

COVER SHEET

SEC Registration Number

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Company Name

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V	E	N	T	U	R	E	S			I	N	C																	

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

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Form Type

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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

--

Company's Telephone Number/s

7000855

Mobile Number

--

No. of Stockholders

5

Annual Meeting
Month/Day

November 08

Fiscal Year
Month/Day

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

REZ S. OAFALLAS

Email Address

--

Telephone Number/s

7000855

Mobile Number

--

Contact Person's Address

Unit 303, Loyola Heights Condominium, 23 Dela Rosa Street, Loyola Heights, Quezon City
--

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

SEDPI SOCIAL ENTERPRISE VENTURES, INC. (SSEVI)

Unit 303 Loyola Heights Condominium, 23 F. Dela Rosa St., Brgy. Loyola Heights,
Quezon City

TIN: 008-260-156-000

Financial Statements and Independent Auditors' Report

December 31, 2021 and 2020

SEDPI SOCIAL ENTERPRISE VENTURES, INC.

Audited Financial Statements December 31, 2021

Cover Page

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Statement of Management's Responsibility for Annual Income Tax Return

Independent Auditor's Report to Accompany Income Tax Return

Statement of Management's Responsibility for SEC

Auditor's Representation Letter

Supplemental Written Statement of Auditor

Independent Auditors' Report

Statements of Financial Position

Statements of Income

Statements of Changes in Stockholder's Equity

Statements of Cash Flows

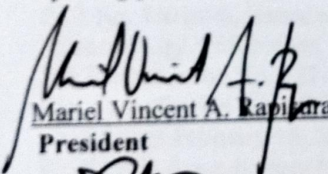
Notes to Financial Statements

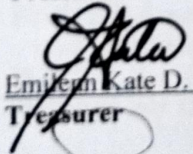
STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN


The Management of **SEDPI Social Enterprise Ventures, Inc.** 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.

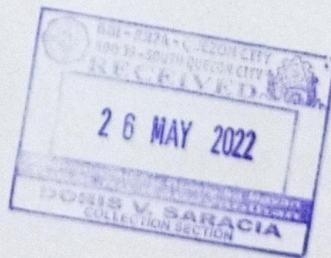
In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2021 and the accompanying Annual Income Tax Return are in accordance with the books and records of **SEDPI Social Enterprise Ventures, Inc.** complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of 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 **SEDPI Social Enterprise Ventures, Inc.** 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.


Mariel Vincent A. Kapigera
President


Emilem Kate D. Sacdalan-Pateno
Treasurer


Edwin M. Salonga
Chairperson



Done this 18th day of April, 2022 at Quezon City.



VILLAREAL LIMA AND COMPANY

Certified Public Accountants
(Formerly Melicor Briones Villareal & Co.)

52 Masikap St., Brgy. Pinyahan, Quezon City, 1100 Philippines / Telephone Nos.: (63-2) 34355376; (63-2) 84411810 / cpas.vlc@gmail.com

INDEPENDENT AUDITORS' REPORT TO ACCOMPANY INCOME TAX RETURN

To the Board of Directors and Shareholders
SEDPI Social Enterprise Ventures, Inc.
Unit 303 Loyola Heights Condominium
23 Dela Rosa St., Loyola Heights
Quezon City

We have audited the accompanying financial statements of **SEDPI Social Enterprise Ventures, Inc.** for the year ended December 31, 2021, on which we have rendered the attached report dated April 18, 2022.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the Executive Director or Board of Directors of the Company.

VILLAREAL LIMA AND COMPANY, CPAs

Ma. Cristina V. Mendoza
Partner

CPA Certificate No. 74327

PTR No. 2601690, issued on January 31, 2022

Quezon City, Philippines

Tax Identification No. 127-388-069

BIR Accreditation No. 07-000019-003-2022

valid until February 18, 2025

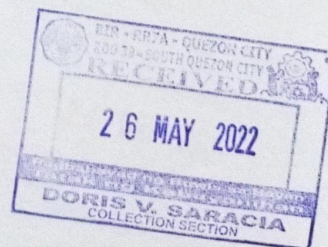
Firm's BIR Accreditation No. 07-000003-003-2022

valid until January 31, 2025

BOA/PRC Reg. No. 0540

valid until July 16, 2024

Quezon City
April 18, 2022

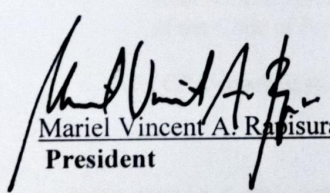
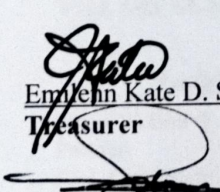
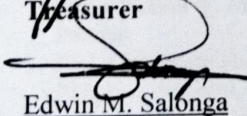


