




Republic of the Philippines Department of Finance Bureau of Internal Revenue				
For BIR BCS/ Use Only Item:				
BIR Form No. 1702-RT January 2018(ENCS) Page 1		Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate <small>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 taxpayers.</small>		
1 For <input checked="" type="radio"/> Calendar <input type="radio"/> Fiscal 2 Year Ended (MM/DDYY) 12 - December 20 19		3 Amended Return? <input type="radio"/> Yes <input checked="" type="radio"/> No		
		4 Short Period Return <input type="radio"/> Yes <input checked="" type="radio"/> No		
		5 Alphabetic Tax Code (ATC) IC 055--Minimum Corporate Income Tax (MCIT) <input type="radio"/> IC010--CORPORATION IN GENERAL - JAN 1, 2009 <input type="radio"/>		
Part I - Background Information				
6 Tax Identification Number (TIN) 009 - 940 - 844 - 00000		7 RDO Code 047		
8 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS) ARPA CORP				
9 Registered Address (Indicate complete address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905) LG1 111 PASEO DE ROXAS BLDG. PASEO DE R XAS SAN LORENZO MAKATI CITY 9A ZIP Code 1226				
10 Date of Incorporation/Organization (MM/DD/YYYY) 04/04/2018		11 Contact Number 85220448		
12 Email Address joyette_29@gmail.com				
13 Method of Deductions <input checked="" type="radio"/> Itemized Deductions [Section 34 (A-J), NIRC] <input type="radio"/> Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended]				
Part II - Total Tax Payable (Do NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)				
14 Tax Due		2,322		
15 Less: Total Tax Credits/Payments		1,500		
16 Net Tax Payable (Overpayment) (Item 14 Less Item 15)		822		
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 Items 16 and 20)		822		
If Overpayment, mark one(1) box only (Once the choice is made, the same is irrevocable) <input type="radio"/> To be refunded <input type="radio"/> To be issued a Tax Credit Certificate (TCC) <input type="radio"/> To be carried over as a tax credit for next year/quarter				
We declare under the penalties of perjury that this return, and all its attachments, have been made in good faith, verified by us, and to the best of our knowledge and belief, are true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If signed by an Authorized Representative, indicate TIN and attach authorization letter)				
Signature over Printed Name of President/Principal Officer/Authorized Representative MA. ALMA J. FAJARDO		22 Number of Attachments 000		
Title of Signatory _____ TIN _____		Signature over Printed Name of Treasurer/Assistant Treasurer _____ Title of Signatory _____ TIN _____		
Part III - Details of Payment				
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 Receipt Details [If not filed with an Authorized Agent Bank(AAB)]		Stamp of Receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)		



BIR Form No. 1702-RT January 2018(ENC5) Page 2		Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate		 1702-RT 01/18ENC5 P2	
Taxpayer Identification Number(TIN)				Registered Name	
009	940	844	00000	ARPA CORP	
Part IV - Computation of Tax (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)					
27 Sales/Revenues/Receipts/Fees				256,633	
28 Less: Sales Returns, Allowances and Discounts				0	
29 Net Sales/Revenues/Receipts/Fees (Item 27 Less Item 28)				256,633	
30 Less: Cost of Sales/Services				219,832	
31 Gross Income from Operation (Item 29 less Item 30)				36,801	
32 Add: Other Taxable Income Not Subjected to Final tax				0	
33 Total Taxable Income (Sum of Items 31 and 32)				36,801	
Less: Deductions Allowable under Existing Law					
34 Ordinary Allowable Itemized Deductions				29,060	
35 Special Allowable Itemized Deductions				0	
36 NOLCO (Only for those taxable under Sec. 27(A to C); Sec. 28(A)(1)(A)(6)(b) of Tax code, as amended)				0	
37 Total Deductions (Sums of Items 34 to 36)				29,060	
OR [in case taxable under Sec 27(A) & 28(A)(1)]					
38 Optional Standard Deduction (OSD) (40% of Item 33)				0	
39 Net Taxable Income/(Loss) If itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38				7,741	
40 Applicable Income Tax Rate				30%	
41 Income Tax Due other than Minimum Corporate Income Tax(MCIT) (Item 39 x Item 40)				2,322	
42 MCIT Due (2% of Item 33)				0	
43 Tax Due (Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher)				2,322	
Less: Tax Credits/Payments(attach proof)					
44 Prior Year's Excess Credits Other Than MCIT				0	
45 Income Tax Payment under MCIT from Previous Quarter/s				0	
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s				1,500	
47 Excess MCIT Applied this Current Taxable Year				0	
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307				0	
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter				0	
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				0	
Other Credits/Payments (Specify)					
53				0	
54				0	
55 Total Tax Credits/Payments (Sum of Items 44 to 54)				1,500	
56 Net Tax Payable (Overpayment) (Item 43 Less Item 55)				822	
Part V - Tax Relief Availment					
57 Special Allowable Itemized Deductions (Item 35 of Part IV x Applicable Income Tax Rate)				0	
58 Add: Special Tax Credits				0	
59 Total Tax Relief Availment (Sum of Items 57 & 58)				0	

