seating Capacity	7-seater (including driver's seat)	<input checked="" type="checkbox"/> Comply
			Color	White	<input checked="" type="checkbox"/> Comply
			Add on Features	Power-steering All power-windows and door locks Daytime running lights and Front fog lamps Latest touch-screen Infotainment system	<input checked="" type="checkbox"/> Comply

		Safety Features	ABS (Anti-lock Brake System or its equivalent) Cruise control Hill-start assist Seat belt for driver and passengers Airbags for driver and passenger Parking sensor and Reverse camera	<input checked="" type="checkbox"/> Comply
		Inclusions	Basic Tool Kit with complete set of essential tools New spare tire Early warning device Fully Tint Windshield and Windows Free Three (3) years Land Transportation Office (LTO) registration; Free labor on preventive maintenance service within the first one thousand (1,000) kilometers or five thousand (5,000) kilometers, whichever is applicable At least Three (3) years or 100,000 kms warranty, whichever comes first Exclusive service centers in Metro Manila Availability of spare parts all over the Philippines	<input checked="" type="checkbox"/> Comply
		Delivery Period	75 days maximum	<input checked="" type="checkbox"/> Comply

Very truly yours,

ARNEL T. ROA

Signature Over Printed Name

BRANCH HEAD

Position

MATTERHORN MOTOR INC.

Company

+63 999 926 7565

Telephone Number/s

aroa@ancgroup.co

Email address/es

November 14, 2022

Date signed

Statement of Compliance

[Bidders must check the "Comply" box against each of the individual parameters of each Specification stating the corresponding performance parameter of the equipment offered. Statements of "Comply" must be supported by evidence in a Bidders Bid and cross-referenced to that evidence. Evidence shall be in the form of manufacturer's un-amended sales literature, unconditional statements of specification and compliance issued by the manufacturer, samples, independent test data etc., as appropriate. A statement that is not supported by evidence or is subsequently found to be contradicted by the evidence presented will render the Bid under evaluation liable for rejection. A statement either in the Bidder's statement of compliance or the supporting evidence that is found to be false either during Bid evaluation, post-qualification or the execution of the Contract may be regarded as fraudulent and render the Bidder or supplier liable for prosecution subject to the applicable laws and issuances.]

Section VI. Schedule of Requirements

PB 2022-2-05:

Rebidding for the Supply and Delivery of Brand New One (1) Unit 4x2 Sports Utility Vehicle and One (1) Unit Van for the Office of the Ombudsman

The delivery schedule expressed as weeks/months stipulates hereafter a delivery date which is the date of delivery to the project site.

Item/Lot Number	Description	Quantity	Total	Delivered, Weeks/Months
1	Brand New 4x2 Sports Utility Vehicle	1 unit	1 unit	Seventy five (75) days maximum from receipt of the Notice to Proceed

Note: The delivery schedule expressed as weeks/months stipulates hereafter a delivery date which is the date of delivery to the project site.

I hereby certify to comply and deliver all the above requirements.

Name: ARNEL T. ROA

Legal Capacity: BRANCH HEAD

Signature: _____

Duly authorized to sign the Bid for and behalf of: MATTERHORN MOTOR INC.

Date Signed: NOVEMBER 14, 2022

Next-Generation Everest



Ford

CERTIFIED
TRUE VALUE

Experience A New Adventure

More room, comfort and capability. The Next-Gen Ford Everest is an SUV without compromise. Tough on the outside, a sanctuary on the inside, and ready for everything ahead of you and your family. You demanded it, we built it.

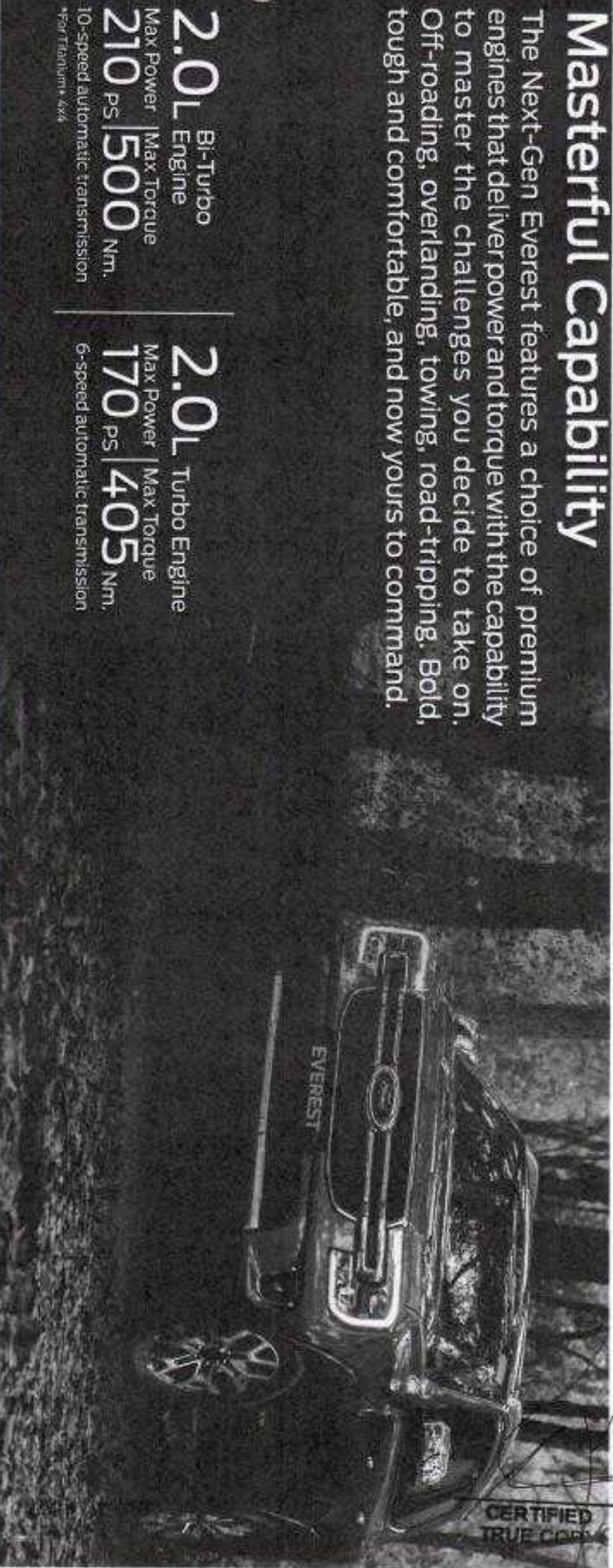


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TRUE COPY

5 Year

Masterful Capability

The Next-Gen Everest features a choice of premium engines that deliver power and torque with the capability to master the challenges you decide to take on. Off-roading, overlanding, towing, road-tripping. Bold, tough and comfortable, and now yours to command.



CERTIFIED
TRUE COLOR

2.0L Bi-Turbo Engine

Max Power

210 ps | 500 Nm.

10-speed automatic transmission

*For Titanium+ & 4x4

2.0L Turbo Engine

Max Power

170 ps | 405 Nm.

6-speed automatic transmission



Terrain Management System

The Everest gives you command of six on- and off-road drive modes (Normal, Eco, Tow Haul, Slippery, Mud / Ruts, or Sand) to help master



Drive Mode Selector

The Everest provides you with an easy way to shift drive modes on-the-fly.



Electronic Shifter (E-Shift)

Comfortable, central and where fitted, with advanced parking features at hand, the Everest's new E-Shift

Safety & Driver Assistance



7 Airbags

Every passenger, wherever they are seated, is protected. And in a first for Everest, there's now an airbag in between the front passengers, giving exceptional protection from side impacts.

Adaptive Cruise Control with Stop&Go and Lane Centering

ACC helps maintain your space when you're on the road and with Stop&Go can slow down your Everest if traffic ahead has stopped or slowed. Lane Centering scans lane markings to help keep you on track.

Lane Keeping System with Road Edge Detection

Designed with road-trips in mind, the Everest can provide gentle steering support to help prevent the vehicle from drifting off the carriageway. So advanced, it's been designed to detect unmarked paved roads with soft verges, gravel hard shoulders and grass edges.

Excludes the Titanium X[®]

Forward Collision Warning

The Everest can alert you to a potential collision with a vehicle, cyclist or pedestrian in front of you and now, Intersection Assist can detect vehicles when turning. If you don't take corrective action, the system can apply the brakes automatically.

Excludes the Titanium X[®]

Evasive Steer Assist

If Pre-Collision Assist determines the distance is too short to brake in time to avoid a collision, your Everest will provide steering support (without steering for you) to help you avoid the obstacle.

Excludes the Titanium X[®]

Reverse Brake Assist

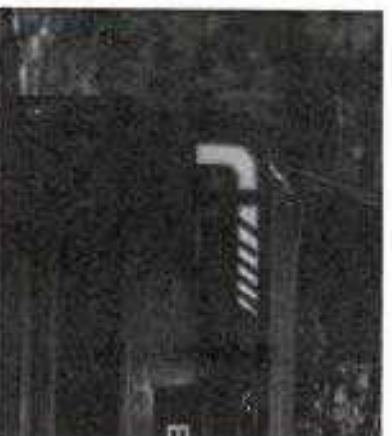
Your Everest can detect if there is an object or pedestrian behind you or if a vehicle is about to cross at the rear. It will sound an alert and if you don't react in time, will brake for you.

Excludes the Titanium X[®]



C-Clamp Headlights

Instantly recognizable, Ford's signature design is reflected in the C-Clamp Headlights that Everest's commanding grille. This is what looks like.



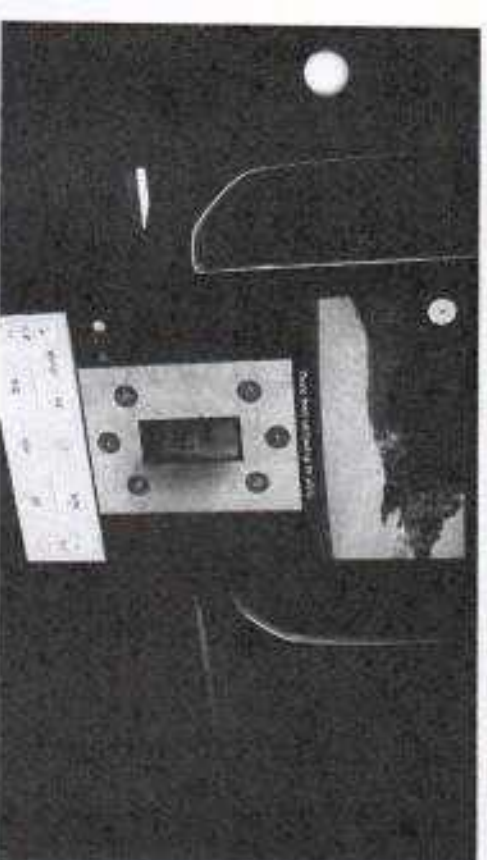
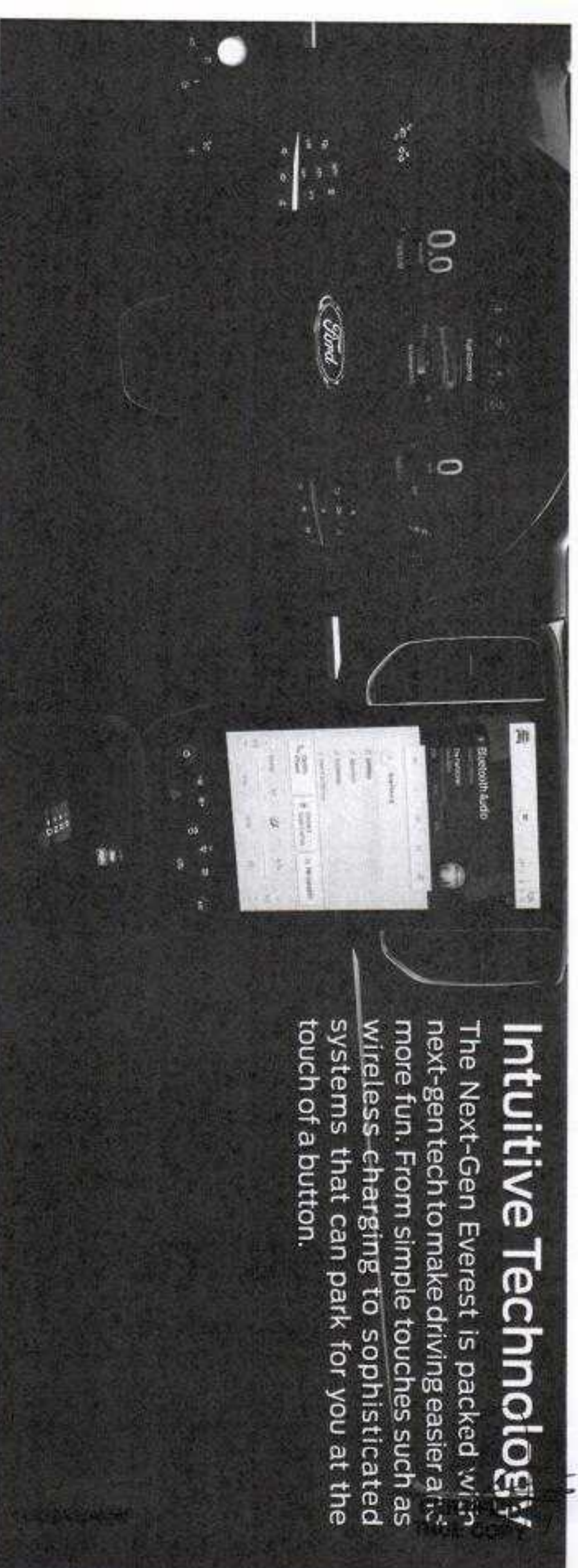
LED Taillights

LED taillights set in a full-width design on Everest's increased track. The extra 50mm vehicle on its wheels creating a strong air stance.



Intuitive Technology

The Next-Gen Everest is packed with next-gen tech to make driving easier and more fun. From simple touches such as wireless charging to sophisticated systems that can park for you at the touch of a button.



360-Degree Camera¹

From the large center display, choose from multiple camera views to see more than ever. This includes a bird's eye 360-degree top-down view, 80-degree front and rear split view, and front off-road view.



