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SECURITIES AND EXCHANGE COMMISSION
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Company Information

SEC Registration No.	0000180496
Company Name	MACQUARIE CAPITAL SECURITIES (PHILIPPINES) INC.
Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	207252252426965
Document Type	ANNUAL AUDITED FINANCIAL REPOR
Document Code	52AR
Period Covered	March 31, 2022
No. of Days Late	
Department	
Remarks	

Date: 2022-08-31 Time: 09:34:46 AM Username: Kyle Vargas

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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

MACQUARIE CAPITAL SECURITIES (PHILIPPINES), INC.

PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)

LEVEL 29, TOWER ONE, THE ENTERPRISE CENTER, AYALA AVENUE, MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, if Applicable
AFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
www.macquarie.com	8857 0888	

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
7	Last day of April	3/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
BARNEY AGUILAR	barney.aguilar@macquarie.com	8857-0950	

CONTACT PERSON's ADDRESS

Level 29, Tower One, The Enterprise Center, Ayala Avenue, Makati City

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

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

MACQUARIE CAPITAL SECURITIES (PHILIPPINES), INC.

COMPANY REGISTRATION NO: 180496

Financial statements as at and
for the years ended 31 March 2022 and 2021

MACQUARIE

The Company's registered office is:
Level 29, Tower One, The Enterprise Center
Ayala Avenue, Makati City
Philippines

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Macquarie Capital Securities (Philippines) Inc. is responsible for the preparation and fair presentation of the financial statements for the year ended March 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated, including the additional components attached therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders or members.

Isla Lipana & Co. (a PwC member firm), the independent auditors appointed by the stockholders, has examined the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

Paulo C. Rojas
President and Chairman of the Board

Ailyn B. Perocho
Head of Finance

Signed this 8th day of July 2022

2022 Independent auditor's report and Financial report
Contents

	Page
Independent Auditor's Report	
Statements of financial position	1
Statements of comprehensive income	3
Statements of changes in equity	4
Statements of cash flows	5
Note 1 General information	6
Note 2 Cash and cash equivalents	6
Note 3 Financial assets at fair value through profit or loss	7
Note 4 Trade receivables/payables from securities transactions; Commission income	7
Note 5 Prepayments and other current assets	8
Note 6 Trading right	8
Note 7 Property and equipment, net	9
Note 8 Accrued expenses and other liabilities	10
Note 9 Deferred taxes, net	10
Note 10 Equity	12
Note 11 Compensation and fringe benefits	12
Note 12 Retirement plan	13
Note 13 Share-based compensation	15
Note 14 Lease commitments	17
Note 15 Income taxes	18
Note 16 Related party transactions	19
Note 17 Critical accounting estimates and judgments	22
Note 18 Financial risk and capital management	24
Note 19 Summary of significant accounting policies	32
Note 20 Supplementary information required by the Bureau of Internal Revenue (BIR)	50

Isla Lipana & Co.

Independent Auditor's Report

To the Board of Directors and Shareholders of
Macquarie Capital Securities (Philippines), Inc.
Level 29, Tower One, The Enterprise Center
Ayala Avenue, Makati City

Report on the Audits of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Macquarie Capital Securities (Philippines), Inc. (the "Company") as at 31 March 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards ("PFRS").

What we have audited

The financial statements of the Company comprise:

- the statements of financial position as at 31 March 2022 and 2021;
- the statements of comprehensive income for the years ended 31 March 2022 and 2021;
- the statements of changes in equity for the years ended 31 March 2022 and 2021;
- the statements of cash flows for the years ended 31 March 2022 and 2021; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing ("PSA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

Report on the Bureau of Internal Revenue Requirement

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 Bureau of Internal Revenue (BIR) Revenue Regulations No. 15-2010 in Note 20 to the financial statements is presented for the purposes of filing with the BIR and is not a required part of the basic financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in our audits 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.

Isla Lipana & Co.

Zaldy D. Aguirre
Partner
CPA Cert No. 0105660
P.T.R. No. 0024447, issued on January 6, 2022, Makati City
SEC A.N. (individual) as general auditors 105660-SEC, Category A, valid to audit 2020 to 2024 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A; valid to audit 2020 to 2024 financial statements
TIN 221-755-698
BIR A.N. 08-000745-77-2020, issued on December 14,2020; effective until December 13, 2023
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
8 July 2022

Isla Lipana & Co.

Statements Required by Rule 68, Part I, Section 3F,
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Macquarie Capital Securities (Philippines), Inc.
Level 29, Tower One, The Enterprise Center
Ayala Avenue, Makati City

We have audited the financial statements of Macquarie Capital Securities (Philippines) Inc. as at and for the year ended 31 March 2022, on which we have rendered the attached report dated 8 July 2022.

In compliance with SRC Rule 68 and based on the certification received from the Company's corporate secretary and the results of our work done, as at 31 March 2022, the Company has only one (1) shareholder owning more than one hundred (100) shares.

Isla Lipana & Co.

Zaldy D. Aguirre
Partner
CPA Cert No. 0105660
P.T.R. No. 0024447, issued on January 6, 2022, Makati City
SEC A.N. (individual) as general auditors 105660-SEC, Category A, valid to audit 2020 to 2024 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A; valid to audit 2020 to 2024 financial statements
TIN 221-755-698
BIR A.N. 08-000745-77-2020, issued on December 14,2020; effective until December 13, 2023
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
8 July 2022

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, www.pwc.com/ph

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Isla Lipana & Co.

Statements Required by Rule 52.1-5
Securities Regulation Code (SRC),
As Amended on 30 December 2003

To the Board of Directors and Shareholders of
Macquarie Capital Securities (Philippines), Inc.
Level 29, Tower One, The Enterprise Center
Ayala Avenue, Makati City

We have audited the financial statements of Macquarie Capital Securities (Philippines), Inc. as at and for the year ended 31 March 2022, on which we have rendered the attached report dated 8 July 2022. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information shown in Schedules I to VI is presented for purposes of complying with SRC Rule 52.1-5 and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Rule 52.1-5 of the SRC.

Isla Lipana & Co.