BIR Form No. 1702-RT January 2018(ENCS) Page 3	Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P3
Taxpayer Identification Number(TIN)		Registered Name
009 940 844 00000		ARPA CORP
Part VI - Schedules <small>(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)</small>		
Schedule I - Ordinary Allowable Itemized Deductions <small>(Attach additional sheet/s if necessary)</small>		
1	Amortization	0
2	Bad Debts	0
3	Charitable and Other Contributions	0
4	Depletion	0
5	Depreciation	10,000
6	Entertainment, Amusement and Recreation	0
7	Fringe Benefits	0
8	Interest	0
9	Losses	0
10	Pension Trusts	0
11	Rental	9,888
12	Research and Development	0
13	Salaries, Wages and Allowances	0
14	SSS, GSIS, Philhealth, HDMF and Other Contributions	0
15	Taxes and Licenses	9,172
16	Transportation and Travel	0
17	Others(Deductions Subject to Withholding Tax and Other Expenses) <small>(Specify below; Add additional sheet(s), if necessary)</small>	
a	Janitorial and Messengerial Services	0
b	Professional Fees	0
c	Security Services	0
d		0
e		0
f		0
g		0
h		0
i		0
18	Total Ordinary Allowable Itemized Deductions <small>(Sum of items 1 to 17)</small>	29,060
Schedule II - Special Allowable Itemized Deductions <small>(Attach additional sheet/s, if necessary)</small>		
	Description	Legal Basis
1		0
2		0
3		0
4		0
5	Total Special Allowable Itemized Deductions <small>(Sum of items 1 to 4)</small>	0

BIR Form No. 1702-RT January 2018(ENCS) Page 4	Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P4	
Taxpayer Identification Number(TIN) Registered Name <div style="display: flex; justify-content: space-between;"> <div style="border: 1px solid black; padding: 2px;">009</div> <div style="border: 1px solid black; padding: 2px;">940</div> <div style="border: 1px solid black; padding: 2px;">844</div> <div style="border: 1px solid black; padding: 2px;">00000</div> </div> <div style="border: 1px solid black; padding: 2px; width: 100%;">ARPA CORP</div>			
Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)			
1	Gross Income	36,801	
2	Less: Ordinary Allowable Itemized Deductions	29,060	
3	Net Operating Loss (Item 1 Less Item 2) (To Schedule IIIA, Item 7A)	7,741	
Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) <small>(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)</small>			
Net Operating Loss A) Amount B) NOLCO Applied Previous Year/s			
4	Year Incurred	0	
5		0	
6		0	
7		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	
5		0	
6		0	
7		0	
8	Total NOLCO (Sum of Items 4D to 7D)	0	
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
2		0	0
3		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
2		0	0
3		0	0
4	Total Excess MCIT Applied (Sum of Items 1F to 3F)	0	
Schedule V - Reconciliation of Net Income per Books Against Taxable Income (Attach additional sheet/s, if necessary)			
1	Net Income/(Loss) per Books	7,741	
Add: Non-deductible Expenses/Taxable Other Income			
2		0	
3		0	
4	Total (Sum of Items 1 to 3)	7,741	
Less: A) Non-Taxable Income and Income Subjected to Final Tax			
5		0	
6		0	
B) Special Deductions			
7		0	
8		0	
9	Total (Sum of Items 5 to 8)	0	
10	Net taxable Income (Loss) (Items 4 Less Item 9)	7,741	



