

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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Company Name

Y A P S T E R E - I N S U R A N C E																			
B R O K E R S , I N C .																			

Principal Office (No./Street/Barangay/City/Town)Province)

1 7 T H F L O O R L E P A N T O B U I L D I N G																			
8 7 4 7 P A S E O D E R O X A S																			
M A K A T I C I T Y																			

Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

yapsterbrokersinc@gmail.com

Company's Telephone Number/s

8893-1111

Mobile Number

09175428900

No. of Stockholders

7

Annual Meeting (Month/Day)

4th Monday of March

Fiscal Year (Month/Day)

DECEMBER 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person

FRANCIS ALMIRA

Email Address

2info@insureall.com

Telephone Number/s

8893-1111

Mobile Number

09175428900

CONTACT PERSON'S ADDRESS

17TH FLOOR LEPANTO BUILDING 8747, PASEO DE ROXAS, MAKATI CITY

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



Financial Statements

YAPSTER E-INSURANCE BROKERS, INC.

December 31, 2024 and 2023



Aquino, Mata, Calica & Associates
Certified Public Accountants
Suite 1805 - 1807 Cityland Condominium 10 Tower 2
H.V. Dela Costa St., Makati City, 1227 Philippines
T +63 2 8841 0462 • +63 2 8893 0287

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, 2024 and 2023 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, 2024 and 2023 and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

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 Accounting Standards, 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.



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

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.




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Certified Public Accountants
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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, 2024 required by the Bureau of Internal Revenue as disclosed in Note 21 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 Accounting Standards. 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. 10469766, Jan. 7, 2025, 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)

May 29, 2025

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 January 15, 2025 to January 14, 2030



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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
TO ACCOMPANY INCOME TAX RETURN**

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, 2024, on which we have rendered the attached report dated May 29, 2025.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

AMC & ASSOCIATES

By: **Joseph Cedric V. Calica**
Partner
CPA Cert. No. 94541
TIN 163-257-226-000
PTR No. 10469766, Jan. 7, 2025, 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)

May 29, 2025

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 January 15, 2025 to January 14, 2030

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, 2024 and 2023 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 29th day of May 2025



YAPSTER E-INSURANCE BROKERS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Peso)

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents (Note 4)	P 19,762,440	P 14,589,222
Trade and other receivables (Note 5)	16,320,013	8,549,442
Prepayments and other current assets (Note 6)	<u>2,054,762</u>	<u>4,365,278</u>
Total Current Assets	<u>38,137,215</u>	<u>27,503,942</u>
NON-CURRENT ASSETS		
Investment in an associate (Note 7)	13,786,837	12,690,692
Property and equipment (Note 8)	2,182,473	2,141,765
Deferred tax assets (Note 13)	<u>560,622</u>	<u>278,644</u>
Total Non-current Assets	<u>16,529,932</u>	<u>15,111,101</u>
TOTAL ASSETS	<u>P 54,667,147</u>	<u>P 42,615,043</u>
<u>LIABILITIES AND EQUITY</u>		
CURRENT LIABILITIES		
Trade and other payables (Note 9)	P 14,008,977	P 15,752,734
Due to related parties (Note 15)	<u>9,898,914</u>	<u>-</u>
Total Current Liabilities	<u>23,907,891</u>	<u>15,752,734</u>
EQUITY		
Capital stock (Note 14)	13,750,000	13,750,000
Retained earnings	<u>17,009,256</u>	<u>13,112,309</u>
Total Equity	<u>30,759,256</u>	<u>26,862,309</u>
TOTAL LIABILITY AND EQUITY	<u>P 54,667,147</u>	<u>P 42,615,043</u>

See Notes to Financial Statements.