STATEMENT OF MANAGEMENT'S RESPONSIBILITY

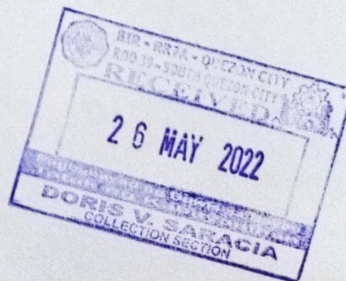
The Management of **SEDPI Social Enterprise Ventures, Inc.** is responsible for the preparation and fair presentation of the financial statements for calendar year ended December 31, 2021, *including the additional components attached therein*, in accordance with the prescribed financial reporting framework indicated therein. The responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The **Board of Directors** reviews and approves the financial statements and submit the same to the members.

Villareal Lima and Company, CPAs, the independent auditors appointed by the stockholders, has examined the financial statements of the organization in accordance with Philippine Standards on Auditing and has expressed its opinion on the fairness of presentation upon completion of such examination.


Mariel Vincent A. Rapisura
President
Emelyn Kate D. Sacdalan-Pateno
Treasurer
Edwin M. Salonga
Chairperson

Done this 18th day of April, 2022 at Quezon City.





VILLAREAL LIMA AND COMPANY

Certified Public Accountants
(Formerly Melicor Briones Villareal & Co.)

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TO THE SECURITIES AND EXCHANGE COMMISSION

In connection with our examination of the financial statements of **SEDPI Social Enterprise Ventures, Inc.** for the year ended December 31, 2021, which are to be submitted to the Commission, we hereby represent the following:

1. That said financial statements are presented in conformity with the Philippine Financial Reporting Standards for Small and Medium-sized Entities in all cases where we shall express an unqualified opinion; except that in case of any departure from such principles, we shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;
2. That we shall fully meet the requirements of independence as provided for in Section 14 of the Code of Professional Ethics for CPAs;
3. That in the conduct of the audit, we shall comply with the generally accepted auditing standards promulgated by the Board of Accountancy. In case of our departure from such standards or any limitation in the scope of our examination, we shall indicate the nature of departure and the extent of the limitation, the reasons thereof;
4. That relative to the expression of our opinion on the said financial statements, we shall not commit any act discreditable to the profession as provided for in Section 23 of the Code of Professional Ethics for CPAs.

As a CPA engaged in public practice, I make these representations in behalf of our firm.

VILLAREAL LIMA AND COMPANY, CPAs

Ma. Cristina V. Mendoza

Partner

CPA Certificate No. 74327

PTR No. 2601690, issued on January 31, 2022

Quezon City, Philippines

Tax Identification No. 127-388-069

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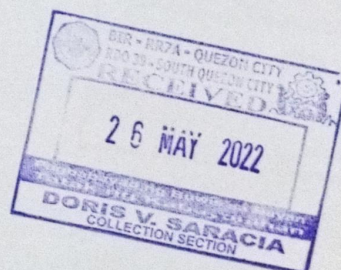
Firm's BIR Accreditation No. 07-000003-003-2022

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valid until July 16, 2024

Quezon City
April 18, 2022





VILLAREAL LIMA AND COMPANY
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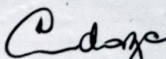
Supplemental Written Statement of Auditor

To the Board of Directors and Shareholders
SEDPI Social Enterprise Ventures, Inc.
Unit 303 Loyola Heights Condominium,
23 F. Dela Rosa St., Loyola Heights
Quezon City

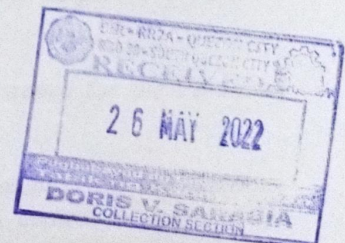
We have examined the financial statements of **SEDPI Social Enterprise Ventures, Inc.** for the year ended December 31, 2021, on which we have rendered the attached report dated April 18, 2022.

