



Virginia Zita <virgie.z@idealmmc.com>

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Hi IDEAL MARKETING & MANUFACTURING CORPORATION,

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Transaction Code: **AFS-0-789LJ6K0NZW1VTZZQXM1Z43Z0PZXZRVQ**

Submission Date/Time: **Apr 29, 2023 10:07 AM**

Company TIN: **000-369-751**

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**COVER SHEET**  
for  
**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

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**COMPANY NAME**

I	D	E	A	L	M	A	R	K	E	T	I	N	G	A	N	D	M	A	N	U	F	A	C	T	U	R	
I	N	G			C	O	R	P	O	R	A	T	I	O	N												

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

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Form Type

F	S	2	2
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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

accounting\_214@yahoo.com

Company's Telephone Number

02-9293174

Mobile Number



No. of Stockholders

5

Annual Meeting (Month / Day)

Every 1st Monday of Dec

Fiscal Year (Month / Day)



**CONTACT PERSON INFORMATION**

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

LUNINGNING E. REGALA

Email Address

leregala@gmail.com

Telephone Number/s

02-9306273

Mobile Number



**CONTACT PERSON's ADDRESS**

214 Tandang Sora Avenue, Banlat, 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.

**IDEAL MARKETING AND  
MANUFACTURING CORPORATION**

**Financial Statements**

For the Year ended December 31, 2022 and 2021



214 Tandang Sora Avenue, Quezon City  
Tel. Nos. 9282232, 9293174, 4557351  
Fax No. 9242686

### **STATEMENT OF MANAGEMENT'S RESPONSIBILITY ON THE FINANCIAL STATEMENTS**

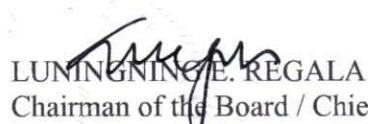
The management of IDEAL MARKETING AND MANUFACTURING CORP. a registered domestic corporation, is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from materials 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 to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

**Consolacion B. De Jesus**, the independent auditor, appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in her report to the stockholders, has expressed her opinion on the fairness of presentation upon completion of such audit.

  
LUNINGNING E. REGALA  
Chairman of the Board / Chief Exec. Officer

  
ROSAURO E. REGALA  
Chief Financial Officer

April 14, 2023



214 Tandang Sora Avenue, Quezon City  
Tel. Nos. 9282232. 9293174. 4557351  
Fax No. 9242686

April 14, 2023

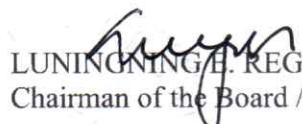
MS. CONSOLACION B. DE JESUS  
Unit 205B Zen Bldg., 8352 Mayapis Street  
Cor. Saint Paul Street, San Antonio, Makati City

Dear Ms. De Jesus:

Please be informed that the Board of Directors of IDEAL MARKETING AND MANUFACTURING CORPORATION has approved the audited financial statements as of and for the years ended December 31, 2022 and 2021.

Therefore, we authorize the issuance of the said financial statements on this date.

Very truly yours,

  
LUNINGNING E. REGALA  
Chairman of the Board / President

**SUPPLEMENTAL WRITTEN STATEMENT**

(Pursuant to section 3-d of SRC Rule 68 as amended)

To the Board of Directors and Stockholders of  
**IDEAL MARKETING AND MANUFACTURING CORP.**  
214 Tandang Sora Avenue  
Quezon City

I have audited the financial statements of **Ideal Marketing and Manufacturing Corporation** for the years ended December 31, 2022 and 2021, on which I have rendered the attached report dated April 14, 2023.

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

  
**CONSOLACION B. DE JESUS**  
CPA Certificate No. 33920  
TIN: 137-764-925-000  
PTR No. 9569069, January 05, 2023, City of Makati  
BOA Accreditation No. 2262, valid until September 04, 2023  
BIR Accreditation No. 08-007426-001-2022, Valid Until Jan 24, 2025

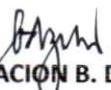
April 14, 2023

**Statement Required by Section 8-A  
Revenue Regulation no. V-I**

To the Board of Directors and Stockholders of  
**IDEAL MARKETING AND MANUFACTURING CORP.**  
214 Tandang Sora Avenue  
Quezon City

I have no financial interest in the Company or any family relationships with its president, manager, or principal stockholders.

The required information regarding taxes paid or accrued during the year and the disclosure requirements pursuant to Revenue Regulation No. 15-2010 and 19-2011 are shown in the supplementary schedules to the financial statements.

  
**CONSOLACION B. DE JESUS**  
CPA Certificate No. 33920  
TIN: 137-764-925-000  
PTR No. 9569069, January 05, 2023, City of Makati  
BOA Accreditation No. 2262, valid until September 04, 2023  
BIR Accreditation No. 08-007426-001-2022, Valid Until Jan 24, 2025

April 14, 2023

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Stockholders of  
**IDEAL MARKETING & MANUFACTURING CORP.**  
No. 214 Tandang Sora Ave., Quezon City  
Page 1 of 3

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

#### ***Opinion***

I have audited the accompanying financial statements of **IDEAL MARKETING & MANUFACTURING CORP.**, which comprise the statements of financial position as of December 31, 2022 and 2021, and the statements of income, statements of changes in equity, statements 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 the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small Medium-sized Entities (PFRS for SMEs).

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

#### ***Responsibilities of Management and Those Charged With Governance for the Financial Statements***

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

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

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Stockholders of  
**IDEAL MARKETING & MANUFACTURING CORP.**

No. 214 Tandang Sora Ave., Quezon City

Page 2 of 3

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 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, misinterpretations, 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.

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Stockholders of  
**IDEAL MARKETING & MANUFACTURING CORP.**  
No. 214 Tandang Sora Ave., Quezon City  
Page 3 of 3

- 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

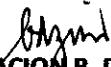
I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### **Report on Other Legal and Regulatory Requirements**

#### ***Reconciliation of Retained Earnings Available for Dividend Declaration required under Revised Securities Regulations Code Rule 68***

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Reconciliation of Retained Earnings Available for Dividend Declaration attached to the notes to the financial statements is presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as whole.

The supplementary information on taxes and licenses in the notes to 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.