YAPSTER E-INSURANCE BROKERS, INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Peso)

	<u>2024</u>	<u>2023</u>
REVENUES <i>(Note 10)</i>	P 8,655,193	P 5,959,972
COST AND OPERATING EXPENSES <i>(Note 11)</i>		
Cost of services	3,283,303	3,443,996
Administrative expenses	<u>2,278,653</u>	<u>617,039</u>
	<u>5,561,956</u>	<u>4,061,035</u>
OPERATING PROFIT	<u>3,093,237</u>	<u>1,898,937</u>
OTHER INCOME		
Equity share in net profit of invesment in an associate <i>(Note 7)</i>	1,096,145	1,452,123
Finance income <i>(Note 4)</i>	<u>407,765</u>	<u>11,758</u>
	<u>1,503,910</u>	<u>1,463,881</u>
PROFIT BEFORE TAX	4,597,147	3,362,818
TAX EXPENSE <i>(Note 13)</i>	<u>700,200</u>	<u>387,525</u>
NET PROFIT	3,896,947	2,975,293
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u><u>P 3,896,947</u></u>	<u><u>P 2,975,293</u></u>

See Notes to Financial Statements.

YAPSTER E-INSURANCE BROKERS, INC.
 STATEMENTS OF CHANGES IN EQUITY
 FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
 (Amounts in Philippine Peso)

	Capital Stock (Note 14)	Stock Dividend Distributable (Note 14)	Retained Earnings (Note 14)	Total
Balance at January 1, 2024	P 13,750,000	P -	P 13,112,309	P 26,862,309
Total comprehensive income for the year	-	-	3,896,947	3,896,947
Balance at December 31, 2024	<u>P 13,750,000</u>	<u>P -</u>	<u>P 17,009,256</u>	<u>P 30,759,256</u>
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	-	-	2,975,293	2,975,293
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>

See Notes to Financial Statements.





YAPSTER E-INSURANCE BROKERS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Peso)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	P 4,597,147	P 3,362,818
Adjustments for:		
Impairment loss (Note 6)	1,409,890	-
Depreciation and amortization (Note 8)	77,850	74,556
Interest income (Note 4)	(407,765)	(11,758)
Equity share in net profit of investment in an associate (Note 7)	(1,096,145)	(1,452,123)
Operating profit before working capital changes	4,580,977	1,973,493
Decrease (increase) in trade and other receivables	(7,770,571)	6,898,558
Decrease in prepayments and other current assets	900,626	30,185
Decrease in trade and other payables	(1,743,757)	(7,074,735)
Cash generated from (used in) operations	(4,032,725)	1,827,501
Interest received (Note 4)	407,765	11,758
Cash paid for income taxes (Note 13)	(982,178)	(382,139)
Net Cash From (Used in) Operating Activities	(4,607,138)	1,457,120
CASH FLOWS FROM INVESTING ACTIVITY		
Acquisitions of property and equipment (Note 8)	(118,558)	-
CASH FLOWS FROM FINANCING ACTIVITY		
Advances from related parties (Note 15)	9,898,914	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,173,218	1,457,120
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>14,589,222</u>	<u>13,132,102</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	<u>P 19,762,440</u>	<u>P 14,589,222</u>

See Notes to Financial Statements.

Supplementary Information on Non-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 following the approval on the Securites and Exchange Commission on the Company's increased authorized capital stock.



YAPSTER E-INSURANCE BROKERS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023
(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, 2024 (including the comparatives as at and for the year ended December 31, 2023) were authorized for issue by the Company's Board of Directors (BOD) on May 29, 2025.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. 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 (PFRS) Accounting Standards

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

The financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards 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 Amended PFRS Accounting Standards

a. *Effective in 2024 that are Relevant to the Company*

The Company adopted for the first time the following amendments to PFRS Accounting Standards, which are mandatorily effective for annual periods beginning on or after January 1, 2024:

PAS 1 (Amendments)	: Presentation of Financial Statements - Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants
PAS 7 and PFRS 7 (Amendments)	: Statement of Cash Flow, and Financial Instruments: Disclosures - Supplier Finance Arrangements