In compliance with SRC Rule 68, we are stating that the said company has a total number of **TWO (2)** stockholders owning one hundred (100) or more shares each.

VILLAREAL LIMA AND COMPANY, CPAs


Ma. Cristina V. Mendoza
Partner
CPA Certificate No. 74327
PTR No. 2601690, issued on January 31, 2022
Quezon City, Philippines
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valid until July 16, 2024

Quezon City
April 18, 2022





INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders
SEDPI Social Enterprise Ventures, Inc. (SSEVI)
Unit 303 Loyola Heights Condominium
23 Dela Rosa St., Loyola Heights
Quezon City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **SEDPI Social Enterprise Ventures, Inc.** which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

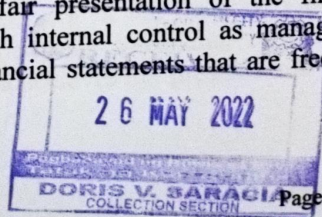
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the **SEDPI Social Enterprise Ventures, Inc.** as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the PFRSs, 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

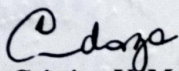
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on the Supplementary Information Required Under Revenue Regulation No. 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulation No. 15-2010 and disclosed in Note 19 is not a required part of the basic financial statements. The information is also not required by Securities Regulation Code Rule 68, as Amended (2011). Such information is the responsibility of the management of **SEDPI Social Enterprise Ventures, Inc.** The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

VILLAREAL LIMA AND COMPANY, CPAs



Ma. Cristina V. Mendoza

Partner

CPA Certificate No. 74327

PTR No. 2601690, issued on January 31, 2022

Quezon City, Philippines

Tax Identification No. 127-388-069

BIR Accreditation No. 07-000019-003-2022

valid until February 18, 2025

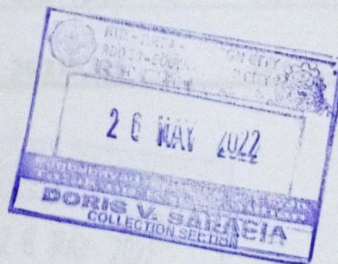
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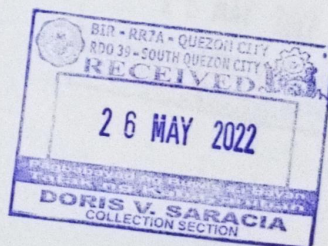
Quezon City
April 18, 2022



SEDPI SOCIAL ENTERPRISE VENTURES, INC.**STATEMENTS OF FINANCIAL POSITION**

	As of December 31			
	2021		2020	
	ASSETS			
Current Assets				
Cash, <i>Note 5</i>	₱	51,987	₱	51,939
Accounts Receivable, <i>Note 6</i>		3,761,516		3,894,625
Other Current Assets, <i>Note 7</i>		18,605		15,198
Total Current Assets	₱	3,832,108	₱	3,961,762
Non-Current Assets				
Properties and Equipment, net, <i>Note 8</i>	₱	1,112,918	₱	1,205,661
Investment in Stocks, <i>Note 9</i>		21,274,359		19,451,913
Total Non-Current Assets		22,387,277		20,657,574
TOTAL ASSETS	₱	26,219,385	₱	24,619,336
	LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities				
Current Liabilities				
Accounts Payable, <i>Note 10</i>	₱	4,335,212	₱	2,768,143
Income Tax Payable, <i>Note 18</i>		6,864		1,386
TOTAL LIABILITIES	₱	4,342,076	₱	2,769,529
Stockholders' Equity				
Capital Stock, ₱100 par value, <i>Note 11</i>	₱	62,500	₱	62,500
Authorized-10,000 shares, Issued-2,500 shares				
Deposits for Future Stock Subscription, <i>Note 12</i>		21,501,912		21,501,912
Retained Earnings, <i>Note 13</i>		312,897		285,395
TOTAL STOCKHOLDERS' EQUITY	₱	21,877,309	₱	21,849,807
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	₱	26,219,385	₱	24,619,336

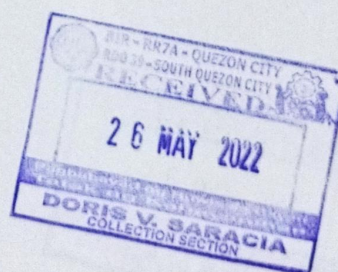
(See accompanying Notes to Financial Statements)



