

**German-Philippine Chamber
of Commerce and Industry, Inc.**
(A Nonstock, Not-for-Profit Organization)

Financial Statements
December 31, 2023 and 2022

and

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

The Board of Directors
German-Philippine Chamber of Commerce and Industry, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of German-Philippine Chamber of Commerce and Industry, Inc. (the Organization), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of income, statements of changes in fund balance and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small Entities (PFRS for Small Entities).

Basis for Opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Report on the Supplementary Information Required Under Revenue Regulations No. 34-2020 and 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 34-2020 and 15-2010 in Note 14 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. Such information is the responsibility of the management of the Organization. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Djole S. Garcia

Partner

CPA Certificate No. 0097907

Tax Identification No. 201-960-347

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-102-2021, September 16, 2021, valid until September 15, 2024

PTR No. 10079941, January 5, 2024, Makati City

March 14, 2023



GERMAN-PHILIPPINE CHAMBER OF COMMERCE AND INDUSTRY, INC.
(A Nonstock, Not-for-Profit Organization)

BALANCE SHEETS

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash (Note 3)	₱36,652,897	₱37,543,125
Receivables (Note 4)	4,248,599	2,617,434
Other current assets (Note 5)	678,963	154,307
Total Current Assets	41,580,459	40,314,866
Noncurrent Assets		
Property and equipment (Note 6)	947,693	1,248,617
Security deposit (Note 13)	605,286	582,008
Total Noncurrent Assets	1,552,979	1,830,625
TOTAL ASSETS	₱43,133,438	₱42,145,491
LIABILITIES AND FUND BALANCE		
Current Liabilities		
Accrued expenses and other current liabilities (Note 8)	₱16,558,262	₱15,867,721
Noncurrent Liability		
Retirement benefit liability (Note 11)	2,061,407	2,061,407
Total Liabilities	18,619,669	17,929,128
Fund Balance	24,513,769	24,216,363
TOTAL LIABILITIES AND FUND BALANCE	₱43,133,438	₱42,145,491

See accompanying Notes to Financial Statements.



GERMAN-PHILIPPINE CHAMBER OF COMMERCE AND INDUSTRY, INC.
(A Nonstock, Not-for-Profit Organization)

STATEMENTS OF INCOME

	Years Ended December 31	
	2023	2022
REVENUE		
Projects and events (Note 13)	₱29,859,502	₱25,052,582
Subsidies (Note 13)	28,027,867	24,031,562
Membership fees	5,917,068	4,787,240
Foreign exchange gain – net	632,357	882,694
Interest income	2,888	2,859
Others	16,535	292,497
	64,456,217	55,049,434
COST AND EXPENSES		
Cost of projects and events (Note 9)	18,588,202	8,201,268
General and administrative expenses (Note 10)	45,570,031	44,958,953
	64,158,233	53,160,221
EXCESS OF REVENUE OVER EXPENSES BEFORE INCOME TAX	297,984	1,889,213
PROVISION FOR INCOME TAX (Note 12)	578	572
EXCESS OF REVENUE OVER EXPENSES	₱297,406	₱1,888,641

See accompanying Notes to Financial Statements.



GERMAN-PHILIPPINE CHAMBER OF COMMERCE AND INDUSTRY, INC.
(A Nonstock, Not-for-Profit Organization)

STATEMENTS OF CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Balance at December 31, 2021	₱22,327,722
Excess of revenue over expenses	1,888,641
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Balance at December 31, 2022	24,216,363
Excess of revenue over expenses	297,406
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Balance at December 31, 2023	₱24,513,769

See accompanying Notes to Financial Statements.