Zaldy D. Aguirre
Partner
CPA Cert No. 0105660
P.T.R. No. 0024447, issued on January 6, 2022, Makati City
SEC A.N. (individual) as general auditors 105660-SEC, Category A, valid to audit 2020 to 2024 financial statements
SEC A.N. (firm) as general auditors 0142-SEC, Category A; valid to audit 2020 to 2024 financial statements
TIN 221-755-698
BIR A.N. 08-000745-77-2020, issued on December 14,2020; effective until December 13, 2023
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Makati City
8 July 2022

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STATEMENTS OF FINANCIAL POSITION
31 MARCH 2022 AND 2021 (CONTINUED)
As shown by the books maintained in the Philippines
(All amounts in Philippine Peso)

LIABILITIES AND EQUITY

		2022			2021		
			Security valuation			Security valuation	
	Notes	Carrying amount	Long	Short	Carrying amount	Long	Short
CURRENT LIABILITIES							
Payables							
Trade	4	467,307,881	223,757,227	416,759,047	510,346,062	539,860,407	863,465,128
Non-trade	16	353,244,093	-	-	251,693,011	-	-
Accrued expenses and other liabilities	8	50,155,393	-	-	38,914,337	-	-
Income tax payable	15	5,966,863	-	-	120,987	-	-
Lease liability	14	2,632,788	-	-	2,360,311	-	-
Total current liabilities		879,307,018	223,757,227	416,759,047	803,434,708	539,860,407	863,465,128
NON-CURRENT LIABILITIES							
Lease liability	14	3,703,192	-	-	6,335,980	-	-
Asset retirement obligation	7	1,017,121	-	-	1,068,789	-	-
Retirement benefit obligation	12	29,039	-	-	631,584	-	-
Total non-current liabilities		4,749,352	-	-	8,036,353	-	-
Total liabilities		884,056,370	223,757,227	416,759,047	811,471,061	539,860,407	863,465,128
EQUITY							
Share capital	10	464,384,200	-	-	464,384,200	-	-
Additional paid-in capital	10	9,604,122	-	-	9,604,122	-	-
Remeasurement gain on retirement benefit obligation	12	1,796,940	-	-	1,303,505	-	-
Retained earnings	10						
Appropriated		220,175,081	-	-	209,548,943	-	-
Unappropriated		550,784,536	-	-	455,149,297	-	-
Total equity		1,246,744,879	-	-	1,139,990,067	-	-
Total liabilities and equity		2,130,801,249	2,515,038,056	2,515,038,056	1,951,461,128	2,129,040,915	2,129,040,915

The above statements of financial position should be read in conjunction with the accompanying notes.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 MARCH 2022 AND 2021
As shown by the books maintained in the Philippines
(All amounts in Philippine Peso)

	Notes	2022	2021
INCOME			
Commission	4,16	356,309,016	326,014,861
Interest	2,16	2,371,109	4,156,539
Foreign exchange gain, net	18	19,038,915	-
Others		11,558,884	10,121,478
		389,277,924	340,292,878
EXPENSES			
Compensation and fringe benefits	11	92,187,949	90,107,529
Management fees	16	85,799,313	89,917,513
Communication		25,388,928	29,976,334
Foreign exchange loss, net	18	-	24,567,539
Exchange fees		22,315,339	20,109,955
Occupancy		6,956,138	5,034,411
Depreciation and amortization	7	3,650,853	3,589,305
Professional fees		4,383,287	1,978,441
Taxes and licenses	20	787,070	874,105
Printing, entertainment, and transportation		688,284	1,043,196
Fair value loss on financial assets at fair value through	3	594,527	1,624,975
Miscellaneous		1,248,444	87,011
		244,000,132	268,910,314
INCOME FROM OPERATIONS		145,277,792	71,382,564
Finance cost	7,14,16	3,456,629	2,580,960
INCOME BEFORE INCOME TAX		141,821,163	68,801,604
INCOME TAX EXPENSE	15	35,559,786	19,055,752
NET INCOME FOR THE YEAR		106,261,377	49,745,852
OTHER COMPREHENSIVE INCOME			
Item that will not be subsequently reclassified to profit or loss			
Remeasurement gain on retirement benefit obligation,net of tax	12	493,435	968,432
Total other comprehensive income		493,435	968,432
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		106,754,812	50,714,284

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 MARCH 2022 AND 2021
As shown by the books maintained in the Philippines
(All amounts in Philippine Peso)

	Share capital (Note 10)	Additional paid-in capital (Note 10)	Remeasurement gain on retirement benefit obligation (Note 12)	Retained earnings (Note 10)		Total
				Appropriated	Unappropriated	
Balances at 1 April 2020	464,384,200	9,604,122	335,073	204,574,358	416,878,030	1,095,775,783
Comprehensive income						
Net income for the year	-	-	-	-	49,745,852	49,745,852
Other comprehensive income for the year	-	-	968,432	-	-	968,432
Total comprehensive income for the year	-	-	968,432	-	49,745,852	50,714,284
Transactions with owners						
Dividends declared and paid	-	-	-	-	(6,500,000)	(6,500,000)
Appropriation of retained earnings	-	-	-	4,974,585	(4,974,585)	-
Total transactions with owners	-	-	-	4,974,585	(11,474,585)	(6,500,000)
Balances at 31 March 2021	464,384,200	9,604,122	1,303,505	209,548,943	455,149,297	1,139,990,067
Comprehensive income						
Net income for the year	-	-	-	-	106,261,377	106,261,377
Other comprehensive income for the year	-	-	493,435	-	-	493,435
Total comprehensive income for the year	-	-	493,435	-	106,261,377	106,754,812
Transaction with owners						
Appropriation of retained earnings	-	-	-	10,626,138	(10,626,138)	-
Total transaction with owners	-	-	-	10,626,138	(10,626,138)	-
Balances at 31 March 2022	464,384,200	9,604,122	1,796,940	220,175,081	550,784,536	1,246,744,879

The above statements of changes in equity should be read in conjunction with the accompanying notes.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 MARCH 2022 AND 2021

As shown by the books maintained in the Philippines
(All amounts in Philippine Peso)

	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		141,821,163	68,801,604
Adjustments for:			
Share-based compensation expense	11	1,197,834	1,627,873
Depreciation and amortization	7	3,650,853	3,613,429
Unrealized foreign exchange (gain) loss	18	(19,095,157)	6,752,175
Net provision for expected credit losses	16	7,900	632,007
Unrealized fair value (gain) loss on financial fair value through profit or loss	3	(900,732)	37,251
Retirement benefit expense	11,12	5,918,830	6,134,088
Asset retirement	7	10,377	-
Interest income	2,16	(2,371,109)	(4,156,539)
Finance cost	7,14,15,16	3,051,661	2,580,960
Dividend income	3	(7,858)	(2,468)
Operating income before changes in operating assets and liabilities		133,283,762	86,020,380
Changes in operating assets and liabilities			
Decrease (increase) in:			
Financial assets at fair value through profit or loss		(33,059)	276,230
Receivables		49,082,624	(132,803,987)
Prepayments and other current assets		(7,627,817)	(8,420,161)
Refundable deposits		-	165,347
Increase (decrease) in:			
Payables		35,456,518	195,293,149
Accrued expenses and other liabilities		11,179,164	(18,471,892)
Cash generated from operations		221,341,192	122,059,066
Interest received		2,371,109	19,082,447
Income taxes paid		(14,094,840)	(26,405,413)
Dividend received	3	7,858	2,468
Payment of interest expense from lease liability	14	(411,987)	(397,568)
Retirement contribution	12	(5,863,462)	(5,914,161)
Net cash provided by operating activities		203,349,870	108,426,839
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	7	(185,036)	(1,240,295)
Proceeds from settlement of loan receivable and derivative asset	16	-	588,737,019
Net cash from (used in) investing activities		(185,036)	587,496,724
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	10	-	(6,500,000)
Payment of principal portion of lease liability	14	(2,360,311)	(2,966,928)
Net cash used in financing activities		(2,360,311)	(9,466,928)
Net increase in cash and cash equivalents		200,804,523	686,456,635
Cash and cash equivalents	2		
Beginning of year		1,372,010,632	684,882,031
Effects of changes in exchange rate on cash and cash equivalents		38,853,239	671,966
End of year		1,611,668,394	1,372,010,632

