



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
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The following document has been received:

Receiving: ICTD ERMD

Receipt Date and Time: May 06, 2024 09:43:12 AM

Company Information

SEC Registration No.: A200005772

Company Name: YAPSTER E-INSURANCE BROKER'S INC.

Industry Classification: J68200

Company Type: Stock Corporation

Document Information

Document ID: OST10506202482338471

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2023

Submission Type: Annual

Remarks: None

Acceptance of this document is subject to review of forms and contents



Your BIR AFS eSubmission uploads were received

3 messages

eafs@bir.gov.ph <eafs@bir.gov.ph>
To: YAPSTERBROKERSINC@gmail.com
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Mon, Apr 29, 2024 at 9:20 AM

Hi YAPSTER E-INSURANCE BROKERS INC,

Valid files

- EAFS206391202ITRTY122023.pdf
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Transaction Code: **AFS-0-6ED66G5G0QR1ZVZ11N4ZZXY1M0PV2QTNPT**
Submission Date/Time: **Apr 29, 2024 09:20 AM**
Company TIN: **206-391-202**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

eafs@bir.gov.ph <eafs@bir.gov.ph>
To: YAPSTERBROKERSINC@gmail.com
Cc: YAPSTERBROKERSINC@gmail.com

Mon, Apr 29, 2024 at 9:35 AM

Hi YAPSTER E-INSURANCE BROKERS INC,

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Transaction Code: **AFS-0-CB65BGB603ZRSVSNPP14VYMP30PZY1PZTQ**
Submission Date/Time: **Apr 29, 2024 09:35 AM**
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eafs@bir.gov.ph <eafs@bir.gov.ph>
To: YAPSTERBROKERSINC@gmail.com
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Mon, Apr 29, 2024 at 9:37 AM

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Bureau of Internal Revenue

Republic of the Philippines

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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 206-391-202-000
Name	: YAPSTER E-INSURANCE BROKERS, INC.
RDO	: 050
Form Type	: 1702
Reference No.	: 462400059413792
Amount Payable (Over Remittance)	: -4,307,763.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2023
Date Filed	: 04/26/2024 <i>-AMENDED RETURN</i>
Tax Type	: IT

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Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

For BIR Use Only: BCS/Item:

BIR Form No. 1702-RT January 2018(ENCS) Page 1		Annual Income Tax Return For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate <i>Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two Copies MUST be filed with the BIR and one held by the taxpayer.</i>			 1702-RT 01/18ENCS P1	
1 For <input checked="" type="checkbox"/> Calender <input type="checkbox"/> Fiscal		3 Amended Return? <input type="checkbox"/> Yes <input type="checkbox"/> No		4 Short Period Return? <input type="checkbox"/> Yes <input type="checkbox"/> No		
2 Year Ended (MM/20YY) 12/2023		5 Alphanumeric Tax Code (ATC) IC055 <input type="checkbox"/> Minimum Corporate Income Tax (MCIT) IC010 <input checked="" type="checkbox"/> DOMESTIC CORPORATION IN GENERAL				
Part I - Background Information						
6 Taxpayer Identification Number (TIN) 206 - 391 - 202 - 000			7 RDO Code 050			
8 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS) YAPSTER E-INSURANCE BROKERS, INC.						
9A Registered Address (Indicate complete registered address) 17/F B. A. LEPANTO BLDG., 874 BEL-AIR CITY OF MAKATI, NCR, FOURTH DI						
9B Zipcode 1209						
10 Date of Incorporation/Organization (MM/DD/YYYY)				05/16/2000		
11 Contact Number 88931111			12 Email Address yapsterbrokersinc@gmail.com			
13 Method of Deductions <input type="checkbox"/> Itemized Deductions (Section 34 (A-J), NIRC) <input type="checkbox"/> Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]						
Part II - Total Tax Payable (Do NOT enter Centavos)						
14 Total Income Tax Due (Overpayment) (From Part IV Item 43)					379,787	
15 Less: Total Tax Credits/Payments (From Part IV Item 55)					4,687,550	
16 Net Tax Payable (Overpayment) (Item 14 Less Item 15) (From Part IV Item 56)					(4,307,763)	
Add Penalties						
17 Surcharge					0	
18 Interest					0	
19 Compromise						
20 Total Penalties (Sum of Items 17 to 19)					0	
21 TOTAL AMOUNT PAYABLE (Overpayment) (Sum of Item 16 and 20)					(4,307,763)	
If Overpayment, mark "X" one box only (Once the choice is made, the same is irrevocable)						
<input type="checkbox"/> To be refunded		<input checked="" type="checkbox"/> To be issued a Tax Credit Certificate (TCC)		<input type="checkbox"/> To be carried over as tax credit next year/quarter		
We declare under the penalties of perjury that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If Authorized Representative, attach a list of the filer's name and indicate TIN)						
Signature over printed name of President/Principal Officer/Authorized Representative FERDINAND YAP			Signature over printed name of Treasurer/Assistant Treasurer LINDSAY CHUA		22 Number of Attachments 4	
Title of Signatory PRESIDENT		Title of Signatory TREASURER		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 Receipts Details (if not filed with an Authorized Agent Bank)				Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)		

Taxpayer Identification Number (TIN)	Registered Name
206 - 391 - 202 - 000	YAPSTER E-INSURANCE BROKERS, INC.

Part IV - Computation of Tax		(Do NOT enter Centavos)
27 Sales/Receipts/Revenues/Fees		5,959,972
28 Less: Sales Returns, Allowances and Discounts		
29 Net Sales/Receipts/Revenues/Fees (Item 27 Less Item 28)		5,959,972
30 Less: Cost of Sales/Services		3,443,996
31 Gross Income from Operation (Item 29 Less Item 30)		2,515,976
32 Add: Other Taxable Income Not Subjected to Final Tax		0
33 Total Taxable Income (Sum of Items 31 and 32)		2,515,976

Less: Deductions Allowable under Existing Law		
34 Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)	617,039	
35 Special Allowable Itemized Deductions (From Part VI Schedule II Item 5)	0	
36 NOLCO (only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Part VI Schedule III Item 8)	0	
37 Total Deductions (Sum of Items 34 to 36)	617,039	
OR [in case taxable under Sec 27(A) & 28(A)(1)]		
38 Optional Standard Deduction (40% of Item 33)		0

39 Net Taxable Income(Loss) (If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)	1,898,937
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40 Applicable Income Tax Rate	20 %
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41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) (Item 39 x Item 40)	379,787
42 MCIT Due (2% of Item 33)	37,740
43 Tax Due (Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 14)	379,787

Less: Tax Credits/Payments (attach proof)		
44 Prior Year's Excess Credits Other Than MCIT		4,337,949
45 Income Tax Payment under MCIT from Previous Quarter/s		0
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s		0
47 Excess MCIT Applied this Current Taxable Year (From Part VI Schedule IV Item 4)		0
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307		349,601
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 (To Part V Item 58)		0
Other Credits/Payments (Specify)		
53		0
54		0

55 Total Tax Credits/Payments (Sum of Items 44 to 54) (To Part II Item 15)	4,687,550
56 Net Tax Payable / (Overpayment) (Item 43 Less Item 55) (To Part II Item 16)	(4,307,763)

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 (From Part IV Item 52)	0
59 Total Tax Relief Availment (Sum of Items 57 and 58)	0

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
206 - 391 - 202 - 000	YAPSTER E-INSURANCE BROKERS, INC.