GERMAN-PHILIPPINE CHAMBER OF COMMERCE AND INDUSTRY, INC.
(A Nonstock, Not-for-Profit Organization)

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses before income tax	₱297,984	₱1,889,213
Adjustments for:		
Depreciation and amortization (Notes 6, 7 and 10)	704,006	1,161,140
Unrealized foreign exchange gain - net	(317,451)	(572,534)
Interest income	(2,888)	(2,859)
Operating income before working capital changes	681,651	2,474,960
Decrease (increase) in:		
Receivables (Note 4)	(1,619,841)	(1,996,667)
Other current assets (Note 5)	(401,523)	13,709
Increase in accrued expenses and other current liabilities (Note 8)	840,034	1,850,009
Net cash generated from (used in) operations	(499,679)	2,342,011
Income taxes paid including creditable withholding taxes	(123,710)	(58,184)
Interest received	2,888	2,859
Net cash (used in) from operating activities	(620,501)	2,286,686
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment (Note 6)	(403,082)	(600,515)
Decrease (increase) in security deposit (Note 13)	(23,278)	92,180
Net cash used in investing activities	(426,360)	(508,335)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	156,633	510,008
NET (DECREASE) INCREASE IN CASH	(890,228)	2,288,359
CASH AT BEGINNING OF YEAR	37,543,125	35,254,766
CASH AT END OF YEAR (Note 3)	₱36,652,897	₱37,543,125

See accompanying Notes to Financial Statements.



GERMAN-PHILIPPINE CHAMBER OF COMMERCE AND INDUSTRY, INC.
(A Nonstock, Not-for-Profit Organization)

NOTES TO FINANCIAL STATEMENTS

1. Organization Information and Authorization for Issue of the Financial Statements

Organization Information

The German-Philippine Chamber of Commerce and Industry, Inc. (the Organization), a nonstock, not-for-profit organization, was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) and started its operations on February 29, 2008. The Organization was organized primarily to promote and facilitate bi-national interest, strong commercial and industrial relationships between the Federal Republic of Germany and the Republic of the Philippines as a whole, and the interests of persons, firms or corporations engaged in such commerce and industry.

On March 31, 2011, the Board of Directors (BOD) of the Organization approved the addition of “German-Philippine Chamber of Commerce and Industry”, “German-Philippine Chamber”, “GPCCI”, and “Deutsche-Philippinische Industrie-und Handelskammer” as business names of the Organization.

The Organization’s principal office and business address is at 8/F Döhle Haus Manila, 30-38 Sen. Gil Puyat Avenue, Barangay San Isidro, 1234 Makati City, Metro Manila.

The Organization, being a nonstock, not-for-profit organization, has no part of its excess revenue over expenses inuring to the benefit of any individual, falling under Section 30 (F) of Republic Act No. 8424 entitled “An Act Amending the National Internal Revenue Code, As Amended and for Other Purposes”. The income from activities conducted in pursuit of the objectives for which the Organization was established is exempt from tax. However, any income from any activity conducted for profit regardless of the disposition of such income is subject to income tax. On February 20, 2018, the Bureau of Internal Revenue (BIR) issued a tax ruling to the Organization confirming that the income received by the Organization operating as a not-for-profit chamber of commerce is exempt from income tax. Any income derived from any of the Organization’s properties, real or personal, or any activity conducted for profit regardless of the disposition thereof, is subject to income tax. The tax ruling is valid until February 19, 2021, which is three years from date of issuance. As of March 14, 2024, the filed application for extension of the ruling of the Organization is pending approval of BIR.

Authorization for issuance of the financial statements

The financial statements of the Organization were approved and authorized for issuance by the BOD on March 14, 2024.

2. Summary of Significant Accounting Policies and Financial Reporting Practices

Basis of Preparation

The financial statements of the Organization have been prepared on a historical cost basis and are presented in Philippine peso (Peso), which is the Organization’s functional and reporting currency. All amounts were rounded off to the nearest Peso, except when otherwise indicated.

Statement of Compliance

The financial statements are prepared in compliance with Philippine Financial Reporting Standard (PFRS) for Small Entities (the Framework).



Significant Accounting Policies

Cash

Cash includes cash on hand and in banks. Cash in banks earns interest at the prevailing bank deposit rates.

Financial Instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognized when the entity becomes a party to its contractual provisions. The Organization classifies its financial instruments into the following categories: (a) basic financial instruments and (b) complex financial instruments.

The Organization's basic financial instruments consist of cash, receivables, other current assets, and accrued expenses and other current liabilities. The Organization does not have complex financial instruments.

Basic financial instruments

Initial measurement

On initial recognition, a debt financial instrument is measured at transaction price (including transaction costs), unless the arrangement is in effect a financing transaction. In this case, it is measured at present value of the future payment discounted using a market rate of interest for a similar debt instrument.