The above statements of cash flows should be read in conjunction with the accompanying notes.

NOTES TO FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED 31 MARCH 2022 AND 2021

(All amounts are shown in Philippine Peso, unless otherwise stated)

Note 1 - General information

Macquarie Capital Securities (Philippines), Inc. (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on 21 August 1990 primarily to engage in the business of stockbrokerage.

The Company is a wholly-owned subsidiary of Macquarie International Holdings, Limited (the "Parent Company"), a company incorporated in the United Kingdom. The Company's ultimate parent company is Macquarie Group Limited (MGL) which was incorporated in Australia.

The Company's registered office address and principal place of business is located at Level 29, Tower One, The Enterprise Center, Ayala Avenue, Makati City. The Company has 13 full-time regular employees as at 31 March 2022 and 2021.

These financial statements have been approved and authorized for issue by the Company's Board of Directors on 8 July 2022.

Note 2 - Cash and cash equivalents

The account at 31 March consists of:

	2022	2021
Cash in banks		
In Philippine Peso	817,915,179	769,482,564
In US Dollar	610,752,262	581,527,115
Short-term bank placements	183,000,953	21,000,953
	1,611,668,394	1,372,010,632

Cash in banks and short-term bank placements carry interest at market rates. Short-term bank placements are overnight placements which mature the following day. Interest income earned from cash in banks and short-term bank placements in 2022 amounts to P2,024,840 (2021 - P2,969,596).

In compliance with the Securities Regulation Code (SRC) Rule 49.2 covering customer protection and custody of securities, the Company maintains a special reserve bank account for the exclusive benefit of its customers. The Company's reserve requirement is determined based on the SEC's prescribed computations. As at 31 March 2022, the Company's special reserve included in cash in banks amounts to P72,000,000 (2021 - P68,000,000).

Note 3 - Financial assets at fair value through profit or loss (FVTPL)

Details of the account at 31 March are as follows:

	2022	2021
Equity securities		
Listed	34,996	1,205
Unlisted	6,166,667	5,266,667
	6,201,663	5,267,872

The Company's equity investment comprise listed equity shares and an unlisted golf club membership share.

The account is expected to be realized as follows:

	2022	2021
Current (within 12 months)	34,996	1,205
Non-current (over 12 months)	6,166,667	5,266,667
	6,201,663	5,267,872

In 2022, the Company earned dividends from its investment in listed shares amounting to P7,858 (2021 - P2,468).

The net fair value loss recognized in profit or loss for the years ended 31 March is shown below:

	2022	2021
Unrealized fair value gain (loss)	900,732	(37,251)
Realized loss, net	(1,495,259)	(1,587,724)
	(594,527)	(1,624,975)

Note 4 - Trade receivables/payables from securities transactions; Commission income

Trade receivables at 31 March consist of:

	Note	2022	2021
Trade receivables from:			
Customers		335,334,384	306,858,326
Related parties	16	140,107,970	217,331,987
		475,442,354	524,190,313
Trade receivables as to collateral:			
Cash and fully secured accounts		183,381,484	-
Partly secured accounts		292,060,870	524,190,313
		475,442,354	524,190,313

Securities owned by customers are held as collaterals for amounts due from customers. The fair value of such collateral is disclosed in the statement of financial position.

There was no provision for impairment relating to trade receivables required and recognized in 2022 and 2021 (Note 17.1).

Trade payables at 31 March consist of:

	2022	2021
Trade payables to:		
Clearing House	275,894,946	192,754,540
Customers	130,565,635	281,892,385
Related parties	58,630,300	35,699,137
Other brokers	2,217,000	-
	467,307,881	510,346,062

Trade receivables/payables to Clearing House represent amounts receivable from/payable to the Securities Clearing Corporation of the Philippines (SCCP) arising from buying and selling transactions during the last three trading days of the fiscal year.

The amounts presented above are collectible/ payable within three trading days from the date of transaction.

The breakdown of Commission income is as follows:

	Note	2022	2021
Related party	16	228,782,233	204,045,580
Third parties		127,526,783	121,969,281
		356,309,016	326,014,861

Note 5 - Prepayments and other current assets

The account at 31 March consists of:

	2022	2021
Prepaid expenses	2,386,333	740,493
Deferred input value added tax	183,026	652,501
Others	-	1,232,300
	2,569,359	2,625,294

Prepaid expenses consist of prepaid contributions to Macquarie Group Employee Retained Equity Plan (MEREP) and prepaid insurance, expected to be realized in the next 12 months.

Others pertain mainly to overpayments made by the Company to one of its service providers. The amount has been settled as of March 2022.

Note 6 - Trading right

Trading right as at 31 March 2022 and 2021 amounting to P1,775,000 was granted by the Philippine Stock Exchange (PSE) to the Company as a trading participant. The value of the trading right is pledged by the Company to the PSE to secure the payment of all debts to other members of the PSE arising out of or in connection with the present or future contracts with other trading participants. There are no other assets of the Company pledged as collateral for similar liabilities.

The market value of the trading right based on its last transaction price at the PSE on 22 September 2021 is P9,000,000.