Rhea Santos Salvatierra <macirila05@gmail.com>

GCash Bills Pay Receipt

1 message

GCash Bills Payment <no-reply@mynt.xyz>
To: macirila05@gmail.com

Fri, Jun 12, 2020 at 11:23 AM

Thank you for using **GCash!**

Amount Paid

php 822.00

Biller Name	BIR
Total Amount	php 822.00
Amount Paid	php 822.00
Fee	php 0.00
Form Series	1700 (Income Tax Return)
Branch Code	00000
Tax Type	IT
Tin	009940844
Form Type	1702RT
Return Period	123119
Date/Time	12 June 2020 11:23:14 AM
GCash Ref. No.	733984676
Email Receipt Sent To	macirila05@gmail.com

GCash
Pay Bills

Tax Return Receipt Confirmation

From: ebirforms-noreply@bir.gov.ph (ebirforms-noreply@bir.gov.ph)

To: oyette_29@ymail.com

Date: Thursday, 11 June 2020, 02:31 pm GMT+8

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

File name: 009940844000-1702RTv2018-122019.xml

Date received by BIR: 11 June 2020

Time received by BIR: 01:45 PM

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

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

Bureau of Internal Revenue

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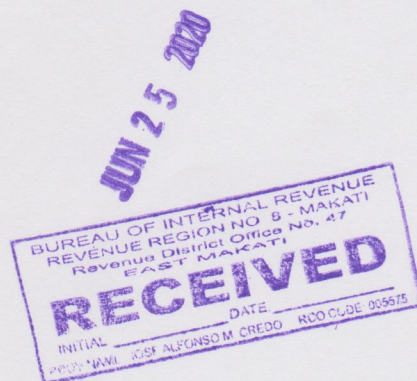
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ARPACORP**STATEMENT OF FINANCIAL POSITION**

As of December 31, 2019

	Notes	2019
ASSETS		
CURRENT ASSETS		
Cash on hand and in bank	4	47,555.00
PROPERTY AND EQUIPMENT		
Office Equipment	5	90,000.00
TOTAL ASSETS		137,555.00
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Income tax Payable	6	822.30
Accounts payable		100,000.00
		100,822.30
EQUITY		
Share Capital	7	31,314.00
Cumulative Earnings	8	5,418.70
		36,732.70
TOTAL LIABILITIES AND EQUITY		137,555.00

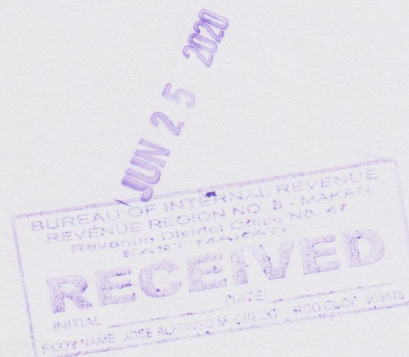
(See accompanying Notes to Financial Statement)



ARPACORP**STATEMENT OF INCOME**

For the Year Ended December 31, 2019

	Notes	2019
RECEIPT	9	256,633.00
LESS: COST OF SERVICE	10	219,832.00
GROSS INCOME		36,801.00
LESS: GENERAL AND ADMINISTRATIVE EXPENSES	11	29,060.00
TAXABLE INCOME	12	7,741.00
PROVISION FOR INCOME TAX		2,322.30
NET INCOME FOR THE YEAR		5,418.70

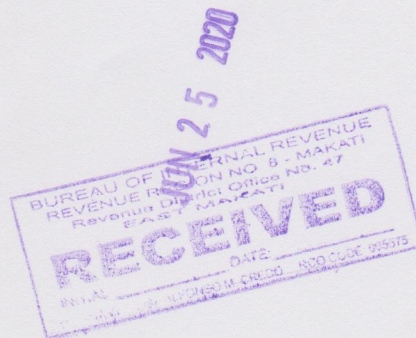
(See accompanying Notes to Financial Statement)

