

ENSUREMEPH INSURANCE BROKER, INC.
JARO, ILOILO CITY – PHILIPPINES

FINANCIAL STATEMENTS
DECEMBER 31, 2024
(With Comparative Figures for 2023)

C O N T E N T S

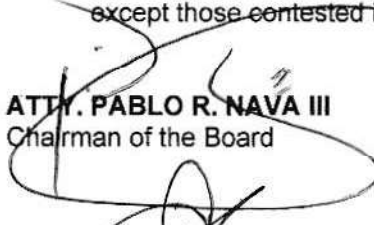
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**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**


The Management of **ENSUREMEPH INSURANCE BROKER, INC.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2024. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited to, the value added tax and/ or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the years ended December 31, 2024 and 2023, and the accompanying Annual Income Tax Return are in accordance with the books and records of **ENSUREMEPH INSURANCE BROKER, INC.**, complete and correct in all material respects. Management likewise affirms that:

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


ATTY. PABLO R. NAVA III
Chairman of the Board


ANGEL L. DE LEON JR.
Chief Executive Officer


PETER M. MONTALBAN
Chief Financial Officer

Signed this 15th day of April, 2025

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

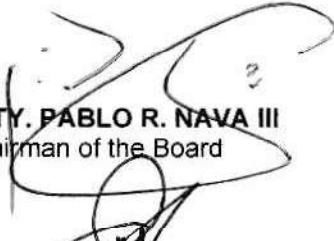
The Management of **ENSUREMEPH INSURANCE BROKER, INC.** (the "Company"), is responsible for the preparation and fair presentation of financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and 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 of the Company.


Alas, Oplas & Co., CPAs, and **Isla Lipana & Co.** the independent auditors appointed by the stockholders for the years ended December 31, 2024 and 2023, respectively, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.



ATTY. PABLO R. NAVA III
Chairman of the Board



ANGEL L. DE LEON JR.
Chief Executive Officer



PETER M. MONTALBAN
Chief Financial Officer

Signed this 15th day of April, 2025

Alas Oplas & Co., CPAs

7/F Philippine AXA Life Centre
1286 Sen. Gil Puyat Avenue
Makati City, Philippines 1200
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Offices:

Makati	Alabang	Ortigas	Paranaque	Cavite
Bulacan	Isabela	Nueva Ecija	Bacolod	Iloilo
Legazpi	La Union	Laguna		

**INDEPENDENT AUDITOR'S REPORT
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
BUREAU OF INTERNAL REVENUE**

To the Stockholders and the Board of Directors
ENSUREMEPH INSURANCE BROKER, INC.
3rd Floor, A&L Building, E Lopez St, Jaro
Iloilo City, Iloilo

We have examined the financial statements of **ENSUREMEPH INSURANCE BROKER, INC.** (the "Company") for the year ended December 31, 2024 on which we have rendered the attached report dated April 15, 2025.

In compliance with Revenue Regulation 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.

ALAS, OPLAS & CO., CPAs

BOA Registration No. 0190, valid from February 19, 2025, to February 18, 2028
BIR A.N. 08-001026-000-2024, issued on January 5, 2024; effective until January 4, 2027
SEC A.N. (Firm) 0190-SEC, Group A, issued on October 21, 2021; valid for 2021 to 2025 audit period
TIN 002-013-406-000

By:



RYAN A. SABUG

Partner

CPA License No. 0111183

BOA Registration No. 0190/P-004, valid from February 19, 2025, to February 18, 2028

BIR A.N. 08-001026-004-2023, issued on February 9, 2023; effective until February 8, 2026

SEC A.N. (Individual) 111183-SEC, Group A, issued on February 4, 2021; valid for 2020 to 2024 audit period

TIN 232-158-286-000

PTR No. 10466283, issued on January 2, 2025, Makati City

April 15, 2025
Makati City, Philippines



Alas Oplas & Co., CPAs

INDEPENDENT AUDITORS' REPORT

To the Stockholders and the Board of Directors
ENSUREMEPH INSURANCE BROKER, INC.
3rd Floor, A&L Building, E Lopez St, Jaro
Iloilo City, Iloilo

7/F Philippine AXA Life Centre
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Legazpi	La Union	Laguna		

Opinion

We have audited the financial statements of **ENSUREMEPH INSURANCE BROKER, INC.** (the "Company"), which comprise the statement of financial position as of December 31, 2024, and the related statement of comprehensive loss, statement of changes in equity and statement of cash flow for the year then ended, and notes to financial statements, including material accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flow for the year then ended in accordance with Philippine Financial Reporting Standards (PFRSs) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *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 audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Bank as of and for the year ended December 31, 2023 were audited by another auditor who expressed unqualified opinion in their report dated September 25, 2024.

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

Management is responsible for the preparation 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.

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

Alas Oplas & Co., CPAs

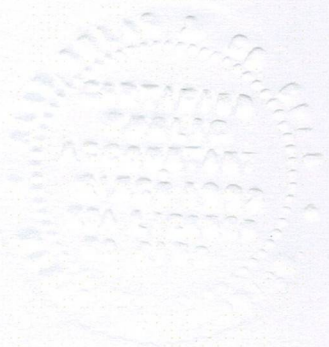
Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.



Alas Oplas & Co., CPAs

The Supplementary Information Required under Revenue Regulation No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Information Required under Revenue Regulation No. 15-2010 on taxes, duties and license fees paid or accrued during the taxable year in Note 27 to the financial statements are presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of **ENSUREMEPH INSURANCE BROKER, INC.** The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ALAS, OPLAS & CO., CPAs

BOA Registration No. 0190, valid from February 19, 2025, to February 18, 2028
BIR A.N. 08-001026-000-2024, issued on January 5, 2024; effective until January 4, 2027
SEC A.N. (Firm) 0190-SEC, Group A, issued on October 21, 2021; valid for 2021 to 2025 audit period
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By:



RYAN A. SABUG

Partner

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PTR No. 10466283, issued on January 2, 2025, Makati City

April 15, 2025

Makati City, Philippines

ENSUREMEPH INSURANCE BROKER INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024
(With Comparative Figures for 2023)
In Philippine Peso

	Notes	2024	2023
ASSETS			
Current Assets			
Cash	8	2,613,865	2,554,633
Trade and other receivables – net	9	13,745,210	11,399,276
Prepaid income tax	10	15,815,825	13,794,136
Other current assets	10	450,122	524,361
Total Current Assets		32,625,022	28,272,406
Noncurrent Assets			
Property and equipment – net	11	2,916,283	4,133,339
Intangible assets	12	1,066,888	1,066,888
Deferred tax assets – net	21	1,941,411	3,191,695
Other noncurrent assets	13	292,019	881,369
Total Noncurrent Assets		6,216,601	9,273,291
TOTAL ASSETS		38,841,623	37,545,697
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	14	15,363,114	13,304,704
Lease liability – current	15	607,722	542,277
Total Current Liabilities		15,970,836	13,846,981
Noncurrent Liabilities			
Retirement benefit obligation	18	3,480,048	3,050,525
Lease liability – noncurrent	15	536,815	1,087,725
Total Noncurrent Liabilities		4,016,863	4,138,250
TOTAL LIABILITIES		19,987,699	17,985,231
EQUITY			
Common capital stock	16	25,000,000	25,000,000
Deficit	16	(4,951,865)	(4,249,591)
Cumulative remeasurement loss on retirement benefit obligation, net of tax	18	(1,194,211)	(1,189,943)
TOTAL EQUITY		18,853,924	19,560,466
TOTAL LIABILITIES AND EQUITY		38,841,623	37,545,697

See Notes to Financial Statements.