Note 7 - Property and equipment, net

Details of the account as at and for the years ended 31 March follow:

	Furniture and fixtures	Office and computer equipment	Communication equipment	Transportation equipment	Office space	Total
Cost						
At 31 March 2020	807,310	3,450,581	68,545	2,802,678	3,153,581	10,282,695
Additions	-	1,195,652	44,643	-	11,507,923	12,748,218
Transfers	-	57,295	-	-	-	57,295
Retirement	-	(1,310,070)	-	(2,802,678)	-	(4,112,748)
At 31 March 2021	807,310	3,393,458	113,188	-	14,661,504	18,975,460
Additions	-	185,036	-	-	-	185,036
Transfers	-	94,768	-	-	-	94,768
Retirement	(696,470)	(163,079)	-	-	-	(859,549)
Adjustment	-	-	-	-	(10,377)	(10,377)
At 31 March 2022	110,840	3,510,184	113,188	-	14,651,127	18,385,338
Depreciation and amortization						
At 31 March 2020	769,542	2,420,698	47,601	2,802,678	1,780,227	7,820,746
Depreciation and amortization	22,168	839,666	38,305	-	2,689,166	3,589,305
Transfers	-	24,124	-	-	-	24,124
Retirement	-	(1,310,079)	-	(2,802,678)	-	(4,112,757)
At 31 March 2021	791,710	1,974,409	85,906	-	4,469,393	7,321,418
Depreciation and amortization	14,400	761,616	14,881	-	2,846,794	3,637,691
Transfers	-	13,162	-	-	-	13,162
Retirement	(696,470)	(163,079)	-	-	-	(859,549)
At 31 March 2022	109,640	2,586,108	100,787	-	7,316,187	10,112,722
Net carrying value						
31 March 2021	15,600	1,419,049	27,282	-	10,192,111	11,654,042
31 March 2022	1,200	924,075	12,401	-	7,334,940	8,272,616

In the fiscal year 2022, the Company received a computer equipment from Macquarie Group Services Philippines Inc (MGSP), an entity under common control. This was transferred at net book value of P81,606. Intercompany payable with MGSP remains unsettled as at 31 March 2022.

Asset retirement obligation

The Company recognizes asset retirement obligation to restore its leased facilities to their original condition upon termination of the respective leases in accordance with the related contracts. As at 31 March 2022, the net carrying amount of asset retirement obligation amounts to P1,017,121 (2021 - P1,068,789) and presented as part of non-current liabilities in the statement of financial position. Interest expense recognized for asset retirement obligation during the year amounts to P41,290 (2021 - P10,704).

Right-of-use asset

The company has recognized a right-of-use asset for the lease of its office space. Details of the right-of-use asset as at 31 March follow:

	2022	2021
At 1 April	10,192,111	1,373,354
Additions	-	11,507,923
Adjustment	(10,377)	-
Depreciation	(2,846,794)	(2,689,166)
At 31 March	7,334,940	10,192,111

Right-of-use asset is presented as part of Office space under Property and equipment, net.

Note 8 - Accrued expenses and other liabilities

The account at 31 March consists of:

	2022	2021
Provision for profit share	17,899,037	10,373,004
Dividends payable	8,036,617	8,463,105
Unused leave credits	5,404,398	4,448,827
Stock transaction tax	4,076,091	7,178,569
Output value-added tax	3,628,765	592,507
Exchange fees	3,625,818	2,483,132
Withholding taxes	2,116,195	2,471,598
Other employee benefits	1,214,963	1,174,394
Professional fees	437,816	262,802
Utilities	262,802	437,816
Other accrued expenses	3,452,891	1,028,583
	50,155,393	38,914,337

Dividends payable pertains to dividend earned from shares held in behalf of customers.

Other employee benefits include accrual for thirteenth month pay and other bonuses.

Other accrued expenses include accruals for general and administrative expenses such as communication and transportation and travel.

Note 9 - Deferred taxes, net

The account at 31 March consists of:

	2022	2021
Deferred tax assets		
Unrealized foreign exchange loss	-	5,447,627
Provision for other employee benefits	3,226,689	3,356,130
Provision for profit share and other bonuses	4,474,759	2,593,251
Provision for pension obligation	606,241	592,399
	8,307,689	11,989,407
Deferred tax liabilities		
Unrealized fair value gain on financial assets at fair value	(1,213,897)	(988,714)
Lease payments	(180,971)	(302,592)
Remeasurements of retirement benefit obligation	(598,980)	(434,502)
Unrealized foreign exchange gain	(4,773,790)	-
	(6,767,638)	(1,725,808)
Deferred tax assets, net	1,540,051	10,263,599

The movements in deferred tax assets, net are summarized as follows:

	Provision for other employee benefits	Remeasurement of retirement benefit obligation	Provision for pension obligation	Lease payments	Unrealized foreign exchange gain	Unrealized fair value gain on fair value through profit or loss	Provision for profit share and other bonuses	Provision for accrued expenses	Total
At 1 April 2020	4,232,989	(143,603)	644,900	(279,782)	(6,600,471)	(1,197,632)	8,365,380	505,003	5,526,784
(Charged) credited to profit or loss	(876,859)	-	(52,501)	(22,810)	12,048,098	208,918	(5,772,129)	(505,003)	5,027,714
Credited to other comprehensive income	-	(290,899)	-	-	-	-	-	-	(290,899)
At 31 March 2021	3,356,130	(434,502)	592,399	(302,592)	5,447,627	(988,714)	2,593,251	-	10,263,599
(Charged) credited to profit or loss	(129,441)	-	13,842	121,621	(10,221,417)	(225,183)	1,881,508	-	(8,559,070)
Charged to other comprehensive income	-	(164,478)	-	-	-	-	-	-	(164,478)
At 31 March 2022	3,226,689	(598,980)	606,241	(180,971)	(4,773,790)	(1,213,897)	4,474,759	-	1,540,051

Note 10 - Equity

Details of share capital as at 31 March 2022 and 2021 follow:

	Number of shares	Amount
Common shares		
Authorized (at P100 par value per share)	4,700,000	470,000,000
Issued and outstanding	4,643,842	464,384,200

As at 31 March 2022 and 2021, the Company has an additional paid-in capital amounting to P9,604,122.

(a) Appropriation of retained earnings

In compliance with Rule 49.1 (B) - Reserve Fund of the SEC, every broker dealer with more than P50,000,000 unimpaired paid - up capital is required to appropriate at a minimum 10% of its audited net income to an appropriated retained earnings account. Accordingly, management appropriated 10% of its net income in 2022 amounting to P10,626,138 (2021 - P4,974,585). The total amount appropriated by the Company as at 31 March 2022 and 2021 amounts to P220,175,081 and P209,548,943 respectively.

(b) Dividends

On 15 March 2021, the Board of Directors approved the declaration of P1.40 per share cash dividends amounting to P6,500,000 to shareholders of record as at 16 March 2021 out of the Company's unappropriated retained earnings in 2020 which were paid on 18 March 2021.

As at 31 March 2022, the Company has excess retained earnings over its share capital of P86,400,336 (2021 - nil). As at date, management plans to retain the excess retained earnings for contingency purposes in support of the Company 's operations.