Subsequent measurement

The Organization's debt financial instruments are subsequently measured at amortized cost using the effective interest method.

Impairment of financial instruments measured at amortized cost

At each reporting date, the Organization assesses whether there is objective evidence of impairment on any financial assets that are measured at amortized cost. Where there is any objective evidence of impairment, an impairment loss is recognized immediately in profit or loss.

The impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

Derecognition of financial assets

An entity only derecognizes a financial asset when the contractual rights to the cash flows from the assets have expired or are settled, or the entity has transferred to another party substantially all the risks and rewards of ownership relating to the financial asset.



Derecognition of financial liabilities

Financial liabilities are derecognized only when these are extinguished that is, when the obligation is discharged, cancelled, or has expired.

Property and Equipment

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

The initial cost of property and equipment consists of its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the items of property and equipment have been put into operation, such as repairs and maintenance, are normally charged to expense in the period in which the costs are incurred. In situations where it can be clearly demonstrated that these expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of the property and equipment. When items of property and equipment are sold, retired or otherwise disposed of, their cost and accumulated depreciation, amortization and any impairment in value are eliminated from the accounts and any gain or loss resulting from their disposal is recognized in the statement of income.

Depreciation and amortization are computed on a straight-line basis over the estimated useful life of the asset or the term of the lease, whichever is shorter. Office equipment and motor vehicles are depreciated over an estimated useful life of three years. Leasehold improvements are amortized over the useful life of the assets, which ranges from three to five years, or the term of the lease contract, whichever is shorter.

Depreciation or amortization begins when the asset is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. It ceases at the earlier of the date that it is classified as noncurrent asset held-for-sale and the date the asset is derecognized.

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

The carrying value of property and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the asset is written down to its recoverable amount. Any impairment in value is recognized in the statement of income.

Intangible Assets

Intangible assets consist of software cost, which is not an integral part of the related hardware, and trademark. These are measured initially at cost and are amortized on a straight-line basis over their estimated useful lives from 3 to 10 years. The estimated useful life and amortization method are reviewed at each balance sheet date, with the effect of any changes in estimate being accounted for on a prospective basis.

Gain or loss arising from derecognition of intangible assets is recognized in the statement of income when the asset is derecognized.



Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities are recognized when incurred and measured on initial recognition at the expected amount to be paid.

Unearned Revenue

Unearned revenue consists of unearned projects and events fees and unearned membership fees and these are recognized for cash received not yet earned and is presented as liability.

Accrued Retirement Liability

The Organization's retirement liability is measured using the accrual approach based on the approved retirement plan. Pursuant to Republic Act (RA) 7641, "Retirement Pay Law", accrual approach is applied by calculating the expected liability as at reporting date using the current salary of the entitled employees and the employees' years of service, without consideration of future changes in salary rates and service periods.

Fund Balance

Fund balance represents the accumulated balance of excess or deficiency of revenue over cost and expenses.

Revenue

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

Projects and events

Income generated from special events and activities are recognized upon holding of the events and conduct of the activities.

Subsidies

Subsidies are recognized on the date received and are measured at the fair value of the asset received or receivable. When there is an unconditional promise to give, subsidies received are recognized in the period the promise is received. When specified future performance conditions are imposed, subsidies are recognized when the performance conditions are met; otherwise, the subsidies received are recognized as liabilities.

Membership fees

Membership fees are recognized as revenue in the year the membership is renewed. Membership fees from new members are recognized as income upon approval by the BOD of membership application.

Interest

Interest is recognized as the interest accrues.

Cost and Expenses

Cost and expenses are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Cost of projects and events are recognized when the related services are rendered and upon holding of the projects and events and conduct of the activities. General and administrative expenses, which include costs of administering the Organization, are expensed as incurred.



Provisions and Contingencies

Provisions are recognized when the Organization has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the obligation.

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

Foreign Currency-denominated Transactions and Translations

Transactions denominated in foreign currencies are recorded in Peso based on the applicable exchange rates prevailing at the transaction dates. Outstanding monetary assets and liabilities denominated in foreign currencies are restated using the applicable closing exchange rates at the balance sheet date. Exchange gains or losses arising from foreign currency transactions and balances are recognized in the statement of income.