ENSUREMEPH INSURANCE BROKER, INC.
STATEMENT OF COMPREHENSIVE LOSS
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Figures for 2023)
In Philippine Peso

	Notes	2024	2023
Revenue and other income	19	22,078,639	25,380,657
Expenses	20	(21,368,209)	(26,702,461)
Income (loss) before tax		710,430	(1,321,804)
Income tax benefit (expense)	21	(1,412,704)	742,394
NET LOSS		(702,274)	(579,410)
OTHER COMPREHENSIVE LOSS			
Remeasurement loss on retirement benefit liability, net of deferred tax	18	(4,268)	(535,815)
TOTAL COMPREHENSIVE LOSS		(706,542)	(1,115,225)

See Notes to Financial Statements.

ENSUREMEPH INSURANCE BROKER, INC.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Figures for 2023)
In Philippine Peso

	Common capital stock (Note 16)	Deficit (Note 16)	Cumulative remeasurement loss on retirement liability, net of tax (Note 18)	Total
Balance, December 31, 2022	25,000,000	(3,670,181)	(654,128)	20,675,691
Net loss	-	(579,410)	-	(579,410)
Actuarial loss	-	-	(535,815)	(535,815)
Balance, December 31, 2023	25,000,000	(4,249,591)	(1,189,943)	19,560,466
Net loss	-	(702,274)	-	(702,274)
Actuarial loss	-	-	(4,268)	(4,268)
Balance, December 31, 2024	25,000,000	(4,951,865)	(1,194,211)	18,853,924

See Notes to Financial Statements.

ENSUREMEPH INSURANCE BROKER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Figures for 2023)
In Philippine Peso

	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		710,430	(1,321,804)
Adjustment for:			
Interest income from cash in bank	8	(729)	(1,848)
Depreciation	11,20	1,545,550	746,125
Interest income from related party transaction	17	–	(160,611)
Retirement benefit expense	18	423,833	318,204
Foreign exchange gain	19	–	(75,262)
Interest expense from lease liability	20	92,890	17,906
Operating cash flows before working capital changes		2,771,974	(477,290)
Decrease (increase) in:			
Trade and other receivables		(2,345,934)	322,308
Prepayments and other current assets		74,239	(168,585)
Other non-current asset		589,351	(15,000)
Increase in:			
Trade and other payables		2,058,897	4,284,072
Cash generated from operating activities		3,148,527	3,945,505
Interest received		729	162,459
Income tax paid		(2,182,688)	(1,312,900)
Net cash generated from operating activities		966,568	2,795,064
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	11	(244,178)	(2,119,565)
Acquisition of intangible asset	12	–	(554,338)
Net cash used in investing activities		(244,178)	(2,673,903)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities	15	(663,158)	(105,000)
Foreign exchange gain on cash and cash equivalents		–	75,262
NET INCREASE IN CASH		59,232	16,161
CASH AT BEGINNING OF YEAR		2,554,633	2,463,210
CASH AT END OF YEAR	8	2,613,865	2,554,633

See Notes to Financial Statements.

1. CORPORATE INFORMATION

ENSUREMEPH INSURANCE BROKER, INC. (formerly Microensure Insurance Brokers Philippines, Inc.) (the “Company”) was incorporated and registered with the Philippine Securities and Exchange Commission on January 27, 2007. The Company is primarily engaged in the brokerage of life and non-life insurance.

On March 31, 2021 and July 15, 2021, the Board of Directors (BOD) and SEC, respectively approved the change in corporate name of the Company from “Microensure Insurance Brokers Philippines, Inc.” into “EnsureMePh Insurance Broker, Inc.”

The Company is registered as insurance broker with the Insurance Commission with license number IB-48-2025-R valid until December 31, 2027.

The Company is a wholly owned subsidiary of Kauswagan Management and Development Corporation (KMDC or the Parent Company) which is established as a real estate company. The ultimate parent of the Company is Taytay sa Kauswagan, Inc. (TSKI or the Ultimate Parent Company), a microfinance organization. KMDC and TSKI are both incorporated in the Philippines and registered with the SEC.

The registered office address of the Company is 3rd Floor, A&L Building E. Lopez St. Brgy. San Vicente, Jaro Iloilo City, Philippines 5000. The company is domiciled in the Philippines.

2. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

2.01 Basis of Preparation

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

PFRS Accounting Standards include all applicable PFRSs, Philippine Accounting Standards (PASs), and Interpretations issued by the Philippine Interpretations Committee – IFRIC as approved by the FSRSC and adopted by the SEC

The Philippine Securities and Exchange Commission (SEC) has issued Revised SRC Rule 68 as to financial statements presentation of entities covered by the said rule.

In view of the issuance mentioned above, the Company qualifies to use the PFRS as its financial reporting framework since the Company is a holder secondary license issued by Insurance Commission.

2.02 Presentation and functional currency

Items included in the financial statements of the Company are measured using Philippine Peso, the currency of the primary economic environment in which the Company operates (the “functional currency”). All presented financial information has been rounded to the nearest Peso, except when otherwise specified.

2.03 Use of Judgments and Estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the Company's financial statements and accompanying notes.

Judgments are made by management in the development, selection and disclosure of the Company's significant accounting policies and estimates and the application of these policies and estimates.

The estimates and assumptions are reviewed on an ongoing basis. These are based on management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2.04 Going Concern Assumption

The Company is not aware of any significant uncertainties that may cast doubts upon the Company's ability to continue as a going concern.

3. ADOPTION OF NEW AND AMENDED ACCOUNTING STANDARDS

3.01 New and Amended Standards and Interpretations Effective on January 1, 2024

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2024, unless otherwise stated.

- Classification of Liabilities as Current or Non-current (Amendments to PAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to PFRS 16)
- Supplier Finance Arrangements (Amendments to PAS 7 and PFRS 7)
- Non-current Liabilities with Covenants (Amendments to PAS 1)

These amendments had no impact on the Company's financial statements.

3.02 Standards Issued but Not Yet Effective (Effective Beginning on or After January 1, 2025)

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

3.02.01 PFRS 17 Insurance Contracts

PFRS 17 'Insurance Contracts' is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. PFRS 17 replaces PFRS 4 'Insurance Contracts'. PFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply.

The overall objective of PFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. PFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is originally effective for annual periods beginning January 1, 2023. However, the Financial Reporting Standards Council has approved, on December 15, 2021, the amendment of PFRS 17 which defers the date of initial application by two years to annual periods beginning on or after January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two years after its effective date as decided by the IASB.

The Company does not expect the standard to have a material impact on its operations or financial statements.

3.02.02 Lack of Exchangeability (Amendments to PAS 21)

In August 2023, the IASB amended PAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not.

The amendment is effective for reporting periods beginning on or after January 1, 2025. The Company does not expect these amendments to have a material impact on its operations or financial statements.

3.02.03 Annual Improvements to PFRS Accounting Standards – Volume 11

In July 2024, the IASB published 'Annual Improvements to PFRS Accounting Standards – Volume 11'. A summary of improvements is set out below:

- PFRS 1 'First-time Adoption of PFRS Financial Reporting Standards' – Hedge accounting by a first-time adopter
- PFRS 7 'Financial Instruments: Disclosures' – Gain or loss on derecognition
- PFRS 7 'Financial Instruments: Disclosures' Implementation Guidance – Disclosure of differences between the fair value and the transaction price and disclosures on credit risk
- PFRS 9 'Financial Instruments' – Transaction price and lessee derecognition of lease liabilities
- PFRS 10 'Consolidated Financial Statements' – Determination of a 'de facto agent'
- PAS 7 'Statement of Cash Flows' – Cost method

The amendments will be effective for annual reporting periods beginning on or after January 1, 2026. Early application is permitted but will need to be disclosed. The Company does not expect these amendments to have a material impact on its operations or financial statements.