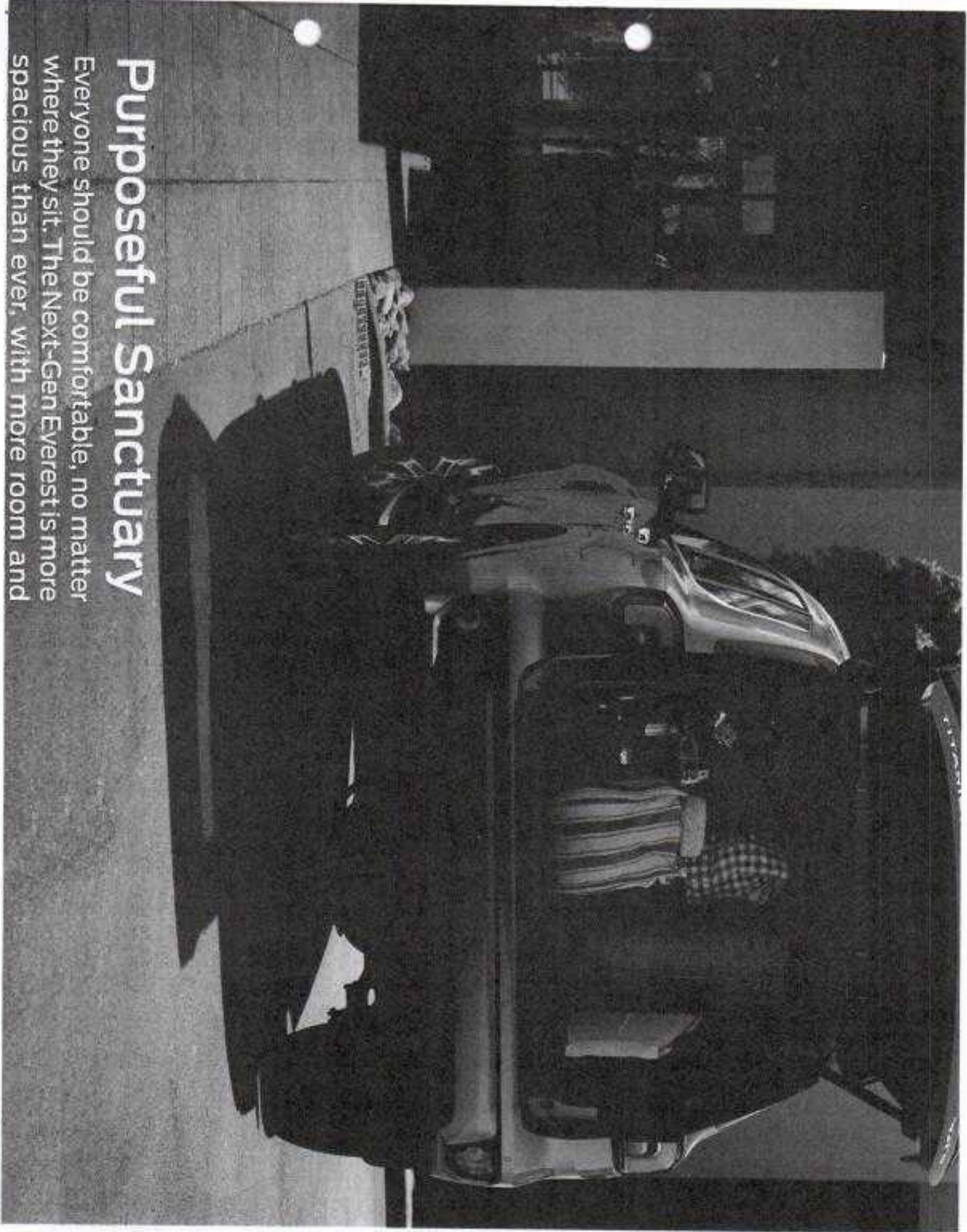
SYNC[®] 4A Connectivity²

SYNC[®] 4A is a cloud-connected in-vehicle communication and entertainment system. There's a host of features, made easier by the system showing your last 5 actions. The information cards are simple to navigate using Intui-



Wireless Charging Pad³

Avoid the hassle of having to plug in your phone. Place your wireless charging pad and you are good to go.



Purposeful Sanctuary

Everyone should be comfortable, no matter where they sit. The Next-Gen Everest is more spacious than ever, with more room and



A Proper Third Row

The Everest's third row is wider, with more leg room, seats and easier access. Overhead vents keep the air and the rear passengers cool and comfortable. Overhead curtain airbags are standard.



Panoramic Moonroof

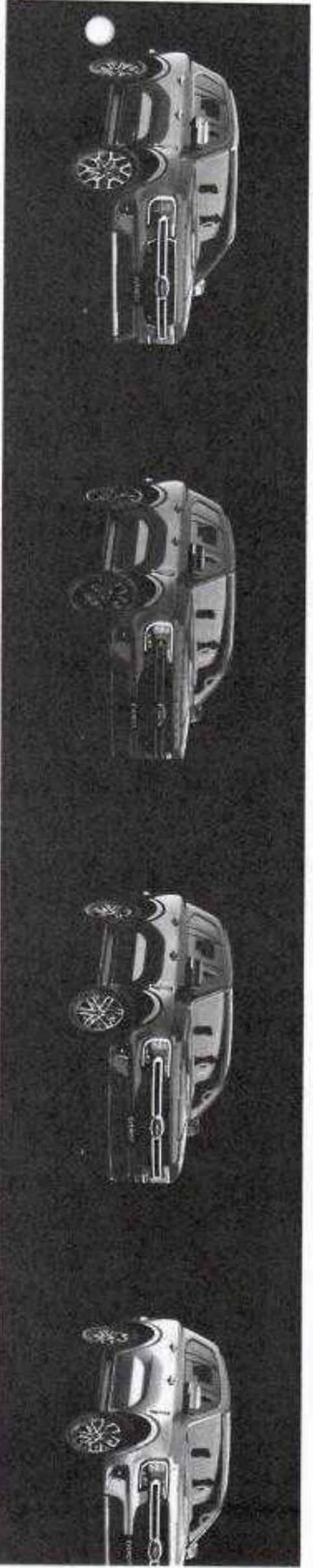
Because it comprises nearly 50% of the roof, it can open up your world and experience life under the touch of a button.





The Range

CERTIFIED
TRUCK



Choose your color



100

Model	Trimline 4x4	Trimline 4x2	Sport 4x2	Limited 4x2
Fluorine				
Accessory 2-Port Power Outlet in Cabin		24 (1st row, 2nd row and cargo)		
250-Jolt Weather-In-Steer Console	With			
Seating				
Seat Material		Leather and Synthetic Leather		
1st Row				
2nd Row				
3rd Row				
Audio & Connectivity				
Central Display	12" Colored Portrait Touchscreen		10" Colored Portrait Touchscreen	
Connectivity	SYNC 4A with Enhanced Voice Recognition, Wireless Apple CarPlay® & Android Auto™ Compatibility		SYNC 4A with Wireless Apple CarPlay® & Android Auto™ Compatibility	
USB Ports		Dual USB (1st Row and 2nd Row)		Dual USB (1st Row)
Wiredscreen Mounted USB Port				
Speakers				
Steering Wheel with Audio Function Control				
Advanced Driver Assist Technology				
Adjustable Speed Limiter				
Crane Control				
Adaptive Cruise Control with Stop & Go and Lane Centering	With		With	
Auto High Beam	With			
Autonomous Emergency Braking (AEB) with Pedestrian Detection	With			
Pre-Collision Assist	With			
Dynamic Drive® Select CDS	With			
Distance Alert / Distance Indication DA/ID	With			
Forward Collision Warning System	With			
Evolve Silver Assist	With			
Road Impact Parking	With			
Lane Departure Warning & Lane Keeping System	With			
Blind Spot Information System with Cross-Traffic Alert & Braking				
360 Degree Camera	With			
Reverse Brake Assist	With			
Driver Alert System	With			
5-Point & Security				
Anti-Launch Assist & Roll-Over Mitigation				
1st Decent Control	With			
Electric Parking Brake				
Adaptive				
Parking Sensors				
Interior View Camera				
ADAS + 100				
ESP with Traction Control System	With Electric Brake Selector		With	
The Pressure Monitoring System	With			
Security Alarm System				
Immobilizer				

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Protect®



Under your New Vehicle Limited Warranty, Bumper-to-Bumper coverage begins on the warranty start date (the date the vehicle was delivered to the customer or put into use) and lasts for five (5) years or 150,000 kilometers, whichever comes first.

Premium Extended Warranty

The Ford Premium Extended Warranty is the most comprehensive Service Plan Protection fully backed by Ford Group Philippines. It covers the parts and labor to repair thousands of key components – engine, transmission, steering, electrical and more. Apart from the complimentary 5-Year Warranty that comes with our Next-Gen Ford vehicles, options to extend the plan to an additional one to two years are also available.

Emergency Roadside Assistance

All Ford vehicles come with standard 3-year Roadside Assistance



www.facebook.com/FordPhilippines/



[@fordphilippines](https://www.instagram.com/fordphilippines)

Please contact your local Ford Dealer
for more information or visit our website at
www.ford.com.ph

Scan the QR Code to reserve your Next-Gen
Ford Everest today



This brochure is designed to provide you with a general introduction to the Ford products referred to, and should be read in conjunction with the latest specification sheet. Image and illustrations are for information purposes and are indicative only. Ford Group Philippines reserves the right, at any time, at its discretion, and without prior notice, to discontinue or change the features, designs, materials, colors and other specifications and the prices of its products, and to either permanently or temporarily withdraw any such products from the market without incurring any liability to any prospective purchaser or purchasers. Please contact your local Ford Dealer for the latest information with respect to features, specifications, prices, optional equipment and availability before deciding to place an order.

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OMNIBUS SWORN STATEMENT (Revised)

REPUBLIC OF THE PHILIPPINES)
CITY/MUNICIPALITY OF PASIG CITY) S.S.

AFFIDAVIT

I, **ARNEL T. ROA**, of legal age, with residence at 37B Dalton St. Veterans Village Brgy. Holy Spirit, Quezon City, after having been duly sworn to in accordance with the law, do hereby depose and state that:

1. That I am the duly authorized representative/s of **MATTERHORN MOTOR INC.** located at Quezon Avenue Corner Apo St. Brgy. Sta. Teresita, Quezon City;
2. I am granted full power and authority to do execute and perform any and all acts necessary to participate, submit the bid, and to sign and execute the ensuing contract for the **PB2022-2-05 REBIDDING FOR THE SUPPLY AND DELIVERY OF BRAND NEW ONE (1) UNIT 4X2 SPORTS UTILITY VEHICLE AND ONE (1) UNIT VAN FOR THE OFFICE OF THE OMBUDSMAN** as shown in the attached duly Notarized Secretary's Certificate issued by the corporation.
3. That **MATTERHORN MOTOR INC.** I represent is not blacklisted or barred/suspended from bidding by the Government of the Philippines or any of its agencies, offices, corporations, or Local Government Units, foreign government/foreign or international financial institution whose blacklisting rules have been recognized by the Government Procurement Policy Board; by itself or by relation, membership, association, affiliation, or controlling interest with another blacklisted person or entity as defined and provided for in the Uniform Guidelines on Blacklisting.
4. That each of the documents submitted by our company in satisfaction of the bidding requirements is an authentic copy of the original, complete, and all statements and Information provided therein are true and correct;
5. **MATTERHORN MOTOR INC** Authorizing the Head of the Procuring Entity or its duly authorized representative(s) to verify all documents submitted;
6. None of the officers, directors, and controlling stockholders of **MATTERHORN MOTOR INC.** is related to the Head of the Procuring Entity, members of the Bids and Awards Committee (BAC), The Technical Working Group, and the BAC Secretariat, the Head of the Project Management Office or the end user unit, and the project consultants by consanguinity or affinity up to the third civil degree;
7. **MATTERHORN MOTOR INC.** complies with existing labor laws and standards including wage orders and relevant regulations of SSS, PhilHealth, Pag-Ibig, ECC, PNP-SOSLA, etc.
8. **MATTERHORN MOTOR INC.** is aware of and has undertaken the responsibilities as a Bidder in compliance with the Philippine Bidding Documents, which includes:
 - a. Carefully examining all of the Bidding Documents;
 - b. Acknowledging all conditions, local or otherwise, affecting the implementation of the Contract;


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- c. Making estimate of the facilities available and needed for the contract to be bid, if any; and
- d. Inquiring or Securing Supplemental /Bid Bulletin(s) issued for the **PB2022-2-05 REBIDDING FOR THE SUPPLY AND DELIVERY OF BRAND NEW ONE (1) UNIT 4X2 SPORTS UTILITY VEHICLE AND ONE (1) UNIT VAN FOR THE OFFICE OF THE OMBUDSMAN**
9. **MATTERHORN MOTOR INC.** did not give or pay directly or indirectly, any commission, amount, fee or any form of consideration, pecuniary or otherwise, to any person or official, personnel or representative of the government in relation to any procurement project or activity; and
10. In case advance payment was made or given, failure to perform or deliver any of the obligations and undertakings in the contract shall be sufficient grounds to constitute criminal liability for swindling (Estafa) or the commission of fraud with unfaithfulness or abuse of confidence through misappropriating or converting any payment received by a person or entity under an obligation involving the duty to deliver certain goods or services, to the prejudice of the public and the government of the Philippines pursuant to Article 315 of Act No. 3815 s. 1930 as amended, or the Revised Penal Code.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of November 2022 at Quezon City, Philippines.


ARNEL T. ROA
 Bidder's Authorized Representative
 Signature over Printed Name

SUBSCRIBED AND SWORN TO BEFORE ME, this 14th day of November 2022 at Quezon City, Philippines. Affiant exhibited to me his/her competent evidence of Identity (as defined by the 2004 Rules on Notarial Practice) LTO drivers License, with his photograph and signature appearing thereon, with no. N02-14-000873 issued on April 16, 2019 at Manila West District Office, City of Manila

Witness my hand and seal this 14th day of November, 2022.

NAME OF NOTARY PUBLIC
ATTY. CONCEPCION P. VILLARENA
 Notary Public for Quezon City
 Until December 31, 2022
 Serial No. of Commission
 PTR No. 242851 / January 3, 2021 2:6
 Notary Public for
 Roll of Attorneys No.
 Roll No. 30457 / 05-09-1986
 PTR No.
 IBP No. MCLE WF0030375 / 02-21-2020
 ADM. MATTER No. NP-005 (2022-2023)
 TIN NO. 835-942-714

Doc No. 2
 Page No. 1
 Book No. 97
 Series of 20 22


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SECRETARY'S CERTIFICATE

I, **MARIA ALINEA G. ORTEGA**, Filipino, of legal age, with business address at 1235 Edsa Apolonio Samson, Quezon City after having been duly sworn in accordance with law, hereby depose and state that:

1. I am the duly elected and incumbent Corporate Secretary of **MATTERHORN MOTOR INC.**, a corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal office address at the 1235 Edsa Apolonio Samson, Quezon City.
2. As Corporate Secretary, I have control and custody of all corporate records, including minutes of stockholders and directors' meetings.
3. I certify that at the meeting of the Board of Directors of the Corporation held on 05 October 2022 at which a quorum was present and acting throughout, the following resolutions were duly passed and approved, to wit:

"**RESOLVED**, that **Matterhorn Motor Inc.**, be as it is hereby authorized to participate in the **REBIDDING FOR THE SUPPLY AND DELIVERY OF THE BRAND NEW ONE (1) UNIT 4X2 SPORTS UTILITY VEHICLE AND ONE (1) UNIT VAN FOR THE OFFICE OF THE OMBUDSMAN** by the Office of the Ombudsman and that if awarded the project, shall enter into a contract with **OFFICE OF THE OMBUDSMAN**."

"**RESOLVED FURTHER**, that in connection therewith, the Corporation hereby appoints **ARNEL T. ROA - Branch Head**, acting as duly authorized and designated representative of **MATTERHORN MOTOR INC.**, and is hereby granted full power and authority to do, execute and perform any and all acts necessary, and/or to represent **MATTERHORN MOTOR INC.** in the above-mentioned bidding, as well as to and perform any and all acts necessary to carry into effect the intents and purposes of this resolution."

Name:

Arnel T. Roa

Specimen Signature

RESOLVED, FINALLY, that the Corporation ratifies all acts done prior to and contemporaneous with the authorities conferred herein."

4. The above-quoted resolution has not been amended, modified, revoked/cancelled, and as of this date of certification, is in full force and effect.
5. The foregoing statements are true and correct and in accordance with the records of the Corporation.

IN WITNESS WHEREOF, I hereunto set my hands this 14 NOV 2022 day of NOV 2022, in QUEZON CITY Philippines.


MARIA ALINEA G. ORTEGA
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this 14 NOV 2022 day of NOV 2022, at QUEZON CITY Philippines, affiant exhibiting to me her Government issued ID (OSCA) No. 52753.

Doc No. 3
Page No. 1
Book No. 97
Series of 2022.

NOTARY PUBLIC
ATTY. CONCEPCION P. VILLARENA
Notary Public for Quezon City
Until December 31, 2022
PTR No. 2442851 / January 3, 2012 Q.C.
IBP No. 167802 / November 25, 2012 Q.C.
Roll No. 30457 / 05-09-1986
MCLE VI-0030379 / 02-21-2021
ADM. MATTER No. NP-005 (2022-2021)
TIN NO. 131-942-754


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Republic of the Philippines
Province of Cavite
CITY OF BACOR



**OFFICE OF THE SENIOR
CITIZENS AFFAIRS**

ID No. 32744

Name 4214

Address:

Birthday:

Date of Issue:

CARD HOLDER'S SIGNATURE

**TEAM
LOVE
BACOR**

BENEFITS AND PRIVILEGES UNDER REPUBLIC ACT NO. 9994

- 1. Free medical and dental, diagnostic & laboratory services in all government hospitals.
- 2. Discount on purchase of medicines, essential medical supplies, appliances and equipment, including prescribed vitamins.
- 3. Discount on hotels, restaurants, recreation centers, etc.
- 4. Discount on theaters, cinema houses and concert halls, etc.
- 5. Discount on medical & dental services, diagnostic & laboratory tests in private facilities.
- 6. Discount on fare for domestic air, sea travel and public land transportation.
- 7. Discount on purchase of basic goods up to P= 300.00.
- 8. Discount on water & water consumption up to 100% of the basic requirements when supplied.
- 9. Discount on professional fees of attending physician and nursing services.
- 10. Discount on burial and funeral services.
- 11. Free vaccination against influenza and pneumococcus disease for eligible persons.
- 12. Free admission to pursue post-secondary, tertiary and university.
- 13. Exports, fares in all commercial and government establishments.
- 14. Death benefits Assistance of P=2,000.00.
- 15. Independent Senior Citizens shall be covered by PhilHealth.