  
**CONSOLACION B. DE JESUS**

CPA Certificate No. 33920

TIN: 137-764-925-000

PTR No. 9569069, January 05, 2023, City of Makati

BOA Accreditation No. 2262, valid until September 04, 2023

BIR Accreditation No. 08-007426-001-2022, Valid Until Jan 24, 2025

April 14, 2023

**IDEAL MARKETING & MANUFACTURING CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**  
*(Figures in Philippine Peso)*

		<b>As of December 31</b>	
		<b>2022</b>	<b>2021</b>
A	S	S	E
<b>Notes</b>			
<b>Current Assets</b>			
Cash		3,6	10,041,673
Receivables		3,7	6,965,863
Inventories		8	216,357,523
<b>Total Current Assets</b>			<b>233,365,059</b>
<b>Non-Current Assets</b>			
Property and Equipments		3,9	58,663,112
Other Assets		10	5,438,613
<b>Total Non-Current Assets</b>			<b>64,101,725</b>
<b>T O T A L</b>			<b>297,466,784</b>
<hr/>			
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Trade and Other Payables		3,11	178,874,377
<b>Total Current Liabilities</b>			<b>178,874,377</b>
<b>Non-Current Liabilities</b>			
<b>Total Non-Current Liabilities</b>			<b>-</b>
<b>Shareholders' Equity</b>			
Share Capital		13	46,000,000
Retained Earnings		13	72,592,407
<b>Total Shareholders' Equity</b>			<b>118,592,407</b>
<b>T O T A L</b>			<b>297,466,784</b>
<hr/>			

*See Notes to Financial Statements*

**IDEAL MARKETING & MANUFACTURING CORPORATION**  
**STATEMENTS OF CHANGES IN EQUITY**

*(Figures in Philippine Peso)*

		<b>For the Year ended December 31</b>	
	<b>Notes</b>	<b>2022</b>	<b>2021</b>
Shareholders' Equity, beginning			
Share Capital	13	46,000,000	46,000,000
Total		46,000,000	46,000,000
Retained Earnings			
Unappropriated:			
Beginning Balance		45,927,742	51,406,025
Prior Year's Adjustment	17	-	(2,099,882)
Net Income for the period		6,364,665	6,621,599
Net Unappropriated Retained Earnings		52,292,407	55,927,742
Less: Appropriation for Capital Expansion		(25,000,000)	(10,000,000)
Total Unappropriated Retained Earnings		27,292,407	45,927,742
Appropriated :			
Beginning Balance		20,300,000	10,300,000
Add: Appropriation for Capital Expansion		25,000,000	10,000,000
Total Appropriated Retained Earnings		45,300,000	20,300,000
Total Retained Earnings		72,592,407	66,227,742
SHAREHOLDERS' EQUITY, ENDING		118,592,407	112,227,742

*See Notes to Financial Statements*

**IDEAL MARKETING & MANUFACTURING CORPORATION**

**STATEMENTS OF CASH FLOWS**

(Figures in Philippine Peso)

	<b>For the Year ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Notes		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Income before Income Tax	6,364,665	6,621,599
Adjustment from non-cash Income & Expenses		
Depreciation	1,205,040	1,218,229
<b>Net Cash Income (Loss)</b>	<b>7,569,705</b>	<b>7,839,828</b>
<b>Prior Year Adjustment</b>		<b>(2,099,882)</b>
<b>Working Capital Effect:</b>		
Decrease (Increase) in:		
Trade and Other Receivables	3,7	2,119,596
Inventories	8	(35,137,170)
Other Current Assets		(3,124,476)
Increase (Decrease) in:		
Trade and Other Payables	3,11	27,376,642
		(8,765,408)
<b>CASH FLOW FROM INVESTING ACTIVITY</b>		
Acquisition of Property and Equipment	3,9	-
		<b>(47,537)</b>
		<b>(47,537)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(1,195,704)</b>	<b>1,837,324</b>
<b>CASH BALANCE AT BEGINNING OF YEAR</b>	<b>11,237,376</b>	<b>9,400,052</b>
<b>CASH BALANCE AT END OF YEAR</b>	<b>10,041,673</b>	<b>11,237,376</b>

See Notes to Financial Statements

**IDEAL MARKETING & MANUFACTURING CORPORATION**  
**STATEMENTS OF INCOME**  
*(Figures in Philippine Peso)*

		<b>For the Year ended December 31</b>	
	<b>Notes</b>	<b>2022</b>	<b>2021</b>
REVENUE	14	485,192,483	487,225,599
DIRECT COSTS	8, 15	439,318,810	440,879,641
<b>GROSS PROFIT</b>		<b>45,873,673</b>	<b>46,345,958</b>
GENERAL AND ADMINISTRATIVE EXPENSE	16	37,387,453	37,517,159
<b>NET INCOME BEFORE INCOME TAX</b>		<b>8,486,219</b>	<b>8,828,798</b>
Provision for Income Tax	18	2,121,555	2,207,200
<b>NET INCOME</b>		<b>6,364,665</b>	<b>6,621,599</b>

*See Notes to Financial Statements*

## **IDEAL MARKETING & MANUFACTURING CORPORATION**

### **NOTES TO FINANCIAL STATEMENTS**

**For the Year ended December 31, 2022 and 2021**

**(All Figures are in Philippine Peso)**

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#### **Note 1. CORPORATE INFORMATION**

Ideal Marketing & Manufacturing Corporation is a domestic corporation that was registered with Philippine Securities and Exchange Commission (PSEC) on November 12, 1970 under SEC Registration No. 42675. In view of the company's expiration of its 50 years of corporate life in November 12, 2020, SEC granted the company an approval of a perpetual life effective October 15, 2020.

The corporation was formed, primarily to engage in, importation, purchases, sales, production and manufacture of any kind of supplies, spare parts, equipments, apparatus and machines used particularly in but not limited to graphic arts industry and its allied industries such as printing, packaging, coating.

It can also engage to import, manufacture, produce, buy, sell repair or recondition of rubber products or rubber covered products. Moreover, it can engage in the installation, maintenance, repair and servicing of equipments, apparatus and machines used particularly in but not limited to graphic art industry and its allied industries.

It is a 100% Filipino-owned entity. The business address is at No. 214 Tandang Sora Avenue, Quezon City.

The accompanying financial statements were approved and authorized for issuance by the Board of Directors on April 14, 2023.