3.02.04 Amendments to the Classification and Measurement of Financial Instruments (Amendments to PFRS 9 and 7)

On May 30, 2024, the IASB issued targeted amendments to PFRS 9 and PFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The amendments will be effective for annual reporting periods beginning on or after January 1, 2026. Early adoption is permitted but will need to be disclosed. The Company does not expect these amendments to have a material impact on its operations or financial statements.

3.02.05 PFRS 18 'Presentation and Disclosure in Financial Statements'

PFRS 18 will replace PAS 1, *Presentation of Financial Statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though PFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Company's financial statements.

The Company will apply the new standard from its mandatory effective date of January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending December 31, 2026 will be restated in accordance with PFRS 18.

3.02.06 PFRS 19 'Subsidiaries without Public Accountability: Disclosures'

Issued in May 2024, PFRS 19 allows for certain eligible subsidiaries of parent entities that report under PFRSs to apply reduced disclosure requirements.

PFRS 19 will become effective for reporting periods beginning on or after January 1, 2027, with early application permitted. The Company does not expect the standard to have a material impact on its operations or financial statements.

4. MATERIAL ACCOUNTING POLICIES

Principal accounting and financial reporting policies applied by the Company in the preparation of its financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

4.01 Financial Instruments

4.01.01 Initial Recognition and Measurement

Financial assets are recognized in the Company's financial statements when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of the Company's financial assets, except for investments classified at fair value through profit or loss (FVTPL).

4.01.02 Classification

The Company classifies its financial assets, other than hedging instruments, in the following categories: fair value through profit or loss (FVTPL), financial asset fair value through other comprehensive income (FVOCI) and financial asset at amortized cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

As of December 31, 2024 and 2023, the Company has not designated any financial assets as at FVTPL.

Financial Assets at Amortized Cost

Financial assets at amortized cost are quoted non-derivative financial asset with fixed and determinable payment and fixed maturities for which Company's management has the positive intention and ability to hold maturity.

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process.

As of December 31, 2024 and 2023, the Company's cash in bank and investment securities at amortized cost are classified under this category.

In the statement of cash flows, cash and cash equivalents includes cash in bank and temporary placements with original maturities of three months or less from dates of placement and that are subject to insignificant risk of changes in value.

Cash is valued at face value. If a bank holding the funds of the Company is in bankruptcy or financial difficulty, cash should be written down to estimated realizable value if the amount recoverable is estimated to be lower than the face amount.

The Company recognizes each item of cash as a current asset when the cash is not restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Financial assets at FVOCI

Financial assets at FVOCI include debt and equity securities.

Debt Instruments at FVOCI

For debt instruments that are not designated at FVPL under the fair value option, the financial assets are measured at FVOCI if both of the following conditions are met: (1) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and (2) the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment gains or losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

As of December 31, 2024 and 2023, the Company has not designated any financial assets under this category.

Equity Instruments at FVOCI

For equity instruments that are not held for trading, the Company may irrevocably designate, at initial recognition, a financial asset to be measured at FVOCI when it meets the definition of equity instrument under PAS 32, *Financial Instruments: Presentation*. This option is available and made on an instrument-by-instrument basis.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. All other gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods, instead, these are transferred directly to retained earnings. Equity securities at FVOCI are not subject to impairment assessment.

As of December 31, 2024 and 2023, the Company does not have equity instruments at FVOCI.

4.01.03 Offsetting Financial Instruments

Financial assets and liabilities are offset and the 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 realise the asset and settle the liability simultaneously.

4.01.04 Impairment of Financial Assets

The Company recognizes loss allowance for ECL on financial assets measured at amortized cost and contract assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and;
- other debt securities and bank balances for which credit risk (e.g., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables is always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 120 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 360 days past due.

12-month ECLs are the portion of ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognized are referred to as 'Stage 1 financial instruments'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECLs are recognized but which are not credit-impaired are referred to as 'Stage 2 financial instruments' otherwise are referred to as 'Stage 3 financial instruments'.

Financial assets are written off when there is no reasonable expectation of recovery. The Company categorizes a receivable for write-off when a debtor fails to make payments or when it is probable that the receivable will not be collected, there loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

4.01.05 Derecognition

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. 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.

4.02 Financial Liabilities

4.02.01 Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortized cost.

All financial liabilities are recognized at fair value and, in the case of financial liabilities at FVTPL plus any directly attributable transaction costs.

The Company's financial liabilities at amortized cost include trade payables.

4.02.02 Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described as follows:

- Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PAS 39 are satisfied.

As of December 31, 2024 and 2023, the Company has not designated any financial liability as at FVTPL.

- Financial liabilities at amortized cost

After initial recognition, financial liabilities at amortized cost are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

4.02.03 Derecognition

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

4.03 Fair Value Measurement

The Company measures financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal and the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Fair Value Hierarchy

The Company uses the following hierarchy as guide for determining fair value of financial instruments:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchange;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs for the asset or liability that are not based on observable market data (observable inputs). This level includes equity investment (if any,) and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available.

As of December 31, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

4.04 Property and Equipment

The Company measures an item of property and equipment at initial recognition at its cost. The cost of an item of property and equipment comprises its purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. These can include the costs of site preparation, initial delivery and handling, installation and assembly, testing of functionality and borrowing costs for long-term construction projects if the recognition criteria are met. Cost also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If payment is deferred beyond normal credit terms, the cost is the present value of all future payments.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized.

The Company recognizes the cost of day-to-day servicing (repairs and maintenance) of an item of property and equipment in profit or loss in the period in which the costs are incurred.

At reporting date, the Company measures an item of property and equipment after initial recognition at cost less any accumulated depreciation and accumulated impairment loss.

If a reliable measure of fair value is no longer available without undue cost or effort for an item of investment property measure using the fair value model, the Company thereafter accounts for that item in accordance with the cost model under property and equipment until a reliable measure of fair value becomes available.

Depreciation is computed using the straight-line method of depreciation based on the estimated useful lives of the assets as follows:

Category	Estimated useful life
Furniture and fixtures	3 years
Computer equipment	3 years
Transportation equipment	5 years

Leasehold improvements are depreciated over the shorter between the improvements' useful life of 15 years or the lease term.

If the major components of an item of property and equipment have significantly different patterns of consumption of economic benefits, the Company allocates the initial cost of the asset to its major components and depreciates each such component separately over its useful life. Other assets are depreciated over their useful lives as a single asset.

The assets' useful lives and depreciation methods are reviewed and adjusted prospectively, if appropriate, and if there is an indication of a significant change since the last reporting date.

Fully depreciated assets still in use are retained in the financial statements.

An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value are removed from the financial statements and any resulting gain or loss is credited or charged to profit or loss. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

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

4.05 Insurance Contracts

Insurance contracts are defined as those contracts under which the Company accepts significant insurance risk from another party (the members) by agreeing to compensate the members if a specified uncertain future event (the insured event) adversely affects the member.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

4.06 Premium Deposits

Premium payments received in advance that are measured at the fair value of the consideration received are deferred and recognized as premiums when they become due.

4.07 Impairment of Non-Financial Assets other than Inventories

At each reporting date, the Company assesses whether there is any indication that any non-financial assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of these assets is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties less the costs of disposal.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income.

4.08 Provisions and Contingencies

4.08.01 Provisions

Provisions are recognized when the Company has a present obligation, whether legal or constructive, as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as an asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The Company charges against a provision only those expenditures for which the provision was originally recognized. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.08.02 Contingent Liabilities and Assets

Contingent liabilities and assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are disclosed only when an inflow of economic benefits is probable.

4.09 EQUITY

Common stock

Common stock is classified as equity. Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Deficit

The deficit represents the cumulative net loss arising from the results of operations.

Other comprehensive income

Other comprehensive income pertains to the actuarial gains or losses arising from the Company's defined benefit obligation.

4.10 Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in its revenue arrangements.

(a) Service fees

Revenue from service fees is recognized in the accounting period in which the services are rendered based on the terms of contracts.