THIS CARD IS NON-TRANSFERABLE AND VALID ANYWHERE IN THE COUNTRY

SAYAN DE LEON
Chairman

LAM MERCADO REVILLA
Chairman

Mr. Alan P. Ortiz

Mr. Alan P. Ortiz

Mr. Alan P. Ortiz

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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF TRANSPORTATION
LAND TRANSPORTATION OFFICE
NON-PROFESSIONAL DRIVER'S LICENSE



Last Name, First Name, Middle Name

ROA, ARNEL TARUGO

Nationality

PHL

Sex

M

Date of Birth

1987/04/14

Weight (kg)

84

Height(m)

1.60

Address

8K MARCELINO ST HOLY SPIRIT QUEZON CITY

License No.

N02-14-000873

Expiration Date

2024/04/14

Agency Code

N08

Blood Type

O+

Eyes Color

BLACK

Restrictions

1,2

Conditions

A

Signature of Licensee

EDGAR C. GALVANTE
Assistant Secretary

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FORD BALINTAWAK


Owned and Operated by: MATTERHORN MOTOR INC
1235 EDSA, BRGY. APOLONIO SAMSON, BALINTAWAK, QUEZON CITY
Tel. No. 361-0626 Fax: 361-8966


STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

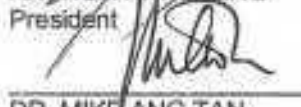
The Management of Matterhorn Motor Inc. (the "Company") is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2021. Management is likewise responsible for all information and representations contained in the financial statements 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, 2021 and the accompanying Annual Income Tax Return are in accordance with the books and records of the Company, 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 Philippine Financial Reporting 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;
- (c) the Company 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.



ANTHONY N. CHENG
Chairman of the Board


ANTHONY N. CHENG
President


DR. MIKE ANG TAN
Treasurer

Signed this 12th day of April, 2022




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**MATTERHORN MOTOR INC.
AUDITED FINANCIAL STATEMENTS
As of December 31, 2021 and 2020**

FELOMINO S. BELINARIO, CPA



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Felomino S. Belinario

Certified Public Accountant

BOA Accreditation No. 1054 * BIR No. 06-003322-001-2020 * SEC No. 51526-SEC

INDEPENDENT AUDITOR'S REPORT

**TO THE STOCKHOLDERS AND THE BOARD OF DIRECTORS
MATTERHORN MOTOR INC.**

No. 1235 EDSA, Brgy. Apolonio Samson, Balintawak, Quezon City

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of **MATTERHORN MOTOR INC.** which comprise the statement of financial position as at December 31, 2021 and 2020, and the statement of income, statement of changes in equity and statement of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis For Opinion

I have conducted my audit in accordance with Philippine Standards on Auditing (PSAs). My responsibilities under those standards are further described in the 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, and I have fulfilled my other ethical responsibilities in accordance with these requirements. 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 PFRS, 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.

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.

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As part of an audit in accordance with PSAs, I have 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 risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If 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.

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 have identify during my audit.

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

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


FELOMINO S. BELINARIO
CPA No. 51526

TIN No. 102-048-228

SEC No. 51526-SEC

December 11, 2020, valid until December 10, 2024

BOA No. 1054

September 4, 2019, valid until July 20, 2022

BIR No. 06-003322-001-2020

March 12, 2020, valid until March 11, 2023


PTR No./MLA - 0147207 01/04/2022

Manila City, Philippines

April 12, 2022



920 Remedios St., Malate, Manila * 1004 Philippines * Tel No. (+832) 536-8449 * Email: jun_belinario@yahoo.com


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Felomina S. Belinario

Certified Public Accountant

(Board Certificate No. 51526; BIR Accreditation No. 06-003322-001- 2020; SEC No. 51526-SEC)

**TO THE STOCKHOLDERS AND THE BOARD OF DIRECTORS
MATTERHORN MOTOR INC.**

No. 1235 EDSA, Brgy. Apolonio Samson, Balintawak, Quezon City

I have audited the financial statements of **MATTERHORN MOTOR INC.** for the year ended December 31, 2021, on which I have rendered the attached report dated April 12, 2022.

In compliance of Revenue Regulation V-20, I am stating the following:

1. The taxes paid or accrued by the company for the year ended December 31, 2021 are shown in the Schedule of Taxes and Licenses attached to the Annual Income Tax Returns.
2. I am not related by consanguinity or affinity to the president, manager or principal stockholders of the company.


FELOMINO S. BELINARIO

CPA No. 51526

TIN No. 102-048-228

SEC No. 51526-SEC

December 11, 2020, valid until December 10, 2024

BOA No. 1054

September 4, 2019, valid until July 20, 2022

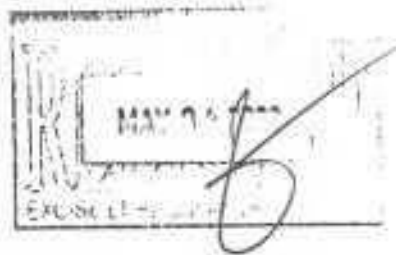
BIR No. 06-003322-001-2020

March 12, 2020, valid until March 11, 2023

PTR No./MLA – 0147207 01/04/2022

Manila City, Philippines

April 12, 2022



Felomina S. Belinario

Certified Public Accountant

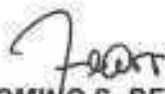
(Board Certificate No. 51526; BIR Accreditation No. 06-003322-001- 2020; SEC No. 51526-SEC)

**TO THE STOCKHOLDERS AND THE BOARD OF DIRECTORS
MATTERHORN MOTOR INC.**

No. 1235 EDSA, Brgy. Apolonio Samson, Balintawak, Quezon City

I have audited the financial statements of **MATTERHORN MOTOR INC.** for the year ended December 31, 2021, on which I have rendered the attached report dated April 12, 2022.

In compliance with the Revised Securities Regulation Code Rule 68, I am stating that the said company has a total number of fifteen (15) stockholders, owning more than one hundred (100) shares each.


FELOMINO S. BELINARIO

CPA No. 51526

TIN No. 102-048-228

SEC No. 51526-SEC

December 11, 2020, valid until December 10, 2024

BOA No. 1054

September 4, 2019, valid until July 20, 2022

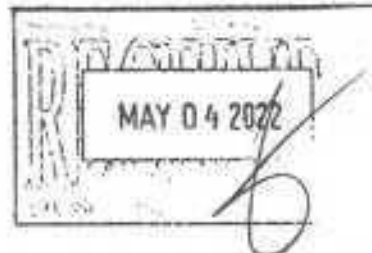
BIR No. 06-003322-001-2020

March 12, 2020, valid until March 11, 2023

PTR No./MLA - 0147207 01/04/2022

Manila City, Philippines

April 12, 2022



Felomino S. Belinario

Certified Public Accountant

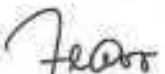
BOA Accreditation No. 1054 * BIR No. 06-003322-001-2020 * SEC No. 51526-SEC

TO SECURITIES AND EXCHANGE COMMISSION:

In connection with my examination of the financial statements of the **MATTERHORN MOTOR INC.**, which are 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 presented in conformity with the 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 departure, the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact.
3. That I shall fully meet the requirements of independence as provided for in Section 14 of the Code of Professional Ethics for CPAs.
4. That in conduct of the audit, I shall comply with the generally accepted accounting standards or any Promulgated by the Board of Accountancy. In case of my departure such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure and the extent of the limitation, the reasons thereof.
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 under the Code of Professional Ethics for CPAs.

As a CPA engages in public practice, I make these representation in my individual capacity.


FELOMINO S. BELINARIO
CPA No. 51526
TIN No. 102-048-228
SEC No. 51526-SEC
December 11, 2020, valid until December 10, 2024
BOA No. 1054
September 4, 2019, valid until July 20, 2022
CDA No. 0558
August 29, 2018, valid until August 28, 2021
BIR No. 06-003322-001-2020
March 12, 2020, valid until March 11, 2023
PTR No./MLA - 0147207 01/04/2022
Manila City, Philippines

April 12, 2022



For
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	1	9	9	8	1	6	8	5	8
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COMPANY NAME

M	A	T	T	E	R	H	O	R	N		M	O	T	O	R		I	N	C	.		D	O	I	N	G			
B	U	S	I	N	E	S		U	N	D	E	R		T	H	E		N	A	M	E		A	N	D				
S	T	Y	L	E		O	F		F	O	R	D		B	A	L	I	N	T	A	W	A	K	.		F	O	R	D
Q	U	E	Z	O	N		A	V	E	.		F	O	R	D		M	A	N	I	L	A		B	A	Y			

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

1	2	3	5		E	D	S	A		A	P	O	L	O	N	I	O		S	A	M	S	O	N				
B	A	L	I	N	T	A	W	A	K		Q	U	E	Z	O	N		C	I	T	Y							

Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, if Applicable

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COMPANY INFORMATION

Company's email Address

matterhorn6858@gmail.com

Company's Telephone Number/s

N/A

Mobile Number

0953-292-6202

No. of Stockholders

17

Annual Meeting (Month / Day)

3 rd Friday of March

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

MA. ALINEA G. ORTEGA

Email Address

lortega@ahcgroup.co

Telephone Number/s

-

Mobile Number

09969908410

CONTACT PERSON'S ADDRESS

1235 EDSA APOLONIO SAMSON BALINTAWAK QUEZON 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.

**CERTIFIED
TRUE COPY**

MATTERHORN MOTOR INC.

doing business under the name and style of FORD BALINTAWAK,
FORD QUEZON AVENUE and FORD MANILA BAY

FINANCIAL STATEMENTS **December 31, 2021 and 2020**

With Independent Auditors' Report

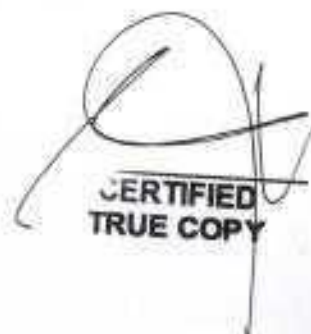


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MATTERHORN MOTOR INC.
doing business under the name and style of FORD BALINTAWAK,
FORD QUEZON AVENUE and FORD MANILA BAY
STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2021	2020
ASSETS			
Current Assets			
Cash	6, 21	P77,719,020	P8,528,639
Trade and other receivables	7, 21	364,137,236	690,982,410
Inventories	8	275,287,096	325,953,411
Prepaid expenses and other current assets	9	42,829,229	59,308,335
Total Current Assets		759,972,581	1,084,772,795
Noncurrent Assets			
Property and equipment - net	10	113,447,915	129,690,798
Right-of-use-asset - net	11	80,721,922	77,701,235
Investments	12	41,750,000	41,750,000
Security deposits	5, 21	6,021,574	7,213,502
Deferred tax assets - net	20	20,417,140	18,207,301
Other assets		943,748	943,748
Total Noncurrent Assets		263,302,299	275,506,584
		P1,023,274,880	P1,360,279,379
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	13, 21	P68,364,877	P96,376,622
Notes payable	14, 21	304,335,707	449,697,069
Loans payable	15, 21	370,625,000	576,400,000
Total Current Liabilities		743,325,584	1,122,473,691
Noncurrent Liabilities			
Lease liability	5, 21	88,489,665	83,729,045
Total Liabilities		831,815,249	1,206,202,736
Equity			
Capital stock	16	106,000,000	70,000,000
Treasury stock		(6,000,000)	(6,000,000)
Retained earnings		91,459,631	90,076,643
Total Equity		191,459,631	154,076,643
		P1,023,274,880	P1,360,279,379

See Notes to Financial Statements.



MATTERHORN MOTOR INC.
doing business under the name and style of FORD BALINTAWAK,
FORD QUEZON AVENUE and FORD MANILA BAY
STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31	
	Note	2021	2020
REVENUES	17	P3,061,731,506	P2,736,510,583
COST OF SERVICES	18	2,895,524,893	2,553,775,430
GROSS INCOME		166,206,613	182,735,153
GENERAL AND ADMINISTRATIVE EXPENSES	19	138,177,206	128,518,693
INCOME FROM OPERATIONS		28,029,407	54,216,460
OTHER INCOME (CHARGES)			
Interest expenses		(27,220,157)	(53,383,006)
Amortization of security deposits – net	5	(2,670)	(12,542)
		(27,222,827)	(53,395,548)
INCOME BEFORE INCOME TAX		806,580	820,912
INCOME TAX EXPENSE (BENEFIT)	20	(576,408)	(406,632)
NET INCOME		P1,382,988	P1,227,544

See Notes to Financial Statements.




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MATTERHORN MOTOR INC.
doing business under the name and style of FORD BALINTAWAK,
FORD QUEZON AVENUE and FORD MANILA BAY
STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31			
	Note	2021	2020
Equity			
Capital stock	16	P106,000,000	P70,000,000
Treasury stock		(6,000,000)	(6,000,000)
Net equity		100,000,000	64,000,000
Retained earnings			
Appropriated			
Balance at beginning of year		30,000,000	-
Reversal of appropriation		(30,000,000)	-
Appropriation during the year		-	30,000,000
Balance at end of year		-	30,000,000
Unappropriated			
Balance at beginning of year		60,076,643	88,849,099
Net income for the year		1,382,988	1,227,544
Reversal of appropriation		30,000,000	-
Appropriation during the year		-	(30,000,000)
Balance at end of year		91,459,631	60,076,643
		P191,459,631	P154,076,643

See Notes to Financial Statements.



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MATTERHORN MOTOR INC.
doing business under the name and style of FORD BALINTAWAK, FORD
QUEZON AVENUE and FORD MANILA BAY
STATEMENTS OF CASH FLOWS

		Years Ended December 31	
	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		P806,580	P820,912
Adjustment for:			
Depreciation and amortization	10,18	27,208,475	21,536,631
Interest expense on lease liability	5	7,641,259	7,102,647
Amortization of security deposits – net		2,670	12,542
Adjustment on lease	10	(2,723,353)	-
Gain on lease concession	5	(140,076)	-
Operating income before working capital changes		32,795,555	29,472,732
Decrease (increase) in:			
Trade and other receivables	7	326,845,174	666,390,370
Inventories	8	50,666,315	8,201,890
Prepaid expenses and other current assets	9	16,479,106	(25,691,713)
Increase in trade and other payables	13	(28,011,744)	19,747,583
Cash generated from (used in) operating activities		398,774,406	698,120,862
Income taxes paid	20	(1,633,432)	(2,741,027)
Net cash provided by (used in) operating activities		397,140,974	695,379,835
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	10	(521,425)	(6,932,976)
Net proceeds from sale of property and equipment	10	740,060	-
Security deposits paid		1,191,928	(2,733,125)
Cash used in investing activities		1,410,563	(9,666,101)
CASH FLOWS FROM FINANCING ACTIVITIES			
Additional investment	16	36,000,000	-
Payments of:			
Short-term notes payable		(145,361,361)	(125,112,965)
Short-term loans payable		(205,775,000)	(544,100,000)
Payment of lease liability		(14,224,795)	(15,199,181)
Net cash provided by (used in) financing activities		(329,361,156)	(684,412,146)
NET INCREASE IN CASH		69,190,381	1,301,588
CASH AT BEGINNING OF YEAR		8,528,639	7,227,051
CASH AT END OF YEAR	6	P 77,719,020	P 8,528,639

See Notes to the Financial Statements.

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MATTERHORN MOTOR INC.
doing business under the name and style of FORD BALINTAWAK,
FORD QUEZON AVENUE and FORD MANILA BAY
NOTES TO FINANCIAL STATEMENTS

1. Reporting Entity

MATTERHORN MOTOR INC. (the "Company") a domestic stock corporation, was incorporated and registered with the Philippines Securities and Exchange Commission (SEC) on March 17, 2004. The Company is primarily engaged in trading all kinds of vehicles, spare parts and accessories and similar devices on wholesale/retail basis and servicing maintenance and repair of motor vehicle.