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#### **Note 2. STATEMENT OF COMPLIANCE WITH PHILIPPINE FINANCIAL REPORTING STANDARD (PFRS) FOR SMALL AND MEDIUM-SIZED ENTITIES (SMEs)**

##### **2.01 Basis of Compliance**

The financial statements have been prepared in compliance with the Philippine Financial Reporting Standard (PFRS) for Small and Medium-sized Entities (SMEs) issued by the Philippine Financial Standards Council. They are presented in Philippine Peso which is the Company's functional and presentation currency. All amounts are rounded to the nearest peso.

##### **2.02. Basis of Presentation**

The preparation of financial statements in conformity with the PFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the financial statements are disclosed in Note 4.

**IDEAL MARKETING & MANUFACTURING CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

For the Year ended December 31, 2022 and 2021

(All Figures are in Philippine Peso)

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**Note 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Cash**

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

**Trade Receivables**

Trade receivables are initially measured at transaction price and subsequently measured at the amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

**Inventories**

Inventories are stated at the lower of cost and net realizable value. Inventory cost is determined using the first-in, first-out (FIFO) method using a periodic inventory system. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Inventories pertain to raw materials and finished goods. Raw materials comprise the purchase price, other taxes, transport, handling and other costs directly attributable to the acquisition. Finished Goods are cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase. Inventories are valued at the lower of cost and net realizable value (which is the estimated selling price less costs to complete and sell).

The costs of conversion of inventories include costs directly related to the units of production, such as direct materials and direct labor. Conversion costs also include costs incurred in bringing the inventories to their present location and condition. It also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. Fixed production overheads are those indirect costs of production that remain relatively constant regardless of the volume of production, such as depreciation and maintenance of factory buildings and equipment, and the cost of factory management and administration. Variable production overheads are those indirect costs of production that vary directly, or nearly directly, with the volume of production, such as indirect materials and indirect labor.

**IDEAL MARKETING & MANUFACTURING CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

For the Year ended December 31, 2022 and 2021

(All Figures are in Philippine Peso)

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Allocation of fixed production overheads to the costs of conversion is on the basis of the normal capacity of the production facilities. Normal capacity is the production expected to be achieved on average over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance. The actual level of production may be used if it approximates normal capacity. The amount of fixed overhead allocated to each unit of production is not increased as a consequence of low production or idle plant. Unallocated overheads are recognized as an expense in the period in which they are incurred. In periods of abnormally high production, the amount of fixed overhead allocated to each unit of production is decreased so that inventories are not measured above cost. Variable production overheads are allocated to each unit of production on the basis of the actual use of the production facilities.

**Other Current Assets**

Other current assets include excess input tax that are measured at transaction price.

**Property and Equipment**

Property and equipment are measured initially at its cost and subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses.

The initial cost of property and equipment, comprises its purchase price and any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. These can include the costs of initial delivery and handling, installation and assembly, and testing of functionality.

For financial reporting purposes, depreciation is computed using the straight-line method over the estimated useful lives of the assets.

For income tax reporting purposes, depreciation is computed using the straight-line method.

A part of some items of property and equipment may require replacement at regular interval. The entity decides not to add to the carrying amount of an item of property and equipment the cost of replacing part of such an item when that cost is incurred if the replacement part is expected not to provide incremental future benefits to the entity.

A part of some items of property and equipment may require replacement at regular interval. The entity decides not to add to the carrying amount of an item of property and equipment the cost of replacing part of such an item when that cost is incurred if the replacement part is expected not to provide incremental future benefits to the entity.

Depreciation of assets is charged so as to allocate cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives ranges as follows:

**IDEAL MARKETING & MANUFACTURING CORPORATION****NOTES TO FINANCIAL STATEMENTS**

For the Year ended December 31, 2022 and 2021

(All Figures are in Philippine Peso)

	Useful Life
Building	10 Years
Machinery Equipment	10 Years
Transportation Equipment	10 Years
Office Equipment	5 Years
Furniture & Fixtures	5 Years
Tools & Instruments	10 Years
Land	-

The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The carrying amount of an item of property and equipment shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal. When assets are derecognized, their cost, accumulated depreciation and amortization and accumulated impairment losses are eliminated from the accounts. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized within 'other gains/(losses) - net' in the statement of comprehensive income.

An assessment is made at each reporting date as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of income unless the asset is carried at revalued amount, in which case the reversal is treated as revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**Trade Payables**

Trade payable are initially measured at transaction price and subsequently measured at the undiscounted amount of the cash and other consideration expected to be paid.

**IDEAL MARKETING & MANUFACTURING CORPORATION**

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**Income Tax Payable**

The tax currently payable for the year is Regular Corporate Income Tax (RCIT). Taxable profit differs from net profit as reported in the statements of income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes item that are never taxes or deductible. The reconciliation of the company's liabilities for the current tax is calculated at 5% tax rate.

**Other Current Liabilities**

Other current liabilities represent statutory government obligation of the Company. Includes VAT output tax payable, deferred VAT output and withholding tax payable to Bureau of Internal revenue (BIR); SSS premium payable to Social Security System (SSS) and HDMF loan payable, HDMF premium payable to Home Development Mutual fund (HDMF). This is recognized initially at the transaction price and is subsequently stated in the statement of financial position at transaction price less payments. These are measured at their nominal values.

**Value-Added Tax**

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

Where the value-added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value-added tax is measured as part of the costs of acquisition of the asset or as part of the expense item as applicable; and receivables and payables that are stated with the amount of value-added tax included.

The net amount of value-added tax recoverable from, or payable to, the taxation authority is included as part of other current assets or payables in the balance sheets.

**Share Capital**

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

Share capital includes ordinary shares. Ordinary shares are classified as equity.

Share capital is determined using the nominal value of shares that have been issued and fully paid. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Share premium 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.

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Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs or issuing the equity instruments. If payment is deferred and the time value is material, the initial measurement is on a present value basis.

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

**Retained Earnings**

Retained earnings are accumulated net earnings and net loss of all current and prior period results as disclosed in the statement of income.

Cumulative earnings include all current and prior period results as disclosed in the statement of comprehensive income or loss. The key change in this account is the addition of the profit or loss for the current period. The main other movements shall be the dividend payment and distribution, transfers to and from reserves, and changes in accounting policy and errors, if any.

**Revenue Recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of business. Revenue is shown net of sales value-added tax, returns, rebates and discounts.