(b) Other income

Income from other sources is recognized when earned during the period.

(c) Interest income

Interest income is recognized as the interest accrues taking into account the effective yield on the asset.

4.11 Cost and Expense Recognition

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distribution to equity participants.

Cost and expenses are generally recognized in profit or loss in the following manner:

- On the basis of a direct association between costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and association with income can only be broadly or indirectly determined; or
- Immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

4.12 Employee Benefits

4.12.01 Short-term Benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Said benefits are measured at the undiscounted amount expected to be paid in exchange for services rendered. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated balances and bonuses, non-monetary benefits and other short-term benefits.

4.12.02 Post-employment Benefits

The cost of providing benefits is determined using the Projected Unit Credit Method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Retirement benefit obligation recognized in the statements of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds and that have terms to maturity approximating to the terms of the related retirement benefit obligation.

The Company recognizes immediately the following changes in the retirement benefit obligation in the statements of comprehensive income:

- Service costs comprising current service costs, gains and losses on curtailment and non-routine settlements; and
- Net interest expense or income, which is calculated by applying the discount rate to the net defined benefit liability or asset.

Remeasurements, comprising actuarial gains or losses, the effect of the asset ceiling, excluding net interest and the return on plan assets, excluding net interest, are recognized immediately in the statements of financial position with a corresponding debit or credit to equity through "other comprehensive income" in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

The Company engaged the services of an actuary to determine the amount of the Company's retirement benefit obligation for the year ended December 31, 2024 and 2023, as disclosed in Note 18.

4.13 Borrowing Costs

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs include interest expense calculated using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

4.14 Related Parties and Related Party Transactions

4.14.01 Related Party Relationship

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, trustees, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The key management personnel of the Company, post-employment benefit plans for the benefit of the Company's employees, and close members of the family of any individuals owning directly or indirectly a significant voting power of the Company that gives them significant influence in the financial and operating policy decisions of the Company are also considered to be related parties.

4.14.02 Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. An entity is related to the Company when it directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the Company. Transactions between related parties are accounted for at arm's length prices or on terms similarly offered to non-related entities in an economically comparable market.

4.15 Income Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in the 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.

Current tax is determined in accordance with is the amount reported on the Company's income tax return for the period in conformity with tax laws or regulations. Deferred tax is income tax payable (recoverable) in respect of the taxable profit (tax loss) for future reporting periods as a result of past transactions or events. The past transactions or events are those that have not yet been included in the Company's income tax return although they have been included when measuring profit or loss in conformity with PFRSs or have been included in the Company's income tax return although they have been not yet been included when measuring profit or loss in conformity with PFRSs.

The Company recognizes a deferred tax asset or liability for tax recoverable or payable in future periods as a result of past transactions or events. Such tax arises from the difference between the amounts recognized for the Company's assets and liabilities in the statement of financial position and the recognition of those assets and liabilities by the tax authorities, and the carry-forward of currently unused tax losses and tax credits. In most cases, those differences between the amounts in the statement of financial position and the amounts recognized by the tax authorities are accompanied by corresponding differences between profit or loss as measured by PFRSs and taxable profit or loss. If the Company expects to recover the carrying amount of an asset or settle the carrying amount of a liability without affecting taxable profit, no deferred tax arises in respect of the asset or liability.

The Company measures its deferred tax liabilities (assets) using the tax rates and laws that have been enacted or substantively enacted by the reporting date. When different tax rates apply to different levels of taxable profit, the Company measures deferred tax expense (income) and related deferred tax liabilities (assets) using the average enacted or substantively enacted rates that it expects to be applicable to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realized or the deferred tax liability to be settled.

The Company does not discount deferred tax assets and liabilities.

The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. An entity shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Carry-forward benefit of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) arising in the current period which can be applied against the entity's future taxable income and future tax liability, respectively, should be recognized as an asset to the extent that it is probable that sufficient taxable profit will allow the unused tax losses or unused tax credits be utilized.

4.16 Events After the End of the Reporting Date

The Company identifies subsequent events as events that occurred after the reporting date but before the date of the financial statements were authorized for issue. Any subsequent events that provide additional information about the Company's position at the reporting date, adjusting events, are reflected in the financial statements, while subsequent events that do not require adjustments, non-adjusting events, are disclosed in the notes to financial statements.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Principal accounting and financial reporting policies applied by the Company in the preparation of its financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements and related disclosures. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis to ensure they incorporate all relevant information available at the reporting date. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

5.01 Critical Judgment in Applying Accounting Policies

The following critical judgments, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have not the most significant effect on the amounts recognized in the financial statements:

5.01.01 Estimating Useful Lives of Property and Equipment

The Company reviews annually the EUL of its property and equipment based on the period over which the assets are expected to be available for use. The Company reviews periodically the EUL of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental, and anticipated use of the assets.

It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the EUL of property and equipment would increase the recorded depreciation and amortization expenses and decrease the related asset accounts.

5.01.02 Impairment of Non-Financial Assets except Inventories

An assessment is made at reporting date to determine whether there is any indication of impairment of any non-financial assets except inventories or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

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

Management has made significant estimates on the recoverability of the Company's property and equipment and concluded that as of December 31, 2024 and 2023, no indications of impairment are present that would necessitate the recognition of impairment loss of the Company's property and equipment.

The carrying value of property and equipment amounted to ₱2,916,283 and ₱4,133,339 as of December 31, 2024 and 2023, respectively, as disclosed in Note 11.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

6.01 General Risk Management Principles

The Company is exposed to a variety of financial risks in relation to financial instruments. The main types of risks are credit risk, liquidity risk and market risk.

The Company's risk management is coordinated with its BOT and focuses 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 to are described in the succeeding notes.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The management ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks.

The following table summarizes the carrying amount of financial assets and liabilities recorded by category:

	Notes	2024		2023	
Financial assets at amortized cost					
Cash	8	₱	2,613,865	₱	2,554,633
Trade and other receivables – net *	9		13,709,452		11,394,990
		₱	16,323,317	₱	13,949,623
Financial liabilities at amortized cost					
Trade and other payables**	14	₱	14,370,302	₱	12,265,446
Lease liabilities	15		1,144,537		1,630,002
		₱	15,514,839	₱	13,895,448

*excluding non-financial asset amounting to ₱35,758 and ₱4,286 as of 2024 and 2023, respectively, net of allowance for credit loss amounting ₱223,457 as of 2024 and 2023.

**excluding non-financial liabilities amounting ₱992,812 and ₱1,039,258 as of 2024 and 2023, respectively.

6.02 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is managed by the Company subject to the established policy, procedures and controls relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

With respect to credit risk arising from the financial assets of the Company. The Company's exposure arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

Below are the credit qualities of the Company's financial assets as of December 31, 2024 and 2023:

2024	Neither past due nor impaired	Past due but not impaired	Past due and impaired	Total
Cash*	2,583,865	–	–	2,583,865
Trade and other receivables**	7,265,353	6,444,099	223,457	13,932,909
	9,849,218	6,444,099	223,457	16,516,774
2023	Neither past due nor impaired	Past due but not impaired	Past due and impaired	Total
Cash*	2,504,633	–	–	2,504,633
Trade and other receivables**	4,136,241	7,258,749	223,457	11,618,447
	6,640,874	7,258,749	223,457	14,123,080

*excluding cash on hand amounting to P30,000 and P50,000 in 2024 and 2023, respectively.

**excluding advances from officers and employees amounting to P35,758 and P4,286 in 2024 and 2023, respectively.

Neither past due nor impaired accounts are accounts considered to be high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits.

Not past due but impaired accounts are active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues.

Past due but not impaired are accounts typically not impaired as the counter parties generally respond to credit actions and update their payments accordingly.

Past due and impaired are accounts which have a probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up and extended payment terms.