Note 11 - Compensation and fringe benefits

The account for the years ended 31 March consists of:

	Notes	2022	2021
Salaries and wages		65,717,197	70,261,038
Bonus		18,033,519	10,665,062
Retirement benefit expense	12	5,918,830	6,134,088
Share-based compensation expense	13	1,197,834	1,627,873
Other employee benefits		1,320,569	1,419,468
		92,187,949	90,107,529

Note 12 - Retirement plan

The Company maintains a defined contribution plan which is accounted for as a defined benefit plan with minimum guarantee. Every month, the Company contributes an amount equivalent to ten percent (10%) of the employees' salaries to its retirement plan (Note 19.16.3).

Following are the details of the Company's defined benefit obligation for the minimum defined benefit guarantee as at 31 March:

	2022	2021
Present value of the obligation	70,878,970	61,097,627
Fair value of plan assets	70,849,931	60,466,043
Retirement benefit obligation	29,039	631,584

The movements in the fair value of plan assets for the years ended 31 March are as follows:

	2022	2021
Beginning of the year	60,466,043	49,597,014
Employer contributions	5,863,462	5,914,161
Interest income	3,005,054	2,312,864
Benefit payment	-	(2,314,232)
Remeasurement on plan assets (excluding interest income)	1,515,372	4,956,236
End of the year	70,849,931	60,466,043

The plan is being administered by a trustee-bank which is authorized to invest the fund as it deems proper and covered by local regulations and practices in the Philippines.

The movements in the present value of defined benefit obligation are as follows:

	2022	2021
Beginning of the year	61,097,627	51,268,001
Current service cost	6,027,856	6,139,892
Interest cost	2,896,028	2,307,060
Benefit payment	-	(2,314,232)
Remeasurement loss (gain)		
Effects of experience adjustments	1,258,272	4,102,621
Effects of changes in financial assumptions	(400,813)	(405,715)
End of the year	70,878,970	61,097,627

The components of retirement benefit expense recognized in profit or loss for the years ended 31 March are as follows:

	2022	2021
Current service cost	6,027,856	6,139,892
Net interest cost		
Interest expense on defined benefit obligation	2,896,028	2,307,060
Interest income on plan assets	(3,005,054)	(2,312,864)
Retirement benefit expense	5,918,830	6,134,088

The amounts recognized in other comprehensive income for the years ended 31 March are as follows:

	2022	2021
Remeasurement - defined benefit obligation		
Due to changes in financial assumptions	(400,813)	(405,715)
Due to experience adjustments	1,258,272	4,102,621
Remeasurement - return on plan assets	(1,515,372)	(4,956,236)
	(657,913)	(1,259,330)
Deferred tax benefit	164,478	314,832
Movement due to tax rate adjustment	-	(23,934)
Net amount	(493,435)	(968,432)

The composition of plan assets at 31 March is as follows:

	2022	2021
Equity securities	24,655,776	21,042,183
Debt securities	17,103,173	14,596,503
Others	29,090,982	24,827,357
	70,849,931	60,466,043

Others include investments in unit investment trust funds (UITF) and mutual funds. The Company has no other transactions with the plan other than the regular funding contributions.

The assumptions used to determine retirement benefits for the years ended 31 March are as follows:

	2022	2021
Discount rate	5.79%	4.74%
Salary increase rate	6.00%	6.00%

Assumptions regarding future mortality and disability experience are based on published statistics generally used for local actuarial valuation purposes.

The retirement plan typically exposes the Company to a number of risks such as investment risk, interest rate risk and salary risk. The most significant of which relate to investment and interest rate risk. The present value of the retirement obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. A decrease in government bond yields will increase the retirement obligation although this will also be partially offset by an increase in the value of the plan's fixed income holdings. Hence, the present value of retirement obligation is directly affected by the discount rate to be applied by the Company. However, the Company believes that due to the long-term nature of the pension liability and the strength of the Company itself, the mix of debt and equity securities holdings of the plan is an appropriate element of the Company's long-term strategy to manage the plan efficiently.

The Company ensures that the investment positions are managed within an asset-liability matching framework that has been developed to achieve long-term investments that are in line with the obligations under the plan. The Company's main objective is to match assets to the retirement obligation by investing primarily in long-term debt securities with maturities that match the benefit payments as they fall due. The asset-liability matching is being monitored on a regular basis and potential change in investment mix is being discussed with the trustor, as necessary to better ensure the appropriate asset-liability matching.

The weighted average duration of the defined benefit obligation is 2.2 years (2021 - 3.8 years).

The expected contribution following the Company's defined contribution for the year ending 31 March 2023 amounts to P5,972,576 (2022 - P5,972,576).

The projected maturity analysis of retirement benefit payments as at 31 March is as follows:

	2022	2021
Less than a year	3,438,247	2,840,564
Between 1 to 3 years	8,123,987	6,728,230
Over 3 years	114,757,613	84,754,311

The sensitivity of the retirement obligation to changes in the weighted principal assumptions follows:

		Impact on retirement obligation	
31 March 2022	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+/-1%	(29,039)	367,665
Salary growth rate	+/-1%	358,546	(29,039)

		Impact on retirement obligation	
31 March 2021	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+/-1%	(584,668)	1,852,928
Salary growth rate	+/-1%	1,788,323	(582,748)

The sensitivity analyses are 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 the sensitivity of the retirement obligation to significant actuarial assumptions, the same method (present value of the retirement obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement benefit obligation recognized within the statement of financial position.

Note 13 - Share-based compensation

Macquarie Group Employee Retained Equity Plan (MEREP)

The entity participates in its ultimate parent company's, Macquarie Group Limited (MGL), share based compensation plans, being the Macquarie Group Employee Retained Equity Plan (the MEREP). In terms of this plan, awards are granted by MGL to qualifying employees for delivery of MGL shares.

13.1 Award types under MEREP

(a) Deferred Share Units (DSUs)

A DSU represents a right to receive on exercise of the DSU either an MGL's share held in the Trust or a newly issued MGL share (as determined by MGL in its absolute discretion) for no cash payment, subject to the vesting and forfeiture provisions of the MEREP. A MEREP participant holding a DSU has no right or interest in any share until the DSU is exercised. MGL may issue shares to the Trustee or direct the Trustee to acquire shares on-market, or via a share acquisition arrangement for potential future allocations to holders of DSUs.