ARPACORP**STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2019

	2019
CASH FLOWS FROM OPERATING ACTIVITIES	
Income before income tax	7,741.00
Adjustments for:	
Depreciation	10,000.00
Operating income before working capital changes	17,741.00
Decrease (increase) in:	
Receivable	
Inventories	
Prepayments and other current assets	
Prior year adjustment	
Increase in accounts payable and accrued expenses	100,822.30
Net cash flows from (used in) operation	118,563.30
Income taxes paid	(2,322.30)
Net cash flows from (used in) operating activities	116,241.00
CASH FLOWS FROM INVESTING ACTIVITY	
Additions to property and equipment	(100,000.00)
Net cash flows from (used in) investing activities	
CASH FLOWS FROM FINANCING ACTIVITIES	
Advances	
Net cash flows from financing activities	
NET INCREASE (DECREASE) IN CASH	16,241.00
CASH AT BEGINNING OF YEAR	31,314.00
CASH AT END OF YEAR	47,555.00

(See accompanying Notes to Financial Statement)



ARPACORP**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**

For the Year Ended December 31, 2019

	Share Capital	Cumulative Income		Total Stockholder's Equity
		Appropriated	Unappropriated	
BALANCES AT JANUARY 1, 2019	31,314.00	-	-	31,314.00
Net income/loss for the year	-	-	5,418.70	5,418.70
				-
BALANCES AT DEC. 31, 2019	31,314.00	-	5,418.70	36,732.70

(See accompanying Notes to Financial Statement)

ARPA CORPORATION

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

ARPA CORPORATION, INC. was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on April 04, 2018, under SEC Registration No. CS2018048476. The Company is primarily engaged in business of handling and managing information technology services.

The Company's registered principal office and business address is located at LG1 111 Paseo De Roxas Bldg., 111 Paseo De Roxas San Lorenzo Makati.
Authorization for Issue of the Financial Statements

The financial statements of the Company for the year ended December 31, 2018 have been approved and authorized for issuance by the Board of Directors and Stockholders on May 29, 2020. The Board of Directors is still empowered to make revisions on financial statements even after the date of issue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

Basis of Preparation

The financial statements of the Company have been prepared under a historical cost convention. Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Philippine pesos, which is the Company's functional and presentation currency. All amounts are rounded to the nearest Philippine peso, except when otherwise indicated.

The preparation of financial statements in conformity with the PFRS for SMEs requires the use of critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company'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 3.

The accompanying 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.

Statement of Compliance

The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) for Small and Medium sized Entities (SMEs) issued by the International Accounting Standards Board (IASB) as approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

Financial Instruments

Financial assets and financial liabilities are recognized initially at transaction price. After initial recognition, basic financial assets and basic financial liabilities are measured at amortized cost less impairment except for investments in non-convertible and non-puttable preference shares and non-puttable ordinary shares that are publicly traded or whose fair value can otherwise be measured reliably, which are measured at fair value with changes in fair value recognized in profit or loss.

Financial assets of the Company include cash and cash equivalents, trade and other receivables, due from related parties and other noncurrent assets.

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents if any, 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.

Due from Related Parties

Due from related parties consists of advances to shareholders and affiliates. These are initially recognized at transaction price and subsequently measured at amortized cost using effective interest method less any impairment loss.

Impairment of Financial Assets

At the end of each reporting period, an entity shall assess whether there is objective evidence of impairment of any financial assets that are measured at cost or amortized cost. If there is objective evidence of impairment, the entity shall recognize an impairment loss in profit or loss immediately.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the entity shall reverse the previously recognized impairment loss either directly or adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset (net of allowance account) that exceeds what the carrying amount would have been had the impairment not previously recognized. The entity shall recognize the amount of reversal in profit or loss immediately.

Property and Equipment

Property, plant and equipment are measured initially at its cost. Property, plant and equipment, after initial recognition are stated at cost less any accumulated depreciation and any accumulated impairment losses.

The initial cost of property and equipment, comprises of 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.

The cost of an item of property and equipment also comprises the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset if it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Land is not depreciated. Depreciation is charged so as to allocate the cost of assets less their residual value over the estimated useful lives of the assets, using the straight-line method.

