



BIR Form No.

1701

January 2018 (ENCS)

Page 1

Annual Income Tax Return

Individuals (including MIXED Income Earner), Estates and Trusts

Enter all required information in CAPITAL LETTERS using BLACK ink. Mark all applicable boxes with an "X". Two copies MUST be filed with the BIR and one held by the Tax Filer.



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1 Month ☒ 12 For the Year (YYYY) ☒ 2024 2 Amended Return? ☐ Yes ☒ No 3 Short Period Return? ☐ Yes ☒ No

PART I - BACKGROUND INFORMATION OF TAXPAYER/FILER

| | | | |
|--|---|--|--|
| 4 Taxpayer Identification Number (TIN) | 602 - 769 - 768 - 000 | 5 RDO Code | 112 |
| 6 Taxpayer Type | <input checked="" type="checkbox"/> Single Proprietor <input type="checkbox"/> Professional <input type="checkbox"/> Estate <input type="checkbox"/> Trust <input type="checkbox"/> Compensation Earner | | |
| 7 Alphanumeric Tax Code (ATC) | <input checked="" type="radio"/> II012 Business Income-Graduated IT Rates <input type="radio"/> II014 Income from Profession-Graduated IT Rates <input type="radio"/> II013 Mixed Income-Graduated IT Rates <input type="radio"/> II011 Compensation Income <input type="radio"/> II015 Business Income-8% IT Rate <input type="radio"/> II017 Income from Profession-8% IT Rate <input type="radio"/> II016 Mixed Income-8% IT Rate | | |
| 8 Taxpayer's Name (Last Name, First Name, Middle Name)/ESTATE OF (First Name, Middle Name, Last Name)/TRUST FAO: (First Name, Middle Name, Last Name) | VILLAROSA, RAMEL NAVEA | | |
| 9 Registered Address (Indicate complete address. If the registered address is different from the current address, got to the RDO to update registered address by using BIR Form No. 1905) | PUROK 2 PASIAN (SANTA FILOMENA) MONKAYO DAVAO DE ORO | | |
| | 9A | ZIP Code | 8805 |
| 10 Date of Birth (MM/DD/YYYY) | 11 Email Address | | |
| 01/01/1990 | jesrelacademia@yahoo.com | | |
| 12 Citizenship | 13 Claiming Foreign Tax Credits? | 14 Foreign Tax Number, if applicable | |
| FILIPINO | <input type="radio"/> Yes <input checked="" type="radio"/> No | | |
| 15 Contact Number (Landline/Cellphone No.) | 16 Civil Status (if applicable) | | |
| 09108978153 | <input type="radio"/> Single <input checked="" type="radio"/> Married <input type="radio"/> Legally Separated <input type="radio"/> Widow/er | | |
| 17 If married, spouse has income? | <input type="radio"/> Yes <input checked="" type="radio"/> No | 18 Filing Status | <input type="radio"/> Joint Filing <input type="radio"/> Separate Filing |
| 19 Income EXEMPT from Income Tax? | <input type="radio"/> Yes <input checked="" type="radio"/> No | 20 Income subject to SPECIAL/PREFERENTIAL RATE? <input type="radio"/> Yes <input checked="" type="radio"/> No | |
| [If yes, fill out also consolidation of ALL activities per Tax Regime (Part X)] | | [If yes, fill out also consolidation of ALL activities per Tax Regime (Part X)] | |
| 21 Tax Rate* (choose one) | | 21A Method of Deduction (choose one) | |
| <input checked="" type="radio"/> Graduated Rates (Choose Method of Deduction in Item 21A) | | <input checked="" type="radio"/> Itemized Deduction <input type="radio"/> Optional Standard Deduction (OSD) [Sec. 34(A-J), NIRC] [40% of Gross Sales/Receipts/Revenues/Fees [Sec. 34(L), NIRC]] | |
| <input type="radio"/> 8% in lieu of Graduated Rates under Sec. 24(A) & Percentage Tax under Sec. 116 of NIRC [available if gross sales/receipts and other non-operating income do not exceed Three million pesos (P3M)] | | | |