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

1 Amortizations	0
2 Bad Debts	0
3 Charitable Contributions	0
4 Depletion	0
5 Depreciation	0
6 Entertainment, Amusement and Recreation	12,000
7 Fringe Benefits	0
8 Interest	0
9 Losses	0
10 Pension Trust	0
11 Rental	0
12 Research and Development	0
13 Salaries, Wages and Allowances	0
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	0
15 Taxes and Licenses	209,118
16 Transportation and Travel	15,189
17 Others (Deductions Subject to Withholding Tax and Other Expenses) (Specify below; Add additional sheet(s), if necessary)	0
a Janitorial and Messengerial Services	270,473
b Professional Fees	0
c Security Services	35,075
d MARKETING EXPENSE	6,189
e PARKING FEE	68,995
f MISCELLANEOUS	0
g	0
h	0
i	0
18 Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 17) (To Part IV Item 34)	617,039

Schedule II - Special Allowable Itemized Deductions (Attach additional sheet/s, if necessary)

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

Taxpayer Identification Number (TIN)	Registered Name
206 - 391 - 202 - 000	YAPSTER E-INSURANCE BROKERS, INC.

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)	
1 Gross Income (From Part IV Item 33)	0
2 Less: Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 1B)	617,039
3 Net Operating Loss (Item 1 Less Item 2) (To Schedule IIIA, Item 7A)	(617,039)

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)		
Net Operating Loss		B) NOLCO Applied Previous Year
Year Incurred	A) Amount	
4 2023	617,039	0
5	0	0
6	0	0
7	0	0

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

C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) [E = A Less (B + C + D)]
4	0	617,039
5	0	0
6	0	0
7	0	0
8 Total NOLCO (Sum of Items 4D to 7D) (To Part IV, Item 36)	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	0
2	0	0	0
3	0	0	0

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

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

Schedule V - Reconciliation of Net Income per Books Against Taxable Income (attach additional sheet/s, if necessary)	
1 Net Income/(Loss) per books	2,975,293
Add: Non-deductible Expenses/Taxable Other Income	
2 TAX EXPENSE	387,525
3	0
4 Total (Sum of Items 1 to 3)	3,362,818
Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5 FINANCE INCOME	11,758
6 EQUITY SHARE IN NET INCOME	1,452,123
7	0
8	0
9 Total (Sum of Items 5 to 8)	1,463,881
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)	1,898,937

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The management of **Yapster e-Insurance Brokers, Inc.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2023. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the management affirms that the attached audited financial statements for the year ended December 31, 2023 and the accompanying Annual Income Tax Return are in accordance with the books and records of **Yapster e-Insurance Brokers, Inc.**, complete and correct in all material respects. Management likewise affirms that:

- a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances; and,
- c) **Yapster e-Insurance Brokers, Inc.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.


FERDINAND Y. YAP
Chairman and President


LINDSAY L. CHUA
Treasurer



Financial Statements

YAPSTER E-INSURANCE BROKERS, INC.

December 31, 2023 and 2022

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Yapster e-Insurance Brokers, Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2023 and 2022 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 to cease operations or has no realistic alternative but to do so.

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

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

AMC & Associates, the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


FERDINAND Y. YAP
Chairman and President


LINDSAY L. CHUA
Treasurer

Signed this April day of 12th, 2024



Aquino, Mata, Calica & Associates
Certified Public Accountants
Suite 1805 - 1807 Cityland Condominium 10 Tower 2
H.V. Dela Costa St., Makati City, 1227 Philippines
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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Yapster e-Insurance Brokers, Inc.

17F B.A. Lepanto Building
8747 Paseo De Roxas St.
Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Yapster e-Insurance Brokers, Inc.**, which comprise the statements of financial position as at December 31, 2023 and 2022 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company 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 (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics for Professional Accountants in the Philippines* (Code of Ethics), together with the ethical requirements that are relevant to our audits 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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Yapster e-Insurance Brokers, Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2023 and 2022 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 to cease operations or has no realistic alternative but to do so.

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

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

AMC & Associates, the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


FERDINAND Y. YAP
Chairman and President


LINDSAY L. CHUA
Treasurer

Signed this April day of 12th, 2024



Aquino, Mata, Calica & Associates
Certified Public Accountants
Suite 1805 - 1807 Cityland Condominium 10 Tower 2
H.V. Dela Costa St., Makati City, 1227 Philippines
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Auditors' 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 auditors' 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 PSA 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 PSA, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



Aquino, Mata, Calica & Associates
Certified Public Accountants
Suite 1805 - 1807 Cityland Condominium 10 Tower 2
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Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information for the year ended December 31, 2023 required by the Bureau of Internal Revenue as disclosed in Note 20 of the financial statements is presented for purposes of additional analysis and is not a required part of the financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of the management. The supplementary information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

AMC & ASSOCIATES

By: **Joseph Cedric V. Calica**
Partner
CPA Cert. No. 94541
TIN 163-257-226-000
PTR No. 10075913, Jan. 3, 2024, Makati City
BIR Accreditation No. 08-002582-001-2023
(issued on Oct. 12, 2023 valid until Oct. 11, 2026)
SEC Accreditation No. 94541-SEC (Group A)
(valid to audit 2023 to 2027 financial statements)
IC Accreditation No. 94541-IC (Group A)
(valid to audit 2020 to 2024 financial statements)
BSP Accreditation No. 94541-BSP (Group B)
(valid to audit 2021 to 2025 financial statements)

April 12, 2024

FIRM ACCREDITATION

Aquino, Mata, Calica & Associates

BOA Accreditation No. 4275 - valid from June 29, 2023 to June 28, 2026
BIR Accreditation No. 08-002582-000-2023 - issued on October 12, 2023 valid until October 11, 2026
SEC Accreditation No. 4275-SEC (Group A) - valid to audit 2023 to 2027 financial statements
IC Accreditation No. 4275-IC (Group A) - valid to audit 2020 to 2024 financial statements
BSP Accreditation No. 4275-BSP (Group B) - valid to audit 2021 to 2025 financial statements
CDA CEA No. 075-AF - valid from June 2, 2021 to June 1, 2024



Aquino, Mata, Calica & Associates
Certified Public Accountants
Suite 1805 - 1807 Cityland Condominium 10 Tower 2
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SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Yapster e-Insurance Brokers, Inc.
17F B.A. Lepanto Building
8747 Paseo De Roxas St.
Makati City

We have audited the financial statements of **Yapster e-Insurance Brokers, Inc.** for the year ended December 31, 2023 on which we have rendered the attached report dated April 12, 2024.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the Company has two stockholders owning 100 or more shares each of the Company's common stock as at December 31, 2023, as disclosed in Note 14 of the financial statements.