6.03 Liquidity Risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-, medium- and long-term funding and liquidity management requirements.

The Company manages liquidity by setting up trust funds, separate and distinct from its paid-up capital established with trustees under trust agreement approved by the Insurance Commission (IC), to pay for the plan holders' benefits as provided in insurance contract. The Company also specifies the minimum portion of funds to meet the portfolio mix requirement imposed by the IC with an objective to meet the short-term and long-term financial commitments.

The following are the contractual maturities of financial assets and liabilities:

2024	On demand	Due within 1 year	Due beyond 1 year but within 5 years	Due beyond 5 years	Total
Financial assets					
Cash	2,613,865	–	–	–	2,613,865
Trade and other receivables*	13,968,667	–	–	–	13,968,667
	16,582,532	–	–	–	16,582,532
Financial liabilities					
Trade and other payables**	14,370,302	–	–	–	14,370,302
Lease liabilities	–	607,722	536,815	–	1,144,537
	14,370,302	607,722	536,815	–	15,514,839

2023	On demand	Due within 1 year	Due beyond 1 year but within 5 years	Due beyond 5 years	Total
Financial assets					
Cash	2,554,633	–	–	–	2,554,633
Trade and other receivables*	8,622,733	3,000,000	–	–	11,622,733
	11,177,366	3,000,000	–	–	14,177,366
Financial liabilities					
Trade and other payables**	12,265,446	–	–	–	12,265,446
Lease liabilities	–	542,755	1,087,247	–	1,630,002
	12,265,446	542,755	1,087,247	–	13,895,448

*Gross of allowance for credit loss amounting to ₱223,457 in 2024 and 2023.

**excluding non-financial liabilities amounting ₱992,812 and ₱1,039,258 for 2024 and 2023, respectively.

6.04 Market Risk

The Company is exposed to market risk through its use of financial instruments, specifically interest rate risk.

Interest rate risk is the risk to the earning or capital resulting from adverse movements in the interest rates. The Company closely monitors the movements of interest rates in the market and reviews its asset and liability structure to ensure that exposures to fluctuations in interest rates are kept within acceptable limits.

The Company follows a prudent policy on managing its assets and liabilities so as to ensure that exposure to fluctuations in interest rates are kept within acceptable limits. The Company's exposure to interest rate risk is considered negligible since its financial assets and financial liabilities have fixed interest rates.

7. CAPITAL MANAGEMENT

The BOD has overall responsibility for monitoring of fund balance in proportion to risks. The Company manages its fund structure and makes adjustments to it, in the light of changes in economic conditions.

The Company defines capital as total fund balance. It monitors capital on the basis of debt-to-fund balance ratio, which is calculated as total debt divided by fund balance.

The Company's debt to equity ratio at the reporting dates are as follows:

	2024	2023
Total liabilities	₱ 19,987,699	₱ 17,985,231
Total equity	₱ 18,853,924	₱ 19,560,466
Debt to equity ratio	1.06:1	0.92:1

8. CASH

This account consists of the following:

	2024	2023
Cash on hand	₱ 30,000	₱ 50,000
Cash in bank	2,136,347	1,434,005
Client's money in bank	447,518	1,070,628
	₱ 2,613,865	₱ 2,554,633

Client's money in bank pertains to insurance premiums collected from customers, and subsequently remitted to insurance partner on a monthly basis.

Cash in banks earns interest at the prevailing bank deposits rates.

Interest income earned for the period ended December 31, 2024 and 2023 amounted to ₱729 and ₱1,848, respectively, as disclosed in Note 19.

There was no restriction imposed upon cash in bank and on hand by either management, stockholders or outside parties.

9. TRADE AND OTHER RECEIVABLES – net

This account consists of the following:

	2024	2023
Trade receivables	₱ 8,347,559	₱ 4,122,897
Premiums receivables	3,017,802	4,033,025
Loans receivables	2,189,350	3,000,000
Advances to officers and employees	35,758	4,286
Others	378,198	462,525
	13,968,667	11,622,733
Allowance for credit losses	(223,457)	(223,457)
	₱ 13,745,210	₱ 11,399,276

Movement of the allowance for credit losses are as follows:

	2024	2023
Beginning balance	₱ 223,457	₱ 8,218,377
Write-off	-	(7,994,920)
	₱ 223,457	₱ 223,457

Trade receivables are noninterest-bearing and are collectible within one (1) year.

Advances to officers and employees are subject to liquidation within the period of one (1) month after the date of transaction.

10. OTHER CURRENT ASSETS

This account consists of the following:

	2024	2023
Prepayments	₱ 444,354	₱ 518,593
Rent deposit	5,768	5,768
	450,122	524,361
Prepaid income tax	15,815,825	13,794,136
	₱ 16,265,947	₱ 14,318,497

Prepayments are amortized and utilized within one (1) year.

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11. PROPERTY AND EQUIPMENT – net

The analysis of carrying amounts of the Company's property and equipment as of December 31, 2024 and 2023 are as follows:

2024		Leasehold property	Computer Equipment	Transportation Equipment	Furniture and Fixtures	Right-of-use of Asset	Total
Cost:							
At January 1	₱	2,077,771	5,548,323	270,000	1,903,107	1,717,096	11,516,297
Addition		29,040	151,070	–	64,068	–	244,178
Adjustment		–	–	–	–	89,276	89,276
At December 31		2,106,811	5,699,393	270,000	1,967,175	1,806,372	11,849,751
Accumulated depreciation:							
At January 1		680,324	4,832,395	270,000	1,504,845	95,394	7,382,958
Depreciation (Note 20)		288,030	501,962	–	153,434	602,124	1,545,550
Adjustment		–	–	–	–	4,960	4,960
At December 31		968,354	5,334,357	270,000	1,658,279	702,478	8,933,468
Carrying amount, December 31	₱	1,138,457	365,036	–	308,896	1,103,894	2,916,283

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2023		Leasehold property	Computer Equipment	Transportation Equipment	Furniture and Fixtures	Right-of-use of Asset	Total
Cost:							
At January 1	₱	656,977	5,223,143	270,000	1,529,516	1,168,290	8,847,926
Addition		1,420,794	325,180	–	373,591	–	2,119,565
Addition – PFRS 16		–	–	–	–	1,717,096	1,717,096
Write-off		–	–	–	–	(1,168,290)	(1,168,290)
At December 31		2,077,771	5,548,323	270,000	1,903,107	1,717,096	11,516,297
Accumulated depreciation:							
At January 1		656,977	4,250,965	270,000	1,458,891	1,168,290	7,805,123
Depreciation (Note 20)		23,347	581,430	–	45,954	95,394	746,125
Write-off		–	–	–	–	(1,168,290)	(1,168,290)
At December 31		680,324	4,832,395	270,000	1,504,845	95,394	7,382,958
Carrying amount, December 31	₱	1,397,447	715,928	–	398,262	1,621,702	4,133,339

Depreciation expense charge to operations amounted to ₱1,545,550 and ₱746,125 in 2024 and 2023, respectively, as disclosed in Note 20.

Management has reviewed the carrying values of property and equipment as of December 31, 2024 and 2023 for any impairment. Based on evaluation, there were no indications that the assets are impaired.

As of December 31, 2024, and 2023, the Company has no outstanding contractual commitments to acquire certain property and equipment.

No items of property and equipment were used as collateral or pledged to secure any liability.

All additions in 2024 and 2023 were paid in cash.

As of December 31, 2024 and 2023, the Company has no commitment to purchase property and equipment.

12. INTANGIBLE ASSETS

Movement of the intangible assets are as follows:

	2024		2023	
Beginning balance	₱	1,066,888	₱	512,550
Additions		-		554,338
	₱	1,066,888	₱	1,066,888

This account pertains to the e-commerce platform and software of the Company. As at December 31, 2024, these are still under development and are not available for use. No amortization has been recorded in 2024 and 2023 related to this asset.