PART II - TOTAL TAX PAYABLE (Do NOT Enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

| Particular | A. Taxpayer/Filer | B. Spouse |
|---|-------------------|--------------------------|
| 22 Tax Due (From Part VI Item 5) | 0.00 | 0.00 |
| 23 Less: Total Tax Credits/Payments (From Part VII Item 10) | 0.00 | 0.00 |
| 24 Tax Payable/(Overpayment) (Item 22 Less Item 23) | 0.00 | 0.00 |
| 25 Less: Portion of Tax Payable Allowed for 2nd Installment to be paid on or before October 15 (50% or less of Item 22) | 0.00 | 0.00 |
| 26 Amount of Tax payable/(Overpayment) (Item 24 Less Item 25) | 0.00 | 0.00 |
| Add: Penalties 27 Interest | 0.00 | 0.00 |
| 28 Surcharge | 0.00 | 0.00 |
| 29 Compromise | 0.00 | 0.00 |
| 30 Total Penalties (Sum of Items 27 to 29) | 0.00 | 0.00 |
| 31 Total Amount Payable/(Overpayment) (Sum of Items 26 and 30) | 0.00 | 0.00 |
| 32 Aggregate Amount Payable/(Overpayment) (Sum of Items 26 and 30) | | Voluntary Payment 100.00 |

If overpayment, mark one (1) box only. (Once the choice is made, the same is irrevocable)

☐ To be refunded ☐ To be issued a Tax Credit Certificate (TCC) ☐ To be carried over as a tax credit for next year/quarter

I declare under the penalties of perjury that this return, and all its attachments, have been made in good faith, verified by me, and to the best of my knowledge and belief, are true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. Further, I give my consent to the processing of my information as contemplated under the Data Privacy Act of 2012 (R.A. No. 10173) for legitimate and lawful purposes. (If signed by an Authorized Representative, indicate TIN and attach authorization letter)

Printed Name and Signature of Taxpayer/Authorized Representative

33 Number of Attachments 00

PART III - DETAILS OF PAYMENT

| Particulars | Drawee Bank/Agency | Number | Date (MM/DD/YYYY) | Amount |
|---------------------------|--------------------|--------|-------------------|--------|
| 34 Cash/Bank Debit Memo | | | | |
| 35 Check | | | | |
| 36 Tax Debit Memo | | | | |
| 37 Others (specify below) | | | | |

Machine Validation/Revenue Official Receipt Details (If not filed with an Authorized Agent Bank)

Stamp of Receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)

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Individuals (including MIXED Income Earner), Estates and Trusts

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TIN

602 769 768 000

Taxpayer/Filer's Last Name

MILLAROSA

3.B - For 8% Flat Income Tax Rate

(DO NOT enter Centavos; 49 Centavos or less drop down; 50 or more round up)

| Particulars | A. Taxpayer/Filer | B. Spouse |
|--|-------------------|-----------|
| 26 Sales/Revenues/Receipts/Fees (net of sales returns, allowances and discounts) | 0.00 | 0.00 |
| Add: Other Non-Operating Income (specify below) | | |
| 27 | 0.00 | 0.00 |
| 28 Total Income (Sum of Items 26 and 27) | 0.00 | 0.00 |
| Less: Allowable reduction from gross sales/receipts and other non-operating income of purely self-employed individuals and/or professionals in the amount of P250,000 (not applicable if with compensation income) | 0.00 | 0.00 |
| 29 | 0.00 | 0.00 |
| 30 Taxable Income/(Loss) (Item 28 Less Item 29) | 0.00 | 0.00 |
| 31 Tax Due-Business Income (Item 30 x 8% Flat Income Tax Rate) | 0.00 | 0.00 |
| 32 Total Tax Due-Compensation & Business Income (under flat rate)(Sum of Items 7 and 31) (To Part VI Item 1) | 0.00 | 0.00 |