SEDPI SOCIAL ENTERPRISE VENTURES, INC.
STATEMENTS OF INCOME

	Years ended December 31	
	2021	2020
REVENUE, Note 14	₱ 580,357	₱ 535,714
COST OF SERVICES, Note 15	489,753	443,307
GROSS PROFIT	₱ 90,604	₱ 92,407
OTHER TAXABLE INCOME, Note 16	-	8,929
TOTAL TAXABLE INCOME	90,604	101,336
OPERATING EXPENSES, Note 17	56,287	97,017
INCOME FROM OPERATIONS	₱ 34,317	₱ 4,319
OTHER INCOME		
Interest income	48	96
INCOME BEFORE TAX	34,365	4,415
PROVISION FOR INCOME TAX, Note 18	6,863	1,386
NET INCOME	₱ 27,502	₱ 3,029

(See accompanying Notes to Financial Statements)



SEDPI SOCIAL ENTERPRISE VENTURES, INC.**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY***(in Philippine Peso)*

	Capital Stock	Deposits for Future Stock Subscription	Retained Earnings	TOTAL EQUITY
Balances at December 31, 2019	62,500	3,000,000	289,912	3,352,412
Net Income for the year	-	-	3,029	3,029
Deposits for Future Stock Subscription	-	18,501,912	-	18,501,912
Prior Period Adjustment	-	-	(7,546)	(7,546)
Balances at December 31, 2020	62,500	21,501,912	285,395	21,849,807
Net Income for the year	-	-	27,502	27,502
Balances at December 31, 2021	62,500	21,501,912	312,897	21,877,309

*(See accompanying Notes to Financial Statements)***CASH FLOWS FROM INVESTING ACTIVITIES**

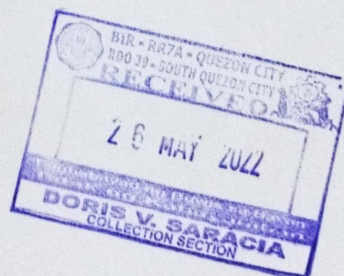
Increase in Investment in Stocks, Net of

Net cash used in Investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Increase in Deposits for Stock Subscription

Net cash generated from Financing activities

INCREASE/DECREASE IN CASH**CASH AT BEGINNING OF THE YEAR****CASH AT END OF THE YEAR***(See accompanying Notes to Financial Statements)*

SEDPI SOCIAL ENTERPRISE VENTURES, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income Before Tax	₱ 34,365	₱ 4,415
Adjustments for:		
Depreciation, <i>Note 8</i>	92,743	92,743
Income Tax Paid, <i>Note 18</i>	(1,386)	(11,720)
Prior Period Adjustment	-	(7,546)
(Increase)/Decrease in:		
Accounts Receivable, <i>Note 6</i>	133,110	187,679
Other Current Assets, <i>Note 7</i>	(3,407)	(1,607)
Accounts Payable, <i>Note 10</i>	1,567,069	(275,588)
Net cash generated from/(used in) operating activities	1,822,494	(11,624)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase Investment in Stocks, <i>Note 9</i>	(1,822,446)	(18,501,912)
Net cash used in investing activities	(1,822,446)	(18,501,912)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in Deposits for Stock Subscription	-	18,501,912
Net cash generated from financing activities	-	18,501,912
INCREASE/(DECREASE) IN CASH	48	(11,624)
CASH AT BEGINNING OF THE YEAR	51,939	63,563
CASH AT END OF THE YEAR	₱ 51,987	₱ 51,939

(See accompanying Notes to Financial Statements)

SEDPI SOCIAL ENTERPRISE VENTURES, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

1. The Company

The **SEDPI Social Enterprise Ventures, Inc.** is a domestic stock corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines. It was registered with the Securities and Exchange Commission on April 2, 2012 under SEC Registration No. CS201206594, and its principal office address is at Unit 303 Loyola Heights Condominium, 23 Dela Rosa St., Loyola Heights, Quezon City.

Its primary purpose is to provide capacity building services such as trainings, research, technical assistance and financial support to start up and growing social enterprises.

The Company started commercial operations in June 2012.

The financial statements were approved and authorized for issuance on April 18, 2022.