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 provide guidance on whether a liability should be classified as either 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 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 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants*. The amendments specifies that if the right to defer settlement for at least 12 months is subject to an entity complying with conditions after the reporting period, then those conditions would not affect whether the right to defer settlement exists at the end of the reporting period for the purposes of classifying a liability as current or non-current. For non-current liabilities subject to conditions, an entity is required to disclose information about the conditions, whether the entity would comply with the conditions based on its circumstances at the reporting date and whether and how the entity expects to comply with the conditions by the date on which they are contractually required to be tested. The application of these amendments had no significant impact on the Company's financial statements.
- iii. PAS 7 and PFRS 7 (Amendments), *Statement of Cash Flows, Financial Instruments: Disclosures – Supplier Finance Arrangements*. The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The application of these amendments had no significant impact on the Company's financial statements.

b. *Effective in 2024 that is not Relevant to the Company*

Among the amendments to PFRS Accounting Standards, which are mandatorily effective for annual periods beginning on or after January 1, 2024, amendments to PFRS 16 – Lease Liability in a Sale and Leaseback is not relevant to the Company's financial statements.

c. *Effective Subsequent to 2024 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2024, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and unless otherwise indicated, none of these are expected to have significant impact on the Company's financial statements:

- i. PFRS 17, *Insurance Contracts – Insurance Contracts* (effective from January 1, 2025)
- ii. PFRS 17 (Amendments), *Insurance Contracts – Initial Application of PFRS 17 and PFRS 9 – Comparative Information* (effective from January 1, 2025)
- iii. PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)
- iv. Annual Improvements to PFRS Accounting Standards – *Volume 11 (effective from January 1, 2026)*
- v. PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026)



- vi. *PFRS 18, Presentation and Disclosure in Financial Statements (effective from January 1, 2027)*, The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The amendments, however, do not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.
- vii. *PFRS 19, Subsidiaries without Public Accountability: Disclosures (effective from January 1, 2027)* The new standard reduces the disclosure requirements prescribed by other standards for subsidiaries without public accountability. It changes disclosure requirements prescribed by other standards as the reporting entity will instead refer to PFRS 19 for required disclosures.
- viii. *PFRS 10 and PAS 28 (Amendments), Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date deferred indefinitely)*.

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 below and in the succeeding pages.

i. Financial Assets at Amortized Cost

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

- Hold to collect business model test - 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,
- Solely payments of principal and interest (SPPI) and contractual cash flow characteristic test - the contractual terms of the instrument give rise, to cash flows that are SPPI on the principal amount outstanding on a specified date.

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 allowance for expected credit loss (ECL).

The Company's financial assets at amortized cost are presented in the statement of financial position as Cash and cash equivalents 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 Fair value through profit or loss (FVTPL). The Company has designated equity instruments as at FVOCI on the initial recognition.

Financial assets at FVOCI are initially measured at fair value. Subsequently, they are measured at fair value with gains or losses recognized in profit or loss as part of Finance Income in the statements of comprehensive.

Interest income on financial assets is measured at amortized cost and debt financial assets measured at FVOCI is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The Company calculates interest income 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 assets.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the net carrying amount of the financial assets (after deduction of the loss allowance). If the asset is no longer credit-impaired, the calculation of interest income is calculated by applying a credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis even if the credit risk of the asset subsequently improves.

Interest income earned is recognized in the statement of comprehensive income as part of Finance Income. 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.

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, 2024 and 2023, the Company has no financial assets at 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.

d. 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.



e. 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, and due to related parties 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.

f. 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 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.



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 investment in an associate is 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. Distributions received from an associate reduced the carrying amount of the investment.



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.

d. *Termination Benefits*

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of when or can no longer withdraw the offer of such benefits and when it recognized costs for a restructuring that is within the scope of PAS 37 and it involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due to more than 12 months after the end of the reporting period are discounted to present value.



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, net of dividend declaration.

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 material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The Company's financial statements prepared in accordance with PFRS Accounting Standards 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 17.

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, 2024 and 2023, 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, 2024 and 2023 will be fully utilized in the coming years.

e. Impairment of Non-financial Assets

PFRS Accounting Standards 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 AND CASH EQUIVALENTS

This account consists of:

	<u>2024</u>	<u>2023</u>
Cash in bank	P 14,560,574	P 14,589,222
Short-term placements	<u>5,201,866</u>	<u>-</u>
	<u>P 19,762,440</u>	<u>P 14,589,222</u>



Cash in banks generally earns interest at rates based on daily bank deposit rates. Short- term placements are made for varying period of 90 days and earn effective interest of 5.785% per annum in 2024.