AMC & ASSOCIATES

By: **Joseph Cedric V. Calica**
Partner
CPA Cert. No. 94541
TIN 163-257-226-000
PTR No. 10075913, Jan. 3, 2024, Makati City
BIR Accreditation No. 08-002582-001-2023
(issued on Oct. 12, 2023 valid until Oct. 11, 2026)
SEC Accreditation No. 94541-SEC (Group A)
(valid to audit 2023 to 2027 financial statements)
IC Accreditation No. 94541-IC (Group A)
(valid to audit 2020 to 2024 financial statements)
BSP Accreditation No. 94541-BSP (Group B)
(valid to audit 2021 to 2025 financial statements)

April 12, 2024

FIRM ACCREDITATION

Aquino, Mata, Calica & Associates

BOA Accreditation No. 4275 - valid from June 29, 2023 to June 28, 2026
BIR Accreditation No. 08-002582-000-2023 - issued on October 12, 2023 valid until October 11, 2026
SEC Accreditation No. 4275-SEC (Group A) - valid to audit 2023 to 2027 financial statements
IC Accreditation No. 4275-IC (Group A) - valid to audit 2020 to 2024 financial statements
BSP Accreditation No. 4275-BSP (Group B) - valid to audit 2021 to 2025 financial statements
CDA CEA No. 075-AF - valid from June 2, 2021 to June 1, 2024



YAPSTER E-INSURANCE BROKERS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Peso)

	<u>2023</u>	<u>2022</u> (As Restated)
<u>ASSETS</u>		
CURRENT ASSETS		
Cash (Note 4)	P 14,589,222	P 13,132,102
Trade and other receivables (Note 5)	8,549,442	15,448,000
Prepayment and other current assets (Note 6)	<u>4,365,278</u>	<u>4,395,463</u>
Total Current Assets	<u>27,503,942</u>	<u>32,975,565</u>
NON-CURRENT ASSETS		
Investment in an associate (Note 7)	12,690,692	11,238,569
Property and equipment (Note 8)	2,141,765	2,216,321
Deferred tax assets (Note 13)	<u>278,644</u>	<u>284,030</u>
Total Non-current Assets	<u>15,111,101</u>	<u>13,738,920</u>
TOTAL ASSETS	<u>P 42,615,043</u>	<u>P 46,714,485</u>
<u>LIABILITY AND EQUITY</u>		
CURRENT LIABILITY		
Trade and other payables (Note 9)	<u>P 15,752,734</u>	<u>P 22,827,469</u>
EQUITY		
Capital stock (Note 14)	13,750,000	10,000,000
Stock dividend distributable (Note 14)	-	3,750,000
Retained earnings (Note 14)	<u>13,112,309</u>	<u>10,137,016</u>
Total Equity	<u>26,862,309</u>	<u>23,887,016</u>
TOTAL LIABILITY AND EQUITY	<u>P 42,615,043</u>	<u>P 46,714,485</u>

See Notes to Financial Statements.



YAPSTER E-INSURANCE BROKERS, INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Peso)

	<u>2023</u>	<u>2022</u>
REVENUES <i>(Note 10)</i>	P 5,959,972	P 4,745,767
COST AND OPERATING EXPENSES		
Cost of services <i>(Notes 11)</i>	3,443,996	3,274,398
Administrative expenses <i>(Notes 11)</i>	<u>617,039</u>	<u>1,048,323</u>
	<u>4,061,035</u>	<u>4,322,721</u>
OPERATING PROFIT	<u>1,898,937</u>	<u>423,046</u>
OTHER INCOME		
Equity share in net profit of investment in an associate <i>(Note 7)</i>	1,452,123	789,036
Finance income <i>(Note 4)</i>	<u>11,758</u>	<u>8,541</u>
	<u>1,463,881</u>	<u>797,577</u>
PROFIT BEFORE TAX	3,362,818	1,220,623
TAX EXPENSE <i>(Note 13)</i>	<u>387,525</u>	<u>86,317</u>
NET PROFIT	2,975,293	1,134,306
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>P 2,975,293</u>	<u>P 1,134,306</u>

See Notes to Financial Statements.



YAPSTER E-INSURANCE BROKERS, INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Peso)

	Capital Stock (As Restated) <i>(Note 14)</i>	Stock Dividend Distributable (As Restated) <i>(Note 14)</i>	Retained Earnings (As Restated) <i>(Note 14)</i>	Total
Balance at January 1, 2023	P 10,000,000	P 3,750,000	P 10,137,016	P 23,887,016
Issuance of shares	3,750,000	(3,750,000)	-	-
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>2,975,293</u>	<u>2,975,293</u>
Balance at December 31, 2023	<u>P 13,750,000</u>	<u>P -</u>	<u>P 13,112,309</u>	<u>P 26,862,309</u>
Balance at January 1, 2022	P 10,000,000	P -	P 12,752,710	P 22,752,710
Stock dividend	-	3,750,000	(3,750,000)	-
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>1,134,306</u>	<u>1,134,306</u>
Balance at December 31, 2022	<u>P 10,000,000</u>	<u>P 3,750,000</u>	<u>P 10,137,016</u>	<u>P 23,887,016</u>

See Notes to Financial Statements.



YAPSTER E-INSURANCE BROKERS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Peso)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	P 3,362,818	P 1,220,623
Adjustments for:		
Depreciation and amortization (Note 8)	74,556	63,459
Interest income (Note 4)	(11,758)	(8,541)
Equity share in net profit of investment in an associate (Note 7)	(1,452,123)	(789,036)
Operating profit before working capital changes	1,973,493	486,505
Decrease in trade and other receivables	6,898,558	18,176,407
Decrease (increase) in prepayments and other current assets	30,185	(440,492)
Decrease in trade and other payables	(7,074,735)	(12,053,696)
Cash generated from operations	1,827,501	6,168,724
Interest received (Note 4)	11,758	8,541
Cash paid for income taxes (Note 13)	(382,139)	(86,317)
Net Cash From Operating Activities	<u>1,457,120</u>	<u>6,090,948</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Acquisitions of property and equipment (Note 8)	<u>-</u>	(55,486)
NET INCREASE IN CASH	1,457,120	6,035,462
CASH AT BEGINNING OF YEAR	<u>13,132,102</u>	<u>7,096,640</u>
CASH AT END OF YEAR (Note 4)	<u>P 14,589,222</u>	<u>P 13,132,102</u>

See Notes to Financial Statements.

Supplementary Information on Cash Financing Activity

As mentioned in Note 14, the Company's Board of Directors approved the declaration of stock dividend in 2022 amounting to P3,750,000. The corresponding shares were issued in 2023 after approval from the Securites and Exchange Commission on the Company's increased authorized capital stock.



YAPSTER E-INSURANCE BROKERS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022
(Amounts in Philippine Peso)

1. GENERAL INFORMATION

Corporate Information

Yapster e-Insurance Brokers, Inc. (the "Company") was registered with the Securities and Exchange Commission on May 16, 2006, with SEC Reg. No. A200005772. The Company was incorporated primarily to act as an insurance broker or representative for and on behalf of an insured other than itself and/or to act in any manner in negotiating contracts of insurance for any insurance company.

The registered office of the Company is located at 17F B.A. Lepanto Building, 8747 Paseo De Roxas St., Makati City.

Approval of Financial Statements

The financial statements at the Company as at and for the year ended December 31, 2023 (including the comparatives as at and for the year ended December 31, 2022) were authorized for issue by the Company's Board of Directors on April 12, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented unless otherwise stated.

Basis of Preparation of Financial Statements

a. Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS is adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB), and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

b. Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard PAS 1, Presentation of Financial Statements. The Company presents all items of income and expenses in a single statement of comprehensive income.



The Company presents the third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items that have a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

c. Functional and Presentation Currency

These financial statements are presented in Philippine peso, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

Adoption of New and Amended PFRS

(a) Effective in 2023 that are Relevant to the Company

The Company adopted for the first time the following amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 (Amendments)	: Classification of Liabilities as Current or Non-current
PAS 1 and PFRS Practice Statement 2 (Amendments)	: Presentation of Financial Statements - Disclosure of Accounting Policies
PAS 8 (Amendments)	: Definition of Accounting Estimates
PAS 12 (Amendments)	: Deferred Tax Related to Assets and Liabilities from a Single Transaction

Discussed below are the relevant information about these pronouncements:

- i. PAS 1 (Amendments), *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and make explicit that only rights in place at the end of the reporting period should affect the classification of a liability. Furthermore, this clarifies that the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The application of these amendments had no significant impact on the Company's financial statements.