The Company's principal office is at 1235 EDSA, Brgy. Apolonio Samson, Balintawak, Quezon City, Philippines.

Going Concern

Management continues to have a reasonable expectation that the Company has adequate resources to continue in operation for at least the next 12 months and that the going concern basis of accounting remains appropriate.

Effect of Corona Virus Disease 2019 (COVID-19)

On March 8, 2020, under Proclamation 922, the Office of the President has declared a state of public health emergency and subsequently on March 16, 2020, under Proclamation 929, a state of calamity throughout the Philippines due to the spread of the COVID-19. To manage the spread of the disease, Philippine authorities have extended community quarantine restrictions of varying levels nationwide, effective March 17, 2020, which involved several measures including travel restrictions, home quarantine and temporary suspension or regulation of business operations, among others, limiting activities related to the provision of essential goods and services.

The outbreak of the COVID-19 pandemic and the measures adopted by the Philippine government to mitigate its spread have impacted the Company. These measures required the Company to temporarily suspend its operations for a period of two (2) months during 2020.

Despite this challenging business environment brought about by the COVID-19 pandemic, the Company does not expect any going concern issue affecting its business operations and believes that the events surrounding COVID-19 outbreak do not have any material impact on its financial position.

2. Basis of Preparation

Basis of Preparation

The financial statements of the Company have been prepared using the historical cost basis of accounting and are presented in Philippine Peso, which is the Company's functional currency. All financial information presented in Philippine Peso have been rounded off to the nearest peso, unless otherwise indicated.

Statement of Compliance

The accompanying financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International

Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, PFRS which are issued by the Philippine Financial Reporting Standards Council, consist of PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretations.

Authorization for Issuance of the Financial Statements

The financial statements as at and for the year ended December 31, 2021 were authorized for issue by the Board of Directors (BOD) on April 12, 2022.

3. Summary of Accounting Policies

Changes in Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements, except for the changes in accounting policies as follows:

Adoption of Amendments to a Standard

The Company has adopted the amendments to a standard starting January 1, 2021 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Company's financial statements.

- *COVID-19 Related Rent Concessions (Amendments to PFRS 16, Leases)*
The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The practical expedient apply if:
 - the revised consideration is substantially the same or less than the original consideration;
 - the reduction in lease payments relates to payments due on or before June 30, 2021; and
 - no other substantive changes have been made to the terms of the lease.

Lessees applying the practical expedient are required to disclose that fact, whether they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and the amount recognized in profit or loss for the reporting period arising from application of the practical expedient. No practical expedient is provided for lessors.

A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained earnings or other component of equity; as appropriate.

Standards Issued but Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning on or after January 1, 2022. However, the Company has not early adopted the following new or amended standards in preparing these financial

statements. Unless otherwise stated, none of these are expected to have a significant impact on the Company's financial statements.

Effective April 1, 2021

- *COVID-19-Related Rent Concessions beyond June 30, 2021 (Amendment to PFRS 16, Leases)*

The amendment extends the practical expedient introduced in the 2020 amendment which simplified how a lessee accounts for rent concessions that are a direct consequence of COVID-19, permitting lessees to apply the practical expedient to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022.

The amendment is effective for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted. A lessee applies the amendments retrospectively, recognizing the cumulative effect of the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate. The adoption is mandatory for lessees that chose to apply the practical expedient introduced by the 2020 amendments and may result in reversal of lease modifications that was ineligible for the practical expedient under 2020 amendments, but becomes eligible as a result of extension.

Effective January 1, 2022

- *Property, Plant and Equipment - Proceeds before Intended Use (Amendments to PAS 16, Property, Plant and Equipment)*

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, *Inventories*.

The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

For the sale of items that are not part of a company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The amendments apply retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

- *Onerous Contracts - Cost of Fulfilling a Contract (Amendments to PAS 37, Provisions, Contingent Liabilities and Contingent Assets)*

The amendments clarify that the cost of fulfilling a contract when assessing

whether a contract is onerous includes all costs that relate directly to a contract - i.e. it comprises both incremental costs and an allocation of other direct costs.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated. Earlier application is permitted.

• *Annual Improvements to PFRS Standards 2018-2020*

This cycle of improvements contains amendments to four standards:

• *Subsidiary as a First-time Adopter (Amendment to PFRS 1, First-time Adoption of Philippine Financial Reporting Standards)*

The amendment simplifies the application of PFRS 1 for a subsidiary that becomes a first-time adopter of PFRS later than its parent. The subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to PFRS.

• *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9)*

The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

• *Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16)*

The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

• *Taxation in Fair Value Measurements (Amendment to PAS 41, Agriculture)*

The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in PAS 41 with those in PFRS 13, *Fair Value Measurement*.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted.

• *Reference to the Conceptual Framework (Amendment to PFRS 3)*

The amendments:

- updated PFRS 3 so that it now refers to the 2018 Conceptual Framework;

- added a requirement that, for transactions and other events within the scope of PAS 37 or IFRIC 21, *Levies*, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
- added an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations occurring in reporting periods starting on or after January 1, 2022. Earlier application is permitted.

Effective January 1, 2023

- *Classification of Liabilities as Current or Noncurrent (Amendments to PAS 1)*
This is to promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
 - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
 - clarified that a right to defer settlement exists only if the company complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and
 - clarified that settlement of a liability includes transferring a company's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted.

In November 2021, the International Accounting Standards Board issued the Exposure Draft, *Non-Current Liabilities with Covenants* after considering stakeholder feedback on the December 2020 tentative agenda decision issued by the IFRS Interpretations Committee about the amendments. The exposure draft proposes to again amend IAS 1 as follows:

- Conditions which the entity must comply within twelve months after the reporting period will have no effect on the classification as current or noncurrent.
- Additional disclosures requirements will apply to noncurrent liabilities subject to such conditions to enable the assessment of the risk that the liability could become repayable within twelve months.
- Separate presentation in the statement of financial position will be required for noncurrent liabilities for which right to defer settlement is subject to conditions within 12 months after the reporting period.
- The effective date of the amendments will be deferred to no earlier than January 1, 2021.

Comments on the Exposure Draft was due on March 21, 2022.

- *Definition of Accounting Estimates (Amendments to PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors)*

To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

The definition of accounting policies remain unchanged. The amendments also provide examples on the application of the new definition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- *Disclosure of Accounting Policies (Amendments to PAS 1, Presentation of Financial Statements and PFRS Practice Statement 2, Making Materiality Judgements.)*

The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:

- requiring companies to disclose their *material* accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments to PFRS Practice Statement 2 include guidance and additional examples on the application of materiality to accounting policy disclosures.

The amendments are effective from January 1, 2023. Earlier application is permitted.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12, Income Tax)*

The amendments clarify that the initial recognition exemption does not apply to

transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning obligations. The amendments apply for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other appropriate component of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

Effective January 1, 2025

▪ **PFRS 17, Insurance Contracts**

This replaces the interim standard, PFRS 4, Reflecting the view that an insurance contract combines features of both a financial instrument and a service contract, and considering the fact that many insurance contracts generate cash flows with substantial variability over a long period, PFRS 17 introduces a new approach that:

- combines current measurements of the future cash flows with the recognition of profit over the period services are provided under the contract;
- presents insurance services results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
- requires an entity to make an accounting policy choice portfolio-by-portfolio of whether to recognize all insurance finance income or expenses for the reporting period in profit or loss or to recognize some of that income or expenses in other comprehensive income.

Under PFRS 17, groups of insurance contracts are measured based on fulfillment cash flows, which represent the risk-adjusted present value of the entity's rights and obligations to the policy holders, and a contractual service margin, which represents the unearned profit the entity will recognize as it provides services over the coverage period. Subsequent to initial recognition, the liability of a group of insurance contracts represents the liability for remaining coverage and the liability for incurred claims, with the fulfillment cash flows remeasured at each reporting date to reflect estimates.

Simplifications or modifications to the general measurement model apply to groups of insurance contracts measured using the 'premium allocation approach', investment contracts with discretionary participation features, and reinsurance contracts held.

PFRS 17 brings greater comparability and transparency about the profitability of new and in-force business and gives users of financial statements more insight into an insurer's financial health. Separate presentation of underwriting and financial results will give added transparency about the sources of profits and quality of earnings.

PFRS 17 is effective for annual periods beginning on or after January 1, 2023. Full retrospective application is required, unless it is impracticable, in which case

the entity chooses to apply the modified retrospective approach or the fair value approach. However, if the entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it applies the fair value approach. Early application is permitted for entities that apply PFRS 9 and PFRS 15 on or before the date of initial application of PFRS 17.

The new standard is not applicable to the Company.

Deferral of the Local Implementation of Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to PFRS 10, Consolidated Financial Statements and PAS 28, Investments in Associates and Joint Ventures)*

The amendments address an inconsistency between the requirements in PFRS 10 and in PAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The amendments require that a full gain or loss is recognized when transactions involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Originally, the amendments apply prospectively for annual periods beginning on or after January 1, 2016 with early adoption permitted. However, on January 13, 2016, the FRSC decided to postpone the effective date of these amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Amendments to IFRS not yet adopted by the FRSC as part of PFRS

- *Interest Rate Benchmark Reform (Amendments to PFRS 9, PAS 39, Financial Instruments: Recognition and Measurement and PFRS 7, Financial Instruments: Disclosures)*

The amendments provide temporary exceptions to all hedging relationships directly affected by interest rate benchmark reform – the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark rate such as that resulting from the recommendations set out in the Financial Stability Board's July 2014 report 'Reforming Major Interest Rate Benchmarks'. The exceptions relate to the following requirements:

- *The Highly Probable Requirement*

When determining whether a forecast transaction is highly probable, an entity shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform



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- *Prospective Assessments*
When performing prospective assessments, a company shall assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform.
- *PAS 39 Retrospective Assessment*
An entity is not required to undertake the PAS 39 retrospective assessment for hedging relationships directly affected by the reform. However, the entity must comply with all other PAS 39 hedge accounting requirements, including prospective assessment.
- *Separately Identifiable Risk Components*
For hedges of a non-contractually specified benchmark component of interest rate risk, an entity shall apply the separately identifiable requirement only at the inception of such hedging relationships.

The amendments apply retrospectively to hedging relationships that existed at the beginning of the reporting period in which an entity first applies the requirements or were designated thereafter, and to the amount accumulated in the cash flow hedge reserve that existed at the beginning of the reporting period in which an entity first applies the requirements.

An entity shall cease applying the exceptions when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows or the hedging relationship is discontinued. End of application does not apply to the test for separately identifiable risk components.

Specific disclosure requirements apply to hedging relationships affected by the amendments including information about the significant interest rate benchmarks, extent of risk exposure directly affected by the reform, how the entity manages the process to transition to alternative benchmark rates, significant assumptions and judgements made in applying the exceptions, and the nominal amount of the hedging instruments in those hedging relationships.

- *Interest Rate Benchmark Reform – Phase 2 (Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16)*

To ensure that financial statements best reflect the economic effects of interest rate benchmark reforms, the Phase 2 amendments were issued and focus on the accounting once a new benchmark rate is in place. The reliefs allow companies not to recognize significant modification gains or losses on financial instruments and mitigate the risk of discontinuations of existing hedging relationships because of changes required by reforms. The amendments address issues that might affect financial reporting during the reform in the following key areas:

- *Practical Expedient for Particular Changes to Contractual Cash Flows*
As a practical expedient, a company will account for a change in the basis for determining the contractual cash flows that is required by the reform by


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updating the effective interest rate of the financial instrument. If there are other changes to the basis for determining the contractual cash flows, then a company first applies the practical expedient to the changes required by the reform and then applies other applicable requirements of PFRS 9 to other changes. A similar practical expedient applies to insurers applying PAS 39 and lessees for lease modifications required by a reform.

- *Relief from Specific Hedge Accounting Requirements*

The amendments enable and require companies to continue hedge accounting in circumstances when changes to hedged items and hedging instruments arise as a result of changes required by the reform. A company is required to amend the formal designation of hedging relationships to reflect the changes required by the reform. Reliefs are also provided for amounts accumulated in the cash flow hedge reserve, the separately identifiable requirement, groups of items designated as hedged items and retrospective effectiveness assessment under PAS 39.

- *Disclosure Requirements*

To enable users of financial statements to understand the effect of reforms on a company's financial instruments and risk management strategy, additional disclosures are required on how transition to alternative benchmark rates are being managed, quantitative information about financial instruments indexed to rates yet to transition due to benchmark reform at the end of the reporting period, and the extent to which changes to the risk management strategy have occurred due to the risks identified in the transition.

The amendments apply retrospectively, but restatement of comparative information is not required. Reinstatement of a discontinued hedging relationship is required if the hedging relationship was discontinued solely because of changes required by the reform, and that discontinued hedging relationship meets all qualifying criteria for hedge accounting at the date of initial application.

Summary of Accounting Policies

Current versus Noncurrent Classification

The Company presents assets and liabilities in the statements of financial position based on current or non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle



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- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The terms of the liability could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1) Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income ("OCI") or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial Assets - Assessment whether Contractual Cash Flows are Solely Payments of Principal and Interest

For the purposes of this assessment, 'principal' is defined as fair value of financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms and instrument. This includes assessing whether the financial asset contains contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In

making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-course features).

A prepayment feature is consistent with SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for the financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual part amount plus accrued (but unpaid contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial Assets - Business Model Assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash flows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in the prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Purchases or sales of financial assets that require delivery of assets within a time

frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date i.e. the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in to 4 categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial Assets at Amortized Cost (Debt Instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial Assets at Fair Value through OCI (Debt Instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Financial Assets at Fair Value through OCI (Equity Instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity

investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified as amortized cost or at fair value through OCI, as described above, debt instruments may be designated as fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's statement of financial position) when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the

transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to pay.

Impairment of Financial Assets

The Company recognizes an allowance for Expected Credit Losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or credit enhancements that are integral to the contractual terms.

ECLs are recognized under either a simplified or general approach, dependent on the nature of the related financial asset.

Under the general approach, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Under the simplified approach, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

For financial instruments with low credit risk such as cash in bank and cash equivalents, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the financial instrument or the counterparty. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

ii) Financial Liabilities

Initial Recognition and Measurement



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Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are initially recognized at fair value and, in the case of loans and borrowings and payables, net of directly attributable costs.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Company has not designated any financial liabilities at fair value through profit or loss.

Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Derecognition

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

iii) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and liabilities simultaneously.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

For purposes of the fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy, as explained above.

Classification of Financial Instruments between Liabilities and Equity

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to the financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments

classified as equity are charged directly to equity, net of any related income tax benefits.

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount, after deducting from the instrument as a whole, the amount separately determined as the fair value of the liability component on the date of issue.

Cash

Cash pertains to cash on hand and in bank which is stated at face value and is unrestricted and immediately available for current operation.

Trade and Other Receivables

Receivables are initially recognized at its transaction price and subsequently measured at fair value less allowance for any uncollectible amount and impairment, if any. An estimate for doubtful account is made when collection of the full amount is no longer probable, and is assessed based on the past collection experience, future expectations of customers payments, and management's review of the current status of the long-outstanding receivables. Bad debts are written off when identified.

Inventories

Inventories are stated at the lower of cost or probable selling price to willing buyers as of reporting date. Cost includes the purchase price and other cost directly attributable in bringing the inventories to their present location and condition.

Prepaid Expenses and Other Current Assets

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the statements of financial position as current asset when the cost of goods or services related to the prepayments are expected to be incurred within one year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as noncurrent assets.

Other current assets are initially recorded at transaction cost, and subsequently measured at cost less impairment loss, if any.

Property and Equipment

Property and equipment are measured at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part

of the property and equipment at the time the cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use such as costs of initial delivery and handling, installation and assembly and testing. Expenditures incurred after the asset has been put into operation such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably.

Depreciation and amortization, which commence when the assets are available for their intended use, is computed using the straight-line method over the estimated useful lives of the assets.