The company recognizes revenue when:

- a. The amount of revenue can be reliably measured;
- b. It is probable that future economic benefits will flow to the entity; and
- c. Specific criteria have been met for the following transactions described below:

**Sale of Goods - Wholesale**

As a manufacturer, sales of goods are recognized when an entity has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the company has objective evidence that all criteria for acceptance have been satisfied.

**IDEAL MARKETING & MANUFACTURING CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

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**Sale of Goods - Retail**

Sales of goods are recognized when an entity sells a product to the customer as control passes to the customer on the day the transaction take place. Retail sales are usually in cash or by credit card.

**Cost of Expenses**

Cost & Expenses are measured in the statement of income upon consumption of the goods and/or utilization of the service or at the date they are incurred. The company follows the matching principle on when to recognize revenue, cost and expenses.

**Employee Benefits**

Employee benefits represent: (a) short-term employee benefits, which are employee benefits (other than termination benefits) that are wholly due within twelve months after the end of the period in which the employees render the related service, and (b) termination benefits, which are employee benefits payable as a result of either: an entity's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

Short-term employee benefits include: (a) short-term wages, salaries and social security contributions;(b) short-term compensated absences (such as paid annual leave and paid sick leave) when the absences are expected to occur within twelve months after the end of the period in which the employees render the related employee service; and (c) non-monetary benefits. Short-term employee benefits are measured at the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service.

Termination benefits include: by legislation, by contractual or other agreements with employees or their representatives or by a constructive obligation based on business practice, custom or a desire to act equitably, to make payments (or provide other benefits) to employees when it terminates their employment. Termination benefits are measured at the best estimate of the expenditure that would be required to settle the obligation at the reporting date. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer. When termination benefits are due more than twelve months after the end of the reporting period, they shall be measured at their discounted present value.

**Income Tax**

The Company recognizes income taxes using the tax payable method. The Company recognizes a current tax liability for tax payable on taxable profit for the current and past periods. If the amount paid for the current and past periods exceed the amount payable for those periods, the Company shall recognize the excess as a current tax asset.

## **IDEAL MARKETING & MANUFACTURING CORPORATION**

### **NOTES TO FINANCIAL STATEMENTS**

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Current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### **Financial Instruments**

##### **Initial Recognition and Measurement**

A financial asset or financial liability is recognized when the Company becomes a party to the contractor provisions of the contract. A financial assets or financial liabilities is initially measured at transaction price (including costs except in the initial measurement of financial asset and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction.

##### **Subsequent Measurement**

At financial statement date, the company measures its financial instruments as follow;

- Debt instruments are measured at amortized costs using effective interest method. Rental deposit, bank loan, and advances from stockholder's accounts are included in this category.
- Short-term debt instruments are measured at undiscounted amount. Cash and cash equivalent, trade and other receivable, and trade and other payable account are included in this category.
- Investments in non-convertible and non-put table shares that are publicly traded are measured at fair value with changes in fair value recognized in profit or loss.
- Investments in non-convertible and non-put table shares that are not publicly traded are measured at cost less accumulated impairment.

##### **Derecognition**

**Financial asset:** The Company derecognizes a financial asset when the contractual right to the cash flow from financial assets has expired or when the Company has transferred to another party substantially all of the risks and rewards of ownership of the financial asset.

**Financial Liability:** The Company derecognizes a financial liability (or a part of a financial liability) only when it is extinguished. The Company recognizes in profit or loss any difference between the carrying amounts of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed.

**IDEAL MARKETING & MANUFACTURING CORPORATION**

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**Impairment of Financial Assets**

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each period, financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flow of the investment have been affected.

Objective evidence of impairment could include significant financial difficulty of the counterparty; delinquency in interest or principal payments; or bankruptcy of the counterparty.

For certain categories of financial assets such trade and other receivable, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in number of delayed payments in the portfolio past the average credit period as well as observable changes in economic conditions that correlate with default on receivables.

**Provision and Contingencies**

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pre-tax rate that reflects market assessments and the risks specific to the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

**IDEAL MARKETING & MANUFACTURING CORPORATION**

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**Initial Recognition**

The company recognized a provision when the company has an obligation at the reporting date as a result of a past event and it is probable that the company will be required to transfer economic benefits in settlement and lastly the amount of the obligation can be estimated reliably.

The company measured provision at the best estimate of the amount required to settle the obligation at the reporting date. The best estimate is the amount an entity would rationally pay to settle the obligation at the end of the reporting period or to transfer it to a third party at that time.

**Subsequent Measurement**

The company shall charge against a provision only those expenditures for which the provision was originally recognized and review provisions at each reporting date and adjust them to reflect the current best estimate of the amount that would be required to settle the obligation at that reporting date. Any adjustments to the amounts previously recognized shall be recognized in profit or loss unless the provision was originally recognized as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount shall be recognized as finance cost in profit or loss in the period it arises.

**Events after the End of Reporting Period**

Events after the End of 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 or other selected information.

Any adjusting events after the events after the end of reporting period are adjusted in its financial statements including related disclosures, to reflect adjusting events after the end of the reporting period.

**Related Party Disclosures**

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (1) individual owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Company; (2) associates; and (3) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

**IDEAL MARKETING & MANUFACTURING CORPORATION****NOTES TO FINANCIAL STATEMENTS**

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Key management includes the Board of Directors (executive and non-executive). The compensation paid or payable to key management for employee services is shown below:

	<b>2022</b>
Total key management compensation	10,538,971
	<b>10,538,971</b>

The key management personnel of the Company and post-employment benefit plans for the benefit of Company's employees are also considered to be related parties.

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**Note 4. MANAGEMENT'S SIGNIFICANT ACCOUNTING JUDGMENT AND ESTIMATE**

In the application of the Company's accounting policies, management is required to make judgements, 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.

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. Actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

**Critical Management Judgments in Applying Accounting Policies**

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

**(b) Provisions and Contingencies**

Judgment is exercised by management to distinguish between provisions and contingencies.

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**NOTES TO FINANCIAL STATEMENTS**

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**Key Sources of Estimation Uncertainty**

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

The Company estimates the allowance for doubtful accounts related to the 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 specifics reserves for customers against amount due no 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.

**b) Useful Lives of Property and Equipment**

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. The carrying amounts of property and equipment are analysed in Note 9.

Based on management's assessment as of December 31, 2022 & 2021, there is no change in estimated useful lives of property and equipment during the year and in the prior years. Actual results however may vary due to changes in estimates brought about by changes in factors mentioned above.

