

GROW ASIA PHILIPPINES INC.
under the name of
PHILIPPINES PARTNERSHIP FOR
SUSTAINABLE AGRICULTURE
TIN: 775-830-655-000

Audited Financial Statements

June 30, 2021

GROW ASIA PHILIPPINES INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021

	Notes	2021
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	5	₱ 611,153
Accounts receivable	6	125,000
Total Current Assets		736,153
NON-CURRENT ASSETS		
Property and equipment	7	113,335
Total Non-Current Assets		113,335
TOTAL ASSETS		₱ 849,488
<u>LIABILITIES AND FUND BALANCE</u>		
FUND BALANCE		
Members' contribution	8	₱ 300,000
Excess of receipts over expenses		549,488
TOTAL FUND BALANCE		849,488
TOTAL LIABILITIES AND FUND BALANCE		₱ 849,488

See accompanying Notes to Financial Statements.

GROW ASIA PHILIPPINES INC.
STATEMENTS OF RECEIPTS OVER EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Notes		2021
RECEIPTS	9	₱	735,230
GENERAL AND ADMINISTRATIVE EXPENSES	10		(185,742)
NET EXCESS OF RECEIPTS OVER EXPENSES		₱	549,488

See accompanying Notes to Financial Statements.

GROW ASIA PHILIPPINES INC.
STATEMENTS OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2021

	Notes		Fund Balance
Initial fund balance	8	₱	300,000
Excess of receipts over expenses 06/30/2021			549,488
TOTAL FUND BALANCE		₱	849,488

See accompanying Notes to Financial Statements.

GROW ASIA PHILIPPINES INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Notes	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of receipts over expenses before income tax		P 549,488
Adjustments for :		
Depreciation	7	27,739
Operating income before working capital changes		577,227
Increase in current assets:		
Accounts receivable	6	(125,000)
Net effect in working capital changes		452,227
Net cash provided by operating activities		452,227
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	7	(141,074)
Net cash used in investing activities		(141,074)
CASH FLOWS FROM FINANCING ACTIVITIES		
Initial funds	8	300,000
Net cash provided by financing activities		300,000
NET INCREASE IN CASH		611,153
CASH AT BEGINNING OF YEAR		-
CASH AT END OF YEAR		P 611,153

See accompanying Notes to Financial Statements.

**GROW ASIA PHILIPPINES INC. under the name of PHILIPPINES PARTNERSHIP FOR SUSTAINABLE AGRICULTURE
(A NONSTOCK, NON-GOVERNMENT ORGANIZATION)**

NOTES TO FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2021

1. GENERAL INFORMATION

GROW ASIA PHILIPPINES INC. under the name of PHILIPPINES PARTNERSHIP FOR SUSTAINABLE AGRICULTURE (the “Organization”) was registered with the Securities and Exchange Commission on November 10, 2020, with Registration no. 2020110003466-06 to promote food security, environmental sustainability and economic opportunity in agriculture by engaging smallholder farmers and market players towards food security and shared prosperity. Promoting and co-developing scale initiatives to address key issues in agriculture. Promoting and strengthening environmental sustainability. Developing, sharing and delivering information, best practices on agriculture through events and trainings, and providing networking, capacity building and knowledge generation services to partners and other institutions.

The Organization is a tax-exempt organization which falls under Section 30 (1) and (3) of the National Internal Revenue Code, which provides: “The following organizations shall not be taxed under this Title in respect to the income received by them as such:

(1) labor, agriculture or horticultural organizations not organized principally for profit

(3) beneficiary society orders or associations, operating for the exclusive benefit of the members;

The Organization’s registered office is L29, Joy Nostalg Centre, 17 ADB Avenue, Ortigas Center, San Antonio, City of Pasig, Second District, National Capital Region, 1600.

2. BASIS OF PREPARATION

Statement of Compliance

The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards for Small Entities (PFRS for SEs), as approved by the Financial Reporting Standards Council, the Board of Accountancy, and the Securities and Exchange Commission.

The adoption of the above Framework did not have any significant effect on the Organization’s financial statements. These, however, require additional disclosures on the Organization’s financial statements.

Basis of Measurement

The financial statements of the Organization have been prepared on a historical cost basis. These financial statements have been prepared on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the normal course of business.