If there is an indication that there has been a significant change since the last annual reporting date in the pattern by which an entity expects to consume an asset's future economic benefits, the entity shall review its present depreciation method and, if current expectations differ, change the depreciation method to reflect the new pattern. The entity shall account for the change as a change in an accounting estimate.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to current operations. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset.

Financial Liabilities

Financial liabilities consist of trade and other payables, loans payable and due to related parties.

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Equity

Share capital is classified as equity using the nominal value of shares that have been issued. 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. The 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 shares are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects, and are included in equity attributable to the Company's equity holders.

Share premium includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from share premium, net of any related income tax benefits.

Retained earnings include all current and prior period results of operations as disclosed in the statements of comprehensive income.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is the gross inflow of economic benefits (cash, receivables, other assets) arising from the ordinary operating activities of an enterprise. Revenue is shown net of value added tax (VAT), sales discounts, returns and rebates. The following specific recognition criteria must also be met before revenue is recognized:

- Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:
 - The amount of revenue can be measured reliably;
 - It is probable that the economic benefits associated with the transaction will flow to the Company;
 - The stage of completion of the transaction can be measured reliably; and
 - The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.
- Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.
- Dividend income is recognized when the stockholders' right to receive the payment is established and is shown under "other income".

Cost and Expense Recognition

Cost and expenses are recognized in the statements of income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in the statement of income on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

Cost and expenses in the statement of income are presented using the function expense method. Administrative expenses are costs attributable to administrative activities of the Company.

It is probable that total contract costs will exceed total contract revenue; the expected loss is recognized as an expense immediately.

The percentage-of-completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. Any effect of a change in the estimates of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate.

Employees Benefits

■ Short-term Benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses and other non-monetary benefits, if any.

■ Long-term Benefits

The Company provides long-term benefits upon retirement of entitled employee as mandated by law.

Leases

The Company determines whether an arrangement is, or contains a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

The Company accounts for its leases as follows:

Company as Lessee

Leases, which do not transfer to the Company substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the statement of comprehensive income on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred. For income tax purposes, deductible operating lease payments are computed based on the terms of the lease agreements.

Company as Lessor

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Lease payments received are recognized as an income in the statement of comprehensive income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Borrowing Costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

Income Taxes

Income tax expense represents the sum of the current tax expense and deferred tax.

Current tax assets and liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the financial reporting date. They are calculated according to the tax rate at reporting date. The Company's liability for current tax is calculated using 30% for 2011 and 2010, respectively.

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

Deferred tax liabilities are recognized for all temporary differences for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits from excess minimum corporate income tax over the regular income tax.

The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial reporting date.

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

Provisions and Contingencies

Provisions are recognized when the Company has a present obligation, either 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 the amount of the obligation can be estimated reliably. When the Company expects reimbursement of some or all of the expenditure required to settle a provision, the entity recognizes a separate asset for the reimbursement only when it is virtually certain that reimbursement will be received when the obligation is settled.

The amount of the provision recognized is the best estimated of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent liabilities and assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liabilities, if any, are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are disclosed only when an inflow of economic benefits is probable.

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.

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

Events after the End of the Reporting Period

Post-year-end events up to the date of the auditor's report that provide additional information about the Company's position at the 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 financial statements when material.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION

The preparation of the Company's financial statements in conformity with Financial Reporting Framework (in reference to the Philippine Financial Reporting Standards for Small and Medium Sized Entities) requires management to make judgments and underlying assumptions that affect the amounts reported in the Company's financial statements and accompanying notes.

Judgments, estimates and assumptions 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.

Judgments

In the process of applying the Company'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 comprehensive income.

Determining Functional Currency

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

Operating Lease Commitments – Company as Lessor

The Company has entered into commercial property leases with third party on its investment property portfolio classified under property, plant and equipment. The Company has determined that it retains all the significant risks and rewards of ownership of the properties being leased out on operating leases.

In determining whether a lease contract is cancellable or not, the Company considers among others, the significance of penalty, including the economic consequence to the lessee.

Operating Lease Commitments – Company as Lessee

The Company has entered into commercial property leases. Substantially, all the risks and rewards of ownership of the leased items are not transferred to the Company.