- ii. PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies*. The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the Company's financial statements under Notes 2 and 3.

- iii. PAS 8 (Amendments), *Definition of Accounting Estimates*. The amendments introduced a new definition of accounting estimate which is a monetary amount in the financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The application of these amendments had no significant impact on the Company's financial statements.
- iv. PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the application of such amendments had no significant impact on the Company's financial statements.

(b) *Effective in 2023 that are not Relevant to the Company*

Among the amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendments to PAS 12, International Tax Reform – Pillar Two Model Rules, are not relevant to the Company's financial statements.

(c) *Effective Subsequent to 2023 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2023, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have a significant impact on the Company's financial statements:



- i. PAS 7 (Amendments), Cash Flow Statements and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)
- ii. PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)
- iii. PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)
- iv. PFRS 17, *Insurance Contracts – Insurance Contracts* (effective from January 1, 2025)
- v. PFRS 17 (Amendments), *Insurance Contracts – Initial Application of PFRS 17 and PFRS 9 – Comparative Information* (effective from January 1, 2025)
- vi. PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)

Current versus Non-Current Classification

The Company presents assets and liabilities in the statement of financial position based on current and non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve 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 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities.



Financial Instruments

a. Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, Financial Instruments: Presentation. All other non-derivative financial instruments are treated as debt instruments.

The classification and measurement of financial assets are described in the succeeding page.

i. Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Company's financial assets at amortized cost are presented in the statement of financial position as Cash and Trade and other receivables.

Financial assets measured at amortized cost are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

ii. Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell ("hold to collect and sell"); and,



- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Company for trading or as mandatorily required to be classified as FVTPL. The Company has designated equity instruments as at FVOCI on the initial application of PFRS 9.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of Revaluation Reserves account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation Reserves account is not reclassified to profit or loss but is reclassified directly to Retained Earnings account, except for those debt securities classified as FVOCI wherein cumulative fair value gains or losses are recycled to profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of profit or loss as part of Finance Income.

Any dividends earned on holding equity instruments are recognized in profit or loss as part of Miscellaneous under Other Operating Income account when the Company's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and, the amount of the dividend can be measured reliably unless the dividends represent the recovery of a part of the cost of the investment.

As at December 31, 2023 and 2022, the Company does not have Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI).

iii. Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not SPPI are accounted for at FVTPL. Also, equity securities are classified as financial assets at FVTPL, unless the Company designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Company's financial assets at FVTPL include equity securities that are held for trading purposes or designated as at FVTPL.



Financial assets at FVTPL are measured at fair value with gains or losses recognized in profit or loss as part of Finance Income in the statements of profit or loss. The fair values of these financial assets are determined by reference to active market transactions or using a valuation technique where no active market exists.

Interest earned on these investments is included in the net fair value gains (losses) on these assets presented as part of Finance Income in the statements of profit or loss.

The Company can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Company is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Company's business model will take effect only at the beginning of the next reporting period following the change in the business model.

As at December 31, 2023 and 2022, the Company has no Financial Assets at Fair Value Through Profit or Loss (FVTPL).

b. Impairment of Financial Assets

The Company assesses its ECL on a forward-looking basis associated with its financial assets carried at amortized cost and debt instruments measured at FVOCI. Recognition of credit losses is no longer dependent on the Company's identification of a credit loss event. Instead, the Company considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the collectability of the future cash flows of the financial assets.

The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables and contract assets. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Company uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Company also assesses the impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due.

For debt instruments measured at FVOCI and amortized cost, the allowance for credit losses is based on the ECL associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since the origination of the financial asset, in such case, a lifetime ECL for a purchased or originated credit-impaired, the allowance for credit losses is based on the change in the ECL over the life of the asset. The Company recognized a loss allowance for such losses at each reporting date.



The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of the likelihood of default over a given time horizon.
- *Loss given default* – It is an estimate of loss arising in the case where default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due to a counterparty and those that the Company would expect to receive, including the realization of any collateral.
- *Exposure at default* – It represents the gross carrying amount of the financial instruments subject to the impairment calculation.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

c. Items of Income and Expense Related to Financial Assets

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Interest Income or Interest Expense, Impairment Losses, Gain on Disposal of Financial Assets, Dividend Income and Recoveries from Accounts Written-off (presented as part of Other income) in the profit or loss.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

a. Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.



b. Financial Liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

Financial liabilities, which include trade and other payables [except output value-added tax (VAT) and other taxes payable], are recognized when the Company becomes a party to the contractual terms of the instrument.

Trade and other payables are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

c. Offsetting Financial Instruments

Financial assets and liabilities are set-offs and the resulting net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on a future event. It must also be enforceable in the normal course of business, in the event of default, and the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

Prepayments and Other Current Assets

Prepayments and other assets pertaining to other resources controlled by the Company as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.



Prepayments and other assets include prepaid expenses which are paid in advance and recorded as an asset before these are utilized and input tax which will be applied in the following year against output tax. Prepaid expenses are amortized over time and recognized as an expense as the benefit is derived from the asset. Prepayments and other current assets are recognized and measured at transaction cost or the amount of cash paid. Subsequently, these are charged to income as they are consumed in operations or expire with the passage of time.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Company beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer is classified as non-current assets.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements, and renewals are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Depreciation is computed on the straight-line basis over the estimated useful life of the assets as follows:

Leasehold improvements	5-6 years
Office equipment	3-5 years

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of those assets.

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

The residual values and estimated useful life of property and equipment are reviewed, and adjusted if appropriate, at each date.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statements of comprehensive income in the year the item is derecognized.



Investment in an Associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Company's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate since the acquisition date. If the Company's share of losses of an associate equals or exceeds its interest in the associate, the Company discontinues recognizing its share of further losses. After the entity's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Company resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

The Company's share of the results of operations of the associate is included in profit or loss. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's interest in the associate.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognizes the impairment loss as part of "Share in net earnings of equity method investees" account in the statement of comprehensive income.

Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Impairment of Non-financial Assets

At each reporting date, property and equipment and investment in an associate are reviewed to determine whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the assets or cash-generating unit's fair value less costs to sell and its value in use or its net selling price and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects a current market assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in the profit or loss in those expense categories consistent with the function of the impaired asset.



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

Provisions and Contingencies

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

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

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, they are not recognized in the financial statements.

Revenue and Expense Recognition

Revenue is measured by reference to the fair value of the consideration received or receivable by the Company for services provided, excluding value-added tax.

To determine whether to recognize revenue, the Company follows a five-step process:

- (1) identifying the contract with a customer;
- (2) identifying the performance obligation;
- (3) determining the transaction price;
- (4) allocating the transaction price to the performance obligations; and,
- (5) recognizing revenue when/as performance obligations are satisfied.



For Step 1 to be achieved, the following five gating criteria must be present:

- (i) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
- (ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
- (iii) the payment terms for the goods or services to be transferred or performed can be identified;
- (iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
- (v) collection of consideration in exchange for the goods and services is probable.

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- (i) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- (ii) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- (iii) the Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

The Company act as broker in a sale of insurance product. The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations. The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied. The Company uses the practical expedient in PFRS 15 with respect to non-disclosure of the aggregate amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations as at the end of the reporting period and the explanation of when such amount will be recognized as revenue as the Company's contracts with customers have an original expected duration of one year or less.