The residual values and estimated useful lives of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

## **IDEAL MARKETING & MANUFACTURING CORPORATION**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **c) Determining Net Realizable Value of Inventories**

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the times the estimates are made. The Company's core business is manufacturing, and determining the net realizable values is a key source of estimation of uncertainty. As of year end, the net realizable values approximates its cost. Moreover, future realization of the carrying amounts of inventories P216,357,523 and P181,220,353 as at December 31, 2022 and 2021, respectively is affected by price changes in different market segments of equipment and machineries. Both aspects are considered key sources of estimation uncertainty and may cause significant adjustments to the Company's inventories within the next financial year.

#### **d) 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.

#### **e) Asset impairment**

The Company assesses the value of property, plant 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 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.

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#### **Note 5. FINANCIAL INSTRUMENTS**

##### **Initial recognition of financial assets and liabilities**

A financial asset or a financial liability is recognized only when the entity becomes a party to the contractual provisions of the instrument.

##### **Initial Measurement**

A financial asset or financial liability is initially measured as follows:

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- For goods sold to a customer on short-term credit, a receivable is recognized at the transaction price, which is normally the invoice price.
- For goods purchased from a supplier on short-term credit, a payable is recognized at the transaction price, which is normally the invoice price.

**Subsequent Measurement**

At the end of each reporting period, financial asset or financial liability is subsequently measured as follows, without any deduction for transaction costs that may incur on sale or other disposal:

- For goods sold to a customer on short-term credit, a receivable is recognized at the undiscounted amount of cash or other consideration expected to be received, net of any impairment or any uncollectible accounts.

- For goods purchased from a supplier on short-term credit, a payable is recognized at the undiscounted amount of cash or other consideration expected to be paid.

**Derecognition of a financial asset**

An entity shall derecognize a financial asset only when:

- (a) the contractual rights to the cash flows from the financial asset expire or are settled, or
- (b) the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or
- (c) the entity, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

**Derecognition of a financial liability**

An entity shall derecognize a financial liability (or a part of a financial liability) only when it is extinguished, that is when the obligation specified in the contract is discharged, is cancelled or expires.

**Capital Management Framework**

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern. The Company monitors the basis of the carrying amount of equity as presented on the face of the Statement of Financial Position.

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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 Statement of Financial Position 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.

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**Note 6. CASH**

	<b>2022</b>	<b>2021</b>
Cash on Hand and in Bank	8,991,673	10,187,376
Petty Cash Fund	50,000	50,000
Revolving Fund	1,000,000	1,000,000
	<b>10,041,673</b>	<b>11,237,376</b>

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Cash in bank, cash on hand, petty cash fund and revolving fund are unrestricted and readily available for use.

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**Note 7. TRADE AND OTHER RECEIVABLES**

	<b>2022</b>	<b>2021</b>
Trade receivables	6,965,863	9,085,459
	<b>6,965,863</b>	<b>9,085,459</b>

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The Company's receivables are non- interest bearing, due upon demand and with no fixed repayment date.

All trade receivables are subject to credit risk exposure. However, the Company does not identify specific concentrations of credit risk with regard to trade receivables..

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**Note 8. INVENTORIES**

Raw Materials, Beg.	22,979,630
Add: Purchases for the year-Local	350,565,066
Purchases for the year-Importation	82,236,322
<u>Total Raw Materials</u>	<u>455,781,018</u>
Less: Used in production & manufacturing	435,686,511
<u>Raw Materials, End</u>	<u>20,094,507</u>
Work-In-Process, Beg.	25,097,335
Add: Direct Labor	30,448,574
Manufacturing Overhead	8,997,587
<u>Total Work-In-Process</u>	<u>64,543,496</u>
Less: Completed work in process	43,090,140
<u>Work-In-Process, End</u>	<u>21,453,356</u>
Finish Goods, Beg.	133,143,388
Add: Raw Materials Used & Labor	478,776,651
<u>Total Finished goods available for sale</u>	<u>611,920,039</u>
Less: Cost of Sales	437,110,378
<u>Finished Goods, End</u>	<u>174,809,660</u>

**Note 9. PROPERTY, PLANT, AND EQUIPMENT**

	For the year ended December 31, 2022				
	Building	Machinery & Equipment	Furniture & Fixtures	Leasehold Improvement	TOTAL
<b>Cost:</b>					
December 31, 2021	18,169,036	51,497,617	7,834,346	9,165,000	86,666,000
Additions	-	-	-	-	-
<b>December 31, 2022</b>	<b>18,169,036</b>	<b>51,497,617</b>	<b>7,834,346</b>	<b>9,165,000</b>	<b>86,666,000</b>

**IDEAL MARKETING & MANUFACTURING CORPORATION****NOTES TO FINANCIAL STATEMENTS**

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**Accumulated Depreciation:**

<b>December 31, 2021</b>	<b>7,315,500</b>	<b>35,228,699</b>	<b>7,804,371</b>	<b>5,499,000</b>	<b>55,847,570</b>
<b>Depreciation</b>	<b>181,690</b>	<b>554,200</b>	<b>10,900</b>	<b>458,250</b>	<b>1,205,040</b>
<b>December 31, 2022</b>	<b>7,497,190</b>	<b>35,782,899</b>	<b>7,815,271</b>	<b>5,957,250</b>	<b>57,052,610</b>

**Carrying Amount**

<b>December 31, 2022</b>	<b>10,671,846</b>	<b>15,714,719</b>	<b>19,075</b>	<b>3,207,750</b>	<b>29,613,390</b>
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**LAND****29,049,722****NET PROPERTY AND EQUIPMENT****58,663,112****For the year ended December 31, 2021**

	<b>Building</b>	<b>Machinery &amp; Equipment</b>	<b>Furniture &amp; Fixtures</b>	<b>Leasehold Improvement</b>	<b>TOTAL</b>
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**Cost:**

<b>December 31, 2020</b>	<b>18,169,036</b>	<b>51,450,081</b>	<b>7,834,346</b>	<b>9,165,000</b>	<b>86,618,463</b>
<b>Additions</b>	<b>-</b>	<b>47,537</b>	<b>-</b>	<b>-</b>	<b>47,537</b>
<b>December 31, 2021</b>	<b>18,169,036</b>	<b>51,497,617</b>	<b>7,834,346</b>	<b>9,165,000</b>	<b>86,666,000</b>

**Accumulated Depreciation:**

<b>December 31, 2020</b>	<b>7,133,810</b>	<b>34,661,310</b>	<b>7,793,471</b>	<b>5,040,750</b>	<b>54,629,341</b>
<b>Depreciation</b>	<b>181,690</b>	<b>567,389</b>	<b>10,900</b>	<b>458,250</b>	<b>1,218,229</b>
<b>December 31, 2021</b>	<b>7,315,500</b>	<b>35,228,699</b>	<b>7,804,371</b>	<b>5,499,000</b>	<b>55,847,570</b>

**Carrying Amount:**

<b>December 31, 2020</b>	<b>10,853,536</b>	<b>16,268,918</b>	<b>29,975</b>	<b>3,666,000</b>	<b>30,818,430</b>
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**LAND****29,049,722****NET PROPERTY AND EQUIPMENT****59,868,152**

As of December 31, 2022 and 2021, there is no indication of impairment loss on the carrying value of property, plant and equipment since it is still in use and in good condition.