Generally, where permitted by law, DSUs will provide for cash payments in lieu of dividends paid on MGL ordinary shares before the DSU is exercised. Further, the number of shares underlying a DSU will be adjusted upon any bonus issue or other capital reconstruction of MGL in accordance with the ASX Listing Rules, so that the holder of a DSU does not receive a benefit that holders of the MGL's shares do not generally receive. These provisions are intended to provide the holders of DSUs, as far as possible, with the same benefits and risks as holders of DSUs. However, holders of DSUs will have no voting rights with respect to any underlying MGL ordinary shares.

DSUs will only be offered in jurisdictions where legal or tax rules make the grant of DSUs impractical. DSUs have been granted with an expiry period of up to nine years.

The following is a summary of awards which have been granted to the employees of the Company pursuant to MEREP:

	Number of DSU Awards 2022	Number of DSU Awards 2021
DSUs on issue at the beginning of the financial year	1,511	1,831
Granted during the financial year	539	212
Forfeited during the financial year	-	-
Exercised during the financial year	(311)	(532)
Net transfers (to)/from related body corporate entities	-	-
DSUs on issue at the end of the financial year	1,739	1,511
DSUs exercisable at the end of the financial year	675	497

The weighted average fair value of the DSU awards granted during the Financial year was AUD$ 151.41 (2021: AUD$ 124.40).

Participation in the MEREP is currently provided to the following Eligible Employees:

- Staff other than Executive Directors with retained profit share above a threshold amount (Retained Profit Share Awards)
- Staff who were promoted to Associate Director, Division Director or Executive Director, who received a fixed Australian dollar value allocation of MEREP awards (Promotion Awards)

Vesting periods are as follows:

Award type	Level	Vesting
Retained Profit Share Awards	Below Executive Director	1/3rd in the 2nd, 3rd and 4th year following the year of grant(1)

(1) Vesting will occur during an eligible staff trading window.

In limited cases, the invitation or application form for awards may set out a different vesting period, in which case that period will be the vesting period for the award. For example, staff in jurisdictions outside Australia may have a different vesting period due to local regulatory requirements.

(b) Retained Profit Share Awards

For Retained Profit Share awards representing 2021 retention, the allocation price was the weighted average price of the shares issued for the 2021 issue period, which was 24 May 2021 to 04 June 2021. That price was calculated to be $151.73 (2020 retention: $112.15).

13.2 Assumptions used to determine fair value of MEREP awards

DSU's are measured at their grant dates based on their fair value. This amount is recognised as an expense evenly over the respective vesting period.

DSUs have been granted in the current financial year in respect of 2021 performance. The accounting fair value of each of these grants is estimated using the MGL's share price on the date of grant.

While DSUs for FY2022 will be granted during the FY2023, the Company begins recognising an expense for these awards (based on an initial estimate) from 01 April 2021 related to these future grants. The expense is estimated using the estimated MEREP retention for FY2022 and applying the amortisation profile to the retained amount.

In the following financial year, the entity will adjust the accumulated expense recognised for the final determination of fair value for each DSU when granted and will use this valuation for recognising the expense over the remaining vesting period.

The entity annually revises its estimates of the number of awards (including those delivered through MEREP) that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the employment expenses in the income statement.

For the financial year ended 31 March 2022, compensation expense relating to the MEREP totaled $33,018 (P1,197,834) [2021: $45,828 (P1,627,873)].

Note 14 - Lease commitments

From 1 October 2019, the commencement date of the lease agreement, the Company recognized a right-of-use asset and a lease liability in relation to such lease agreement. On 5 May 2020, the Company renewed the lease to extend until 31 October 2024.

Lease term is negotiated either on a collective or individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Lease liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate of 5.39% (2021 - 5.39%).

Movements in the lease liability for the years ended 31 March follows:

	2022	2021
At 1 April	8,696,291	1,213,382
Additions	-	10,449,837
Principal and interest payments	(2,772,298)	(3,364,496)
Non-cash changes		
Interest expense	411,987	397,568
At 31 March	6,335,980	8,696,291

Maturity analysis of contractual undiscounted cash flows of lease liability at 31 March follows:

	2022	2021
Less than one year	2,910,910	2,772,297
One to five years	3,839,210	6,750,120
Total undiscounted lease liability at 31 March	6,750,120	9,522,417
Imputed interest discount on lease	(414,140)	(826,126)
Lease liability included in the statement of financial position at 31 March	6,335,980	8,696,291

The Company's lease liability are expected to be settled as follows:

	2022	2021
Current	2,632,788	2,360,311
Non-current	3,703,192	6,335,980
	6,335,980	8,696,291

The statement of comprehensive income shows the following amounts relating to the lease for the years ended 31 March:

	2022	2021
Depreciation expense on right-of-use asset	2,846,793	2,689,166
Interest expense (included in finance cost)	411,987	397,568
Expense relating to short-term lease (included under Occupancy)	765,104	677,123
	4,023,884	3,763,857

The total cash outflows for leases for the year ended 31 March 2022 amounts to P2,772,298 (2021 - P3,364,496) pertains to payment for lease liability and interest expense from lease liability.

Note 15 - Income taxes

Composition of income tax expense for the years ended 31 March are as follows:

	Note	2022	2021
Current		27,000,716	24,083,466
Deferred	9	8,559,070	(5,027,714)
		35,559,786	19,055,752

Current income tax expense includes final tax on interest income in 2022 amounting to P404,968 (2021 - P554,942).

The reconciliation of income tax expense computed at the statutory income tax rate to the actual income tax expense as shown in the statement of comprehensive income for the years ended 31 March follows:

	2022	2021
Income before income tax	141,821,163	68,801,604
Income tax at statutory rate of 25% | 26.25%	35,455,291	18,060,421
Effect of items not subject to statutory income tax rate:		
Non-deductible expenses	207,702	48,104
Income subject to final tax	(101,242)	(224,577)
Income not subject to tax	(1,965)	(648)
Non-taxable income	-	(71,256)
Effect of statutory rate adjustment	-	1,243,708
Actual income tax expense	35,559,786	19,055,752

Corporate Recovery and Tax Incentives for Enterprises Act

On 26 March 2021, Republic Act No. 11534, otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE), was signed into law effective after fifteen (15) days from its complete publication in the Official Gazette or in a newspaper of general circulation. Among the salient provisions of CREATE include changes to the Corporate Income Tax (CIT) rates as follows:

1.CIT rate shall be reduced to 25% beginning 1 July 2020 for domestic corporations and resident foreign corporations (RFCs) while 1 January 2021 for non-resident foreign corporations.

2.Effective 1 July 2020 until 30 June 2023, the minimum corporate income tax (MCIT) rate shall be one percent (1%).

With the issuance of BIR Revenue Regulations No. 5-2021, management has calculated the Company's 2021 income tax expense using the pro-rated rate of 30% and the CREATE CIT rate of 25%.