In addition, the following specific recognition criteria must also be met before revenue is recognized:

- a. *Commission income* – revenue is recognized when there is no unfulfilled performance obligation that could affect the customers' acceptance of the insurance products.
- b. *Interest income* – revenue is recognized as it accrues taking into account the effective yield on the asset.

Cost and expenses are recognized in the profit or loss upon utilization of the service or at the date, they are incurred.



Leases

For any new contracts entered, the Company considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset, and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior period reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of each reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.



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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted, that is, when the investment property is depreciable and is held within the business model which objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

Employee Benefits

The Company provides short term benefits and post-employment benefits to employees through a defined benefit plan, as well as various defined contribution plans.

a. Short-term Benefits

Wages, salaries and bonuses are recognized as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave is recognized when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave is recognized when the absences occur.

b. Defined Benefit Plan

The Company has not yet established a formal post-employment plan nor accrues the estimated cost of post-employment benefits under a defined benefit plan required by the provisions of Republic Act (R.A.) No. 7641, The Retirement Pay Law, in as much as such the estimated retirement benefits is not material to the financial statements. The Company will recognize these benefits as an expense as they fall due.



c. *Defined Contribution Plan*

A defined-contribution plan under which the Company pays fixed contributions into an independent entity such as Social Security System (SSS), Philhealth and Pag-ibig. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

Equity

Capital stock represents the nominal value of shares that have been issued.

Stock dividend distributable refers to the amount of stock dividends declared by the Board of Directors, the corresponding certificates for which have not yet been issued.

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

Related Party Transactions and Relationship

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

Events after the End of the Reporting Period

Any post-year-end event that provides additional information about the company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when the material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The Company's financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these estimates.



Critical Management Judgments in Applying Accounting Policies

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

a. Determination of ECL on Trade and Other Receivables

The Company uses a provision matrix to calculate ECL for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

b. Evaluation of Business Model Applied in Managing Financial Instruments

Upon adoption of PFRS 9, the Company developed business models that reflect how it manages its portfolio of financial instruments. The Company's business models need not be assessed at the entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Company) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of the individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Company evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Company (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relating to the Company's investment and trading strategies.



c. *Testing the Cash Flows Characteristics of Financial Assets and Continuing Evaluation of the Business Model*

In determining the classification of financial assets under PFRS 9, the Company assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing the time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents the time value of money and credit risk) does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as the modified time value of money, the Company assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of the money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Company considers the effect of the modified time value of the money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, PFRS 9 emphasizes that if more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Company considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessary inconsistent with a held-to-collect business model if the Company can explain the reasons for those sales and why those sales do not reflect a change in the Company's objective for the business model.

d. *Determination of Timing of Satisfaction of Performance Obligations*

The Company determines that its revenue from services shall be recognized over time. In making its judgment, the Company considers the timing of receipt and consumption of benefits provided by the Company to the customers. The Company provides the services without the need for reperformance of other companies. This demonstrates that the customers simultaneously receive and consume the benefits of the Company's rendering of service as it performs.

e. *Determination of Transaction Price and Amounts Allocated to Performance Obligations*

The transaction price for a contract is allocated among the material right and other performance obligations identified in the contract based on their stand-alone selling prices, which are all observable. The transaction price for a contract excludes any amounts collected on behalf of third parties [e.g., value-added taxes (VAT)].



The transaction price is considered receivable to the extent of services with a right of return. Also, the Company uses the practical expedient in PFRS 15 with respect to non-adjustment of the promised amount of consideration for the effects of significant financing component as the Company expects, at contract inception, that the period between when the Company transfers promised services to the customer and payment due date is one year or less.

f. Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2 above and relevant disclosures on contingencies are presented in Note 16.

Key Sources of Estimation Uncertainty

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

a. Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about future economic conditions and credit behavior (e.g., the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 18.

b. Fair Value Measurement for Financial Instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

The carrying values of the Company's financial assets are disclosed in Note 18.

c. Useful Life of Property and Equipment

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

The carrying amounts of property and equipment are analyzed in Note 8. Based on management's assessment as at December 31, 2023 and 2022, there is no change in the estimated useful life of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.



d. *Determining Realizable Amount of Deferred Tax Assets*

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the deferred tax assets recognized as at December 31, 2023 and 2022 will be fully utilized in the coming years.

e. *Impairment of Non-financial Assets*

PFRS requires that an impairment review be performed when certain impairment indicators are present. The Company's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

It should be noted that accounting estimates and assumptions are used in preparing the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

4. **CASH**

This account consists of cash in banks amounting to P14,589,222 and P13,132,102 as at December 31, 2023 and 2022, respectively.

Cash in banks generally earns interest rates based on daily bank deposit rates. The interest earned in 2023 and 2022 amounted to P11,758 and P8,541, respectively.

5. **TRADE RECEIVABLES**

The components of trade and other receivables are as follows:

	<u>2023</u>	<u>2022</u>
Premiums receivable	P 6,952,236	P 10,845,963
Commissions receivable	2,971,590	5,976,421
Others	<u>18,836</u>	<u>18,836</u>
	9,942,662	16,841,220
Allowance for impairment loss	(<u>1,393,220</u>)	(<u>1,393,220</u>)
	<u>P 8,549,442</u>	<u>P 15,448,000</u>

Premium receivables and commission receivables are generally unsecured, non-interest bearing and are normally within 30 days to 120 days credit term. Premium receivables and commission receivables arise from the sale of insurance policies. These are generally collected within one to three months after the end of the financial reporting period.



All of the Company's trade receivables have been reviewed for indicators of impairment. Based on management's evaluation, no impairment losses on trade and other receivables recognized in both years.

6. PREPAYMENTS AND OTHER CURRENT ASSETS

This account is composed of the following:

	<u>2023</u>	<u>2022</u>
Prepaid tax	P 4,307,763	P 4,337,949
Refundable deposits	14,200	14,200
Prepaid expenses	<u>43,315</u>	<u>43,314</u>
	<u>P 4,365,278</u>	<u>P 4,395,463</u>

Prepaid tax is claimed against income tax due, are carried over in the succeeding period for the same purpose.

Refundable deposits are advance deposits given to the lessor at the inception of the lease agreement that will be refunded at the end of the lease agreement after all the valid claims have been cleared.

Prepaid expenses are advance payment which are expected to be amortized within 12 months after the end of the financial reporting period.

7. INVESTMENT IN AN ASSOCIATE

The Company holds 40% ownership interest in Polaris Reinsurance Brokers, Inc. (PRBI), an associate whose shares are not publicly traded. PRBI is also incorporated in the Philippines and presently engage as insurance broker. PRBI's registered office address is located at 17F B.A. Lepanto Building, 8747 Paseo De Roxas St., Makati City.

The movement of investment in an associate is presented below:

	<u>2023</u>	<u>2022</u>
Cost	<u>P 10,000,000</u>	<u>P 10,000,000</u>
Accumulated equity share in net profit		
Balance at beginning of year	1,238,569	449,533
Equity share in net profit for the year	<u>1,452,123</u>	<u>789,036</u>
Balance at end of year	<u>2,690,692</u>	<u>1,238,569</u>
	<u>P 12,690,692</u>	<u>P 11,238,569</u>



The following is summarized financial information for Polaris Reinsurance Brokers, Inc. based on their respective financial statements prepared in accordance with PFRS.