Estimates and Assumptions

The estimates and assumptions used in the Company's financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Company's financial statements. 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 Company's financial statements.

Impairment of investments ordinary shares, investment in associates and investment in subsidiary

The Company treats investments as impaired when there has been a significant as impaired when there has been significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of which is 'significant' or 'prolonged' requires judgment. The Company treats 'significant' generally as 20% or more and 'prolonged' as greater than 6 months for quoted equity securities. In addition, the Company evaluates other factors, including normal volatility in share price for quoted equities.

Estimation of useful lives of property, plant and equipment and intangible assets

If there is an indication that there has been a significant change since the last annual reporting date in the pattern by which an entity expects to consume an asset's future economic benefits, the entity shall review its present depreciation method and, if current expectations differ, change the depreciation method to reflect the new pattern. The entity shall account for the change as a change in an accounting estimate.

Factors such as a change in how an asset is used, significant unexpected wear and tear, technological advancement, and changes in market prices may indicate that the residual value or useful life of an asset has changed since the most recent annual reporting date. If such indicators are present, an entity shall review its previous estimates and, if current expectations differ, amend the residual value, depreciation method or useful life. The entity shall account for the change in residual value, depreciation method or useful life as a change in an accounting estimate.

Depreciation is computed on a straight-line method over the estimated useful lives of the assets as follows:

	<u>No. of years</u>
Furniture and Fixtures	1 - 3 yrs

Evaluation of Asset Impairment

The Company assesses the impairment of assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include significant changes in asset usage, significant decline in assets' market value and obsolescence or physical damage of an asset. If such indications are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Company is required to make estimates and assumptions that may affect property and equipment.

Impairment of Non-financial Assets

The Company assesses the value of property and equipment which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, and require the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that property 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.

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.

ARPACORP**NOTES TO FINANCIAL STATEMENT**

For the Year Ended December 31, 2019

4. CASH

This account consists of:

	2019
Cash on Hand & In Bank	47,555.00

Cash in bank represents savings and current account in local banks. Savings account deposits earn at the respective bank deposit rates and current account deposits do not earn. Cash in banks are unrestricted and immediately available for use in current operations.

Cash on hand are undeposited collections as of the end of the period which will be deposited on the next banking day.

5 PROPERTY AND EQUIPMENT

This account consists of:

	2019
Office Equipment	100,000.00
Less: Depreciation	10,000.00
	90,000.00

MEMBER'S EQUITY

This account consists of:

	2019
Share Capital	250,000.00

6 CURRENT LIABILITIES

This account consists of:

	2019
Income tax payable	822.30
Accounts payable	100,000.00
	100,822.30

7 SHARE CAPITAL

This account consists of:

	2019
Capital	31,314.00

8 CUMULATIVE EARNINGS

This accounts consists of:

	2019
Balance at the beginning of the year	-
Net income/loss of the year	5,418.70
	5,418.70

9 RECEIPTS

This accounts consists of:

	2019
Receipts	256,633.00

10 COST OF SERVICE

This account consists of:

	2019
Rent	14,832.00
Other expenses	205,000.00
	219,832.00

11 OPERATING EXPENSES

This account consists of:

	2019
Taxes	9,172.00
Rental	9,888.00
Depreciation	10,000.00
	29,060.00

12 INCOME TAX

The company uses the Itemized deduction for 2018 and optional standard deduction for 2016. Income tax due are computed as follows:

	2019
Net Income from Operations	7,741.00
Multiply by Taxable rate	30%
Provision for Income tax	2,322.30
Less: Tax Paid	1,500.00
INCOME TAX PAYABLE	822.30

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

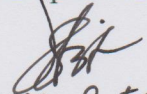
The management of **ARPACORP** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2019 and 2018 and in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from 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 cease operations, or has no realistic alternative but to so.

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

The Board of Directors reviews and approved the financial statements including the schedules attached therein and submits the same to the stockholders or members.

Illuminada A. Sebial, the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with the Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed her opinion on the fairness of presentation upon completion of such examination.


✓ MA. ALMA S. FAJARDO
Chairman of the Board

Chief Executive Officer

Chief Financial Officer

Signed this 8th day of June 2020