Schedule 4 - Ordinary Allowable Itemized Deductions (attach additional sheet/s, if necessary)

| | | | |
|----|--|----------|------|
| 1 | Amortizations | 0.00 | 0.00 |
| 2 | Bad Debts | 0.00 | 0.00 |
| 3 | Charitable and Other Contributions | 0.00 | 0.00 |
| 4 | Depletion | 0.00 | 0.00 |
| 5 | Depreciation | 0.00 | 0.00 |
| 6 | Entertainment, Amusement and Recreation | 0.00 | 0.00 |
| 7 | Fringe Benefits | 0.00 | 0.00 |
| 8 | Interest | 0.00 | 0.00 |
| 9 | Losses | 0.00 | 0.00 |
| 10 | Pension Trusts | 0.00 | 0.00 |
| 11 | Rental | 0.00 | 0.00 |
| 12 | Research and Development | 0.00 | 0.00 |
| 13 | Salaries, Wages and Allowances | 0.00 | 0.00 |
| 14 | SSS, GSIS, Philhealth, HDMF and Other Contributions | 0.00 | 0.00 |
| 15 | Taxes and Licenses | 1,110.00 | 0.00 |
| 16 | Transportation and Travel | 0.00 | 0.00 |
| 17 | Others (Deductions Subject to Withholding Tax and Other Expenses) (specify below; Add additional sheet(s), if necessary) | | |
| a | Janitorial and Messengerial Services | 0.00 | 0.00 |
| b | Professional Fees | 0.00 | 0.00 |
| c | Security Services | 0.00 | 0.00 |
| d | | 0.00 | 0.00 |
| 18 | Total Ordinary Allowable itemized Deductions (Sum of Items 1 to 17d) (To part V Schedule 3.A Item 13) | 1,110.00 | 0.00 |

Schedule 5 - Special Allowable Itemized Deductions (attach additional sheet/s, if necessary)

| 5.A - Taxpayer/Filer | Description | Legal Basis | Amount |
|----------------------|---|-------------|--------|
| 1 | | | 0.00 |
| 2 | | | 0.00 |
| 3 | Total Special Allowable Itemized Deductions-Taxpayer/Filer (Sum of Items 1 and 2) (To part V Schedule 3.A Item 14A) | | 0.00 |
| 5.B - Spouse | | | |
| 4 | | | 0.00 |
| 5 | | | 0.00 |
| 6 | Total Special Allowable Itemized Deductions-Spouse (Sum of Items 4 and 5) (To part V Schedule 3.A Item 14B) | | 0.00 |

Schedule 6 - Computation of Net Operating Loss carry Over (NOLCO)

| 6.A - Computation of NOLCO | | | | | |
|--|-------------------|-------------------------------------|------------------|----------------------------------|---|
| Description | A. Taxpayer/Filer | B. Spouse | | | |
| 1 Gross Income | 0.00 | 0.00 | | | |
| 2 Less: Ordinary Allowable Itemized Deductions | 0.00 | 0.00 | | | |
| 3 Net Operating Loss (Item 1 Less Item 2) (To Schedule 6.A.1 Item 7A and/or Schedule 6.A.2 Item 12A) | 0.00 | 0.00 | | | |
| 6.A.1 - Taxpayer/Filer's Detailed Computation of Available NOLCO | | | | | |
| Net Operating Loss Year Incurred | A. Amount | B. NOLCO Applied Previous Year/s | C. NOLCO Expired | D. NOLCO Applied Current Year | E. Net Operating Loss (Unapplied) [(E)=A-(B+C+D)] |
| 4 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 5 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 6 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 7 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 8 Total NOLCO - taxpayer/Filer (Sum of Items 4D to 7D) (To Part V Schedule 3.A Item 15A) | | | | 0.00 | |

Tax Return Receipt Confirmation

From: ebirforms-noreply@bir.gov.ph

To: jesrelacademia@yahoo.com

Date: Monday, March 24, 2025 at 01:35 PM GMT+8

This confirms receipt of your submission with the following details subject to validation by BIR:

File name: 602769768000-1701v2018-122024.xml

Date received by BIR: 24 March 2025

Time received by BIR: 01:20 PM

Penalties may be imposed for any violation of the provisions of the NIRC and issuances thereof.