2. Summary of Significant Accounting and Financial Reporting Policies

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

The financial statements are presented in Philippine peso, which is the Company's functional currency. All amounts are rounded to the nearest Philippine Peso, except when otherwise indicated. They have been prepared under the historical cost basis.

2.2 Statement of Compliance

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

2.3 Accounting Policies

The specific accounting policies followed by the Company are disclosed in the following section.

Cash and Cash Equivalents

Cash includes cash on hand and with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of up to three months or less from dates of acquisitions and that are subject to an insignificant risk of change in value.

Trade Receivables

Trade receivables represent accounts receivables and are measured at invoice price and subsequently measured at face value as reduced by any appropriate allowances for doubtful accounts. The allowance for doubtful accounts are the estimated amount of probable losses arising from non-collection of receivables based on past collection experience and Management's review of the current status of the long-outstanding receivables.

Other Receivables

Other receivables are stated at their face values. These are receivables other than those which arise from the ordinary course of business of the Company. Other receivables consist of advances to employees and advances to suppliers.

Property and Equipment

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

The initial cost of property and equipment consists of its purchase price and any directly attributable costs of bringing the assets to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period the costs are incurred. In situations, where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

When property and equipment are sold or retired, their cost, accumulated depreciation and any impairment in value are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of income and expenses.

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

The useful lives of the properties are as follows:

	<u>Estimated Useful Life in Years</u>
Software	15
Furniture and fixtures	8
Office equipment	3

Asset Impairment

At each reporting date, property and equipment are reviewed to determine whether there is any indication that assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in

excess of the amount that would have been determined had no impairment loss been recognized for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Value-added Tax (VAT)

VAT is equal to 12% of the purchase or selling price of the vatiable goods and services. VAT imposed on purchases is called input VAT while VAT imposed on sales/services is called output VAT. Input VAT and output VAT are presented at net in the statement of financial position. Revenue, expenses, assets and liabilities are recognized net of the amount of VAT, except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable. Input VAT is generally recoverable through application to output VAT.

Trade and Other Payables

Trade payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier. Trade payables are non-interest bearing and are stated at their nominal values.

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

Trade accounts payable and accrued expenses are recognized in the period which the related money, goods or services are received or when a legally enforceable claim against the Company is established or when the corresponding assets or expenses are recognized. Trade and other payables are measured initially at their nominal values and subsequently recognized at amortized costs less settlement payments.

Other Current Liabilities

Other current liabilities represent obligations arising from mandatory requirements of government and other agencies and not just from a mere contractual agreement between related parties.

Loans Payable

Loans payable are long term borrowings availed from bank measured at their fair values and subsequently recognized at amortized costs less settlement payments, if any.

Total Equity

Total equity comprises of contributed capital and cumulative fund.

Share Capital

Share capital is determined using the nominal value of shares that have been issued and fully paid. The costs of acquiring Company's own shares, if any, are shown as a deduction from equity attributable to the company's equity holders until the shares are cancelled or reissued. When such shares are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects, and are included in equity attributable to the company's equity holders.

Share Premium

Share premium, if any includes any premiums received on the initial issuing of capital stock. Any transaction costs associated with the issuing of shares are deducted from additional paid-in capital, net of any related income tax benefits.

The Company has no share premium as of December 31, 2021.

Cumulative Earnings

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

Revenue Recognition

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

Interest Income

Interest income is recognized as the interest accrues.

Cost and Expense Recognition

Cost of sales

Cost of sales/service is recognized when goods are delivered to and accepted by the customers.

General and Administrative Expenses

General and administrative expenses comprise costs of administering the business and are recognized in the statement of income upon utilization of the service or in the dates they 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.

Long-term Benefits

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

Income Taxes

Current income tax

Current income tax assets and liabilities for the current and the prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the financial reporting date.

Deferred income tax

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

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

Deferred income 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, based on tax rates and tax laws that have been enacted or substantively enacted at the financial reporting date. Movements in the deferred income tax assets and liabilities arising from changes in the tax rates are charged or credited to the income for the period.

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

Provisions

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

Contingencies

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

Events after the End of the Reporting Period

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

3. Management's Significant Accounting Judgments and Estimates

3.1 Judgments

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs). The Company qualifies as Small and Medium-sized Entity. The preparation of the financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the Company's financial statements are based upon

Management's evaluation of relevant facts and circumstances as of the date of the Company's financial statements. Actual results could differ from such estimates. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Determination of the Company's functional currency

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency has been determined to be the Philippine peso.