Note 16 - Related party transactions

In the normal course of business, the Company has transactions with its related parties. Details of related party transactions and balances as at and for the years ended 31 March are as follows:

i. Sale/purchase of services and other reimbursements

Entities under common control	2022	2021
Transactions for the year	Income (expense) recognized in profit or loss	
Commission income from securities transactions [a]	228,782,233	204,045,580
Service level agreements [b]	(85,799,313)	(89,917,513)
Reimbursements - expense paid by related parties on behalf of the Company [c]	(16,877,719)	(17,637,338)
Interest income arising from cross border transactions [d]	346,269	81,929
Interest expense arising from cross border transactions [d]	(3,085,933)	(2,172,665)

Entities under common control	2022		
Outstanding balances:	Receivable	Payable	Terms and conditions
Trade			
Commission income from securities transaction [a]	140,107,970	58,630,300	- Contracted trades to be settled based on T+3 policy. The outstanding balances pertain to amount of receivable and payable from a related party (Note 4), which includes a portion for commission. - Mix of fully and partially secured accounts (Note 4) - Settled in cash, on a net basis - Non-interest bearing
Non-trade			
Service level agreements [b]	6,001,924	286,986,037	- Have an average term of six (6) months - Unsecured, unguaranteed - Settled in cash, on a net basis - Subject to cross-border interest rates
Reimbursement - expense paid by related parties on behalf of the Company [c] [d]	16,545,647	66,258,056	- Have an average term of six (6) months - Unsecured, unguaranteed - Settled in cash, on a net basis - Subject to cross-border interest rates
	22,547,571	353,244,093	
Allowance for expected credit losses for non-trade receivables	(19,731)	-	
	22,527,840	353,244,093	

Entities under common control	2021		
Outstanding balances:	Receivable	Payable	Terms and conditions
Trade			
Commission income from securities transaction [a]	217,331,987	35,699,137	- Contracted trades to be settled based on T+3 policy. The outstanding balances pertain to amount of receivable and payable from a related party (Note 4), which includes a portion for commission. - Mix of fully and partially secured accounts (Note 4) - Settled in cash, on a net basis - Non-interest bearing
Non-trade			
Service level agreements [b]	6,001,923	216,515,851	- Have an average term of six (6) months - Unsecured, unguaranteed - Settled in cash, on a net basis - Subject to cross-border interest rates
Reimbursement - expense paid by related parties on behalf of the Company [c] [d]	16,890,037	35,177,160	- Have an average term of six (6) months - Unsecured, unguaranteed - Settled in cash, on a net basis - Subject to cross-border interest rates
	22,891,960	251,693,011	
Allowance for expected credit losses for non-trade receivables	(26,336)	-	
	22,865,624	251,693,011	

(a) Commission income from securities transactions

The Company has an existing agreement with Macquarie Securities Australia Limited ("MSAL"), an entity under common control, to provide brokerage services for a commission which is based on the rate agreed by both parties for each securities transaction. The commission income is recognized on transaction date and measured to the extent of the amount of income earned based on the agreed rate with MBL. The commission income, together with the underlying net trade receivable or payable, will be settled using "transaction date plus 3 days (T+3)" policy.

Outstanding balances reflected in the tables above are reported as trade receivables and trade payables from related parties in Note 4. This agreement remains in force, unless terminated by the parties.

Others pertain to PSE pass on charges and dividend income earned during the year.

(b) Service level agreements

The Company has existing service agreements with various entities under common control. These entities provide services which include central executive, human resources, information technology, risk management, financial operation and taxation services, among others, to the Company. The Company is billed by the counterparties based on the agreed mark-up rate on the cost incurred in providing these services. The service agreement will remain in force unless earlier terminated by both parties. In 2022 and 2021, fees under the service agreements are presented as Management fees in the statement of comprehensive income.

(c) Reimbursement arrangements

The Company has various reimbursement arrangements with entities under common control, whereby the latter advances the payment of certain expenses on behalf of the Company, and vice-versa, incidental to its operations, which are billed at cost. These arrangements will continue to be in effect, unless both parties mutually decided to terminate such arrangement.

Related expenses, which include but not limited to rent, communication and staff procurement expenses, from these reimbursements chargeable to the Company are included within the respective expense line items in the statement of total comprehensive income.

(d) Interest income and expense

Receivables from and payables to related parties involving reimbursements and management fees covered by service level agreements have average term of six (6) months and are subject to interest based on a 30-day LIBOR, thereafter interest rates were replaced with the Alternative Reference Rate, 1D-SOFR. Interest expense resulting from these payables are presented as Finance cost and interest income resulting from these receivables are presented as Interest in the statement of total comprehensive income.

Receivables and payables relating to cross border interest income and expense are included as part of the respective outstanding balances from reimbursements.

ii. Allowance for expected credit losses

The table below represent the balance of the ECL allowance on loan assets. No facilities were deemed underperforming nor credit impaired to be classified as Stage II and III credit exposures.

	Stage I 12 month expected credit losses		
	Non-trade receivables	Loan and interest receivables	Total
Balance as at 31 March 2020	(69,459)	(538,180)	(607,639)
Provision for expected credit losses	50,484	581,523	632,007
Foreign exchange movement	(7,361)	(43,343)	(50,704)
Balance as at 31 March 2021	(26,336)	-	(26,336)
Provision for expected credit losses	7,900	-	7,900
Foreign exchange movement	(1,295)	-	(1,295)
Balance as at 31 March 2022	(19,731)	-	(19,731)

iii. Key management compensation

	2022		
	Related party Transactions	Outstanding balances	Terms and conditions
Key management compensation			
Short-term employee benefits	61,199,447	13,000,000	- Short-term in nature - Unsecured
Post employment benefits	4,362,880	-	- Non-interest bearing
Share-based payments	1,206,906	-	- Settled at gross amount
	66,769,233	13,000,000	

	2021		
	Related party Transactions	Outstanding balances	Terms and conditions
Key management compensation			
Short-term employee benefits	55,234,768	8,058,004	- Short-term in nature
Post employment benefits	4,256,726	-	- Unsecured
Share-based payments	1,599,724	-	- Non-interest bearing - Settled at gross amount
	61,091,218	8,058,004	

Key management compensation comprise salaries, other short-term and retirement benefits are charged to statements of total comprehensive income part of Compensation and fringe benefits (Note 11). Short-term employee benefits outstanding during the year includes profit share which are subsequently paid in the following year. The outstanding liability is included in Accrued expenses and other liabilities (Note 8) in the statements of financial position.

Note 17 - Critical accounting estimates and judgments

The Company makes judgments that affect the reported amounts of assets and liabilities. These judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

It is reasonably possible that the outcomes within the next financial year could differ from judgments made at reporting date and could result in the adjustment to the carrying amount of affected assets or liabilities.