All additions in 2024 and 2023 were paid in cash.

As of December 31, 2024 and 2023, the Company has software projects that are still under development. In accordance with applicable accounting standards, all necessary costs directly attributable to the development of these software assets will be capitalized until the software is ready for its intended use. The Company remains committed to completing these projects and ensuring compliance with Accounting Standards.

13. OTHER NONCURRENT ASSTES

The components of other noncurrent assets account are as follows:

	2024		2023	
Long term security deposits	₱	292,019	₱	292,019
Accrued income		-		589,350
	₱	292,019	₱	881,369

14. TRADE AND OTHER PAYABLES

The components of trade and other payables account are as follows:

	2024		2023	
Accrued expense	₱	6,213,374	₱	6,264,458
Accounts payable		3,049,048		2,093,976
Premiums payable		1,270,822		2,553,208
VAT payable		811,080		860,222
Government payables		181,732		179,036
Other		3,837,058		1,353,804
	₱	15,363,114	₱	13,304,704

Accrued expenses pertains to accrual for employee benefits, utilities, sales incentives, legal costs and other expenses.

Trade and other payables are unsecured, noninterest-bearing, and are generally settled within one (1) year.

Other pertains to payables to Gawad Kalinga, unidentified deposit received by the Company, and various accounts with employees and third parties which are normally settled in one (1) year.

Government payables include mandatory contributions, tax withheld from the salary of employees and purchases of goods and services from outside suppliers and other taxes due for remittance to BIR.

15. LEASE LIABILITY

On November 15, 2023, the Company entered into a three (3) year lease contract of a commercial space to be used as office. The term of the lease contract includes an extension option upon mutual agreement of both parties.

The details of the Company's lease liabilities and their carrying amounts are as follows:

	2024	2023
Beginning balance	₱ 1,630,002	₱ –
Additions	–	1,717,096
Interest expense	92,890	17,906
Payment	(663,158)	(105,000)
Lease modification	84,803	–
Ending balance	1,144,537	1,630,002

The breakdown of lease liabilities as to current and non-current is as follows:

	2024	2023
Current	₱ 607,722	₱ 542,277
Non-current	536,815	1,087,725
Total	₱ 1,144,537	₱ 1,630,002

The maturity analysis of lease liabilities as at December 31 is as follows:

	Lease Payments		Finance Charges		Net Present Values
2024					
Within 1 year	₱ 663,158	₱ 55,436	₱ 607,722		
1 – 2 years	552,632	15,817	536,815		
Total	₱ 1,215,790	₱ 71,253	₱ 1,144,537		
2023					
Within 1 year	₱ 630,000	₱ 87,245	₱ 542,755		
1 – 2 years	630,000	52,665	577,335		
2 – 3 years	525,000	15,088	509,912		
Total	₱ 1,785,000	₱ 154,998	₱ 1,630,002		

16. EQUITY

16.01 Common capital stock

Shown below are the details on the movements of common shares:

	2024		2023	
	Shares	Amount	Shares	Amount
Authorized at ₱2,000 par value	62,500	₱ 125,000,000	62,500	₱ 125,000,000
Issued and fully paid at ₱2,000 par value				
Balance, January 1	12,500	₱ 25,000,000	12,500	₱ 25,000,000
Balance, December 31	12,500	₱ 25,000,000	12,500	₱ 25,000,000

Common shares carry one (1) vote per share and carry a right to dividends.

16.02 Deficit

The table below shows the deficit for the year:

	2024	2023
Beginning balance	₱ (4,249,591)	₱ (3,670,181)
Net loss	(702,274)	(579,410)
	(4,951,865)	(4,249,591)

17. RELATED PARTY

17.01 Related party relationships

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among the reporting entities, which are under common control or common significant influence with the reporting enterprise, or between, and/or among the reporting entities and its key management personnel, trustees, or its shareholders.

Balances and transactions between the Company and its related parties are disclosed below:

17.02 Related party transactions

The related parties in these financial statements refer to the following:

Name of the entity	Relationship	Nature of transaction
Taytay sa Kauswagan, Inc.	Ultimate Parent Company	Service fee
Kauswagan Management and Development Corporation	Parent Company	Loans receivables

17.03 Related Party Balances

During 2024, the Company entered into the following transactions with related parties:

	Amount/ Volume	Outstanding balance	Terms	Conditions
Service fee	1,338,114	–		
Loans receivables	(810,650)	2,189,350	5 years; 0.5% interest rate	Unsecured, no impairment
Accrued interest - loans	(589,350)	–		
	(61,886)	2,189,350		

During 2023, the Company entered into the following transactions with related parties:

	Amount/ Volume	Outstanding balance	Terms	Conditions
Service fee	2,060,302	–		
Loans receivables	–	3,000,000	5 years; 0.5% interest rate	Unsecured, no impairment
Accrued interest - loans	160,611	589,350		
	2,220,913	3,589,350		

All related party balances will be settled in cash, except in instances where the parties may agree to offset their intercompany balances. No guarantees have been received on these related party balances.

No provision for impairment loss on these receivables were recognized for the years 2024 and 2023.

17.04 Key Management Compensation

The Company considers as key management personnel the trustees and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

The key management compensation for the years ended December 31, 2024 and 2023 are composed of:

	2024		2023	
Salaries and wages	₱	1,922,700	₱	1,922,700
Post-employment benefits		90,821		79,551
	₱	2,013,521	₱	2,002,251

18. RETIREMENT BENEFIT OBLIGATION

The Company has an unfunded, non-contributory defined retirement benefit plan which covers substantially all of its regular employees. The benefits to be received by the employees under the defined benefit retirement plan shall not be less than the minimum mandated benefit under Republic Act No. 7641, "Retirement Pay Law." The latest actuarial report obtained was as at December 31, 2024.

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Movements in the present value of the defined benefit obligation for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Balance, January 1	₱ 3,050,525	₱ 2,017,901
Current service cost	237,751	172,713
Interest expense	186,082	145,491
Actuarial loss – experience	5,690	142,896
Actuarial loss – changes in financial assumption	–	571,524
Balance, December 31	₱ 3,480,048	₱ 3,050,525

Retirement benefit expense recognized in profit or loss is as follows:

	2024	2023
Current service cost	₱ 237,751	₱ 172,713
Interest on defined benefit obligation	186,082	145,491
	₱ 423,833	₱ 318,204

Amounts recognized in other comprehensive income (OCI) in respect of these retirement benefit plans are as follows:

	2024	2023
Beginning OCI in equity	₱ 1,189,943	₱ 654,128
Actuarial loss – experience	5,690	142,896
Actuarial loss – changes in financial assumption	–	571,524
Total	5,690	714,420
Tax effect	(1,422)	(178,605)
Defined benefit cost in comprehensive income	4,268	535,815
Ending OCI in equity	₱ 1,194,211	₱ 1,189,943

Amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

Maturity analysis: 10-year projection of expected future benefits payments is as follow:

	2024	2023
Year 1	–	–
Year 2	162,791	–
Year 3	–	162,791
Year 4	–	–
Year 5	–	–
Year 6 – 10	1,266,984	–
Year 11 – 20	25,799,740	27,066,724

Below shows the sensitivity analysis determined based on reasonably possible changes of each significant assumptions stated above, assuming all other assumptions were held constant:

Principal assumptions	Increase/Decrease in assumption	Impact on Retirement Benefit Obligation
Discount rate	+1%	(520,604)
	-1%	642,172
Salary increase rate	+1%	643,442
	-1%	(531,075)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement liability recognized within the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

19. REVENUE AND OTHER INCOME

19.01 Revenue

The Company's revenue for the year from continuing operation amounted to ₱19,697,696 and ₱23,075,593 for the years ended December 31, 2024 and 2023 as presented in the statement of comprehensive loss.