FOR RETURNS WITH TAX PAYABLE:

Please pay through any of the following ePayment Channels:

Land Bank of the Philippines Link.BizPortal

- LBP ATM Cards
- Bancnet ATM/Debit Cards
- PCHC PayGate or PESONeT (RCBC, Robinsons Bank, UnionBank, PSBank, BPI, Asia United Bank)

DBP PayTax Online

- Credit Cards (MasterCard/Visa)
- Bancnet ATM/Debit Cards

Unionbank of the Philippines

- Unionbank Online (for Unionbank Individual and Corporate Account Holders)
- UPAY via InstaPay (For Individual Non-Unionbank Account Holders)

Taxpayer Agent/ Tax Software Provider-TSP

- (Gcash/PayMaya/MyEG)

This is a system-generated email. Please do not reply.

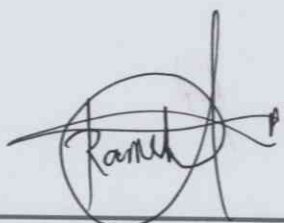
Bureau of Internal Revenue

“STATEMENT OF MANAGEMENT’S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURNS”

RAMEL N. VILLAROSA is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2024. The Taxpayer is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return or Annual Information Return covering the same reporting period. Furthermore, the Taxpayer is responsible for all information and representations contained in all 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 taxpayer affirms that the attached audited financial statements for the year ended December 31, 2024 and the accompanying Annual Income Tax Return are in accordance with the books and records of **RAMEL N. VILLAROSA**, completed and correct in all material respects. The Taxpayer 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. **RAMEL N. VILLAROSA** 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.



(signature)

(print)

RAMEL N. VILLAROSA

(Name of the Individual Taxpayer/president/Managing Partner)



INDEPENDENT AUDITOR'S REPORT

RAMEL N. VILLAROSA

Purok 2 Pasian (Santa Filomena), Monkayo, Davao de Oro

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of **RAMEL N. VILLAROSA**, which comprise the statements of financial position as at December 31, 2024 & 2023, and the statements of comprehensive 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.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statement presented fairly, in all material respects the financial position of **RAMEL N. VILLAROSA** as of December 31, 2024 & 2023 and of its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standard for Small Entities.

Basis for Qualified Opinion

I conducted my audits 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 (Code of Ethics) together with the ethical requirements that are relevant to my audit of the financial statements in the Philippines, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

The Enterprise's accounting records for sales & purchases were not adequate for purpose of my audit and therefore there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that all sales & purchases have been properly recorded.

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 Philippine Financial Reporting Standard for Small Entities, 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

APR 14 2025

My objectives is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The 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.
- 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.

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



JESREL Z. ACADEMIA, CPA

TIN: 441-810-630

CPA Cert. 145058

BOA Cert. No. 7779 Valid until February 28, 2026

BIR No. 19-006980-001-2024 Valid Until March 15, 2027

CDA CEA No. 1291 Valid Until November 20, 2029

PTR No. 3732130 Issued on January 08, 2025 at

Tagum City Philippines,

MARCH 24, 2025

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STATEMENT OF FINANCIAL POSITION
As of December 31, 2024 & 2023