Functional and Presentation Currency

The Organization's financial statements are presented in Philippine Pesos, the currency of the primary economic environment in which the Organization operates. All values are rounded to the nearest peso, except when otherwise stated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Current versus Noncurrent Classification

The Organization presents assets and liabilities in statements of financial position based on current/noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be consumed in normal operating cycle;
- Held primarily for the purpose of operations;
- Expected to be realized within twelve (12) months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

The Organization classifies all other assets as noncurrent, if any.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of being a fund conduit;
- It is due to be settled within twelve (12) months after the reporting period;
- There is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting period; or
- It is due and demandable.

The Organization classifies all other liabilities as noncurrent, if any

Financial instruments

Initial recognition and measurement

A financial asset or financial liability is recognized when the Organization becomes a party to the contractual provisions of the instrument. Financial instruments within the scope of Section 6, "Basic Financial Instruments," are classified as either financial assets or financial liabilities. Financial assets and liabilities are recognized initially at transaction price including transaction costs, and subsequently at amortized costs using the effective interest method.

Subsequent measurement

At the end of each reporting period, the Organization measures its financial instruments as follows, without any deduction for transaction costs the Organization may incur on sale and other disposal:

- Debt instruments that meet the conditions of the paragraph 99 of Section 6 of the standard shall be measured at amortized cost using the effective interest method. Cash and debt instruments that are classified as current assets or current liabilities are subsequently measured at the undiscounted amount of the cash or other consideration expected to be paid or received. Unless the arrangement constitutes, in effect a financing transaction, the debt instruments are measured at the present value of the future payments discounted using market rate of interest for a similar debt instrument. The Organization determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.
- Investment in shares shall be carried at cost less impairment, unless the investment in shares are traded in an active market, which shall be measured at the lower of cost or fair value, with changes in fair value recognized in profit or loss. For shares traded in an active market, the best evidence of fair value in the quoted price for those shares in active market.

Derecognition

a. Derecognition of Financial Assets

A financial asset (or where applicable, a part of financial asset or part of a group of similar financial assets) is derecognized when:

- the contractual rights to the cash flows from the financial asset expire or are settled; or
- the Organization transfers to another party substantially all of the risks and rewards of ownership of the financial asset.

b. Derecognition of Financial Liabilities

A financial liability (or a part of a financial liability) is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of receipts over expenses.

Impairment of Financial Assets

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that

loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss shall be recognized in statements of receipts over expenses.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in the statements of receipts over expenses.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Organization will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired receivables are derecognized when they are assessed as uncollectible.

Financial Assets

Financial assets consist of the following:

a. *Cash*

Cash includes cash on hand and cash in bank that are unrestricted and available for current operations. This is stated in the statements of financial position at face amount.

b. *Accounts receivables*

The receivables do not bear interest. These are initially measured at transaction price. Any allowance for doubtful accounts are the estimated amount of probable losses arising from non-collection based on past collection experience and management's review of the current status of the long outstanding receivables. Any doubtful account expense is to be recognized in the statements of income. As of reporting date, management estimates receivables whether they are fully collectible, if any.

Property and equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one period.

Items of property and equipment are initially measured at cost. Such cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Organization. Subsequent to initial recognition, items of property and equipment are measured in the statements of financial position at cost less accumulated depreciation and any accumulated impairment losses. Depreciation, which is computed on a straight-line basis, is recognized so as to allocate the cost of assets less their residual values over their estimated useful lives.

When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period.

Fund Balance

Fund balance shows the residual interest of the members in the assets of the Organization after deducting all of its liabilities. Fund Balance is composed of the following:

a. Members' equity

Members' Equity includes members' contribution and the excess of receipts over expenses or vice versa for current and prior periods.

b. Excess of receipts over expenses

Excess of support over expenses include any supports in the current period net of expenses incurred in current periods.

Revenue Recognition

Revenue is recognized to the extent that is probable that the economic benefits will flow to the Organization and the amount of revenue can be reliably measured. However, when an uncertainty arises about the collectability of an amount already included in the revenue, the uncollectible amount, or the amount in respect of which recovery has ceased to be probable, is recognized as an expense, rather than as an adjustment of the amount of revenue originally recognized. Revenue is recognized as follows:

a. Membership

Revenue from membership is recognized in the period upon collection of the fees.

b. Fund

Fund donations is recognized in the period upon receiving of fund.

Expenses

Expenses are decreases in economic benefits in the form of decreases in assets or incurrence of liabilities that result in decreases in equity. Expenses are generally recognized when the services are received or when the expenses are incurred.