	<u>2023</u>	<u>2022</u>
Revenue	P 18,474,948	P 21,601,321
Other income	3,292,377	1,650,507
Cost of services	(9,919,564)	(11,176,070)
Operating expense	(7,934,366)	(7,827,066)
Tax expense	(283,087)	(692,742)
 Total comprehensive income	 <u>P 3,630,308</u>	 <u>P 3,555,950</u>
 Current assets	 P 325,913,275	 P 48,979,455
Non-current assets	21,428	39,796
Current liabilities	(295,652,021)	(22,366,877)
 Net assets	 <u>P 30,282,682</u>	 <u>P 26,652,374</u>

The Company's investment in a associate has been reviewed for indicators of impairment. Based on management evaluation, no impairment losses on investment in an associate need to be recognized in 2023 and 2022.

No provision for impairment loss on prepayments and other current assets was recognized in both years.

8. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization at the beginning and end of 2023 and 2022 are shown below:

	<u>Leasehold Improvements</u>	<u>Office Equipment</u>	<u>Total</u>
December 31, 2023			
Cost	P 4,200,531	P 1,374,099	P 5,574,630
Accumulated depreciation and amortization	(2,103,155)	(1,329,710)	(3,432,865)
Net carrying amount	<u>P 2,097,376</u>	<u>P 44,389</u>	<u>P 2,141,765</u>
December 31, 2022			
Cost	P 4,200,531	P 1,374,099	P 5,574,630
Accumulated depreciation and amortization	(2,039,696)	(1,318,613)	(3,358,309)
Net carrying amount	<u>(P 2,160,835)</u>	<u>P 55,486</u>	<u>P 2,216,321</u>



	<u>Leasehold Improvements</u>	<u>Office Equipment</u>	<u>Total</u>
January 1, 2022			
Cost	P 4,200,531	P 1,318,613	P 5,519,144
Accumulated depreciation and amortization	(1,976,237)	(1,318,613)	(3,294,850)
Net carrying amount	<u>P 2,224,294</u>	<u>P -</u>	<u>P 2,294,294</u>

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2023 and 2022 is shown below.

	<u>Leasehold Improvements</u>	<u>Office Equipment</u>	<u>Total</u>
Balance at January 1, 2023 net of accumulated depreciation and amortization	P 2,160,835	P 55,486	P 2,216,321
Additions	-	-	-
Depreciation and amortization for the year (see Note 11)	(63,459)	(11,097)	(74,556)
Balance at December 31, 2023 net of accumulated depreciation and amortization	<u>P 2,097,376</u>	<u>P 44,389</u>	<u>P 2,141,765</u>
Balance at January 1, 2022 net of accumulated depreciation and amortization	P 2,224,294	P -	P 2,224,294
Additions	-	55,486	55,486
Depreciation and amortization for the year (see Note 11)	(63,459)	-	(63,459)
Balance at December 31, 2022 net of accumulated depreciation and amortization	<u>(P 2,160,835)</u>	<u>P 55,486</u>	<u>P 2,216,321</u>

None of the property and equipment is used as collateral in 2023 and 2022. All of the Company's property and equipment have been reviewed for indicators of impairment by the management. No impairment loss should be recognized in 2023 and 2022.

9. TRADE AND OTHER PAYABLES

This account is composed of the following:

	<u>2023</u>	<u>2022</u>
Premium payable	P 13,560,627	P 20,358,560
Trade payables	1,696,287	1,808,138
Deferred output VAT	318,385	640,331
Output VAT (see Note 20)	143,252	-
Due to government agencies	<u>34,182</u>	<u>20,440</u>
	<u>P 15,752,734</u>	<u>P 22,827,469</u>



Premium payable pertains to amount paid by the policy owners arising from the Company's sale of insurance policies which shall be remitted to insurance companies. Premium payables are non-interest bearing and are normally within 30 days to 120 days' term. These are generally paid within 3 to 12 months after the end of the financial reporting period.

Trade payables are non-interest bearing and are normally settled within 30 days to 120 days term. Trade payables arise from the purchase of inventory items from third parties and other payables. These are generally paid within 3 to 12 months after the end of the financial reporting period.

Deferred output VAT pertains to output tax on revenues recognized but not yet collected as of reporting date. This shall be reversed against output tax payable once the corresponding receivables are collected.

Due to government agencies pertain to statutory payables to BIR and other government agencies which are remitted at an average term of 10-15 days after end of the financial reporting period.

10. REVENUES

The Company's revenue consists mainly of income from commission income amounting to P5,959,972 and P4,745,767 in 2023 and 2022, respectively.

11. COST AND OPERATING EXPENSES

Presented below are the details of cost and operating expenses for the year ended December 31:

	<u>2023</u>	<u>2022</u>
Salaries, wages and other employees' benefits (<i>see Note 12</i>)	P 2,500,429	P 2,323,746
Shared rent expense	328,987	670,062
Professional fees	270,473	311,603
Taxes and licenses (<i>see Note 20</i>)	209,118	65,104
Communication, light and water	197,035	188,999
Insurance	172,772	126,446
Association dues	114,072	96,986
Depreciation and amortization (<i>see Note 8</i>)	74,556	63,459
Rentals	42,857	42,857
Advertising and marketing expenses	35,075	124,597
Transportation and travel	15,189	23,928
Representation	12,000	14,263
Office supplies	9,818	28,287
Parking fee	6,189	6,743
Freight, handling and brokerage	3,470	5,858
Miscellaneous	68,995	229,783
	<u>P 4,061,035</u>	<u>P 4,332,721</u>



These expenses are presented in the statement of comprehensive income as follows:

	<u>2023</u>	<u>2022</u>
Cost of services	P 3,443,996	P 3,274,398
Administrative expenses	<u>617,039</u>	<u>1,048,323</u>
	<u>P 4,061,035</u>	<u>P 4,322,721</u>

12. PERSONNEL COSTS

This account consists of the following:

	<u>2023</u>	<u>2022</u>
Salaries and wages and other benefits	P 2,340,769	P 2,178,186
Social security costs	<u>159,660</u>	<u>145,560</u>
	<u>P 2,500,429</u>	<u>P 2,323,746</u>

Post-Employment Benefits

The Company was not able to obtain an actuarial valuation on its retirement benefit expense for 2023 and 2022 in accordance with Republic Act (R.A) No. 7641 otherwise known as Retirement Pay Law. However, the Company's management believes that such transitional liability and retirement benefit obligation and expense in 2023 and 2022 are not material to the financial statements since the Company has less than ten regular employees.

13. INCOME TAX

The components of income tax expense as reported in the statements of comprehensive income are as follows:

	<u>2023</u>	<u>2022</u>
Regular corporate income tax (RCIT) at 20%	P 385,173	P 84,609
Final tax at 20%	<u>2,352</u>	<u>1,708</u>
	<u>P 387,525</u>	<u>P 86,317</u>



The reconciliation of tax on pre-tax profit computed at the applicable statutory rates to tax expense for the year ended December 31 is as follows:

	2023		2022	
Tax on pretax profit at 20%	P	672,564	P	244,125
Expired minimum corporate income tax (MCIT)		5,386		-
Tax effect of non-taxable income	(290,425)	(157,808)
	P	387,525	P	86,317

The Company's deferred tax assets are breakdown as follows:

	Statement of Financial Position		Statement of Comprehensive Income	
	2023	2022	2023	2022
Allowance for impairment	P 278,644	P 278,644	P -	P -
MCIT	-	5,386	(5,386)	-
	P 278,644	P 284,030	(P 5,836)	P -

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Act was approved and signed into law. Under the CREATE Act, the RCIT of domestic corporations are taxed at 25% or 20% depending on the amount of total assets and total amount of taxable income. In addition, the MCIT was reduced from 2% to 1% of gross income until June 30, 2023.