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For the Year ended December 31, 2022 and 2021

(All Figures are in Philippine Peso)

**Note 10. OTHER ASSETS**

This represents Meralco deposit.	250,000
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**Note 11. TRADE AND OTHER PAYABLES**

	<b>2022</b>	<b>2021</b>
Trade payables	171,034,499	144,064,545
Government Compliance	2,105,811	1,699,123
Retirement Payable	5,734,067	5,734,067
	<b>178,874,377</b>	<b>151,497,735</b>

**Note 12. RETIREMENT PAYABLE**

Under Republic Act 7641 (known as the Retirement Pay Law), in the absence of a retirement plan or agreement providing for retirement benefits of employees in the private sector, an employee upon reaching the age of 60 years or more, but not beyond 65 years, who has served at least 5 years in a private company, may retire and shall be entitled to retirement pay equivalent to at least  $\frac{1}{2}$  month salary for every year of service, a fraction of at least 6 months being considered as 1 whole year.

The corporation observe the granting of retirement of employees on the above Republic Act 7641.

**Note 13. SHARE CAPITAL**

The total authorized number of ordinary shares is fifty five million (P55,000,000.00) divided into 550,000 shares with a par value of one hundred pesos (PhP100.00) per share.

**IDEAL MARKETING & MANUFACTURING CORPORATION****NOTES TO FINANCIAL STATEMENTS**

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(All Figures are in Philippine Peso)

	<b>2022</b>		<b>2021</b>	
	<b>SHARES</b>	<b>AMOUNT</b>	<b>SHARES</b>	<b>AMOUNT</b>
Authorized-P100 par value per share	550,000	55,000,000	400,000	40,000,000
Less: Unissued Capital Stock	(90,000)	(9,000,000)	-	-
Issued Capital Stock	460,000	46,000,000	400,000	40,000,000
Subscribed Capital Stock	460,000	46,000,000	400,000	40,000,000
Less: Subscription Receivable	-	-	-	-
Paid Up Capital	460,000	46,000,000	400,000	40,000,000

On January 8, 2021, the Securities and Exchange Commission (SEC) approved the increase in authorized capital stock of the Company from P40M to P55M or a net increase of P15M. In the process of increase in authorized capital stock, the stockholders, the amount of P6M has been paid by way of deposit for future stock subscription. As of December 31, 2021, the authorized capital stock has the unissued capital stock of P9M.

In the presence of ongoing capital expansion, the Board of Directors, agreed to appropriate additional amount of P10M to support the financial requirement of the project. The Board of Directors executed a Board resolution last December, 2021 to this effect.

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**Note 14. REVENUE**

The sources of income of the Company is through sale of goods as follows:

	<b>2022</b>	<b>2021</b>
Local Sales subject to Value-Added Tax	462,089,832	462,997,214
Zero Rated Sales	23,102,651	24,228,385
<b>TOTAL</b>	<b>485,192,483</b>	<b>487,225,599</b>

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**Note 15. COST OF SALES**

	<b>2022</b>	<b>2021</b>
Purchases	49,353,544	60,780,743
Finished Goods	348,310,674	347,720,130
Labor	30,448,574	25,368,534
Overheads	11,206,019	7,010,234
<b>TOTAL</b>	<b>439,318,810</b>	<b>440,879,641</b>

**IDEAL MARKETING & MANUFACTURING CORPORATION****NOTES TO FINANCIAL STATEMENTS**

For the Year ended December 31, 2022 and 2021

(All Figures are in Philippine Peso)

**Note 16. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>2022</b>	<b>2021</b>
Salaries and Wages	14,553,786	15,433,207
Professional fees	276,842	276,842
Depreciation Expense	358,078	163,087
Employee Benefits	8,436,982	7,583,512
Security Services	615,000	540,000
Utilities	1,802,703	1,485,541
Freight	704,658	969,479
Fuel and Oil	1,837,656	1,885,301
Representation	695,595	175,136
Miscellaneous	1,078,627	1,103,379
Communication	1,431,148	1,525,881
Taxes and licenses	3,624,240	4,410,014
Donation & Contribution	200,400	208,000
Dues & Subscription	206,696	147,820
Repairs& Maintenance	593,948	599,219
Marketing & Promotions	315,839	98,430
Insurance	362,917	355,391
Office supplies	292,338	556,919
	<b>37,387,453</b>	<b>37,517,159</b>

**Note 17. PRIOR YEARS ADJUSTMENTS**

This pertains to deficiency taxes paid by the corporation as assessed by the Bureau of Internal Revenue amounting to Php2,099,882.25 relative to Letter of Authority for taxable year 2020.

**Note 18. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE UNDER REVENUE REGULATIONS NO. 15-2010 AND 19-2011**

**IDEAL MARKETING & MANUFACTURING CORPORATION****NOTES TO FINANCIAL STATEMENTS**

For the Year ended December 31, 2022 and 2021

(All Figures are in Philippine Peso)

On November 25, 2010 the Bureau of Internal Revenue (BIR) issued Revenue Regulation (RR) 15-2010, which required certain information on taxes, duties and licenses fees paid or accrued during the taxable year to be disclosed as part of the notes to financial statements. This supplemental information, which is an addition to the disclosures mandated under PFRS.