Direct costs

Direct costs are recognized in profit or loss in the period the services rendered. Direct costs include direct charges and other expenses directly attributed to the services provided.

General and administrative expenses

General and administrative expenses include communication, light, and water, and other expenses that cannot be associated directly to the services provided.

Provisions

Provisions are recognized when the Organization has a present obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the best estimate of the amount required to settle the obligation as of reporting date

As of June 30, 2021, the Organization has no provisions.

Contingencies

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

As of June 30, 2021, the Organization has no contingent liabilities.

Events After the End of the Reporting Period

Management identifies subsequent events as events that occurred after reporting date but before the date when the financial statements were authorized for issue. Any subsequent events that provide additional information (adjusting events) about the Organization's financial position at the reporting date are reflected in the financial statements. Events that are not adjusting events are disclosed in the notes to financial statements when material.

Post-year end events that provide additional information about the Organization's financial position at reporting date (adjusting events), are reflected in the financial statements. Post-year end events that are not adjusting events are disclosed in the notes to the financial statements when material.

The Organization has no adjusting events as of June 30, 2021.

4. JUDGMENT AND ESTIMATES

The preparation of the financial statements in accordance with Philippine Financial Reporting Standards for SEs requires the Organization to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Future events may occur which will cause the assumption used in arriving at the estimates to change. The effects of changes in estimates will be reflected in the financial statements as they become reasonably determinable.

Judgments

In the process of applying the Organization's policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the statements of revenue over expenses.

Determining Functional Currency

Based in economic substance of underlying circumstances relevant to the Organization, the functional currency has been determined to be the Philippine peso, which is the currency of the primary economic environment in which the Organization operates and is the currency that mainly influences the prices of the products and services and the cost of providing such products and services.

Estimates and Assumptions

The estimates and assumptions used in the Organization's financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Organization's financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following represents a summary of the significant estimates and judgments and related impact and associated risks in the Organization's financial statements.

5. CASH

This account consists of:

		2021
Cash in bank	₱	606,033
Petty cash fund		5,120
Total	₱	611,153

Cash in bank do not earn interest.

6. ACCOUNTS RECEIVABLE

The Organization's accounts receivables as of June 30, 2021, amounted to ₱125,000 are non-interest-bearing. No receivables have been pledged as security for any liabilities.

7. PROPERTY AND EQUIPMENT

This account consists of:

	Office equipment		Total
COST			
June 30, 2020	₱	-	₱ -
Addition		141,074	141,074
Disposal/Reclasifications		-	-
June 30, 2021		141,074	141,074
ACCUMULATED DEPRECIATION			
June 30, 2020		-	-
Depreciation		27,739	27,739
Disposal/Reclasifications		-	-
June 30, 2021		27,739	27,739
CARRYING AMOUNT			
June 30, 2021	₱	113,335	₱ 113,335

No amount of property and equipment were pledged as security for liabilities and no contractual commitments for the acquisition of the equipment for the fiscal year ending June 30, 2021.

8. MEMBERS' CONTRIBUTION

This account consists of member's contribution amounting to ₱300,000 as initial funding for fiscal year ended June 30, 2021.

Accordingly, each member is regularly assessed for expenses, related with management, supervision, maintenance, replacement and repair of the property managed by the Organization.

9. RECEIPTS

This account consists of:

	2021	
Donations from Grow Asia	₱	510,230
Membership revenue		225,000
Total	₱	735,230

10. GENERAL AND ADMINISTRATIVE EXPENSES

This account consists of:

		2021
Communication, light, and water	₱	87,497
Insurance expense		38,621
Depreciation expense (note 7)		27,739
Transportation and travel		12,371
Repairs and maintenance - materials		8,134
Representation and entertainment		6,722
Trainings and seminars		3,208
Office supplies		1,150
Notarial fee		300
Total	₱	185,742

11. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by Board of Trustees and Members of the Organization and authorized for the issue on, October 28, 2022. The Board of Trustees and Members is still empowered to make revisions on these financial statements even after the date of issue.

12. SUPPLEMENTARY INFORMATION AS REQUIRED BY BIR

Presented below is the supplementary information which is required by the Bureau of Internal Revenue (BIR) under its existing revenue regulation to be disclosed as part of the notes to financial statements. This supplementary information is not required disclosure under PFRS.

Requirement under RR 15-2010

Tax Assessments

As of June 30, 2021, the Organization has no tax assessments, which are either pending decision by the court or are being contested, the outcome of which is not presently determinable.