	Number of Years
Building and improvements	10 - 15
Service tools and equipment	5
Vehicle	5
Office equipment, furniture and fixtures	5

The remaining useful lives, residual values, and depreciation and amortization method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully depreciated assets are claimed until no longer in use. An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising from the retirement and disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of retirement and disposal.

Investments in Associate

An associate is an entity over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

The Company's investment in associate is accounted for in the financial statements at cost, less any impairment loss, as the fair value of the shares cannot be determined reliably without undue cost or effort since the shares of stock of the associate are not listed in the stock exchange. Impairment loss is provided when there is objective evidence that the investment in associate will not be recovered. Such impairment loss is measured as the difference between the carrying amount of the investment and the present value of the estimated cash flows discounted at the current market rate of return for similar financial asset. The amount of the impairment loss is recognized in profit and loss in the statement of comprehensive income.

Impairment of Nonfinancial Assets

The carrying amounts of prepaid expense and other current assets, property and equipment and intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs of disposal is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss 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 any 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, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. 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.

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established. These are classified as current liabilities if payment is due within one (1) year or less. If not, they are presented as noncurrent liabilities.

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 the timing of accruals; however, the uncertainty is generally much less than for provisions.

Borrowings and Borrowing Costs

Borrowings are recognized initially at fair value, net of transaction costs. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of total comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting date.

Equity

Capital Stock

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Retained Earnings

Retained earnings represent accumulated net income (losses), prior period adjustments, effect of changes in accounting policy and other capital adjustment, if any.

Revenue

Revenues comprise the fair value of the consideration received or receivable from the sale of goods and rendering services in the ordinary course of the Company's activities.

Revenues are shown net of VAT and rebates, if any.

Revenue is recognized upon the transfer of control over a good or service to a customer and measured based on the consideration specified in a contract with a customer. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the Company's performance, or at a point in time, when control of the goods or services is transferred to the customer.

Revenue from sale of goods and services was recognized when the significant risks and rewards of ownership had been transferred to the customer, recovery of the consideration was probable, the associated costs and possible return of goods and services could be estimated reliably, there was no continuing management involvement with the goods or services and the amount of revenue could be measured reliably.

Revenue Stream

The following is a description of principal activities from which the Company generates its revenue.

Revenue from sale of services

- Revenue from after-sales services such as repairs and maintenance of motor vehicles.

Revenue from sale of goods

- Revenue from sale of goods refers to the sale of units, parts and accessories.

The Company has concluded that it is acting as principal in all of its revenue arrangements.

Cost and Expenses

Cost and expenses are recognized in the statements of income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Cost and expenses are recognized in the statements of income on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Expenses are decreases in economic benefits in the form of decreases in assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when the services are received or when the expenses are incurred.

Employee Benefits

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, if any.

Retirement Benefits

The Company does not have a formal retirement plan but conforms to the minimum regulatory benefit under Republic Act 7641, *Retirement Pay Law*, covering its employees. Retirement and other benefits are payable when incurred.

The management believes that the effect in the financial statements of not providing retirement costs is not significant.

Termination benefits are payable when employment is terminated by the Company before the normal retirement age or whenever an employee accepts voluntary redundancy in exchange for these benefits.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in PFRS 16.

Company as a Lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

i. Right-of-Use Asset

The Company recognizes a right-of-use asset (i.e., the date the underlying assets is available for use) at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is

periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

ii. Lease Liability

At commencement date, the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. In

case of modification that is not accounted for as a separate lease and which decreases the scope of the lease, the carrying amount of the right-of-use asset is decreased to reflect the partial or full termination and any gain or loss is recognized in the profit or loss. A lease modification is accounted for as a separate lease if it adds the right-of-use asset to one or more underlying assets and the increase in consideration is commensurate with the stand-alone selling price for the increase in scope and any appropriate adjustments to reflect circumstances of the contract.

iii. Short-term Leases and Leases of Low-value Assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Taxes

Current Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax

Deferred tax is provided, using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred income tax asset can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added Tax (VAT)

Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost 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 tax included.

The net amount of VAT recoverable from the taxation authority is included as part of "Prepaid expenses and other current assets" account in the statements of financial position.

Related Parties

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

individuals or corporate entities.

Provisions

Provisions are recognized when: (a) the Company has a present obligation (legal or constructive) as a result of past events; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

Events After the End of the Reporting Period

Events after the reporting period occur between the end of the reporting period and the date when the financial statements are authorized for issue. It includes all events up to the date when the financial statements are authorized for issue, even if those events occur after the public announcement of profit or loss of other selected information.

Any adjusting events after the reporting period are adjusted in its financial statements including related disclosures, to reflect adjusting events after the end of the reporting period. Non Adjusting Events, if any, after the end are recognized in its financial statements to reflect non adjusting events after the end of the reporting period.

The Company adjusts the amounts recognized in its financial statements, including related disclosures, to reflect adjusting events after the end of the reporting period. Hence, the Company shall not adjust the amounts recognized in its financial statements to reflect non-adjusting events after the reporting period.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of the issuance of Company's financial statements are listed below. The Company intends to adopt these standards when they become effective, if applicable. Adoption of these standards and interpretations are not expected to have any significant impact on the Company's financial statements.

Effective January 1, 2021

- *Interest Rate Benchmark Reform – Phase 2 (Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4, Insurance Contracts and PFRS 16)*

To ensure that financial statements best reflect the economic effects of interest rate benchmark reforms, the Phase 2 amendments were issued and focus on the

accounting once a new benchmark rate is in place.

Effective January 1, 2022

- *Property, Plant and Equipment – Proceeds before Intended Use (Amendments to PAS 16, Property, Plant and Equipment)*
The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before that asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2, *Inventories*.
- *Onerous Contracts – Cost of Fulfilling a Contract (Amendment to PAS 37, Provisions, Contingent Liabilities and Contingent Assets)*
The amendments clarify that the cost of fulfilling a contract when assessing whether a contract is onerous includes all costs that relate directly to a contract – i.e. it comprises both incremental costs and an allocation of other direct costs.
- *Annual Improvements to PFRS Standards 2018-2020*
This cycle of improvements contains amendments to four standards:
 - *Subsidiary as a First-time Adopter (Amendment to PFRS 1, First-time Adoption of Philippine Financial Reporting Standards)*
The amendment simplifies the application of PFRS 1 for a subsidiary that becomes a first-time adopter of PFRS later than its parent. The subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to PFRS.
 - *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9)*
The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
 - *Lease Incentives (Amendment to Illustrative Examples accompanying PFRS 16)*
The amendment deletes from the Illustrative Example 13 the reimbursement relating to leasehold improvements to remove the potential for confusion because the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.
 - *Taxation in Fair Value Measurements (Amendment to PAS 41, Agriculture)*
The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in PAS 41 with those in PFRS 13, *Fair Value*

Measurement

- *Reference to the Conceptual Framework (Amendment to PFRS 3)*

The amendments:

- updated PFRS 3 so that it now refers to the 2018 Conceptual Framework;
- added a requirement that, for transactions and other events within the scope of PAS 37 or IFRIC 21, *Levies*, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
- added an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

Effective January 1, 2023

- *Classification of Liabilities as Current or Noncurrent (Amendments to PAS 1)*
This is to promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent.

Effective January 1, 2025

- *PFRS 17, Insurance Contracts*
This replaces the interim standard, PFRS 4, reflecting the view that an insurance contract combines features of both a financial instrument and a service contract, and considering the fact that many insurance contracts generate cash flows with substantial variability over a long period.
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to PFRS 10, Consolidated Financial Statements and PAS 28, Investments in Associate and Joint Ventures)*
The amendments address an inconsistency between the requirements in PFRS 10 and in PAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

4. Management Judgments, Estimates and Assumptions

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

Judgments, estimates and assumptions 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. Revisions are recognized in the period in which the judgments, estimates and assumptions are revised and in any future period affected.

Judgments

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

Assessment on the Company's Ability to Continue as a Going Concern

The management of the Company has made an assessment of the Company's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Company is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the Company's financial statements continue to be prepared on a going concern basis.

Estimates and Assumptions

The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

Estimated Allowance for Impairment Losses on Trade and Other Receivables

The company evaluates the status of the receivables based on available facts and circumstances, including, but not limited to, the length of the Company's relationship with the customers, the customers' current credit status based on third party credit reports and known market forces, average of the accounts and historical loss experience.

The Company estimates the allowance for doubtful accounts related to the trade receivables based on assessment of specific accounts where the Company has information that certain customers are unable to meet their financial obligation. In these cases judgment used was based in the best available facts and circumstances including, but not limited to, the length of relationship with the customers and the customers' current credit status based on third party credit reports and known market factors. The company used judgments to record specific reserves for customers against amounts due, to reduce the expected collectible amounts. These reserves are re-evaluated and adjusted as additional information received impacts the amounts estimated.

The amount of timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in the allowance for doubtful accounts would increase the recognized operating expenses and decrease current assets.

As at December 31, 2021 and 2020, there were no impairment losses recognized on the Company's trade and other receivables.

Useful Lives of Property and Equipment

The Company estimates the useful lives of property 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 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 financial performance 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 the recorded cost and expenses and decrease noncurrent assets.

Realizability of Deferred Tax Assets

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences can be utilized. Significant management estimate is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning.

The Company has recognized deferred tax assets amounting to P20,417,140 and P18,207,301 as of December 31, 2021 and 2020, respectively (see Note 20).

5. Leases

Leases

On January 1, 2020, the Company adopted PFRS 16 which allows recognition of right-of-use asset and lease liability in the statement of financial position.

The Company measured the lease liability for its various leases of land and buildings by discounting lease payments using its incremental borrowing rates ranging from 8.11% to 8.17% at January 1, 2020.

Reconciliation of lease liability as follow:

	2021	2020
Lease liability at beginning of year	P83,729,045	P91,825,579
Amortization of interest expense	7,641,259	7,102,647
Lease payments	(14,224,795)	(15,199,181)
Adjustment	11,484,862	-
Gain on lease concession	(140,706)	-
Lease liability at end of year	P88,489,665	P83,729,045

Future minimum lease payments under the above lease are as follows:

	2021	2020
Within one year	P15,168,990	P16,967,447
More than one year and not later than five years	79,327,098	64,060,430
Later than five years	27,626,281	27,780,710
	P122,122,369	P108,808,587

Security Deposits

Security deposits pertain to non-interest bearing deposits paid to and held by the lessor for the lease of land and commercial buildings which houses the Company's office and showroom which are refundable at the end of the lease term. These are carried at amortized cost using effective interest rates at adoption date of January 1, 2020, net of related deferred interest income as follows:

	2021	2020
Face Value		
Balance at beginning of year	P5,162,991	P5,162,991
Reclassifications	(1,456,195)	-
Additions	1,300,000	-
Balance at end of year	5,006,796	5,162,991
Unamortized discount	(1,032,891)	(912,634)
	P3,973,905	P4,250,357

Movement in unamortized discount is as follows:

	2021	2020
Balance at beginning of year	P912,634	P1,040,206
Adjustment	287,574	-
Additions	(41,674)	-
Amortization	(125,643)	(127,572)
Balance at end of year	P1,032,891	P912,634

Deferred Lease Expense

Deferred rent pertains to Day 1 difference recognized on security deposits on rent, which is amortized over the lease term on a straight-line basis and is recognized as interest expense in the profit and loss.

	2021	2020
Balance at beginning of year	P900,093	P1,040,206
Adjustment	300,115	-
Additions	(46,885)	-
Amortization	(137,905)	(140,113)
Balance at end of year	P1,015,418	P900,093

Other security deposits pertain to electricity bill and meter deposit amounting to P1,014,778 and P2,050,511 as at December 31, 2021.

6. Cash

This account consists of:

	Note	2021	2020
Cash on hand		P2,100,000	P1,400,000
Cash in bank		75,619,020	7,128,639
	21	P77,719,020	P8,528,639

Cash on hand is being utilized for small expenditures relating to the day-to-day transactions of the Company.

Cash in bank consists of various unrestricted savings and checking accounts used in the normal operations of the Company and earn interest at the prevailing bank bank deposit rates.

The company has no significant non-cash transactions nor restricted cash as at December 31, 2021 and 2020.

7. Trade and Other Receivables

This account consists of:

	Note	2021	2020
Trade receivables		P324,800,435	P500,548,737
Advances to affiliates		-	177,001,345
Others		39,336,801	13,432,328
	21	P364,137,236	P690,982,410

Trade receivables are non-interest bearing and are generally on a 15 to 30-day credit term.

Advances to affiliates consist of advances made to related companies. These are unsecured and non-interest bearing advances which are normally collected within a twelve (12) month period.

Others pertains to advances to employees and other receivables which are normally collected within one (1) year.

8. Inventories

This account consists of:

	Note	2021	2020
Vehicles		P259,229,720	P304,450,347
Parts and accessories		16,057,376	21,503,064
		P275,287,096	P325,953,411

9. Prepaid Expenses and Other Current Assets

This account consists of:

	Note	2021	2020
Creditable withholding taxes		P33,163,992	P27,646,937
Input VAT		8,566,838	20,614,473
Deferred input VAT		1,098,399	969,748
Prepaid rent		-	9,271,447
Others		-	805,730
		P42,829,229	P59,308,335

Creditable withholding taxes pertains to prepaid income tax that are fully realizable and can be applied against future taxes payable.

Input VAT pertains to value added taxes arising from purchases of goods and services of the Company which can be applied over output VAT in the future periods.

10. Property and Equipment

Details and roll-forward of the account as follows:

	Vehicle	Service Tools and Equipment	Office Equipment, Furniture and Fixtures	Building and Improvements	Right-of- Use Asset	Total
Cost						
Balances at January 1, 2020	P85,895,929	P36,804,379	P47,697,448	P217,508,800	P91,825,579	P474,830,136
Additions	6,574,426	239,283	119,285	-	-	6,932,994
Balances at December 31, 2020	87,470,355	37,143,642	47,816,734	217,508,800	91,825,579	481,763,110
Additions	-	226,674	294,750	-	55,831,732	56,353,156
Disposals/Adjustments	(4,267,783)	-	-	-	(49,205,900)	(53,503,683)
Balances at December 31, 2021	83,112,572	37,370,316	48,111,484	217,508,800	89,451,412	484,552,584
Accumulated Depreciation						
Balances at January 1, 2020	39,369,815	22,752,283	41,320,944	149,391,403	-	252,834,445
Depreciation in 2020	2,297,438	1,050,481	1,388,138	2,678,231	14,124,344	21,538,632
Balances at December 31, 2020	41,667,253	23,802,764	42,709,082	152,069,634	14,124,344	274,371,077
Depreciation in 2021	3,638,029	1,483,748	1,850,714	8,482,391	11,752,593	27,208,475
Disposals/Adjustments	(1,405,416)	(102,787)	(1,541,154)	-	(8,147,448)	(11,196,605)
Balances at December 31, 2021	43,900,866	25,183,725	43,018,642	160,550,025	17,729,489	290,382,747
Carrying Values						
Balances at December 31, 2020	P45,803,102	P13,340,878	P5,107,652	P65,439,166	P77,701,235	P207,392,033
Balances at December 31, 2021	P39,211,708	P12,186,591	P5,092,842	P56,958,775	P80,721,922	P194,169,837

Total depreciation and amortization recognized in profit or loss is as follows:

	Note	2021	2020
Cost of services		P 1,483,748	P 1,050,481
General and administrative expenses	18	25,724,727	20,486,151
		P27,208,475	P21,536,632

11. Right-of-use Asset

This account consists of:

	Notes	
Cost		
Balances at beginning and end of year	P91,825,579	P91,825,579
Additions	55,831,732	-
Adjustments	(49,205,900)	-
	98,451,411	
Accumulated Depreciation		
Balances at beginning of year	14,124,344	-
Depreciation during the year	11,752,593	14,124,344
Adjustments	(8,147,448)	
Balances at end of year	17,729,489	14,124,344
	P80,721,922	P77,701,235

12. Investments

As at December 31, 2021, the Company's investment to a non-listed shares of stock which is accounted at cost amounts to P41,750,000. The management assessed that the investment is not impaired as of the balance sheet date.