3.2 Estimates

Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimation of useful lives of property and equipment

Useful lives of property and equipment are estimated based on the period over which these 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. Any reduction in the estimated useful lives of property and equipment would increase the Company's recorded operating expenses and decrease non-current assets.

Depreciation is computed using the straight-line method over the estimated useful lives of the properties which are reviewed from time to time to ensure that these are consistent with the expected economic benefits of the property and equipment.

The useful lives of the properties are as follows:

	<u>Estimated Useful Life in Years</u>
Software	15
Furniture and fixtures	8
Office equipment	3

Impairment of Non-financial Assets

The Company assesses the value of property and equipment which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets and require the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that property, plant and equipment and other long-lived assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Company believes that its assumptions are appropriate and

reasonable, significant changes in these assumptions may materially affect the Company's assessment of recoverable values and may lead to future additional impairment charges.

Allowance for Doubtful Accounts

The company assesses whether objective evidence of impairment exists for receivables and due from related parties that are individually significant and collectively for receivables that are not individually significant. Allowance for doubtful accounts is maintained at a level considered adequate to provide for potentially uncollectible receivables.

Revenue Recognition

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

4. Financial Risk Management Objectives and Policies

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

Governance Framework

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

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

Capital Management Framework

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

Regulatory Framework

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

Financial Risk

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

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. Receivable balances are being monitored on a periodic basis to ensure timely execution of necessary intervention efforts.

Liquidity Risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of generated funds. Liquidity risk is the risk when the Company will be unable to meet its payment obligations when they fall due. The Company manages this risk through periodic monitoring of cash flows in consideration of future payment due dates and daily collection amounts. The Company also ensures that there are sufficient, available and approved working capital lines that it can draw from anytime.

5. Cash

This account consists of:

		2021		2020
Cash in Bank	₱	51,987	₱	51,939

This pertains to cash in bank maintained at BDO Branch at EDSA-East Avenue which earns interest at the respective bank deposit rates.

The Company reconciles the books and bank balances regularly as part of its cash monitoring and internal control measures.

6. Accounts Receivable

This account consists of:

		2021		2020
Accounts Receivable-SEDPI	₱	50,000	₱	2,644,625
Accounts Receivable-SDFI		1,200,000		1,200,000
Accounts Receivable		2,511,516		50,000
Total	₱	3,761,516	₱	3,894,625

7. Other Current Assets

This account consists of:

		2021		2020
Input Tax	P	18,605	P	15,198

8. Properties and Equipment

This refers to Bijli Software purchased from Force Ten Technologies PVT, LTD in India.

December 31, 2021

		Software
Cost		
Balances at beginning of year	P	1,391,147
Addition		-
Balances at end of year		1,391,147

Accumulated Depreciation

Balances at beginning of year	P	185,486
Depreciation		92,743
Balances at end of year		278,229

Net Carrying Values	P	1,112,918
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December 31, 2020

		Software
Cost		
Balances at beginning of year	P	1,391,147
Addition		-
Balances at end of year		1,391,147

Accumulated Depreciation

Balances at beginning of year	P	92,743
Depreciation		92,743
Balances at end of year		185,486

Net Carrying Values	P	1,205,661
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9. Investment in Stocks

This account consists of:

		2021		2020
SEDPI Development Finance, Inc. (SDFI)	₱	21,074,359	₱	19,251,913
Organic Option Inc.		175,000		175,000
Ideas for Good Consultancy Group, Inc.		20,000		20,000
Route +63 Sustainable Travels		5,000		5,000
Total	₱	21,274,359	₱	19,451,913

10. Accounts Payable

This account consists of:

		2021		2020
Due to SDFI	₱	4,166,495	₱	2,589,490
Deferred VAT		77,678		91,071
Due to SFI		74,189		74,189
Accrued Expense		16,800		13,393
Due to SEDPI		50		-
Total	₱	4,335,212	₱	2,768,143

11. Capital Stock

This account consists of:

		2021		2020
Authorized Capital Stock	₱	1,000,000	₱	1,000,000
Subscribed Capital Stock		250,000		250,000
Paid up Capital		62,500		62,500
Par Value		100		100
Paid Up Capital	₱	62,500	₱	62,500

12. Deposits for Stock Subscription

This refers to cash deposit made by SEDPI Development Finance, Inc., an SSEVI affiliate, on October 4, 2018 amounting to P 3,000,000.00 and additional deposit of ₱18,501,912 made in the year 2021 by various investors to be applied for the increase in authorized capital stock in the succeeding year.