19.02 Other income

Components of other income are as follows:

	Notes	2024	2023
Service fee	17	₱ 1,338,114	₱ 2,060,302
Refund		972,100	–
Interest Income	8	729	162,459
Unrealized gain on foreign exchange		–	75,262
Miscellaneous Income		70,000	7,041
		₱ 2,380,943	₱ 2,305,064

20. OPERATING EXPENSES

Breakdown of operating expenses is as follows:

	Notes	2024	2023
Personnel cost		₱ 8,674,683	₱ 8,980,823
Professional and management fee		5,377,063	7,302,058
Commission expense		2,013,690	4,905,181
Depreciation expense	11	1,545,550	746,125
Utilities expense		1,154,257	1,157,563
Insurance		464,022	473,205
Subscription		388,116	–
Traveling expense		352,596	613,729
Taxes and licenses		182,189	147,312
Office supplies		136,764	112,357
Interest expense – lease liabilities	15	92,890	17,906
Selling and marketing expense		89,787	388,747
Repairs and maintenance		13,564	12,700
Security Services		–	330,749
Miscellaneous expense		883,038	1,514,006
		₱ 21,368,209	₱ 26,702,461

Compensation and benefits consist of:

		2024	2023
Salaries and wages	₱	5,669,222	₱ 8,662,619
Fringe and other benefits		2,581,628	–
Retirement expense		423,833	318,204
	₱	8,674,683	₱ 8,980,823

21. INCOME TAXES

21.01 Income Tax Recognized in Profit or Loss

Components of income tax expense are as follows:

		2024	2023
Income tax expense – current	₱	160,998	₱ 123,200
Income tax expense (benefit) – deferred		1,251,706	(865,594)
		1,412,704	₱ (742,394)

A numerical reconciliation between tax expense and the product of accounting loss multiplied by the tax rate in 2023 and 2022 follows:

	2024	2023
Income (loss) before tax	₱ 710,430	₱ (1,321,804)
Tax expense at 25%	177,608	(330,451)
Tax effect of:		
Interest income subject to final tax	(182)	(462)
Non-deductible expenses	-	93
Recognition of DTA	-	(411,574)
Reversal of unutilized DTA	1,235,278	-
	₱ 1,412,704	₱ (742,394)

21.02 Minimum Corporate Income Tax (MCIT)

Section 27(E) of the National Internal Revenue Code of 1997 provides that an MCIT of two percent (2%) of the gross income as of the end of the taxable year is imposed on a taxable corporation beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operation, when the MCIT is greater than RCIT for the taxable year.

The details of the Company's excess MCIT over RCIT are presented below:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Balance	Expiry Date
2023	₱ 123,200	-	-	-	₱ 123,200	2026
2024	160,998	-	-	-	160,998	2027
	₱ 284,198	-	-	-	₱ 284,198	

21.03 Net-Operating Loss Carry Over

Under Section 34(D)(3) of the National Internal Revenue Code of 1997, the net operating loss of the business or enterprise for any taxable year immediately preceding the current taxable year which had not been previously offset as deduction from gross income shall be carried over as a deduction from gross income for the next three (3) consecutive taxable years immediately following the year of such loss.

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Balance	Expiry Date
2023	₱ 1,226,410	-	1,165,391	-	₱ 61,019	2027

21.04 Deferred Tax Assets – net

Components of deferred tax assets – net are as follows:

	2024	2023
Deferred tax assets	₱ 1,941,411	₱ 3,210,511
Deferred tax liability	-	(18,816)
	₱ 1,941,411	₱ 3,191,695

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The Company's deferred tax assets (DTA) and deferred tax liability (DTL) as of December 31, 2024 and 2023 are as follows:

	DTA – Allowance for Credit Losses	DTA – Retirement benefit obligation	DTA –Lease	DTA – MCIT	DTA – NOLCO	Total Deferred Tax Assets	DTL – Unrealized foreign exchange gain	Impact on Profit/Loss
Balance, December 31, 2022	1,643,020	504,476	–	–	–	2,147,496	–	
Recognition in profit or loss:								
Origination	372,981	79,551	2,075	123,200	306,603	884,410	(18,816)	865,594
Recognition in OCI:								
Origination	–	178,605	–	–	–	178,605		
Balance, December 31, 2023	2,016,001	762,632	2,075	123,200	306,603	3,210,511	(18,816)	498,943
Recognition in profit or loss:								
Origination	–	105,958	8,086	160,998	–	275,042	–	275,042
Reversal	(1,254,216)	–	–	–	(291,348)	(1,545,564)	18,816	(1,526,748)
Recognition in OCI:								
Origination	–	1,422	–	–	–	1,422		
Balance, December 31, 2024	761,785	870,012	10,161	284,198	15,255	1,941,411	–	(1,251,706)

21.05 Revenue Regulations (RR) No. 34-2020 – Related Party Transaction (RPT) Form and Transfer Pricing Documentation

The Bureau of Internal Revenue, in its Revenue Regulation No. 34-2020, requires taxpayers to submit BIR Form No. 1709 (RPT Form) to allow the BIR to verify that taxpayers are reporting their related party transactions at arm's length prices. It is also intended to improve and strengthen the Bureau's transfer pricing risk assessment and audit functions. Most importantly, the information that will be gathered from the RPT Form and its attachments will be used by the BIR during the transfer pricing risk assessment to determine whether or not to conduct a thorough review/audit of a particular entity or transaction.

Under the said RR, the following are required to file and submit the RPT Form, together with the Annual Income Tax Return (AITR):

1. Large taxpayers;
2. Taxpayers enjoying tax incentives, i.e. Board of Investments (BOI)-registered and economic zone enterprises, those enjoying Income Tax Holiday (ITH) or subject to preferential income tax rate;
3. Taxpayers reporting net operating losses for the current taxable year and the immediately preceding two (2) consecutive taxable years; and
4. A related party, as defined under Section 3 of RR No. 19-2020, which has transactions with (1), (2) or (3) above. For this purpose, key management personnel (KMP), as defined under Section 3(7) of RR No. 19-2020, shall no longer be required to file and submit the RPT Form, nor shall there be any requirement to report any transaction between KMP and the reporting entity/parent company of the latter in the RPT Form.

In addition, the preparation and submission of Transfer Pricing Documentation (TPD) under RR No. 02-2013, otherwise known as "Transfer Pricing Guidelines" and all other relevant issuances, shall be mandatory for taxpayers enumerated above who meet the following materiality thresholds:

- a. Annual gross sales/revenue for the subject taxable period exceeds ₱150 million and the total amount of related party transactions with foreign and domestic related parties exceeds ₱90 million; or
- b. Related party transactions meeting the following materiality threshold:
 - i. If it involves sale of tangible goods in the aggregate amount exceeding ₱60 million within the taxable year.
 - ii. If it involves service transaction, payment of interest, utilization of intangible goods or other related party transaction in the aggregate amount exceeding ₱15 million within the taxable year.
 - iii. If TPD was required to be prepared during the immediately preceding taxable period for exceeding either (a) or (b) above.

As it does not belong to taxpayers who are required to file and submit the RPT Form under Section 2 of RR 34-2020, the Company is not covered by the requirements and procedures for related party transactions under the said RR.

21.06 Republic Act No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises (CREATE)" Act

On February 03, 2021, the final provisions of Senate Bill No. 1357 and House Bill No. 4157 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill, which seeks to reform corporate income taxes and incentives in the country, had been ratified by the Senate and the House of Representatives of the Philippines.

Under the proposed law, effective July 1, 2020, the corporate income tax will be reduced from the current 30% to 20% for domestic corporations with total assets not exceeding P100 million, excluding land, and total net taxable income of not more than P5 million. The corporate income tax of all other corporations (domestic and resident foreign), meanwhile, will be lowered to 25%. The bill would also lower the minimum corporate income tax (MCIT) from 2% to 1% effective July 2020 until June 30, 2023.