Events After the Balance Sheet Date

Events after the balance sheet date that provide additional information about the Organization's position at the balance sheet date (adjusting events) are reflected in the financial statements. Events after the balance sheet date that are not adjusting events, if any, are disclosed in the notes to the financial statements when material.

3. Cash

	2023	2022
Cash in banks	₱36,602,160	₱37,497,298
Cash on hand	50,737	45,827
	₱36,652,897	₱37,543,125

Cash in banks earn interest at the respective bank deposit rates. Interest income earned amounted to ₱2,888 and ₱2,859 in 2023 and 2022, respectively.

4. Receivables

	2023	2022
Projects and events	₱3,249,887	₱1,662,771
Advances to employees	991,712	947,663
Advances to suppliers	7,000	7,000
	₱4,248,599	₱2,617,434

Receivables from projects and events are non-interest bearing and are generally collectible in 30 to 60 days.

Advances to employees are noninterest bearing cash advances and are generally classified into business and personal advances. Business related advances are liquidated 30 working days after the event or after the cash advance is spent. Personal advances are payable within 3 to 12 months through salary deduction.



5. Other Current Assets

	2023	2022
Input VAT	P408,023	P-
Creditable withholding tax (CWT)	270,940	147,807
Prepaid expenses	-	6,500
	P678,963	P154,307

6. Property and Equipment

As of December 31, 2023:

	Office Equipment	Motor Vehicles	Leasehold Improvements	Total
Cost				
Beginning of year	P9,978,541	P3,585,900	P1,305,561	P14,870,002
Additions	403,082	-	-	403,082
End of year	10,381,623	3,585,900	1,305,561	15,273,084
Accumulated Depreciation				
Beginning of year	8,832,969	3,585,900	1,202,516	13,621,385
Depreciation (Note 10)	620,282	-	83,724	704,006
End of year	9,453,251	3,585,900	1,286,240	14,325,391
Net Book Values	P928,372	P-	P19,321	P947,693

As of December 31, 2022:

	Office Equipment	Motor Vehicles	Leasehold Improvements	Total
Cost				
Beginning of year	P9,919,808	P3,585,900	P1,305,561	P14,811,269
Additions	600,515	-	-	600,515
Retirement	(541,782)	-	-	(541,782)
End of year	9,978,541	3,585,900	1,305,561	14,870,002
Accumulated Depreciation				
Beginning of year	8,772,370	3,099,790	1,131,672	13,003,832
Depreciation (Note 10)	602,381	486,110	70,844	1,159,335
Retirement	(541,782)	-	-	(541,782)
End of year	8,832,969	3,585,900	1,202,516	13,621,385
Net Book Values	P1,145,572	P-	P103,045	P1,248,617



7. Intangible Assets

As of December 31, 2023:

	Software Cost	Trademark	Total
Cost			
Beginning and end of year	₱34,880	₱27,067	₱61,947
Accumulated Amortization			
Beginning and end of year	34,880	27,067	61,947
Net Book Values	₱-	₱-	₱-

As of December 31, 2022:

	Software Cost	Trademark	Total
Cost			
Beginning of year	₱135,919	₱27,067	₱162,986
Retirement	(101,039)	-	(101,039)
End of year	34,880	27,067	61,947
Accumulated Amortization			
Beginning of year	135,919	25,262	161,181
Amortization (Note 10)	-	1,805	1,805
Retirement	(101,039)	-	(101,039)
End of year	34,880	27,067	61,947
Net Book Values	₱-	₱-	₱-

8. Accrued Expenses and Other Current Liabilities

	2023	2022
Accrued expenses	₱12,820,250	₱9,774,271
Unearned membership fees	630,622	761,846
Payable to the government	608,210	547,861
Payable to a project coordinator	491,127	983,442
Payable for excess subsidies (Note 13)	477,610	2,550,257
Payable to suppliers	476,634	639,583
Unearned projects and events fees	303,867	181,899
Others	749,942	428,562
	₱16,558,262	₱15,867,721

Accrued expenses represent accruals for employee bonuses, professional fees, utilities and other operating expenses.

Unearned membership fee represents membership fees collected in advance for services performed in the following year.

Payable to the government represents mandatory government contributions and income tax payable.