| | Notes | 2024 | 2023 |
|----------------------------------|-------|------------|------------|
| A S S E T S | | | |
| CURRENT ASSET: | | | |
| Cash on Hand and In Bank | | 130,060.00 | 131,170.00 |
| NON - CURRENT ASSET | | | |
| Property & Equipment | | | |
| Furniture and Equipment | | 50,000.00 | 50,000.00 |
| Less: Accumulated Depreciation | | 5,000.00 | 5,000.00 |
| Net Book Value | | 45,000.00 | 45,000.00 |
| Land | | 300,000.00 | 300,000.00 |
| Total Non-Current Assets | | 345,000.00 | 345,000.00 |
| TOTAL ASSET | | 475,060.00 | 476,170.00 |
| LIABILITY & OWNER'S EQUITY | | | |
| CURRENT LIABILITY: | | | |
| Accounts Payable | | - | - |
| OWNER'S EQUITY: | | | |
| Capital, Beg. | | 476,170.00 | 475,642.00 |
| Net Income | | (1,110.00) | 528.00 |
| Total | | 475,060.00 | 476,170.00 |
| Drawing | | - | - |
| Capital, End. | | 475,060.00 | 476,170.00 |
| TOTAL LIABILITY & OWNER'S EQUITY | | 475,060.00 | 476,170.00 |

APR 14 2025
VILLAROSA

RAMEL N. VILLAROSA

Purok 2 Pasian (Santa Filomena), Monkayo, Davao de Oro

STATEMENT OF FINANCIAL OPERATION

For the Years Ended December 31, 2024 & 2023

| | 2024 | 2023 |
|--------------------------------|----------------|----------|
| REVENUES: | | |
| Sales | No Transaction | 9,220.00 |
| Less: Cost of Sales | | |
| Beginning Inventory | - | - |
| Add: Purchases | - | 4,149.00 |
| Total Goods Available for Sale | - | 4,149.00 |
| Less: Inventory End. | - | - |
| Cost of Sales | - | 4,149.00 |
| Gross Profit | - | 5,071.00 |
| LESS: OPERATING EXPENSES | | |
| Communication, Light and Water | - | 2,128.00 |
| Travel and Transportation | - | 180.00 |
| Taxes & Licenses | 1,110.00 | 2,235.00 |
| Total Operating Expense | 1,110.00 | 4,543.00 |
| NET INCOME | (1,110.00) | 528.00 |

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RAMEL N. VILLAROSA

Purok 2 Pasian (Santa Filomena), Monkayo, Davao de Oro

STATEMENT OF CASH FLOWS

For the Years Ended December 31, 2024 & 2023

| | 2024 | 2023 |
|----------------------------------|------------|------------|
| CASH FLOWS FROM OPERATING | | |
| Net Income | (1,110.00) | 528.00 |
| Depreciation | - | - |
| Increase (Decrease) in: | | |
| Accounts Payable | - | - |
| Net Cash Provided by Operating | (1,110.00) | 528.00 |
| CASH FLOWS FROM INVESTING | | |
| Addition to Property | - | - |
| Net Cash provided by Investing | - | - |
| CASH FLOWS FROM FINANCING | | |
| Owner's Initial Capital | - | - |
| Owner's Drawing | - | - |
| Net Cash Provided by Financing | - | - |
| NET INCREASE IN CASH | (1,110.00) | 528.00 |
| BEGINNING OF THE YEAR | 131,170.00 | 130,642.00 |
| END OF YEAR | 130,060.00 | 131,170.00 |

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RAMEL N. VILLAROSA

Purok 2 Pasian (Santa Filomena), Monkayo, Davao de Oro

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2024 & 2023

NOTE 1. ORGANIZATION

RAMEL N. VILLAROSA is a proprietor of rnvs lumber trading with **TIN 602-769-768** and was registered with the Bureau of Internal Revenue with Registration No. _____. It is a business organized to engage in retail sale of lumber.

Its registered office address is at **Purok 2 Pasian (Santa Filomena), Monkayo, Davao de Oro**.

The Financial Statements for the years ended **December 31, 2024 & 2023** were authorized for issue by the Proprietor on **March 24, 2025**.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies and practices of the enterprise are set forth to facilitate the understanding of data presented in the financial statements.