**A. VAT**

	Value Added Tax (VAT)		
	Income	Declared	Input Tax
Income -VAT	462,089,832	55,450,780	
Income -Zero Rated	23,102,651	-	
<b>TOTAL VAT REPORTED</b>	<b>485,192,483</b>	<b>55,450,780</b>	
Excess Input Tax Dec 2021		75,542	
Input Taxes for the year		51,936,167	
Total Input Taxes		<u>52,011,708</u>	
Less: Input Tax Applied to VAT		<u>51,936,167</u>	
Input Tax, end		<u>75,542</u>	
VAT payable for the year		3,439,072	
<b>VAT paid for the year</b>		<b>3,514,613</b>	

**B. WITHHOLDING TAXES****B.1. TAX WITHHELD AT SOURCE - EXPANDED**

Supplier of Services	8,530,946	2%	170,618.92
Supplier of Goods	70,629,269	1%	706,292.69
Professional Fee	240,000	10%	24,000.00
Professional Fee	36,842	5%	1,842.11
	<b>79,437,057</b>		<b>902,754</b>

**IDEAL MARKETING & MANUFACTURING CORPORATION****NOTES TO FINANCIAL STATEMENTS**

For the Year ended December 31, 2022 and 2021

(All Figures are in Philippine Peso)

**B.2. TAX WITHHELD ON COMPENSATION**

Salaries subject to withholding Tax	10,538,971	546,640
Minimum Wage Earners	34,463,389	-
	-	45,002,360

**C. INCOME TAX**

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was passed into law on March 26, 2021. The bill seeks to lower the income tax rate and reform the corporate income tax system. The effectivity of the bill is July 2020.

The transitory rates particularly for the annual accounting period calendar year December 31, 2021 are as follows:

1. Regular Corporate Income Tax Rate	25.00%
2. Other Domestic Corporations with net taxable income of P5M and below and total of P100M and below exclusive of land	20.00%
3. Minimum Corporate Income Tax (MCIT)	1.00%
4. Proprietary Non-Profit Educational Institutions / Hospitals	1.00%

The income tax due of a corporation is the higher between the regular corporate income tax (RCIT) rate and the minimum corporate income tax (MCIT) rate.

For this year, the provision for income tax is based on the regular corporate income tax rate (25%) which is higher than the MCIT rate of 1%.

The computation of income tax of the Company is as follows:

<u>UNDER REGULAR CORPORATE INCOME TAX RATE OF 25%</u>		
Net Income before Income Tax (see Income Statement)		8,486,219
Taxable Income (Loss) subject to 25% tax rate		8,486,219
RCIT Rate		25%
INCOME TAX DUE per RCIT		2,121,555
Less:	Credits/Quarterly payments	7,039,352
		(4,917,797)

**IDEAL MARKETING & MANUFACTURING CORPORATION****NOTES TO FINANCIAL STATEMENTS**

For the Year ended December 31, 2022 and 2021

(All Figures are in Philippine Peso)

**UNDER MINIMUM CORPORATE INCOME TAX (MCIT AT 1%)**

Service Income	485,192,483
Direct Costs	439,318,810
Gross Profit (Loss)	45,873,673
Taxable Income (Loss) for MCIT	45,873,673
Rate	1.00%
<b>TAX DUE PER MCIT</b>	<b>458,737</b>

**D. ALL OTHER TAXES**

BIR Registration Fees and Municipal Taxes	2022	2021
BIR Registration Fee	2,000	2,000
Barangay Clearance	1,000	5,075
CTC	11,976	11,000
Mayor's Permit	3,609,264	4,391,939
	<b>3,624,240</b>	<b>4,410,014</b>

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END OF REPORT



Republic of the Philippines  
Department of Finance  
Bureau of Internal Revenue

For BIR  
Use Only: BCSI/  
Item:

BIR Form No. <b>1702-RT</b> January 2018(BNCS) Page 1	Annual Income Tax Return For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two Copies MUST be filed with the BIR and one held by the taxpayer.					1702-RT 01/18BNCS P1
1 For      Calendar      Fiscal 2 Year Ended (MM/YY) 12/2022	3 Amended Return? Yes      No	4 Short Period Return? Yes      No	5 Alphanumeric Tax Code (ATC) IC055	Minimum Corporate Income Tax (MCIT)		
<b>Part I - Background Information</b>						
6 Taxpayer Identification Number (TIN) 000 - 369 - 751 - 000				7 RDO Code 028		
8 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS) IDEAL MARKETING & MANUFACTURING CORPORATION						
9A Registered Address (Indicate complete registered address) 214 TANDANG SORA AVE, BANLAT QUEZON CITY						
9B Zipcode 1116						
10 Date of Incorporation/Organization (MM/DD/YYYY)						
11 Contact Number 89306243	12 Email Address accounting_214@yahoo.com					
13 Method of Deductions (A-J), NIRC]	Itemized Deductions [Section 34		Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]			
<b>Part II - Total Tax Payable</b> (Do NOT enter Centavos)						
14 Total Income Tax Due (Overpayment) (From Part IV Item 43)	2,121,555					
15 Less: Total Tax Credits/Payments (From Part IV Item 55)	7,039,352					
16 Net Tax Payable (Overpayment) (Item 14 Less Item 15) (From Part IV Item 56)	(4,917,797)					
Add Penalties						
17 Surcharge	0					
18 Interest	0					
19 Compromise	0					
20 Total Penalties (Sum of Items 17 to 19)	0					
21 TOTAL AMOUNT PAYABLE (Overpayment) (Sum of Item 16 and 20)	(4,917,797)					
If Overpayment, mark "X" one box only (Once the choice is made, the same is irrevocable)						
To be refunded	To be issued a Tax Credit Certificate (TCC)	To be carried over as tax credit next year/quarter				
We declare under the penalties of perjury that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If Authorized Representative, attach authorization letter and indicate TIN)						
 LUNA GILMER Y M. REGALA		 ROSARIO E. REGALA		22 Number of Attachments		
Signature over printed name of President/Principal Officer/Authorized Representative		Signature over printed name of Treasurer/Assistant Treasurer				
Title of Signatory	TIN	Title of Signatory	TIN	4		
<b>Part III - Details of Payment</b>						
Particulars	Drawee Bank/Agency	Number	Date (MM/DD/YYYY)	Amount		
23 Cash/Bank Debit Memo				0		
24 Check				0		
25 Tax Debit Memo				0		
26 Others (Specify Below)				0		
Machine Validation/Revenue Official Receipts Details (if not filed with an Authorized Agent Bank)				Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)		