Payable for excess subsidies represents subsidies that will be refunded to the Association of German Chambers of Commerce and Industry (Deutscher Industrie- und Handelskammertag, DIHK) and German Federal Ministry for Economic Affairs and Climate Action (Bundesministerium für Wirtschaft und Klimaschutz, BMWK) [see Note 13]

Unearned projects and events fees represent fees collected in advance for services that will be performed in the following year.

9. Cost of Projects and Events

	2023	2022
Projects and events costs	₹8,134,045	₹5,320,649
Outside services	4,683,258	987,030
Rental	2,700,000	232,584
Food and beverages	2,375,581	1,054,899
Transportation and travel	389,424	99,023
Souvenirs and prizes	43,088	256,000
Printing and reproduction	28,274	112,616
Others	234,532	138,467
	₹18,588,202	₹8,201,268

Projects and events costs represents the costs incurred for the projects and events rendered by the Organization and office-in-office costs.

10. General and Administrative Expenses

	2023	2022
Personnel cost	34,285,929	33,855,524
Rental (Note 13)	2,783,202	2,640,834
Service Fees	2,662,523	2,994,295
Transportation and travel	1,808,238	867,124
Communication	1,462,104	1,480,547
Depreciation and amortization (Notes 6 and 7)	704,006	1,161,140
Dues and subscription	437,120	471,672
Representation	287,253	263,165
Insurance	270,375	277,853
Utilities	205,685	206,304
Meetings and seminars	125,055	219,568
Office supplies	122,090	203,697
Advertisement and promotions	120,698	33,901
Repairs and maintenance	57,909	35,194
Printing and reproduction	57,141	73,109
Taxes and licenses	8,313	8,313
Others	172,390	166,713
	₹45,570,031	₹44,958,953



11. Retirement Benefit Costs

The Organization has a defined benefit retirement plan covering all regular and permanent employees. Benefits are paid in lump sum upon retirement or separation in accordance with the terms of the plan.

The Organization recognized the amount of pension liability for its qualified employees following the requirements of the benefit retirement plan using accrual approach. Benefits of employees shall be equal to 100% of monthly salary for every year of credited service.

The movement in pension liability during the years ended December 31, 2023 and 2022 follows:

	2023	2022
At January 1	₱2,061,407	₱2,061,407
Retirement expense	-	-
At December 31	₱2,061,407	₱2,061,407

12. Income Tax

Provision for income tax represents final taxes on interest income amounting to ₱578 in 2023 and ₱572 in 2022.

13. Significant Contracts

Grant from DIHK

Starting in 2012, the Organization applied for public subsidies that it will use to fulfill foreign trade-related tasks in terms of the public interest of the German government and to become a representative for the promotion of German foreign trade. The Organization submitted its budget, on which, DIHK and BMWK approved the Organization's application for subsidies and allocated a total of EUR466,000 (₱28,027,867) and EUR466,000 (₱24,031,562) in 2023 and 2022, respectively.

As of December 31, 2023 and 2022, the subsidies amounting to ₱477,610 and ₱2,550,257, respectively, represent excess subsidies which will be returned to DIHK in the following year. These are included under the "Accrued expenses and other current liabilities" account in the balance sheet (see Note 8).

Lease Agreement with Döhle Shipmanagement Philippines Corporation (DSPC)

In 2015, the Organization entered into a lease agreement with DSPC for office space rental for a term of three years from April 1, 2015 until March 31, 2018. On March 7, 2018, the lease agreement was renewed for another three years from April 1, 2018 until March 31, 2021. The Organization paid additional ₱10,500 refundable security deposit as part of the renewal of the lease agreement. On July 6, 2018 the lease agreement was amended to include a new storage space with the lease period until March 31, 2021.

In 2016, the Organization entered into another lease agreement with DSPC to lease another office space with a lease term of one year and 6 months from October 1, 2016 to March 31, 2018. The lease agreement was renewed twice from 2018 to 2019. On June 22, 2020, the lease agreement was extended for another 3 months until March 31, 2021. The Organization paid ₱137,250 refundable security deposit as part of the renewal of the lease agreement.



Both lease agreements are renewable at the option of both parties.