The interest amounted to P407,765 in 2024 and P11,758 in 2023 is presented as Finance income in the statements of comprehensive income.

5. TRADE AND OTHER RECEIVABLES

The components of trade and other receivables are as follows:

	<u>2024</u>	<u>2023</u>
Premiums receivable	P 13,068,644	P 6,952,236
Commissions receivable	4,625,753	2,971,590
Others	<u>18,836</u>	<u>18,836</u>
	17,713,233	9,942,662
Allowance for impairment loss	<u>(1,393,220)</u>	<u>(1,393,220)</u>
	<u>P 16,320,013</u>	<u>P 8,549,442</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 and other receivables have been reviewed for indication of impairment. Based on management's evaluation, no impairment losses on trade and other receivables need to be recognized for 2024 and 2023.

6. PREPAYMENTS AND OTHER CURRENT ASSETS

This account is composed of the following:

	<u>2024</u>	<u>2023</u>
Prepaid income tax	P 1,997,248	P 4,307,763
Prepaid expenses	43,314	43,315
Refundable deposits	<u>14,200</u>	<u>14,200</u>
	P 2,054,762	P 4,365,278

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

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

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.



All of the Company's prepayments and other current assets have been reviewed for indicators of impairment. In 2024, prepaid tax amounted to P1,409,890 were written off (see Note 11).

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>2024</u>	<u>2023</u>
Cost	P 10,000,000	P 10,000,000
Accumulated equity share in net profit		
Balance at beginning of year	2,690,692	1,238,569
Equity share in net profit for the year	<u>1,096,145</u>	<u>1,452,123</u>
Balance at end of year	<u>3,786,837</u>	<u>2,690,692</u>
	<u>P 13,786,837</u>	<u>P 12,690,692</u>

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

	<u>2024</u>	<u>2023</u>
Revenue	P 17,010,198	P 18,474,948
Other income	2,600,739	3,292,377
Cost of services	(8,232,085)	(9,919,564)
Operating expense	(8,173,907)	(7,934,366)
Tax expense	<u>(464,582)</u>	<u>(283,087)</u>
Total comprehensive income	<u>P 2,740,363</u>	<u>P 3,630,308</u>
Current assets	P 59,347,195	P 325,913,275
Non-current assets	102,268	21,428
Current liabilities	<u>(26,630,355)</u>	<u>(295,652,021)</u>
Net assets	<u>P 32,819,108</u>	<u>P 30,282,682</u>

The Company's investment in an 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 2024 and 2023.



8. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization at the beginning and end of 2024 and 2023 are shown below:

	<u>Leasehold Improvements</u>	<u>Office Equipment</u>	<u>Total</u>
December 31, 2024			
Cost	P 4,200,531	P 1,492,657	P 5,693,188
Accumulated depreciation	(2,166,614)	(1,344,101)	(3,510,715)
Net carrying amount	<u>P 2,033,917</u>	<u>P 148,556</u>	<u>P 2,182,473</u>
December 31, 2023			
Cost	P 4,200,531	P 1,374,099	P 5,574,630
Accumulated depreciation	(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>
January 1, 2023			
Cost	P 4,200,531	P 1,374,099	P 5,574,630
Accumulated depreciation	(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>

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2024 and 2023 is shown below:

	<u>Leasehold Improvements</u>	<u>Office Equipment</u>	<u>Total</u>
Balance at January 1, 2024, net of accumulated depreciation			
	P 2,097,376	P 44,389	P 2,141,765
Additions	-	118,558	118,558
Depreciation for the year (see Note 11)	(63,459)	(14,391)	(77,850)
Balance at December 31, 2024, net of accumulated depreciation			
	<u>P 2,033,917</u>	<u>P 148,556</u>	<u>P 2,182,473</u>
Balance at January 1, 2023, net of accumulated depreciation			
	P 2,160,835	P 55,486	P 2,216,321
Additions	-	-	-
Depreciation for the year (see Note 11)	(63,459)	(11,097)	(74,556)
Balance at December 31, 2023, net of accumulated depreciation			
	<u>P 2,097,376</u>	<u>P 44,389</u>	<u>P 2,141,765</u>



None of the property and equipment is used as collateral in 2024 and 2023. All of the Company's property and equipment have been reviewed for indicators of impairment by the management. Based on management evaluation, no impairment loss should be recognized in 2024 and 2023.