The Company is subject to the minimum corporate income tax (MCIT) which is 1.5% in 2023 and 1% in 2022 of the Company's gross income, as defined under the tax regulations, and will be paid at the end of the year whenever the regular corporate income tax is lower than the MCIT. Any MCIT paid can be applied against the regular corporate income tax within the next three years after the year it was paid. No MCIT was paid in both years since RCIT is higher than MCIT.

In 2023 and 2023, the Company claims itemized deductions for tax purposes.

14. EQUITY

Capital Stock

The details of capital stock are shown below:

	Shares		Amount	
	2023	2022	2023	2022
Common stock - P1 par value				
Authorized	<u>25,000,000</u>	<u>10,000,000</u>	<u>P 25,000,000</u>	<u>P 10,000,000</u>
Issued and outstanding				
Balance at beginning of year	10,000,000	10,000,000	10,000,000	10,000,000
Issuance for the year	<u>3,750,000</u>	<u>-</u>	<u>3,750,000</u>	<u>-</u>
Balance at end of year	<u>13,750,000</u>	<u>10,000,000</u>	<u>P 13,750,000</u>	<u>P 10,000,000</u>

As at December 31, 2023 and 2022, the Company has two stockholders owning 100 or more shares each of the Company's common stock.



On September 4, 2022, the Company’s Board of Directors (BOD) and Stockholders approved the Company’s increase in authorized capital stock from P10,000,000 divided into 10,000,000 common shares with par value of P1 per share to P25,000,000 divided into P25,000,000 common shares with par value of P1 per share. Out of the P15,000,000 increase in the authorized capital stock, P3,750,000 has been subscribed and paid, which a total par value of P3,750,000 representing the entire subscription as stock dividends. The said increase was approved by the SEC on January 13, 2023.

Prior Period Adjustments

The 2022 financial statements were restated to reflect the declaration of stock dividend amounting to P3,750,000. The effect of this restatement is shown below:

	As Previously Reported		Prior Period Adjustment		As Restated	
Statement of Changes in Equity						
Stock dividends distributable	P	-	P	3,750,000	P	3,750,000
Retained earnings		13,887,016	(3,750,000)		10,137,016

The restatements did not have impact on the profit or loss.

15. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to non-related parties.

The Company has no transactions with related parties in both years.

16. COMMITMENTS AND CONTINGENCIES

There are commitments and contingent liabilities that arise in the normal course of the Company’s operation that is not reflected in the accompanying financial statements. Management believes that losses, if any, from these events and conditions will not have material effects on the Company’s financial statements.

17. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks in relation to financial instruments. The Company’s financial assets and liabilities by category are summarized in Note 18. The main types of risks are market risk, credit risk and liquidity risk.



The Company's risk management is coordinated with the Board of Directors and is focused on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed as described below.

Market Risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks which result from both its operating and investing activities.

a. Foreign Exchange Risk

Foreign exchange risk is the risk that the Company incurs losses occurring from an adverse movement in foreign exchange rates.

As at December 31, 2023 and 2022, the Company exposure to foreign currency risk is not significant as most of the Company's transactions are denominated in Philippine peso, its functional currency.

b. Interest Rate Risk

The Company is not exposed to significant interest rate risk considering the nature and the terms of its existing financial assets and liabilities.

c. Price Risk

Price risk is the risk that the Company incurs losses due to changes in market values of financial instruments arising from movements in market prices.

As at December 31, 2023 and 2022, the Company has minimal exposure to price risk since the financial instruments held by the Company pertains to cash in bank, receivables, and other financial liabilities which are not affected by movements in market prices.

Credit Risk

Credit risk is the risk that counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers and placing deposits.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of revenues, advance payments are received to mitigate credit risk.



Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the statement of financial position (or in the detailed analysis provided in the notes to the financial statements), as summarized below:

	<u>2023</u>	<u>2022</u>
Cash	P 14,589,222	P 13,132,102
Trade and other receivables	<u>8,549,442</u>	<u>15,448,000</u>
	<u>P 23,138,664</u>	<u>P 28,580,102</u>

None of the financial assets are secured by collateral or other credit enhancements.

The Company's management considers the net amount of the above financial assets that are not impaired or past due for each reporting date are of good credit quality.

a. Cash

The credit risk for cash is considered negligible since the counterparties are reputable Companies with high-quality external credit ratings.

b. Trade and other receivables

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2023 or December 31, 2022, respectively, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the Gross Domestic Product and the unemployment rate of the locations in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at December 31, 2023 and 2022 (upon adoption of PFRS 9) was determined based on months past due, as follows for both trade and other receivables:

	<u>Not more than 3 months</u>	<u>More than 3 months</u>	<u>Total</u>
December 31, 2023			
Expected loss rate	16.13%	55.04%	
Premium receivable - gross	3,422,728	6,501,098	9,923,826
Loss allowance	212,179	1,181,041	1,393,220



December 31, 2022				
Expected loss rate	27.3%	9.33%		
Premium receivable - gross	5,802,078	11,020,306		16,822,384
Loss allowance	212,179	1,181,041		1,393,220

No past due account on other receivables as at December 31, 2023 and 2022.

Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits, mutual funds or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at December 31, 2023 and 2022, the Company's financial liabilities have contractual maturities which are presented below:

	2023		2022	
	Below 3 months	3 months to One Year	Below 3 months	3 months to One Year
Trade and other payables	P 15,752,733	P -	P 22,827,469	P -

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities as at December 31, 2023 and 2022.

18. FAIR VALUE MEASUREMENT AND DISCLOSURES

Carrying Amounts and Fair Values by Category

As at December 31, 2023 and 2022, the carrying amounts of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below:

	2023		2022	
	Carrying Values	Fair Values	Carrying Values	Fair Values
<i>Financial Assets:</i>				
Cash	P 14,589,222	P 14,589,222	P 13,132,102	P 13,132,102
Trade and other receivables	9,942,662	8,549,442	16,841,220	15,448,000
Refundable deposits (booked under Prepayments and other current assets)	14,200	14,200	14,200	14,200
	<u>P 24,546,084</u>	<u>P 23,152,864</u>	<u>P 29,987,522</u>	<u>P 28,594,302</u>
<i>Financial Liabilities:</i>				
Trade and other payables	P 15,752,733	P 15,752,733	P 22,827,469	P 22,827,469



Description of the accounting policies for each category of financial instrument is fully discussed under Note 2. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 17.

The methods and assumptions used by the Company in estimating the fair value of the financial instruments are as follows:

i. Cash

The carrying amounts approximate fair values given the short-term nature of the instruments.

ii. Trade and other receivables and refundable deposits

The estimated fair value of Trade and other receivables and refundable deposits represents the discounted amount of estimated future cash flows expected to be received. The fair value approximates for the carrying amounts given this short-term duration of their receivables.

iii. Trade and other payables

Trade and other payables are recognized initially at their fair value and subsequently measured at amounts to which they are to be paid. Fair value of these short-term liabilities approximates their carrying values.

Fair Value Hierarchy

Financial assets and liabilities measured at fair value in the statement of financial position are categorized in accordance with the fair value hierarchy based on PFRS 7. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the resource or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

There have been no significant transfers among Levels 1, 2 and 3 in the reporting periods.

As at December 31, 2023 and 2022, there were no financial assets and liabilities measured at fair value.

Fair Value Measurement for Non-financial Assets

There were non-financial assets measured at fair value as at December 31, 2023 and 2022.



19. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company’s capital management objectives are to ensure the Company’s ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the statements of financial position. Capital for the reporting periods under review is summarized as follows:

	<u>2023</u>	<u>2022</u>
Total liabilities	P 15,752,733	P 22,827,469
Total equity	<u>26,862,309</u>	<u>23,887,016</u>
Debt-to-equity ratio	<u>0.59:1.00</u>	<u>0.96:1.00</u>

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to stockholders or sell assets to reduce debt.

In compliance with Section 3 of Circular Letter No. 2018-52 dated October 19, 2018, as a licensed insurance broker, the Company is required to maintain a net worth of P10 million. As at December 31, 2023 and 2022, the Company has complied with the requirement. Pursuant to RA No. 10607 enacted on August 15, 2013, every applicant of an insurance broker's license shall file with the application and shall thereafter maintain in force while so licensed, a bond in favor of the people of the Republic of the Philippines executed by a company authorized to become surety upon official recognizances, stipulations, bonds and undertakings.

The bond shall be in such amount as may be fixed by the Commissioner, but in no case less than one million pesos (P1,000,000) and shall be conditioned upon full accounting and due payment to the under license.

The Company has complied with the above requirement as at December 31, 2023 and 2022.



20. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in succeeding, pages are the supplementary information which are required by the Bureau of Internal Revenue (BIR) under revenue regulations to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

Requirements under Revenue Regulations (RR) 15-2010

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR 15-2010 are as follows:

a. Output Value-Added Tax (VAT)

In 2023, the Company vatable sales amounting of output VAT of P712,188 and a tax base of P5,934,702. Outstanding balance of VAT payable amounting to P143,252 as at December 31, 2023 is presented as part of Trade and other payables (see Note 9).

b. Input VAT

The movements in input VAT as at December 31, 2023 are summarized below.

Balance at beginning of year	P	-
Capital goods not subject to amortization		87,255
Applied against output vat	(<u>87,255)</u>
Balance at end of year	<u>P</u>	<u>-</u>

c. Tax on Importation

The Company does not have any transactions which are subject to importation tax.

d. Excise Tax

The Company does not have excise tax for the year since it does not have any transactions which are subject to the excise tax.

e. Documentary Stamp Tax

The Company paid documentary stamp tax on issuance of capital stock amounting to P150,000.

f. Taxes and Licenses

The details of taxes and licenses account are broken down as follows:

Documentary stamp tax	P	150,000
Business permits and licenses		58,618
Annual registration		<u>500</u>
	<u>P</u>	<u>209,118</u>



g. *Withholding Taxes*

The details of total withholding taxes for the year ended December 31, 2023 are as follows:

Compensation and benefits	P	47,823
Expanded		<u>14,818</u>
	P	<u><u>62,641</u></u>

h. *Deficiency Tax Assessment and Tax Case*

As at December 31, 2023, the Company neither has any final deficiency tax assessment with the BIR nor tax case outstanding or pending in courts or bodies outside the BIR.

Requirements under Revenue Regulations (RR) 34-2020

On December 18, 2020, the BIR issued RR 34-2020 which prescribes the guidelines and procedures for the submission of BIR Form No. 1709, *Transfer Pricing Documentation* (TPD) and other supporting documents. As at December 31, 2023, the Company is not covered by the requirements and procedures for related party transactions provided under this RR.



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**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SEC SCHEDULES FILED SEPARATELY
FROM THE BASIC FINANCIAL STATEMENTS**

The Board of Directors and Stockholders
Yapster e-Insurance Brokers, Inc.
17F B.A. Lepanto Building
8747 Paseo De Roxas St.
Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **Yapster e-Insurance Brokers, Inc.** for the year ended December 31, 2023, on which we have rendered our report dated April 12, 2024. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2023 is presented for purposes of additional analysis in compliance with the requirements of Revised Securities Regulation Code Rule 68, and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of management. The supplementary information have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

AMC & ASSOCIATES

By: **Joseph Cedric V. Calica**
Partner
CPA Cert. No. 94541
TIN 163-257-226-000
PTR No. 10075913, Jan. 3, 2024, Makati City
BIR Accreditation No. 08-002582-001-2023
(issued on Oct. 12, 2023 valid until Oct. 11, 2026)
SEC Accreditation No. 94541-SEC (Group A)
(valid to audit 2023 to 2027 financial statements)
IC Accreditation No. 94541-IC (Group A)
(valid to audit 2020 to 2024 financial statements)
BSP Accreditation No. 94541-BSP (Group B)
(valid to audit 2021 to 2025 financial statements)

April 12, 2024

FIRM ACCREDITATION

Aquino, Mata, Calica & Associates

BOA Accreditation No. 4275 - valid from June 29, 2023 to June 28, 2026
BIR Accreditation No. 08-002582-000-2023 - issued on October 12, 2023 valid until October 11, 2026
SEC Accreditation No. 4275-SEC (Group A) - valid to audit 2023 to 2027 financial statements
IC Accreditation No. 4275-IC (Group A) - valid to audit 2020 to 2024 financial statements
BSP Accreditation No. 4275-BSP (Group B) - valid to audit 2021 to 2025 financial statements
CDA CEA No. 075-AF - valid from June 2, 2021 to June 1, 2024



RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2023

YAPSTER E-INSURANCE BROKERS, INC.
17F B.A. Lepanto Building, 8747 Paseo De Roxas St., Makati City

Unappropriated Retained Earnings, beginning of reporting period	P	8,898,447
Add: <u>Category A:</u> Items that are directly credited to Unappropriated Retained Earnings		
Retained Earnings		
Reversal of Retained Earnings Appropriation/s	P	-
Effect of restatements or prior-period adjustments		-
Others (describe nature)		-
		-
Less: <u>Category B:</u> Items that are directly debited to Unappropriated Retained Earnings		
Retained Earnings		
Dividend declaration during the reporting period		-
Retained Earnings appropriated during the reporting period		-
Effect of restatements or period-period adjustments		-
Others (describe nature)		-
		-
Unappropriated Retained Earnings, as adjusted		8,898,447
Add/Less: Net Income (loss) for the current year		2,975,293
Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/ joint venture, net of dividends declared	P	1,452,123
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents		-
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)		-
Unrealized fair value gain of Investment Property		-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)		-
		-
		1,452,123
Less: <u>Category C.2:</u> Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	P	-
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)		-
Realized fair value gain of Investment Property		-
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)		-
		-
Add: <u>Category C.3:</u> Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	P	-
Reversal of previously recognized fair value adjustment mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)		-
Reversal of previously recorded fair value gain of Investment Property		-
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)		-
		-
Adjusted Net Income/Loss		10,421,617

(forward)



Adjusted Net Income/Loss		P	10,421,617
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)			
Depreciation on revaluation increment (after tax)			-
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP			
Amortization of the effect of reporting relief	P	-	
Total amount of reporting relief granted during the year		-	
Others (describe nature)		-	
		<hr/>	-
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution			
Net movement of treasury shares (except for reacquisition of redeemable shares)	P	-	
Net movement of deferred tax asset non considered in the reconciling items under the previous categories		-	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g. set-up of right-of-use asset and lease liability, set-up of asset and asset retirement benefit obligation, and set-up of service concession asset and concession payable		5,836	
Adjustment due to deviation from PFRS/GAAP - gain (loss)		-	
Others (describe nature)		-	
		<hr/>	<hr/>
			5,836
Total Retained Earnings, end of the reporting period available for dividend		P	<u><u>10,415,781</u></u>