BIR Form No. <b>1702-RT</b> January 2018(ENCS) Page 2	<b>Annual Income Tax Return</b> Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P2
<b>Taxpayer Identification Number (TIN)</b>		<b>Registered Name</b>
000 - 369 - 751 - 000	IDEAL MARKETING & MANUFACTURING CORPORATION	
<b>Part IV - Computation of Tax</b> <i>(Do NOT enter Centavos)</i>		
27 Sales/Receipts/Revenues/Fees	485,192,483	
28 Less: Sales Returns, Allowances and Discounts	0	
29 Net Sales/Receipts/Revenues/Fees (Item 27 Less Item 28)	485,192,483	
30 Less: Cost of Sales/Services	439,318,810	
31 Gross Income from Operation (Item 29 Less Item 30)	45,873,673	
32 Add: Other Taxable Income Not Subjected to Final Tax	0	
<b>33 Total Taxable Income (Sum of Items 31 and 32)</b>	<b>45,873,673</b>	
Less: Deductions Allowable under Existing Law		
34 Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)	37,387,454	
35 Special Allowable Itemized Deductions (From Part VI Schedule II Item 5)	0	
36 NOLCO (only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Part VI Schedule III Item 8)	0	
<b>37 Total Deductions (Sum of Items 34 to 36)</b>	<b>37,387,454</b>	
<i>OR [in case taxable under Sec 27(A) &amp; 28(A)(1)]</i>		
38 Optional Standard Deduction (40% of Item 33)	0	
<b>39 Net Taxable Income/(Loss) (If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)</b>	<b>8,486,219</b>	
<b>40 Applicable Income Tax Rate</b>	25 %	
41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) (Item 39 x Item 40)	2,121,555	
42 MCIT Due (2% of Item 33)	914,736	
<b>43 Tax Due (Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 14)</b>	<b>2,121,555</b>	
Less: Tax Credits/Payments (attach proof)		
44 Prior Year's Excess Credits Other Than MCIT	1,988,596	
45 Income Tax Payment under MCIT from Previous Quarter/s	0	
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s	117,239	
47 Excess MCIT Applied this Current Taxable Year (From Part VI Schedule IV Item 4)	0	
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	3,203,666	
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	1,729,851	
50 Foreign Tax Credits, if applicable	0	
51 Tax Paid in Return Previously Filed, if this is an Amended Return	0	
52 Special Tax Credits (To Part V Item 58)	0	
Other Credits/Payments (Specify)		
53	0	
54	0	
55 Total Tax Credits/Payments (Sum of Items 44 to 54) (To Part II Item 15)	7,039,352	
<b>56 Net Tax Payable / (Overpayment) (Item 43 Less Item 55) (To Part II Item 16)</b>	<b>(4,917,797)</b>	
<b>Part V - Tax Relief Availment</b>		
57 Special Allowable Itemized Deductions (Item 35 of Part IV x Applicable Income Tax Rate)	0	
58 Add: Special Tax Credits (From Part IV Item 52)	0	
<b>59 Total Tax Relief Availment (Sum of Items 57 and 58)</b>	<b>0</b>	

BIR Form No. <b>1702-RT</b> January 2018(ENCS) Page 3	<b>Annual Income Tax Return</b> Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P3
<b>Taxpayer Identification Number (TIN)</b> 000 - 369 - 751 - 000	<b>Registered Name</b> IDEAL MARKETING & MANUFACTURING CORPORATION	

**Schedule I - Ordinary Allowable Itemized Deductions** (Attach additional sheet/s, if necessary)

1 Amortizations	0
2 Bad Debts	0
3 Charitable Contributions	200,400
4 Depletion	0
5 Depreciation	358,078
6 Entertainment, Amusement and Recreation	0
7 Fringe Benefits	0
8 Interest	0
9 Losses	0
10 Pension Trust	0
11 Rental	0
12 Research and Development	0
13 Salaries, Wages and Allowances	14,553,786
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	8,436,982
15 Taxes and Licenses	3,624,240
16 Transportation and Travel	0
17 Others (Deductions Subject to Withholding Tax and Other Expenses) [Specify below; Add additional sheet/s, if necessary]	
a Janitorial and Messengerial Services	0
b Professional Fees	276,842
c Security Services	615,000
d OTHER EXPENSES	9,322,126
e	0
f	0
g	0
h	0
i	0

	<b>18 Total Ordinary Allowable Itemized Deductions</b> (Sum of Items 1 to 17) (To Part IV Item 34)	37,387,454
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**Schedule II - Special Allowable Itemized Deductions** (Attach additional sheet/s, if necessary)

Description	Legal Basis	Amount
1		0
2		0
3		0
4		0
		
<b>5 Total Special Allowable Itemized Deductions</b> (Sum of Items 1 to 4) (To Part IV Item 35)		0

BIR Form No. <b>1702-RT</b> January 2018(ENCS) Page 4	<b>Annual Income Tax Return</b> Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P4
<b>Taxpayer Identification Number (TIN)</b> 000 - 369 - 751 - 000	<b>Registered Name</b> IDEAL MARKETING & MANUFACTURING CORPORATION	

**Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)**

1 Gross Income (From Part IV Item 33)	0
2 Less: Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)	0
3 Net Operating Loss (Item 1 Less Item 2) (To Schedule IIIA, Item 7A)	0

**Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO)** (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

Net Operating Loss		B) NOLCO Applied Previous Year
Year Incurred	A) Amount	
4	0	0
5	0	0
6	0	0
7	0	0

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

C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) [ E = A Less (B + C + D) ]
4	0	0
5	0	0
6	0	0
7	0	0
<b>8 Total NOLCO (Sum of Items 4D to 7D) (To Part IV, Item 36)</b>	<b>0</b>	

**Schedule IV - Computation of Minimum Corporate Income Tax (MCIT)**

Year	A) Normal Income Tax as adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1	0	0	0
2	0	0	0
3	0	0	0

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

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

**Schedule V - Reconciliation of Net Income per Books Against Taxable Income (attach additional sheet/s, if necessary)**

1 Net Income/(Loss) per books	8,486,219
Add: Non-deductible Expenses/Taxable Other Income	
2	0
3	0
4 Total (Sum of Items 1 to 3)	<b>8,486,219</b>
Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5	0
6	0
7	0
8	0
9 Total (Sum of Items 5 to 8)	0
<b>10 Net Taxable Income/(Loss) (Item 4 Less Item 9)</b>	<b>8,486,219</b>