9. TRADE AND OTHER PAYABLES

This account is composed of the following:

	<u>2024</u>	<u>2023</u>
Premium payable	P 13,241,739	P 13,560,627
Deferred output VAT	555,090	318,385
Output VAT (see Note 21)	115,958	143,252
Accrued expenses	62,000	1,696,288
Due to government agencies	<u>34,190</u>	<u>34,182</u>
	<u>P 14,008,977</u>	<u>P 15,752,734</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.

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 P8,655,193 and P5,959,972 in 2024 and 2023, respectively.



11. COST AND OPERATING EXPENSES

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

	<u>2024</u>	<u>2023</u>
Salaries, wages and other employees' benefits (see Note 12)	P 2,127,225	P 2,500,429
Impairment loss (see Note 6)	1,409,890	-
Professional fees	625,731	270,473
Shared rent expense (see Note 16)	468,547	328,987
Insurance	243,247	172,772
Communication, light and water	198,786	197,035
Taxes and licenses (see Note 21)	182,052	209,118
Association dues	95,634	114,072
Depreciation and amortization (see Note 8)	77,850	74,556
Rentals (see Note 16)	43,286	42,857
Office supplies	26,038	9,818
Parking fee	17,500	6,189
Transportation and travel	8,378	15,189
Representation	2,910	12,000
Freight, handling and brokerage	2,690	3,470
Advertising and marketing expenses	-	35,075
Miscellaneous	32,192	68,995
	<u>P 5,561,956</u>	<u>P 4,061,035</u>

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

	<u>2024</u>	<u>2023</u>
Cost of services	P 3,283,303	P 3,443,996
Administrative expenses	2,278,653	617,039
	<u>P 5,561,956</u>	<u>P 4,061,035</u>

12. PERSONNEL COSTS

This account consists of the following:

	<u>2024</u>	<u>2023</u>
Salaries and wages and other benefits	P 1,952,017	P 2,340,769
Social security costs	175,208	159,660
	<u>P 2,127,225</u>	<u>P 2,500,429</u>



Post-Employment Benefits

The Company was not able to obtain an actuarial valuation on its retirement benefit expense for 2024 and 2023 in accordance with Republic Act (R.A) No. 7641 otherwise known as *The Retirement Pay Law*. However, the Company's management believes that such transitional liability and retirement benefit obligation and expense in 2024 and 2023 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>2024</u>	<u>2023</u>
Regular corporate income tax (RCIT) at 20%	P 900,625	P 379,787
Final tax at 20%	81,553	2,352
Deferred income relating to origination and reversal of temporary differences	(281,978)	5,386
	<u>P 700,200</u>	<u>P 387,525</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:

	<u>2024</u>	<u>2023</u>
Tax on pretax profit at 20%	P 919,429	P 672,564
Tax effect of:		
Non deductible expenses	281,978	
Non-taxable income	(219,229)	(290,425)
Deferred income relating to origination and reversal of temporary differences	(281,978)	5,386
	<u>P 700,200</u>	<u>P 387,525</u>

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

	Statements of Financial Position		Statements of Comprehensive Income			
			Profit or Loss		Other Comprehensive Income	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Allowance for impairment MCIT	P 560,622	P 278,644	P 281,978	P -	P -	P -
	-	-	-	5,836	-	-
Net Deferred Tax Assets	<u>P 560,622</u>	<u>P 278,644</u>				
Deferred Tax Income			<u>P 281,978</u>	<u>(P 5,836)</u>	<u>P -</u>	<u>P -</u>



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 2% in 2024 and 1.5% in 2023 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 2024 and 2023, the Company claims itemized deductions for tax purposes.