On January 21, 2021, both lease agreements above were renewed and merged in one contract for another three years from April 1, 2021 until March 31, 2024. The Organization paid additional ₱149,372 additional refundable security deposit as part of the renewal of the lease agreement. The lease agreement is renewable at the option of both parties.

On September 13, 2023, the lease agreement was renewed for another three years from April 1, 2024 to March 31, 2027.

Rent expense recognized in profit or loss related to this lease agreements amounted to ₱2,783,202 and ₱2,640,834 in 2023 and 2022, respectively (see Note 10).

Barter Agreement with Eastern Telecommunication Philippines, Inc. (ETPI)

In May 2021, the Organization formalized the barter agreement with ETPI which is valid for a term of one year from May 18, 2021 to May 17, 2022. ETPI will provide a 20Mbps connection to the Organization amounting to ₱400,000. In exchange, the Organization will provide ETPI the following benefits: (1) enhanced visibility package; (2) GPCCI policy journal; and (3) sponsored webinar or hybrid events series.

In January 2022, the barter agreement was renewed for a term of one year from 25 January 2022 to 24 January 2023. ETPI will provide a 20Mbps connection to the Organization amounting to ₱400,000. In exchange, the Organization will provide ETPI the following benefits: (1) enhanced visibility package; (2) GPCCI policy journal; (3) Annual Review publication; (4) Annual General Meeting and socials sponsorship; and (5) sponsored CEO Roundtable.

In January 2023, the barter agreement was renewed for one year from January 25, 2023. ETPI will provide a 20Mbps connection to the Organization amounting to ₱450,000. In exchange, the Organization will provide ETPI the following benefits: (1) enhanced visibility package; (2) Mabuhay Germany 2023 sponsorship; and (3) membership.

Both parties agree that the monetary value of the reciprocal services rendered by each party are substantially the same. Both parties agree that they will complete their respective services in the time frame.

As of December 31, 2023 and 2022, the Organization recognized the revenue lodged in “Projects and events” in the statements of income amounting to ₱430,000 and ₱541,667, respectively, and the related expenses lodged in “Communication costs” in “General and administrative expenses” in the statements of income amounting to ₱430,000 and ₱508,333, respectively.

Barter Agreement with Weigand and Partners (WP)

In June 2021, the Organization entered into another barter agreement with WP for a term of one year from June 14, 2021 to June 13, 2022. Both parties agreed that WP will assist the Organization with its data privacy matters and issues in exchange of the promotion to be rendered by the Organization through its enhanced visibility package. In June 2022, the barter agreement was renewed for a term of one year from June 14, 2022 to June 13, 2023 with the same services to be rendered by both parties. Both parties agree that the monetary value of the reciprocal services rendered by each party are substantially the same. Both parties agree that they will complete their respective services in the time frame.



As of December 31, 2022, the Organization recognized the revenue lodged in “Projects and events” in the statements of income amounting to ₱200,000 (nil as of December 31, 2023), and the related expenses lodged in “Audit, legal and professional fees” in “General and administrative expenses” in the statements of income amounting to ₱200,000 in 2022 (nil as of December 31, 2023).

Barter Agreement with ALI Makati Hotel Property, Inc. (Raffles Fairmont Hotel)

On December 21, 2022, the Organization entered into another barter agreement with Raffles Fairmont Hotel for a term of one year from January 1, 2023 to December 31, 2023. Both parties agreed that Raffles Fairmont Hotel will provide venue and food and beverage in Raffles Fairmont Hotel for the events of the Organization. In exchange, the Organization will provide Raffles Fairmont Hotel the following benefits: (1) enhanced visibility package; (2) Annual General Meeting and socials sponsorship; (3) Annual Review publication; and (4) membership.

As of December 31, 2023, the Organization recognized the revenue lodged in “Projects and events” in the statements of income amounting to ₱385,000, and the related expenses lodged in “Food and beverages” in “Projects and events costs” in the statements of income amounting to ₱250,000. The remaining balance will be recognized as expense upon utilization in 2024.

Barter with German Club, Inc. (German Club)

In 2023, the Organization entered into another barter agreement with German Club for a period from November 1, 2023 to December 31, 2024. Both parties agreed that German Club will provide venue and food and beverage in German Club for the events and meetings of the Organization. In exchange, the Organization will provide German Club the visibility at the Business Insight publication.