13. Trade and Other Payables

This account consists of:

	<i>Note</i>	2021	2020
Customers deposit		P40,438,811	P51,308,725
Accrued expenses		12,374,119	6,451,832
Accounts payable		11,480,402	25,941,845
Withholding tax and other taxes payable		3,100,328	11,790,904
Others		971,217	883,316
	21	P68,364,877	P96,376,622

Customers' deposits pertains to the reservation fees or down payments received from customers for their purchase of vehicles.

The above payables are non-interest bearing and expected to be settled within one (1) year.

Account payables are unpaid liabilities from purchases of goods and services which are non-interest bearing and are normally due between thirty (30) to sixty (60) days.

Others pertain mainly to statutory SSS, Philhealth and Pag-ibig payables.

14. Notes Payable

Notes payable consists of short-term promissory notes from local banks under a trust receipt agreement entered into by the Company for inventory financing purposes. Under the terms of the agreement, purchases of vehicles by the Company from the manufacturer are financed by a local bank and the cash advances are secured by promissory notes and trust receipts subject to interest rates established by the banks.

As at December 31, 2021 and 2020, the Company's notes payable amounts to P304,335,707 and P449,697,069, respectively.

15. Loans Payable

Loans payable consists of short-term obligations from local banks for working capital requirements subject to an interest at a certain percentage and matures from 30 to 120 days.

As at December 31, 2021 and 2020, the Company's loans payable amounts to P370,625,000 and P576,400,000, respectively.

16. Equity

This account consists of:

	2021		2020	
	Number of Shares	Amount	Number of Shares	Amount
Authorized - P100 par value per share				
Balance at beginning and end of year	1,000,000	P 100,000,000	1,000,000	P 100,000,000
Subscribed and Paid-up				
Balance at beginning of year	700,000	P 70,000,000	700,000	P 70,000,000
Additional	360,000	36,000,000	-	-
	1,060,000	106,000,000	700,000	P 70,000,000
Treasury shares				
Balance at beginning and end of year	60,000	P 6,000,000	60,000	P 6,000,000

On December 16, 2020, the BOD approved to appropriate a portion of its unrestricted retained earnings amounting to P30,000,000 for business expansion through setting up of new dealership.

On December 29, 2021, the BOD approved the full reversal of appropriated retained earnings of P30,000,000.

17. Revenues

This account consists of:

	Note	2021	2020
Sale of goods		P2,819,675,989	P2,482,071,408
Sale of services		157,554,794	165,358,514
Other income		84,500,723	89,080,661
		P3,061,731,506	P2,736,510,583

18. Cost of Sales

This account consists of:

	Note	2021	2020
Cost of goods		P2,849,484,162	P2,511,270,753
Cost of services		46,040,731	42,504,677
		P2,895,524,893	P2,553,775,430

19. General and Administrative Expenses

This account consists of:

	Note	2021	2020
Salaries, wages and benefits		P55,211,164	P54,311,852
Depreciation and amortization	10, 11	25,724,727	20,486,151
Taxes and licenses		14,103,937	14,517,446
Communication, light and water		12,954,403	7,890,607
Security and janitorial		8,606,529	10,711,925
Rental		7,510,742	6,929,076
Transportation and travel		5,433,046	1,140,625
Repairs and maintenance		1,844,460	2,592,660
Bank Charges		1,579,159	1,199,715
Office supplies		1,466,461	741,534
Insurance		1,369,234	3,014,791
Advertising and promotions		1,010,555	1,308,048
Outside services		-	3,189,063
Miscellaneous		1,362,789	485,200
		P138,177,206	P128,518,693

20. Income Tax

The components of the Company's income tax expense (benefit) are as follows:

	2021	2020
Current	P1,633,431	P2,741,027
Deferred	(2,209,839)	(3,147,659)
	(P576,408)	(P406,632)

The current income tax expense in 2021 pertains to Minimum Corporate Income Tax (MCIT).

The movements in the deferred tax assets as follows:

	January 1, 2020	Movement in 2020	December 31, 2020	Movement in 2021	December 31, 2021
Charged to Profit or Loss					
NOLCO	P5,714,868	(P1,401,711)	P4,313,157	P	P4,313,157
MCIT	9,344,774	2,741,027	12,085,801	1,633,431	13,719,233
PFRS 16 adoption – net impact	-	1,808,343	1,808,343	576,408	2,384,750
	P15,059,642	P3,147,659	P18,207,301	P2,209,839	P20,417,140

In 2021, the Company incurred Minimum Corporate Income Tax (MCIT) amounting to P1,633,432 which can be applied by the Company against its future tax payable until 2024.

As at December 31, 2021 and 2020, the Company's NOLCO and MCIT that can be

claimed as deduction from future taxable income is as follows:

NOLCO

Year Incurred	Amount	Expired	Applied	Balance	Year of Expiration
2019	P -	P -	(P4,672,370)	(P4,672,370)	
2018	6,161,652	-	(1,489,282)	4,672,370	2021
	P6,161,652	P -	(P6,161,652)	P -	

MCIT

Year Incurred	Amount	Expired	Applied	Balance	Year of Expiration
2021	P1,633,431	P -	P -	P1,633,431	2024
2020	2,741,027	-	-	2,741,027	2023
2019	4,828,870	-	-	4,828,870	2022
2018	4,515,904	-	-	4,515,904	2021
	P13,719,233	P -	P -	P13,719,233	

Tax Losses Carried Forward

Pursuant to Section 4 of the Bayanihan to Recover as One Act as implemented under Revenue Regulations No. 25-2020, the net operating loss of a business or enterprise incurred for the taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five consecutive taxable years immediately following the year of such loss.

The reconciliation of income tax expense computed at the statutory income tax rate to actual income tax expense shown in the statements of comprehensive income:

	2021	2020
Income tax at statutory rate	P201,645	P246,274
Tax effects of:		
Change in recognized deferred tax assets	-	156,596
Change in unrecognized deferred tax assets	(866,076)	-
Amortization of security deposits – net	667	3,762
Interest income subject to final tax	-	-
Nondeductible expense	87,356	-
	(P576,408)	P406,632

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

On March 26, 2021, the President of the Philippines has approved the Corporate Recovery and Tax Incentives for Enterprises or the CREATE Act, with nine (9) provisions vetoed by the President. Below are the salient features of the Act that are relevant to the Company:

- Corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million. All other domestic corporations and resident foreign corporations will be subject to 25% income tax. Said reductions are effective July 1, 2020.


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b.) Minimum corporate income tax (MCIT) rate is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023.

c.) The imposition of improperly accumulated earnings tax has been repealed.

On April 8, 2021, the Bureau of Internal Revenue issued the following implementing revenue regulations that are effective immediately upon publication:

- BIR RR No. 2-2021, Amending Certain Provisions of Revenue Regulations No. 2-98, As Amended, to Implement the Amendments Introduced by Republic Act No. 11534, or the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE), to the National Revenue Code of 1997, as Amended, Relative to the Final Tax on Certain Passive Income
- BIR RR No. 3-2021, Rules and Regulations Implementing Section 3 of Republic Act (RA) No. 11534, Otherwise Known as the "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE", Amending Section 20 of the National Internal Revenue Code of 1997, As Amended
- BIR RR No. 4-2021, Implementing the Provisions on Value-Added Tax (VAT) and Percentage Tax Under Republic Act (RA) No. 11534, Otherwise Known as the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE) Which Further Amended the National Revenue Code of 1997, as Amended, as Implemented by Revenue Regulations (RR) No. 16-2005 (Consolidated Value-Added Tax Regulations of 2005), As Amended
- BIR RR No. 5-2021, Implementing the New Income Tax Rates on the Regular Income of Corporations, on Certain Passive Incomes, Including Additional Allowable Deductions from Gross Income of Persons Engaged in Business or Practice of Profession Pursuant to Republic Act (RA) No. 11534 or the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE), Which Further Amended the National Revenue Code (NIRC) of 1997

Further, the Bureau of Internal Revenue has issued its Revenue Regulations No. 5-2021 to promulgate the implementation of the new income tax rates on the regular income of corporations, on certain passive incomes and additional allowable deductions of persons engaged in business or practice of profession as provided for in CREATE Law. The corporate income tax of the Company will be lowered from 30% to 25% for large corporations on which the Company would qualify, effective July 1, 2020.

21. Financial Risk Management Objectives and Policies

The Company's financial instruments consist of cash on hand and in bank, trade and other receivables, security deposits, accounts payable and accrued expenses and lease liability.

Fair Value Information

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

- *Cash on hand and in Bank, Trade and Other Receivables and Security*

Deposits

The carrying amount of this financial asset approximates fair value due to the relatively short-term nature of this financial instruments.

- Security Deposits

Security deposit was measured at present value using market rate (i.e., PH BVAL) at the adoption date of presenting security deposits at present value and carried at its amortized cost using EIR method. The amortized costs approximate the fair value of the asset.

- Accounts Payable and Accrued Expenses (excluding statutory payables)

The carrying amount of these financial liabilities approximates fair value due to the relatively short-term nature of these financial instruments.

- Lease Liability

The fair value of obligation under lease liability is estimated as the present value of all future cash flows discounted using the incremental borrowing rate.

The Company has no financial assets that fall under levels 1, 2 and 3 as at December 31, 2021 and 2020.

There were no transfers among levels 1, 2 and 3 for the years ended December 31, 2021 and 2020.

Objectives and Policies

The Company has significant exposure to liquidity and credit risk from its use of financial instruments. The financial instruments are used mainly for working capital management purposes.

The BOD has the overall responsibility for the establishment and oversight of the Company's risk management framework. The BOD is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The BOD oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Liquidity Risk

Liquidity risk pertains to the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company's objectives to manage its liquidity risk are as follows: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; c) to be able to access funding when needed at the least possible cost; and d) to maintain an adequate time spread for refinancing

maturities.

The Company constantly monitors and manages its liquidity position, liquidity gaps and surplus on an ongoing basis.

The table below summarizes the maturity profile of the Company's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management as at December 31, 2021 and 2020:

2021	On Demand	Within 1 Year	More than 1 Year	Total
Financial Assets				
Cash	P77,719,020	P -	P -	P77,719,020
Trade and other receivables	-	364,137,236	-	364,137,236
Security deposits	-	-	6,021,574	6,021,574
	77,719,020	364,137,236	6,021,574	447,877,830
Financial Liabilities				
Trade and other payables*	-	64,307,857	-	64,307,857
Notes payable	-	304,335,707	-	304,335,707
Loans payable	-	370,625,000	-	370,625,000
Lease liability	-	15,168,990	106,953,379	122,222,369
	-	754,437,554	106,953,379	861,390,933
	P77,719,020	(P390,300,318)	(P100,831,805)	(P413,513,103)

*Excluding statutory payables.

2020	On Demand	Within 1 Year	More than 1 Year	Total
Financial Assets				
Cash	P8,528,639	P -	P -	P8,528,639
Trade and other receivables	-	690,982,410	-	690,982,410
Security deposits	-	-	7,213,502	7,213,502
	8,528,639	690,982,410	7,213,502	706,724,551
Financial Liabilities				
Accounts payable and accrued expenses*	-	84,585,718	-	84,585,718
Notes payable	-	449,697,069	-	449,697,069
Loans payable	-	576,400,000	-	576,400,000
Lease liability	-	16,987,447	91,841,140	108,808,597
	-	1,127,650,234	91,841,140	1,219,491,374
	P8,528,639	(P436,667,824)	(P84,627,638)	(P512,766,823)

*Excluding statutory payables.

The Company considers expected cash flows from financial assets in assessing and managing its liquidity risk. To manage its liquidity risk, the Company forecasts cash flows from operations for the next twelve months which will result to additional available cash resource and enable the Company to meet its expected cash outflow requirements.

Credit Risk

The Company's credit risk 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 risk.

Credit risk is the risk that one party to a financial instrument will fail to discharge and obligation and cause the other party to incur a financial loss.

The Company's credit risk is managed to effectively minimize losses from credit transactions. The company undertakes credit analysis and review to ensure consistency in the risk assessment process and to ensure that customers have an appropriate credit history, and each has an approved maximum credit limits which are reviewed by management.

Capital Management

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. The BOD has overall responsibility for monitoring capital in proportion to risk. To maintain or adjust the capital structure, the Company may issue new shares, payoff existing debt or adjust future dividend payment to shareholders. The Company's capital is defined as the capital stock in the statements of financial position.

The Company is not subject to externally-imposed capital requirements.

22. Supplementary Information Required by the Bureau of Internal Revenue (BIR)

In addition to the disclosures mandated under PFRS, the Company is required under BIR revenue regulations to provide in the notes to the financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the financial statements which were prepared in accordance with PFRS. The following is the tax information required for the taxable year ended December 31, 2021:

Based on RR No. 15-2010

A. Value-Added Tax (VAT)

	Amount
1. Output VAT	P364,828,112
Account title used:	
Basis of the Output VAT:	
Vatable receipts	3,040,234,267
2. Input VAT:	
Beginning of period	P20,614,473
Current periods domestic purchases	344,434,984
Output VAT	(364,828,112)
Payment made	8,345,493
Balance at the end of the year	P8,566,838

B. Withholding Taxes

	Amount
Expanded withholding tax	P31,122,221
Tax on compensation and benefits	542,292
	P31,664,513

C. Documentary Stamp Taxes

The documentary stamp tax paid during the year amounting to P5,370,515 pertains to the avallment of bank loan.

D. All Other Taxes (Local and National)

	Amount
License and permit fees	P6,830,075
Registration fee	1,500
Others	1,901,847
	P8,733,422

E. Taxes Assessments & Tax Cases

On July 13, 2020, the Company received a letter of authority, LOA-LTV-2020-00000173, for the VAT assessment investigation for the taxable year 2019.

On November 11, 2020, the Company received a letter of authority, AUDM20-124-2021-005568, for the tax assessment investigation for the taxable year 2020.

Information on the amount of custom duties and tariff fees, and excise taxes is not applicable since there are no transactions that the Company would be subject to these taxes for the year ended December 31, 2021.

Based on RR No. 34-2020

In relation to Section 4 of the BIR Revenue Regulations (RR) No. 34-2020, the Company is covered by the prescribed requirements and procedures for the submission of BIR Form 1709, *Information Return on Transactions with Related Party*, Transfer Pricing and Documentation (TPD) and other supporting documents.



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Annex C

NFCC COMPUTATION FOR ELIGIBILITY CHECK

A. Summary of the Applicant Supplier's/Distributor's/Manufacturer's assets and liabilities on the basis of the attached income tax return and audited financial statement, stamped "RECEIVED" by the Bureau of Internal Revenue or BIR authorized collecting agent, for the immediately preceding year and a certified copy of Schedule of Fixed Assets particularly the list of construction equipment.

	Year 2021
1. Total Assets	1,023,274,880.00
2. Current Assets	789,972,681.00
3. Total Liabilities	831,815,249.00
4. Current Liabilities	743,325,684.00
5. Net Worth(1-3)	191,459,631.00
6. Net Working Capital(2-4)	16,646,997.00

B. The Net Financial Contracting Capacity (NFCC) based on the above data is computed as follows:

NFCC= [(Current assets minus current liabilities) (15)] minus the value of all outstanding or uncompleted portions of the projects under ongoing contracts, including awarded contracts yet to be started, conciding with the contract to be bid.

The values of the domestic bidder's current assets and current liabilities shall be based on the latest Audited Financial Statements (AFS) submitted to the BIR.

The Bidder shall attach the AFS to the NFCC Computation for Eligibility Check Form.

NFCC=P 249,704,955.00

Submitted by:
ARNEL T. BDA

Name of Supplier/Distributor/Manufacturer:
MATTERHORN MOTOR INC.