14. EQUITY

Capital Stock

The details of capital stock are shown below:

	Shares		Amount	
	2024	2023	2024	2023
Common stock - P1 par value				
Authorized	<u>25,000,000</u>	<u>25,000,000</u>	P <u>25,000,000</u>	P <u>25,000,000</u>
Issued and outstanding				
Balance at beginning of year	13,750,000	10,000,000	P 13,750,000	P 10,000,000
Issuance for the year	<u>-</u>	<u>3,750,000</u>	<u>-</u>	<u>3,750,000</u>
Balance at end of year	<u>13,750,000</u>	<u>13,750,000</u>	P <u>13,750,000</u>	P <u>13,750,000</u>

As at December 31, 2024 and 2023, 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.

Retained Earnings

The unappropriated retained earnings of the Company includes equity share in share net income of an investment in associate amounting to P3,786,837 which is not available for dividend declaration.



15. RELATED PARTY TRANSACTIONS

The summary of the Company's transactions and outstanding balances with its related parties follows:

	2024		2023		Terms and Condition
	Amount of Transactions	Outstanding Balance	Amount Transactions	Outstanding Balance	
Associate					
Shared rent expense	P 468,547	P -	P 328,987	P -	see Note 16
Cash advances					
Stockholders	<u>P 9,898,914</u>	<u>P 9,898,914</u>	<u>P -</u>	<u>P -</u>	Non-interest bearing, unsecured, due and demandable

Due to Related Parties

The Company has transactions with stockholders consisting of cash advances for its financial requirements. These advances are non-interest bearing, unsecured and due and demandable and are presented under Due to related parties in statements of financial position.

Compensation of Key Management Personnel

The Company has no key management personnel as at December 31, 2024 and 2023.

16. COMMITMENTS AND CONTINGENCIES

Operating Lease Commitments - Company as Lessee

The Company has elected to account for short-term leases using the practical expedient. Instead of recognizing a right-of-use of asset, the lease liability, the payments in relation to these are recognized as an expense on a straight-line basis. The total rentals from these operating leases amounted to P43,286 and P42,857 in 2024 and 2023, respectively, which are presented as part of Administrative expenses in the statements of comprehensive income (see Note 11).

Operating Lease Commitments - Shared Rent

The Company and its Associate into a lease agreement whereby the Company leases office space from its Associate Polaris Reinsurance Brokers, Inc. (PRBI) covering commercial space. The lease term of this operating lease is one year with renewal options. The said rent expense amounted to P468,547 and P328,987 (see Note 15). The Company has also elected to account for short-term leases using the practical expedient. Instead of recognizing a right-of-use of asset, the lease liability, the payments in relation to these are recognized as an expense on a straight-line basis.



Others

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, 2024 and 2023, 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, 2024 and 2023, 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>2024</u>	<u>2023</u>
Cash and cash equivalents	P 19,762,440	P 14,589,222
Trade and other receivables	16,320,013	8,549,442
Refundable deposits	<u>14,200</u>	<u>14,200</u>
	<u>P 36,096,653</u>	<u>P 23,152,864</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 and cash equivalents

The credit risk for cash is considered negligible since the counterparties are reputable Companies with high-quality external credit ratings. Cash in banks are insured by the Philippine Deposit Insurance Corporation (PDIC) up to a maximum coverage of P500,000 for every depositor per banking institution. The insurance coverage was further increased to P1,000,000 effective March 15, 2025.

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 the end of year, 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 (upon adoption of PFRS 9) was determined based on months past due, as follows for both trade and other receivables:

	Not more than 3 months	More than 3 months	Total
December 31, 2024			
Expected loss rate	31.31%	14.60%	
Premium receivable - gross	6,642,567	12,616,830	19,259,397
Commission receivable	-	4,625,753	4,625,753
Loss allowance	212,179	1,181,041	1,393,220
December 31, 2023			
Expected loss rate	16.13%	5.04%	
Premium receivable - gross	3,422,728	3,529,508	6,952,236
Commission receivable	-	2,971,590	2,971,590
Loss allowance	212,179	1,181,041	1,393,220

No past due account on other receivables as at December 31, 2024 and 2023.