As of December 31, 2023, the Organization recognized the revenue lodged in “Projects and events” in the statements of income amounting to ₱54,000, and the related expenses lodged in “Meetings and Seminars” in “General and Administrative Expenses” in the statements of income amounting to ₱30,000. The remaining balance will be recognized as expense upon utilization in 2024.

Barter with Dusit Thani Manila (Dusit Thani)

On October 11, 2023, the Organization entered into another barter agreement with Dusit Thani for a period from October 11, 2023 to December 31, 2024. Both parties agreed that Dusit Thani will provide venue and food and beverage in Dusit Thani for the events of the Organization. In exchange, the Organization will provide Dusit Thani the membership 2023.

As of December 31, 2023, the Organization recognized the revenue lodged in “Membership Fees” in the statements of income amounting to ₱21,000, and the related expenses lodged in “Projects and events costs” in the statements of income amounting to ₱21,000.

Barter with Urban Greens Hydroponic Systems Inc. (Urban Greens)

On January 25, 2023, the Organization entered into another barter agreement with Urban Greens for a period from January 25, 2023 to December 31, 2023. Both parties agreed that Urban Greens will provide venue and food and beverage in Urban Greens for the events of the Organization. In exchange, the Organization will provide Urban Greens the membership 2023.

As of December 31, 2023, the Organization recognized the revenue lodged in “Membership Fees” in the statements of income amounting to ₱18,000, and the related expenses lodged in “Projects and events costs” in the statements of income amounting to ₱9,000. The remaining balance will be recognized as expense upon utilization in 2024.



14. Supplementary Information Required Under Revenue Regulations No. 34-2020 and 15-2010

Revenue Regulations No. 34-2020

The Organization is not covered by the requirements and procedures for related party transactions specifically on the submission of the Information Return on Transactions with Related Party (BIR Form No. 1709) provided under Section 2 of Revenue Regulations No. 19-2020, as amended by Revenue Regulations No. 34-2020.

Revenue Regulations No. 15-2010

Revenue Regulations (RR) No. 15-2010 are promulgated to amend certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements accompanying tax returns. In addition to the disclosures mandated under PFRS for Small Entities, RR No. 15-2010 requires disclosures regarding information on taxes and license fees paid or accrued during the taxable year.

The Organization reported and paid/accrued the following types of taxes for the year ended December 31, 2023:

a. Value Added Tax (VAT)

Net sales/receipts and output VAT declared in the Organization's VAT returns filed in 2023 are as follows:

	Net Sales/Receipts	Output VAT
Vatable sales/receipts	₱9,170,491	₱1,100,459
Zero Rated Sales/Receipts	9,533,538	-
Exempt Sales/Receipts	32,647,645	-
	<u>₱51,351,674</u>	<u>₱1,100,459</u>

Details of the input VAT are as follows:

	Base Amount ₱-	Input VAT ₱-
Beginning balance		
Current year's domestic purchases		
Domestic purchase of services	15,833,259	1,899,991
Domestic purchases of goods other than capital goods	540,360	64,843
Total	16,373,619	1,964,834
Deduction from input tax		
Input tax allocable to exempt sales	737,715	737,715
Total allowable input VAT	15,635,903	1,227,119
Input VAT applied to Output VAT	1,389,836	819,095
Balance at the end of the year:	<u>₱14,246,067</u>	<u>₱408,024</u>

The Organization made output vat payments amounting to ₱281,363 for taxes due in 2023.



b. Taxes and licenses

This includes all other taxes, both local and national, with details as follows:

Mayor's permit	₱7,013
Annual business registration fee	500
Community tax certificate	500
Barangay permit and clearance	300
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	₱8,313

c. Withholding taxes

The categories of the Organization's withholding taxes paid/accrued in 2022 follow:

Compensation and benefits	₱2,940,717
Expanded withholding taxes	475,731
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	₱3,416,448

d. Custom duties and documentary stamp tax

The Organization was not subjected to importation cost and custom duties, and documentary stamp tax in 2023.

e. Tax assessments and court cases

There were no deficiency tax assessments issued by the BIR to the Organization during the calendar year ended December 31, 2023. There were no pending tax cases nor litigation and/or prosecution in courts or bodies outside the BIR in 2023.