Other key provisions of the CREATE bill include:

- Effective January 1, 2021, income tax rate for non-resident foreign corporation is reduced from 30% to 25%.
- Preferential income tax rate for proprietary educational institutions and hospitals which are nonprofit is reduced from 10% to 1% effective July 1, 2020 to June 30, 2023.
- Effective January 1, 2022, regional operating headquarters (ROHQ) currently enjoying 10% preferential income tax rate shall be subject to RCIT.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.
- Foreign-sourced dividends received by domestic corporations are exempt from income tax subject to the following conditions:
 - The funds from such dividends actually received or remitted into the Philippines are reinvested in the business operations of the domestic corporation in the Philippines within the next taxable year from the time the foreign-sourced dividends were received;
 - Shall be limited to funding the working capital requirements, capital expenditures, dividend payments, investment in domestic subsidiaries, and infrastructure project; and
 - The domestic corporation holds directly at least 20% of the outstanding shares of the foreign corporation and has held the shareholdings for a minimum of 2 years at the time of the dividend distribution.
- Qualified export enterprises shall be entitled to 4 to 7 years income tax holiday (ITH) to be followed by 10 years 5% special corporate income tax (SCIT) or enhanced deductions (ED).
- Qualified domestic market enterprises shall be entitled to 4 to 7 years ITH to be followed by 5 years ED.
- For investments prior to effectivity of CREATE:
 - Registered business enterprises (RBEs) granted only an ITH – can continue with the availment of the ITH for the remaining period of the ITH.
 - RBEs granted an ITH followed 5% GIT or are currently enjoying 5% GIT – allowed to avail of the 5% GIT for 10 years.

The said bill was signed into law on March 26, 2021, except for certain provisions that were vetoed, by the President of the Philippines.

22. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company is not aware of any other pending or threatened litigation, claims or assessments or unasserted claims or assessments to be accrued or disclosed in the financial statements and the Company has not consulted a lawyer concerning litigation, claims or assessments.

23. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITY

The following shows the movement of financial liabilities:

2024	January 1	Cashflows	Others	December 31
Lease liabilities	₱ 1,630,002	₱ (663,158)	177,693	₱ 1,144,537

*cash outflow pertains to payment of principal amounting to ₱570,268 and interest amounting to ₱92,890.

2023	January 1	Cashflows	Others	December 31	
Lease liabilities	₱	– ₱	(105,000)	1,735,002 ₱	1,630,002
<i>*cash outflow pertains to payment of principal amounting to ₱87,094 and interest amounting to ₱17,906.</i>					

24. EVENTS AFTER THE REPORTING PERIOD

No events after the end of the reporting date were identified in these financial statements that provide evidence of conditions that existed at the reporting date (adjusting events after reporting date), and that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

25. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorized and approved for issue by the Board of Directors on April 15, 2025.

26. SUPPLEMENTARY INFORMATION REQUIRED BY THE INSURANCE COMMISSION

Presented below are the additional information required by Circular Letter (CL) 2021-65 issued on November 5, 2021. This information is presented for purposes of filing with the IC and is not required part of the basic financial statements.

26.01 Segregation of Clients' Money Account

As at December 31, 2024 and 2023, the Company's client's money amounts to ₱447,518 and ₱1,070,628, respectively, which are included in cash.

26.02 Minimum Capital or Net Worth Requirements

In compliance with Insurance Memorandum Circular No. 1-2006 issued by the IC, as a licensed insurance broker, the Company is required to maintain a net worth of P10 million. As of December 31, 2024 and 2023, the Company has complied with the requirement.

26.03 Fiduciary Ratio Requirements

In compliance with Section 315 of the Amended Insurance Code (Republic Act 10607), premiums collected by the Company from its customers as an insurance broker on behalf of its insurance partners shall be held by the Company in a fiduciary capacity and shall not be misappropriated or converted for its own use. To implement this requirement, the IC issued Circular Letter (CL) No. 2021-65, 'Revised On-Site Examination/Off-Site Verification Rules and Procedures', prescribing the fiduciary ratio requirement for licensed insurance brokers. The fiduciary ratio is a measure to assess the Company's conduct of handling premiums from policyholders, given that a broker is expected to be acting in a fiduciary capacity. The requirement is applicable to the Company considering that it maintains both credit and direct remittance agreement with its insurance partners.

The fiduciary ratio is computed by dividing the total fiduciary assets over fiduciary liabilities. The fiduciary ratio to be maintained shall be 1:1. Amounts are gross of commissions, allowances for impairment, taxes, fees and other charges. The fiduciary assets and liabilities are in accordance with IC CL No. 2021-69 or the Revised Standard Chart of Accounts for Insurance Brokers.

As at December 31, 2024 and 2023, the Company's fiduciary ratio follows:

	2024		2023	
Fiduciary assets:				
Client's money in bank	₱	447,518	₱	1,070,628
Receivables		3,017,802		4,033,025
		3,465,320		5,103,653
Fiduciary liabilities	₱	1,270,822	₱	2,553,208
Fiduciary ratio		2.72:1		2.00:1

The Company's fiduciary ratio is above 1:1. The Company pays the premiums to its insurance partners even if the related receivable has not been received from its other intermediary partners. This is to protect the interest of its policyholders and prevent any risks that the policies will lapse.

26.04 Offsetting Arrangements

Financial assets and liabilities are offset and the net amount 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.

There are no financial assets and liabilities offset during and at the end of each reporting period.

27 SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATION 15-2010

Revenue Regulation (RR) No. 21-2002 prescribing additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying income tax returns was amended under RR 15-2010. The amendment that became effective on December 28, 2010 requires the inclusion in the notes to financial statements, information on taxes, duties and license fees paid or accrued during the year in addition to what is required under the Philippine Financial Reporting Standards and such other standards and/or conventions.

Below are the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

Taxes, Duties and Licenses Paid or Accrued

The details of the Company's taxes, duties and licenses fees paid or accrued in 2024 are as follows:

27.01 Value-added Tax

The National Internal Revenue Code of 1997 provides for the imposition of VAT on sales of goods and services. Accordingly, the Company's sale of services is subject to output VAT while its purchases from other VAT-registered individuals or corporations are subject to input VAT.

27.01.01 Output VAT

	2024		2023	
	Tax base	Amount of VAT	Tax base	Amount of VAT
Sale	26,601,810	3,192,217	17,332,876	2,079,945

27.01.02 Input VAT

	2024		2023	
	Tax base	Amount of VAT	Tax base	Amount of VAT
Purchase of goods	5,069,577	608,349	6,004,842	720,581

27.02 Other Taxes and Licenses

This includes all other taxes, local and national including licenses and permits fees and documentary stamp taxes lodged under the caption "Operating expenses".

The Company paid ₱182,189 and ₱147,312 related to taxes and licenses for the years ended December 31, 2024 and 2023, respectively.

27.03 Withholding Taxes

An analysis on the withholding taxes paid or accrued during 2023 and 2022 is as follows:

2024	Paid	Accrued	Total
Withholding taxes on compensation	₱ 255,321	₱ 8,125	₱ 263,446
Expanded withholding tax	184,898	6,793	191,691
	440,219	14,918	455,137
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2023	Paid	Accrued	Total
Withholding tax on compensation	₱ 269,214	₱ 111,758	₱ 380,972
Expanded withholding tax	194,234	19,913	214,147
	463,448	131,671	595,119

27.04 Excise Tax

The Company has no excise tax accrued and paid for the year ended December 31, 2024.

27.05 Deficiency Tax Assessments and Tax Cases

The Company has no pending tax cases under preliminary investigation, litigation and/or prosecution in tax courts or bodies outside the BIR.