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, the Company's financial liabilities have contractual maturities which are presented below:

	2024		2023	
	Below 3 months	3 months to One Year	Below 3 months	3 months to One Year
Trade and other payables	P 13,335,193	P -	P 15,752,734	P -
Due to related parties	-	9,898,914	-	-
	<u>P 13,335,193</u>	<u>P 9,898,914</u>	<u>P 15,752,734</u>	<u>P -</u>

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities as at December 31, 2024 and 2023.



18. FAIR VALUE MEASUREMENT AND DISCLOSURES

Carrying Amounts and Fair Values by Category

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

	2024		2023	
	Carrying Values	Fair Values	Carrying Values	Fair Values
<i>Financial Assets:</i>				
Cash and cash equivalents	P 19,762,440	P 19,762,440	P 14,589,222	P 14,589,222
Trade and other receivables	17,713,233	16,320,013	9,942,662	8,549,442
Refundable deposits (booked under Prepayments and other current assets)	14,200	14,200	14,200	14,200
	<u>P 37,489,873</u>	<u>P 36,096,653</u>	<u>P 24,546,084</u>	<u>P 23,152,864</u>
<i>Financial Liabilities:</i>				
Trade and other payables	P 13,335,193	P 13,335,193	P 15,281,058	P 15,281,058
Due related parties	9,898,914	9,898,914	-	-
	<u>P 23,234,107</u>	<u>P 23,234,107</u>	<u>P 15,281,058</u>	<u>P 15,281,058</u>

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 and cash equivalents

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 and due to related parties

Trade and other payables and due to related parties 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, 2024 and 2023, 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, 2024 and 2023.

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>2024</u>	<u>2023</u>
Total liabilities	P 23,907,891	P 15,752,734
Total equity	<u>30,759,256</u>	<u>26,862,309</u>
Debt-to-equity ratio	<u>0.77:1.00</u>	<u>0.59:1.00</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 (CL) No. 2018-52 dated October 19, 2018 and Section 3 of CL No. 2023-02 dated January 10, 2023, as a licensed insurance broker, the Company is required to maintain a net worth of P10 million. As at December 31, 2024 and 2023, 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, 2024 and 2023.

20. STATEMENT OF CASHFLOWS

Reconciliation of Liabilities Arising From Financing Activities

Presented below is the reconciliation of the Company's arising from financing activity on due to related parties:

	2024	2023
Balance at January 1	P -	P -
Cash flows from financing activities		
Advances	9,898,914	-
Balance at December 31	P 9,898,914	P -

21. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

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

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 2024, the Company declared output VAT amounting to P1,057,511 based on receipts from rendering of services amounting to P8,812,589 in 2024. The tax base for rendering of services is based on the Company's gross receipts for the year, hence, may not be the same as the amounts of revenues reported in the 2024 statements of income.



The outstanding output VAT payable amounting to P115,958 as at December 31, 2024 is presented as part of the Trade and other payables in the statements of financial position (see Note 9).

b. *Input VAT*

The movements in input VAT as at December 31, 2024 are summarized below.

Balance at beginning of year	P	-
Capital goods not exceeding 1M		82,316
Importation of goods		26,328
Applied against output VAT	(<u>108,644)</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 did not incur nor paid documentary stamp tax during the year.

f. *Taxes and Licenses*

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

Insurance Commission's license, filing and supervision fees	P	108,699
Business permit		70,733
Annual registration		500
Others		<u>2,120</u>
	<u>P</u>	<u>182,052</u>

g. *Withholding Taxes*

The details of total withholding taxes for the year ended December 31, 2024 are as follows:

Compensation and benefits	P	33,344
Expanded		<u>37,890</u>
	<u>P</u>	<u>71,234</u>

h. *Deficiency Tax Assessment and Tax Case*

As at December 31, 2024, 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, 2024, the Company is not covered by the requirements and procedures for related party transactions provided under this RR.