13. Retained Earnings

This account consists of:

		2021		2020
Beginning balance	₱	285,395	₱	289,912
Add: Net income for the period		27,502		3,029
Prior Period Adjustment		-		(7,546)
Balance at the end of year	₱	312,897	₱	285,395

It pertains to the accumulated excess of income over expenses which is being used as working fund.

14. Revenues

This account consists of revenue received from sale of services in connection with Biji Software.

15. Cost of Services

This account consists of:

		2021		2020
Rent	₱	397,010	₱	350,564
Depreciation		92,743		92,743
Total	₱	489,753	₱	443,307

16. Other Taxable Income

This refers to the professional service fee as management-based consultant to SEDPI.

17. Operating Expenses

This account consists of:

		2021		2020
Taxes and Licenses	₱	33,995	₱	32,097
Professional Fee		20,000		13,393
Bank Service Charge		2,292		1,527
Donation		-		50,000
Total	₱	56,287	₱	97,017

Operating expenses are recognized in the statement of income upon utilization of the service or on the date they are incurred.

18. Income Taxes

Through the passing of Republic Act (RA) No. 11534 or also known as the "Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE), the Regular Corporate Income Tax for the calendar year ending December 31, 2021 of domestic corporations with Net Taxable Income of less than 5 Million and total Assets of less than 100 Million, exclusive of land, shall be 20% while the Minimum Corporate Income Tax (applicable from July 1, 2020 to June 30, 2023) shall be 1%.

The reconciliation of the income tax expense computed at statutory tax rate and the income tax liability for the current period is as follows:

COMPUTATION OF TAXABLE INCOME:

	2021	2020
Gross Income	90,604	92,407
MCIT Rate	1.00%	1.50%
MCIT	906	1,386
Other Taxable Income	-	8,929
Ordinary Allowable Itemized Deductions	(56,287)	(97,017)
INCOME FROM OPERATIONS	34,317	4,319
Add: Penalties	-	-
TAXABLE INCOME	34,317	4,319
RCIT	6,863	1,080
PROVISION FOR INCOME TAX	6,863	1,386

Reconciliation of Net Income Per Books Against Taxable Income

	2021	2020
Net Income per books	34,365	4,415
Add: Non-deductible Expenses/Taxable Other Income		
Penalties and Charges	-	-
Less: Non-taxable income subjected to Final Tax		
Interest Income	(48)	(96)
Net Taxable Income	34,317	4,319

19. Information required by Bureau of Internal Revenue's Revenue Regulation (RR) 15-2010.

In compliance with the requirements set forth by Revenue Regulation No. 15-2010 hereunder are the information on taxes, duties, and licenses paid or accrued during the calendar year ending December 31, 2021.

A. Taxes and Licenses

	2021	2020
BIR Registration	500	500
Business Permit and other fees	33,495	31,597
Total	33,995	32,097

B. Landed Cost, Customs' Duties and Tariff Fees

The Company did not have any importation in 2021 that would require for the payment of customs duties and tariff fees.

C. Excise Tax

The Company did not have any transaction in 2021 which is subject to excise tax.

D. Documentary Stamp Tax

The Company did not have any transaction in 2021 which are subject to documentary stamp tax.

E. Tax Assessment

The Company has no final deficiency tax assessments, whether protested or not.

F. Tax Cases

As of December 31, 2021, the company has no pending tax court cases nor has it received any tax assessment notices from the BIR.

20. Related Party Transactions

Related party relationship exists when the party has the ability to control, directly or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

Presented below is the summary of the related party transactions for the year 2021, to wit:

19.1 Investment made to the following sister company:

<i>SEDPI Development Finance, Inc.</i>	P	21,074,359
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19.2 Advances received from the following sister companies:

<i>SDFI</i>	P	4,166,495
<i>SFI</i>		74,189
<i>Total</i>	P	<u>4,240,684</u>

19.3 Advances given to the following sister companies:

<i>SEDPI</i>	P	2,511,516
<i>SDFI</i>		1,200,000
<i>Total</i>	P	<u>3,711,516</u>

21. Comparative Information

Certain comparative figures have been reclassified to conform to the current year's presentation.