2.1 Basis for Preparation

Statement of Compliance

The financial statements have been prepared in accordance with the Philippine Financial Reporting Standard for Small Entities.

The financial statements have been prepared on a historical cost basis. The measurements basis is more fully described in the accompanying accounting policies as shown below. It should be noted that accounting estimates and assumptions are used in preparing the Financial Statements.

Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The financial estimates are presented in Philippine pesos, the financial currency, and all values represent absolute amounts except when otherwise indicated.

2.2 Cash

Cash is carried in the balance sheet at cost. Cash includes cash on hand and in banks.

2.3 Accounts Receivable

They arise when the Enterprise's goods and services were rendered to the customers with no intention of trading the receivables. Any change in their value is recognized profit and loss.

Impairment loss is provided when there is objective evidence that the Enterprise will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated cash flows.

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2.4 Property and Equipment

Property and Equipment are carried at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties and taxes and any directly attributable costs of bringing the assets to their working condition and location for their intended use. Expenditures incurred after the property has been put into operation, such as repairs, maintenance and overhaul costs are normally charged income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have improved the condition of the property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment subsequently depreciated. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to current operations.

The enterprise computes depreciation based on the carrying values of the property and equipment using the straight-line method over the useful lives of the assets ranging from 5 -10 years.

The useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

2.5 Impairment of Non-Financial Assets

The carrying values of property and equipment and other assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and if the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of the asset is greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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 loss is charged to income.

2.6 Employees Benefit

➤ Retirement Benefit

As mandated by law RA 7641 all regular fulltime employees are provided with retirement benefits and termination benefits.

The Proprietor has not yet provided the retirement plan since the start of the operation. However they will provide the retirement benefits as mandated by law. The affectivity of the plan reckoned from the date of employment.

2.7 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the enterprise and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

- Sales of Goods

Revenue is recognized when delivery and acceptance of goods have taken place and transfer of risks and rewards has been completed.

- Cost and expenses are recognized in the income statement at the date they are incurred or upon utilization of services.

NOTE 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The enterprise makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgments 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. The estimates and assumption that have a significant risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating useful lives of property and equipment

The enterprise estimates the useful lives of its property and equipment based on the period over which its assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase recorded operating expenses and decrease non-current assets.

Estimating provision for impairment of accounts receivable

The enterprise calculates its provision for impairment of accounts receivable based on periodic examination and evaluation of existing risks affecting certain specific borrowers, prevailing economic conditions, collections and loss experience and other factors that affect the Enterprise's ability to collect payments.

The amounts and timing of recorded expenses for any period would differ in Management made different judgments or utilized different estimates. An increase in the provision for the impairment would increase the recorded operating expenses and decrease current assets.

NOTE 4. FINANCIAL RISK MANAGEMENT

4.1 Financial Risk Factors

The Enterprise's activities expose it to a variety of financial risks and those activities involve analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an investable consequence of being in business. The Enterprise's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on Enterprise's financial performance.

The Enterprise's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risk and adherence to limits by means of reliable and up-to-date information systems. The

Enterprise regularly reviews its risk management policies and systems to reflect changes in market, products and emerging best practice.

Credit Risk

The Enterprise takes an exposure to credit risk, which is the risk that a counter party will be unable to pay amounts in full when due. Impairment provisions are set-up for losses that have been incurred at the balance sheet date. Significant changes in economy, or in the health of the particular industry segment that represents a concentration in the Enterprise's portfolio, could result in losses that are different from those provided for at the balance sheet date. The Enterprise therefore carefully manages its exposure to credit risk.

The Enterprise structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to receivable accounts such risks are monitored on a revolving basis and subject to an annual or more frequent review. Limits on the level of credit risk are approved by the Proprietor.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of these funds when needed. The Proprietor sets limit on the minimum available cash resources to meet such needs and demands.

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