Signature of Authorized Representative:

Date:
NOVEMBER 14, 2022

OMBUDSMAN BID FORM NO. 2A-FINANCIAL PROPOSAL WITH UNDERTAKING

BID FORM (Lot 1)

Date : NOVEMBER 14, 2022

Project Identification No. : **PB 2022-2-05**

HONORABLE SAMUEL R. MARTIRES

Ombudsman

Office of the Ombudsman

Agham Road, North Triangle

Diliman, Quezon City

Attention: **HON. ADORACION A. AGBADA**

The Chairperson

Bids and Awards Committee-Main

Dear Ombudsman Martires:

Having examined the Philippine Bidding Documents (PBDs) including the Supplemental or Bid Bulletin Numbers _____, the receipt of which is hereby duly acknowledged, we, the undersigned, offer to **Lot 1: Supply and Delivery of Brand New One (1) Unit 4x2 Sports Utility Vehicle**, in conformity with the said PBDs for the sum of **TWO MILLION, FOUR HUNDRED FOURTEEN THOUSAND AND SIX HUNDRED FORTY THREE PESOS**

(2,414,643.00) [total Bid amount in words and figures] or the total calculated bid price, as evaluated and corrected for computational errors, and other bid modifications in accordance with the Price Schedules attached herewith and made part of this Bid. The total bid price includes the cost of all taxes, such as, but not limited to: [specify the applicable taxes, e.g. (i) value added tax (VAT), (ii) income tax, (iii) local taxes, and (iv) other fiscal levies and duties], which are itemized herein and in the Price Schedules:

Item	Quantity	Unit	Item Description	Unit Price	Total Price (Should be 12% VAT Inclusive)
			2023 NEXT-GEN FORD EVEREST 2.0L TITANIUM 4X2 A/T		
1	1	unit	Supply and Delivery of Brand New One (1) Unit 4x2 Sports Utility Vehicle	2,414,643.00	P 2,414,643.00

If our Bid is accepted, we undertake:

- to deliver the goods in accordance with the delivery schedule specified in the Schedule of Requirements of the Philippine Bidding Documents (PBDs);
- to provide a performance security in the form, amounts, and within the times prescribed in the PBDs;
- to abide by the Bid Validity Period specified in the PBDs and it shall remain binding upon us at any time before the expiration of that period.

Until a formal Contract is prepared and executed, this Bid, together with your written acceptance thereof and your Notice of Award, shall be binding upon us.

We understand that you are not bound to accept the Lowest Calculated Bid or any Bid you may receive.

We certify/confirm that we comply with the eligibility requirements pursuant to the PBDs.

The undersigned is authorized to submit the bid on behalf of MATTERHORN MOTOR INC. as evidenced by the attached *[Special Power of Attorney/Secretary's Certificate/Certification from the Bidder/Authority issued by the bidder]*.

We acknowledge that failure to sign each and every page of this Bid Form, including the *attached Schedule of Prices*, shall be a ground for the rejection of our bid.

Name: ARNEL T. ROA
Legal capacity: BRANCH HEAD
Signature: 
Duly authorized to sign the Bid for and behalf of: MATTERHORN MOTOR INC.
Date: NOVEMBER 14, 2022

Please also provide the following details for purposes of Bid notification required under Section 25.7 of the 2016 IRR (kindly provide details of at least two (2) officers of your company):

Name of Proprietor/ Managing Partner / President: MR. ANTHONY N. CHENG
Address: COR. APO ST. BRGY. STA. TERESITA, QUEZON AVENUE, QUEZON CITY
Email Address/es: aroad@ancgroup.co
Contact Number/s: +63 999 9267565

Name of Proprietor/ Managing Partner / President: MR. ALLAN JAYSON LOPEZ
Address: COR. APO ST. BRGY. STA. TERESITA, QUEZON AVENUE, QUEZON CITY
Email Address/es: alopez@ancgroup.co
Contact Number/s: (02) 8731-2617

**Price Schedule for Goods Offered from Within the Philippines
(If applicable)**

[shall be submitted with the Bid if bidder is offering goods from within the Philippines]

For Goods Offered from Within the Philippines

Name of Bidder MATTERHORN MOTOR INC. Project ID No. PB 2022-2-05 Page 40 of 62

1	2	3	4	5	6	7	8	9	10
Item	Description	Country of origin	Quantity	Unit price EXW per item	Transportation and all other costs incidental to delivery, per item	Sales and other taxes payable if Contract is awarded, per item	Cost of incidental Services, if applicable, per item	Total Price, per unit (col 5+6+7+8)	Total Price delivered Final Destination (col 9) x (col 4)
1	2023 NEXT-GEN EVEREST 2.0L TITANIUM 4X2 A/A	THAILAND	1	2,155,931.25	0	258,711.75	0	2,414,643	2,414,543

Name: ARNEL T. ROA

Legal Capacity: BRANCH HEAD

Signature: _____

Duly authorized to sign the Bid for and behalf of: MATTERHORN MOTOR INC.



THE MERCANTILE INSURANCE CO., INC.

Mercantile Insurance Building
Cor. General Luna & Beaterio Sts.,
Brgy. 655 Zone 89, Intramuros, Manila
Tel. Nos. (632) 85277701 to 20 Fax Nos. 8527-0670 & 8527-0673
VAT REG TIN NO. 000-825-516-000

MERCOINC
05-039-1276

MERICO BOND NO. G(13) - 0022846
REF. NO. BD-G(13)-HO-23-0000103-00

Premium	:	PHP	3,984.16
Documentary Stamps	:		496.02
Value Added Tax	:		478.10
Local Government	:		3.98
Tax	:		
Other Charges	:		320.00
Total			: PHP 5,284.26

PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENTS:

That we, **MATTERHORN MOTOR INC. - FORD QUEZON AVE.**, as Principal, and the **THE MERCANTILE INSURANCE CO., INC.**, a corporation duly organized and existing under and by virtue of the laws of the Philippines, as **SURETY**, are held and firmly bound unto the **OFFICE OF THE OMBUDSMAN** as the **OBLIGEE** in the sum of **SEVEN HUNDRED TWENTY-FOUR THOUSAND THREE HUNDRED NINETY-TWO AND 90/100 PESOS ONLY (PHP 724,392.90)**, Philippine Currency, for the payment of which sum, well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

THE CONDITIONS OF THIS OBLIGATION ARE AS FOLLOWS:

WHEREAS, the above bounden Principal has entered into a contract with **OFFICE OF THE OMBUDSMAN** to/for the **LOT 1 - SUPPLY AND DELIVERY OF BRAND NEW ONE (1) UNIT 4X2 SPORT UTILITY VEHICLE PER NOTICE OF AWARD**;

WHEREAS, the **OFFICE OF THE OMBUDSMAN** requires the Principal to post a Performance Bond in the above-stated sum to guarantee the faithful compliance of the Principal of the terms and conditions of its contract with the Obligee, a copy of which is hereto attached and made an integral part of this bond;

The liability of the herein Surety shall in no case exceed the sum of **SEVEN HUNDRED TWENTY-FOUR THOUSAND THREE HUNDRED NINETY-TWO AND 90/100 PESOS ONLY (PHP 724,392.90)**, Philippine Currency;


THIS BOND IS CALLABLE ON DEMAND.

This bond shall expire until final acceptance of the Project and the **SURETY** does not assume any responsibility for any liability incurred or created after said date; notice of claims against the **SURETY** must be given the Bonding Company not later than ten(10) days from said expiration date, and failure to do shall release the **SURETY** from all liabilities under this bond and shall be a bar to any action against it.

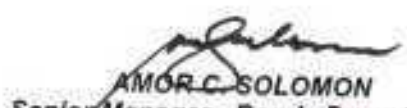
IN WITNESS WHEREOF, we have set our hands and signed our names on this **1st day of February 2023** in the City of Manila, Philippines.

MATTERHORN MOTOR INC. - FORD QUEZON AVE.

BY:


ANTHONY N. CHENG
PRESIDENT

THE MERCANTILE INSURANCE CO., INC.
TIN 000-825-516-000


AMOR C. SOLOMON
Senior Manager - Bonds Department

SIGNED IN THE PRESENCE OF:


ERMAR O. CASTILLO

THE MERCANTILE INSURANCE CO., INC.

Remarks: OA-10/AC-134

ACKNOWLEDGEMENT

BOND NO. G(13) - 0022846
REF. NO. BD-G(13)-HO-23-0000103-00

REPUBLIC OF THE PHILIPPINES } S.S.
CITY OF MANILA }

Personally appeared before me this 1st day of February, 2023

NAME	ID NO.	ISSUED AT	ISSUED ON
ANTHONY N. CHENG			

and Mr./ Ms. AMOR C. SOLOMON with I.D. No. DL#C07-09-01631 issued at MANILA on June 22, 2018 for and in behalf of THE MERCANTILE INSURANCE CO., INC. with Res. Cert. No. 000531501 issued at MANILA on January 21, 2022 to me known to be the same persons and executed the foregoing instrument and acknowledged before me that the same is of their own voluntary act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal at the place and date first above written.

Doc. No. 61
Page No. 8
Book No. 22
Series of 20 22

ATTY. CHARMAINE DATOC

Notary Public

My commission expires Dec 31, 2022

PTR NO. 0168581/MANILA/01-07-2022

IBP NO. 178967/01-05-2022/MANILA

MCLE COMPLIANCE NO. VI-0009763

ROLL NO. 64199/MANILA/null

ROLL NO. 178967

THE MERCANTILE INSURANCE CO., INC.

2/F Mercantile Insurance Bldg. cor. General Luna and Beaterlo Sts.
Intramuros Manila 1002

Telephone No. (632) 85277701 to 20

REPUBLIC OF THE PHILIPPINES } S.S.
CITY OF MANILA }

Personally appeared before me this 1st day of February, 2023

I, AMOR C. SOLOMON, Senior Manager - Bonds Department for and in behalf of THE MERCANTILE INSURANCE CO., INC. having been duly sworn, states and deposes that the said corporation is duly organized and existing under and by virtue of the laws of the Philippines and is duly authorized to execute and furnish surety bonds for all purposes within the Philippines; and it is actually worth the amount specified in the foregoing undertaking to wit SEVEN HUNDRED TWENTY-FOUR THOUSAND THREE HUNDRED NINETY-TWO & 90/100 (Php 724,392.90 PESOS ONLY) Philippine Currency, over and above all just debts and obligations and property exempt from execution.

THE MERCANTILE INSURANCE CO., INC.

By:

AMOR C. SOLOMON
Senior Manager - Bonds Department

Subscribed and sworn to before me this 1st day of February, 2023. Affiant exhibited to me his/her residence certificate and that of the corporation as above-mentioned.

Doc. No. 62
Page No. 13
Book No. 22
Series of 20 22

ATTY. CHARMAINE DATOC

Notary Public

My commission expires Dec 31, 2022

PTR NO. 0168581/MANILA/01-07-2022

IBP NO. 178967/01-05-2022/MANILA

MCLE COMPLIANCE NO. VI-0009763

ROLL NO. 64199/MANILA/null

ROLL NO. 178967

APPROVED : _____



Bureau of Internal Revenue

Republic of the Philippines

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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
**BUREAU OF INTERNAL
REVENUE**

FILING REFERENCE NO.

TIN	: 000-825-510-000
Name	: THE MERCANTILE INSURANCE CO., INC.
RDO	: 125
Form Type	: 2000
Reference No.	: 142200046848000
Amount Payable (Over Remittance)	: 27,341,544.14
Accounting Type	: C - Calendar
For Tax Period	: 02/28/2022
Date Filed	: 03/07/2022
Tax Type	: DS

Proceed to Payment

CERTIFIED TRUE COPY

AMOR C. SOLOMON

Senior Manager – Bonds Department



Republika ng Pilipinas
Republic of the Philippines
Kagawaran ng Pananalapi
Department of Finance
INSURANCE COMMISSION

ITO AY PATUNAY na ang **THE MERCANTILE INSURANCE COMPANY, INC.**
(This is to certify that

NG LUNGSOD NG MAYNILA, PILIPINAS

na isang

pang **DI-BUHAY**

it

NON-LIFE

(FIRE, MARINE, CASUALTY & SURETY)

na kompanya ng seguro ay nakatugon sa lahat ng mga kailangang itinakda ng batas
insurance company, has complied with all requirements of law

ng Pilipinas kaugnay sa gayong mga kompanya ng seguro, kung kaya pinagkakalooban
of the Philippines relative to such insurance companies, and it is hereby granted

nitong **KATIBAYAN NG PAGKAMAYKAPANGYARIHAN** upang makipagnegosyo ng
this CERTIFICATE OF AUTHORITY to transact

uri ng seguro na itinakda sa itaas hanggang ikalabingdalawa ng hatinggabi, ng ikatatumpu't isang
the class of insurance business above set forth until twelve o'clock midnight, on the thirty-first

araw ng Disyembre, taong dalawang libo't dalawampu't apat
day of December 2024

maliban kung agad na hawin o piglin ng may makatuwirang dahilan.
unless sooner revoked or suspended for cause.)



Bilang **KATUNAYAN NITO**, inilagda ko ang aking pangalan
(In WITNESS WHEREOF, I have hereunto subscribed my name

at ikinintal ang Opisyal na Tatak ng aking Tanggapan
and caused my Official Seal to be affixed,

sa Lungsod ng Maynila, Pilipinas. Ito ay may bise
at the City of Manila, Philippines. This becomes

simula ika-isa ng Enero 2022.
effective on 1 January 2022.)

DENNIS B. FUNA
Insurance Commissioner

*AO No. 87 issued on
February 13, 2024

Date Issued: 2024 02 14



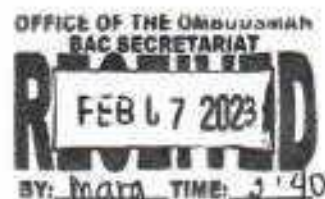
Republic of the Philippines
OFFICE OF THE OMBUDSMAN

Bids and Awards Committee - Main
Agham Road, Diliman, Quezon City 1105

NOTICE OF AWARD

MATTERHORN MOTOR, INC.

Ford Quezon Avenue cor. Apo St., Brgy. Sta. Teresita,
Quezon Avenue, Quezon City
aroa@ancgroup.co



Attention: **MR. ARNEL T. ROA**
Authorized Representative

Dear Mr. Roa:

This is to advise you that your bid for **PB 2022-2-05: Rebidding for the Supply and Delivery of Brand New One (1) Unit 4x2 Sports Utility Vehicle** (categorized as Lot 1) is hereby accepted, with the following details:

Quantity	Item Description	Total Amount in Figures	Total Amount in Words
One (1) Lot	Lot 1 – Supply and Delivery of Brand New One (1) Unit 4x2 Sports Utility Vehicle	₱2,414,643.00	Two Million Four Hundred Fourteen Thousand Six Hundred Forty-Three Pesos only


You are hereby required to provide, within ten (10) days from receipt hereof, the Performance Security/Performance Bond equivalent to the following:

Form of Performance Security	Amount of Performance Security (Equal to Percentage of the Total Contract Price)
a) Cash, cashier's/manager's check, bank draft/guarantee confirmed by a Universal or Commercial Bank.	Five percent (5%)
b) Irrevocable letter of credit issued by a Universal or Commercial Bank: Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank.	
c) Surety bond callable upon demand issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security.	Thirty percent (30%)

Failure to provide the Performance Security shall constitute sufficient ground for cancellation of the award.

Kindly submit your Bank Account No. and other bank details. Further, suppliers shall shoulder the cost of transferring payment from this Office's Servicing Bank (Landbank) to other Servicing Banks, pursuant to DBM Circular Letter No. 2018-14 dated 28 December 2018.¹

Very truly yours,


SAMUEL R. MARTIRES
Ombudsman
OFFICE OF THE OMBUDSMAN
Date signed: _____
f

CONFORME:


ARNEL T. ROA
Authorized Representative
MATTERHORN MOTOR, INC.
Date signed: _____

¹ Re: Updated Guidelines in the Implementation of the Modified Direct Payment Scheme (MDPS) Due Creditors/Payees.



Republic of the Philippines
OFFICE OF THE OMBUDSMAN
Ombudsman Building, Agham Road, Diliman, Quezon City

NOTICE TO PROCEED

MATTERHORN MOTOR, INC.

Ford Quezon Avenue cor. Apo St., Brgy. Sta. Teresita,
Quezon Avenue, Quezon City
aroa@ancgroup.co

Attention: **MR. ARNEL T. ROA**
Authorized Representative

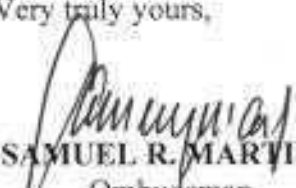
Dear **Mr. Roa**:

The attached **Contract Agreement (CA No. 2022-2-10)** having been approved, notice is hereby given to **Matterhorn Motor, Inc.** to proceed with the implementation of **PB 2022-2-05: Rebidding for the Supply and Delivery of Brand New One (1) Unit 4x2 Sports Utility Vehicle** (categorized as Lot 1), effective on the following day after receipt of the Notice to Proceed.

Upon receipt hereof, you are responsible for performing the services and delivering the goods under the terms and conditions of the Agreement and in accordance with the Implementing Schedule.

Please acknowledge receipt and acceptance of this Notice by signing at the **"Conforme"** portion in the space provided below.

Very truly yours,

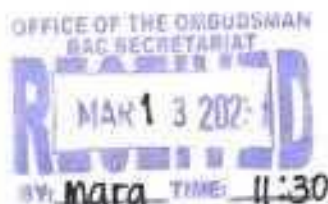

SAMUEL R. MARTIRES
Ombudsman

Date: _____

Conforme:


ARNEL T. ROA
Authorized Representative
Date: _____

NTP11



Section VI. Schedule of Requirements

PB 2022-2-05:

Rebidding for the Supply and Delivery of Brand New One (1) Unit 4x2 Sports Utility Vehicle and One (1) Unit Van for the Office of the Ombudsman

The delivery schedule expressed as weeks/months stipulates hereafter a delivery date which is the date of delivery to the project site.

Item/Lot Number	Description	Quantity	Total	Delivered, Weeks/Months
1	Brand New 4x2 Sports Utility Vehicle	1 unit	1 unit	Seventy five (75) days maximum from receipt of the Notice to Proceed
2	Brand New Van	1 unit	1 unit	Seventy five (75) days maximum from receipt of the Notice to Proceed

Note: The delivery schedule expressed as weeks/months stipulates hereafter a delivery date which is the date of delivery to the project site.

I hereby certify to comply and deliver all the above requirements.

Name: _____

Legal Capacity: _____

Signature: _____

Duly authorized to sign the Bid for and behalf of: _____

Date Signed: _____

Section VII. Technical Specifications

Technical Specifications

OMBUDSMAN BID FORM No. 1A – TECHNICAL SPECIFICATION WITH BIDDER'S STATEMENT OF COMPLIANCE

HON. ADORACION A. AGBADA
Chairperson, Bids and Awards Committee
Office of the Ombudsman
Agham Road, North Triangle
Diliman, Quezon City

Madam:

Herewith is our TECHNICAL PROPOSAL for your office requirement.

(INSTRUCTION TO BIDDER: **Check** ☒ the "Comply" box if bidder complies with the Ombudsman Specifications. A Technical Proposal containing unchecked "Comply" boxes would be automatically rated as "FAILED.")

No. or Seq.	Qty	Unit	Office of the Ombudsman Technical Specifications		Bidder's Statement of Compliance*
1	1	unit	Lot 1: BRAND NEW 4x2 SPORT UTILITY VEHICLE		<input type="checkbox"/> Comply
			Engine Type	4-cylinder In Line, 16-Valve, DOHC Diesel engine, Turbo intercooler, EURO 4 compliant or higher	<input type="checkbox"/> Comply
			Model	2022 or latest	<input type="checkbox"/> Comply
			Displacement	1900 cc Minimum, 2500 cc Maximum, or its equivalent.	<input type="checkbox"/> Comply
			Power/output	At least 150hp/3400rpm	<input type="checkbox"/> Comply
			Torque	At least 400 Nm obtainable at 1600-2000 rpm	<input type="checkbox"/> Comply
			Transmission	At least 6 speed automatic transmission	<input type="checkbox"/> Comply
			Brake System	Manufacturer's standard	<input type="checkbox"/> Comply
			Suspension System	Manufacturer's standard	<input type="checkbox"/> Comply
			Dimension LxWxH	At least 4750x1800x1800mm	<input type="checkbox"/> Comply
			Ground Clearance	At least 220 mm	<input type="checkbox"/> Comply
			Wheels	At least 18 inches Alloy wheels	<input type="checkbox"/> Comply
			Fuel Capacity	At least 78 liters	<input type="checkbox"/> Comply
			Fuel Efficiency	Within 7-10 kilometers per liter	<input type="checkbox"/> Comply
			Seating Capacity	7-seater (including driver's seat)	<input type="checkbox"/> Comply
			Color	White	<input type="checkbox"/> Comply
			Add on Features	Power-steering All power-windows and door locks Daytime running lights and Front fog lamps Latest touch-screen Infotainment system	<input type="checkbox"/> Comply

			Safety Features	ABS (Anti-lock Brake System or its equivalent) Cruise control Hill-start assist Seat belt for driver and passengers Airbags for driver and passenger Parking sensor and Reverse camera	<input type="checkbox"/> Comply
			Inclusions	Basic Tool Kit with complete set of essential tools New spare tire Early warning device Fully Tint Windshield and Windows Free Three (3) years Land Transportation Office (LTO) registration; Free labor on preventive maintenance service within the first one thousand (1,000) kilometers or five thousand (5,000) kilometers, whichever is applicable At least Three (3) years or 100,000 kms warranty, whichever comes first Exclusive service centers in Metro Manila Availability of spare parts all over the Philippines	<input type="checkbox"/> Comply
			Delivery Period	75 days maximum	<input type="checkbox"/> Comply

Very truly yours,

Signature Over Printed Name

Position

Company

Telephone Number/s

Email address/es

Date signed

Statement of Compliance

[Bidders must check the "Comply" box against each of the individual parameters of each Specification stating the corresponding performance parameter of the equipment offered. Statements of "Comply" must be supported by evidence in a Bidders Bid and cross-referenced to that evidence. Evidence shall be in the form of manufacturer's un-amended sales literature, unconditional statements of specification and compliance issued by the manufacturer, samples, independent test data etc., as appropriate. A statement that is not supported by evidence or is subsequently found to be contradicted by the evidence presented will render the Bid under evaluation liable for rejection. A statement either in the Bidder's statement of compliance or the supporting evidence that is found to be false, either during Bid evaluation, post-qualification or the execution of the Contract may be regarded as fraudulent and render the Bidder or supplier liable for prosecution subject to the applicable laws and issuances.]

Section IV. General Conditions of Contract

1. Scope of Contract

This Contract shall include all such items, although not specifically mentioned, that can be reasonably inferred as being required for its completion as if such items were expressly mentioned herein. All the provisions of RA No. 9184 and its 2016 Revised IRR, including the Generic Procurement Manual, and associated issuances, constitute the primary source for the terms and conditions of the Contract, and thus, applicable in contract implementation. Herein clauses shall serve as the secondary source for the terms and conditions of the Contract.

This is without prejudice to Sections 74.1 and 74.2 of the 2016 revised IRR of RA No. 9184 allowing the GPPB to amend the IRR, which shall be applied to all procurement activities, the advertisement, posting, or invitation of which were issued after the effectivity of the said amendment.

Additional requirements for the completion of this Contract shall be provided in the **Special Conditions of Contract (SCC)**.

2. Advance Payment and Terms of Payment

- 2.1. Advance payment of the contract amount is provided under Annex "D" of the Revised 2016 IRR of RA No. 9184.
- 2.2. The Procuring Entity is allowed to determine the terms of payment on the partial or staggered delivery of the Goods procured, provided such partial payment shall correspond to the value of the goods delivered and accepted in accordance with prevailing accounting and auditing rules and regulations. The terms of payment are indicated in the **SCC**.
- 2.3. x xx
- 2.4. x xx

3. Performance Security

Within ten (10) calendar days from receipt of the Notice of Award by the Bidder from the Procuring Entity but in no case later than the signing of the Contract by both parties, the successful Bidder shall furnish the performance security in any of the forms prescribed in Section 39 of the 2016 revised IRR of RA No. 9184.

4. Inspection and Tests

The Procuring Entity or its representative shall have the right to inspect and/or to test the Goods to confirm their conformity to the Project specifications at no extra cost to the Procuring Entity in accordance with the Generic Procurement Manual. In addition to tests in the **SCC, Section VII (Technical Specifications)** shall specify what inspections and/or tests the Procuring Entity requires, and where they are to be conducted. The Procuring Entity shall notify the Supplier in writing, in a timely manner, of the identity of any representatives retained for these purposes.

All reasonable facilities and assistance for the inspection and testing of Goods, including access to drawings and production data, shall be provided by the Supplier to the authorized inspectors at no charge to the Procuring Entity.

5. Warranty

- 5.1 In order to assure that manufacturing defects shall be corrected by the Supplier, a warranty shall be required from the Supplier as provided under Section 62.1 of the 2016 revised IRR of RA No. 9184.
- 5.2 The Procuring Entity shall promptly notify the Supplier in writing of any claims arising under this warranty. Upon receipt of such notice, the Supplier shall, repair or replace the defective Goods or parts thereof without cost to the Procuring Entity, pursuant to the Generic Procurement Manual.

6. Liability of the Supplier

The Supplier's liability under this Contract shall be as provided by the laws of the Republic of the Philippines.

If the Supplier is a joint venture, all partners to the joint venture shall be jointly and severally liable to the Procuring Entity.

Section V. Special Conditions of Contract

Special Conditions of Contract

GCC Clause	
1	<p>Delivery and Documents –</p> <p>Delivery of Goods is required <u>seventy-five (75) days maximum from receipt of the Notice to Proceed.</u></p> <p>The details of shipping and/or other documents to be furnished by the Supplier are as follows:</p> <p>Upon delivery of the Goods to the Project Site, the Supplier shall notify the Procuring Entity and present the following documents to the Procuring Entity:</p> <ul style="list-style-type: none"> a. Original and copies of the Supplier's Invoice showing Good's description, quantity, unit price and total amount b. Original and copies of Delivery Receipt c. Original copy of the Manufacturer's and/or Supplier's warranty certificate d. Certificate of Acceptance /Inspection Report signed by the Procuring Entity's representative at the Project Site e. Special Bank Guarantee (may be submitted at the option of the Supplier in lieu of the retention money of 1% of the total contract price) <p>For purposes of the Contract, "EXW," "FOB," "FCA," "CIF," "CIP," "DDP" and other trade terms used to describe the obligations of the parties shall have the meanings assigned to them by the current edition of INCOTERMS published by the International Chamber of Commerce, Paris. The Delivery terms of this Contract shall be as follows:</p> <p><i>[For Goods supplied from abroad, state:]</i> "The delivery terms applicable to the Contract are DDP delivered [Quezon City (Office of the Ombudsman, Agham Road, Diliman, Quezon City)]. In accordance with INCOTERMS."</p> <p><i>[For Goods supplied from within the Philippines, state:]</i> "The delivery terms applicable to this Contract are delivered to [Quezon City (Office of the Ombudsman, Agham Road, Diliman, Quezon City)]. Risk and title will pass from the Supplier to the Procuring Entity upon receipt and final acceptance of the Goods at their final destination."</p> <p>Delivery Period: Delivery of the Goods is required <u>seventy-five (75) days maximum from receipt of the Notice to Proceed.</u></p>

	<p>Delivery of the Goods shall be made by the Supplier in accordance with the terms specified in Section VI, Schedule of Requirements.</p> <p>For purposes of this Clause the Procuring Entity's Representative at the Project Site is <i>Mr. Willy O. Misa, Administrative Officer V, Property Management Section (PMS), General Services Division (GSD) Office of the Ombudsman, Agham Road, Quezon City with Telephone Nos.: 8479-7300 local 1232 or 1204</i></p> <p>Incidental Services –</p> <p>The Supplier is required to provide all of the following services, including additional services, if any, specified in Section VI, Schedule of Requirements:</p> <ul style="list-style-type: none"> a. performance or supervision of on-site assembly and/or start-up of the supplied Goods; b. furnishing of tools required for assembly and/or maintenance of the supplied Goods; c. furnishing of a detailed operations and maintenance manual for each appropriate unit of the supplied Goods;
	<ul style="list-style-type: none"> d. performance or supervision or maintenance and/or repair of the supplied Goods, for a period of time agreed by the parties, provided that this service shall not relieve the Supplier of any warranty obligations under this Contract; and e. training of the Procuring Entity's personnel, at the Supplier's plant and/or on-site, in assembly, start-up, operation, maintenance, and/or repair of the supplied Goods. f. Walk-through or walk-around of the basic functions and advance features of the vehicle/s delivered using standard industry checklist. <p>The Contract price for the Goods shall include the prices charged by the Supplier for incidental services and shall not exceed the prevailing rates charged to other parties by the Supplier for similar services.</p>
	<p>Spare Parts –</p> <p>The Supplier is required to provide all of the following materials, notifications, and information pertaining to spare parts manufactured or distributed by the Supplier:</p>

	<ol style="list-style-type: none"> 1. such spare parts as the Procuring Entity may elect to purchase from the Supplier, provided that this election shall not relieve the Supplier of any warranty obligations under this Contract; and 2. in the event of termination of production of the spare parts: <ol style="list-style-type: none"> i. advance notification to the Procuring Entity of the pending termination, in sufficient time to permit the Procuring Entity to procure needed requirements; and ii. following such termination, furnishing at no cost to the Procuring Entity, the blueprints, drawings, and specifications of the spare parts, if requested. <p>The spare parts and other components required are listed in Section VI (Schedule of Requirements) and the costs thereof are included in the contract price.</p> <p>The Supplier shall carry sufficient inventories to assure ex-stock supply of consumable spare parts or components for the Goods for a period of ten (10) years.</p> <p>Spare parts or components shall be supplied as promptly as possible, but in any case, within forty-five (45) calendar days of placing the order.</p> <p>Packaging –</p> <p>The Supplier shall provide such packaging of the Goods as is required to prevent their damage or deterioration during transit to their final destination, as indicated in this Contract. The packaging shall be sufficient to withstand, without limitation, rough handling during transit and exposure to extreme temperatures, salt and precipitation during transit, and open storage. Packaging case size and weights shall take into consideration, where appropriate, the remoteness of the Goods' final destination and the absence of heavy handling facilities at all points in transit.</p>
	<p>A packaging list identifying the contents and quantities of the package is to be placed on an accessible point of the outer packaging if practical. If not practical the packaging list is to be placed inside the outer packaging but outside the secondary packaging.</p> <p>The outer packaging must be clearly marked on at least four (4) sides as follows:</p> <ul style="list-style-type: none"> Name of the Procuring Entity Name of the Supplier Contract Description Final Destination Gross weight Any special lifting instructions Any special handling instructions

	<p>Any relevant HAZCHEM classifications</p> <p>A packaging list identifying the contents and quantities of the package is to be placed on an accessible point of the outer packaging if practical. If not practical the packaging list is to be placed inside the outer packaging but outside the secondary packaging.</p> <p>Transportation –</p> <p>Where the Supplier is required under Contract to deliver the Goods CIF, CIP, or DDP, transport of the Goods to the port of destination or such other named place of destination in the Philippines, as shall be specified in this Contract, shall be arranged and paid for by the Supplier, and the cost thereof shall be included in the Contract Price.</p> <p>Where the Supplier is required under this Contract to transport the Goods to a specified place of destination within the Philippines, defined as the Project Site, transport to such place of destination in the Philippines, including insurance and storage, as shall be specified in this Contract, shall be arranged by the Supplier, and related costs shall be included in the contract price.</p>
	<p>Where the Supplier is required under Contract to deliver the Goods CIF, CIP or DDP, Goods are to be transported on carriers of Philippine registry. In the event that no carrier of Philippine registry is available, Goods may be shipped by a carrier which is not of Philippine registry provided that the Supplier obtains and presents to the Procuring Entity certification to this effect from the nearest Philippine consulate to the port of dispatch. In the event that carriers of Philippine registry are available but their schedule delays the Supplier in its performance of this Contract the period from when the Goods were first ready for shipment and the actual date of shipment the period of delay will be considered force majeure.</p> <p>The Procuring Entity accepts no liability for the damage of Goods during transit other than those prescribed by INCOTERMS for DDP deliveries. In the case of Goods supplied from within the Philippines or supplied by domestic Suppliers risk and title will not be deemed to have passed to the Procuring Entity until their receipt and final acceptance at the final destination.</p> <p>Intellectual Property Rights –</p> <p>The Supplier shall indemnify the Procuring Entity against all third-party claims of infringement of patent, trademark, or industrial design rights arising from use of the Goods or any part thereof.</p>
2.2	“The terms of payment shall be made upon final inspection and acceptance of the Goods delivered.
4	No further instructions.