17.1 Critical accounting estimates

(a) Useful lives of property and equipment (Note 7)

The Company's management determines the estimated useful lives of its property and equipment based on the period over which the assets are expected to be available for use. The Company annually reviews the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned.

(b) Retirement benefits (Note 12)

The present value of the retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pension include the discount rate, salary increase rate and attrition rate. Any changes in these assumptions will impact the carrying amount of retirement benefit obligation.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement obligation.

Other key assumptions for retirement obligations are based in part on current market conditions. Additional information is disclosed in Note 12.

(c) Share-based compensation plan (Notes 11 and 13)

MGL grants shares and share options to the employees of the Company as a feature of employee remuneration. For equity-settled plans, PFRS 2 requires recognition of an expense for those shares and share options at the fair value on the grant date. The fair value of the shares and share options granted is measured using the Black-Scholes model with reference to the market price of the shares of ultimate parent company, adjusted to take into account the terms and conditions upon which the shares and share options were granted. The assumptions used to measure the fair value of the shares and share options granted are disclosed in Note 13.

The Company considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding these assumptions on its financial condition and results of operations.

(d) Impairment of receivables (Notes 4 and 16)

The Company has applied the general approach in computing for credit losses under PFRS 9 and determines the recoverable amount of non-trade receivables based on the expected credit losses (ECL) of the portfolio. For trade receivables, settled based on T+3 policy, ECL is anticipated to be minimal, given the nature of those exposures. This is supported by the minimal credit losses experienced on those assets to date. Therefore, ECL was not calculated or was considered minimal for trade receivables. In arriving at the ECL for a particular period, management considers both historical loss experience and certain macroeconomic factors. In these cases, management uses judgments based on the best available facts and circumstances, including but not limited to the length of relationship with related parties and whether there had been payment defaults in the past. An evaluation of receivables designed to identify potential charges to the provision is performed on a continuous basis throughout the year. The carrying value of receivables at the end of each reporting period and the amount and timing of recorded provision for any period could differ based on actual experience.

The Company's trade receivables are composed mainly of receivables from customers and/or clearing house, which are normally settled within three days from trade date. The Company has no history of uncollected receivables. The Company's receivables are considered current as at reporting dates.

The detailed accounting policy for allowance for ECL is disclosed in Note 19. Likewise, information on the credit quality of receivables is presented in Note 18.

(e) Fair value of financial instruments (Note 3)

The fair values of financial instruments that are not quoted in active markets are determined by using generally accepted valuation sources techniques. Where valuation techniques (for example, discounted cash flow models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. Inputs used in these models are from observable data and quoted market prices in respect of similar financial instruments.

The Company's management values the securities using the bid prices that are regularly available from the websites of three reputable club share dealers.

(f) Determination of the incremental borrowing rate (Note 14)

The lease payments for the Company's lease agreements are discounted using the interest rate implicit in the lease, or if not available, the Company's incremental borrowing rate, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment with similar terms, security and conditions.

The incremental borrowing rate applied to measure the lease liabilities is 5.39% (2021 - 5.39%).

As at 31 March 2022, if the Company's incremental borrowing rate increased/decreased by 1% while holding all other assumptions constant, the Company's lease liabilities would be lower/higher by P72,959 and P74,135 (2021 - P142,418 and P145,676) respectively, and profit before tax for the year ended 31 March 2022 would be higher/lower by P69,459 and P71,542 (2021 - P51,728 and P77,079), respectively.

17.2 Critical accounting judgments

(a) Realization of deferred tax assets (Note 9)

Management reviews at each reporting date the carrying amounts of deferred tax assets. The carrying amount of deferred tax assets is reduced to the extent that the related tax assets cannot be utilized due to insufficient taxable profit against which the deferred tax losses will be applied.

Management believes that sufficient taxable profit will be generated to allow all of the deferred income tax assets to be fully utilized.

(b) Impairment of non-financial assets (Notes 6 and 7)

The Company's management assesses the carrying amount of property and equipment and trading right at each reporting date to determine whether there is any indication of impairment. The recoverable amount of trading right is determined by reference to its last transacted price. Assets that are subject to depreciation and amortization, mainly property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Reversals of impairment loss are recognized if there has been a change in the estimates used to determine the recoverable amount.

Management believes that the non-financial assets are fully recoverable and no impairment is required as at 31 March 2022 and 2021.

(c) Classification of investment securities

The Company follows the guidance of PFRS 9 in classifying financial assets at initial recognition whether it will be subsequently measured at fair value through other comprehensive income, at amortized cost, or at fair value through profit or loss. The Company determines the classification based on the contractual cash flow characteristics of the financial assets and on the business model it uses to manage these financial assets. The Company determines whether the contractual cash flows associated with the financial asset are solely payments of principal and interest (the "SPPI"). If the instrument fails the SPPI test, it will be measured at fair value through profit or loss.

Note 18 - Financial risk and capital management

18.1 Financial risk management

Risk is an integral part of the Group's businesses. The main financial risks faced by the Group are market risk (mainly foreign currency exchange risk and price risk), credit risk and liquidity risk. The more significant interest bearing financial assets and liabilities pertain to loan receivable subject to fix interest rate and related party balances subject to LIBOR. These are not exposed to cash flow and fair value interest rate risks given that they are short term in nature and carried at amortized cost.

Responsibility for the management of these risks lies with the individual businesses giving rise to them. It is the responsibility of the Risk Management Group (RMG) to ensure appropriate assessment and management of these risks. RMG is independent of all other areas of the Group, reporting directly to the Managing Director of the Group and the Board of the Group. The Head of RMG is a member of the Executive Committee of MGL. RMG authority is required for all material risk acceptance decisions. RMG identifies, quantifies and assesses all material risks and sets prudential limits. Where appropriate, these limits are approved by the Executive Committee and the Board.

The Group's internal approach to risk ensures that risks in subsidiaries are subject to the same rigor and risk acceptance decisions (i.e. not differentiating where the risk is taken within the Group).

18.1.1 Market risk

(a) Price risk

The Company is exposed to equity price risk resulting from changes in the fair value of its financial assets at fair value through profit or loss and fair value through other comprehensive income securities. The Board of Directors of the Company manages price risk by setting and monitoring objectives and constraints on investment, diversification plan and limits on investments.

Financial assets at fair value through profit or loss represent investments in a golf club membership share and in listed equity shares.

As at 31 March 2022, if the share price of the financial assets at FVTPL strengthened/weakened by 65% (2021 - 65%), with all other variables held constant, pre-tax income would increase/decrease by P4,031,082 (2021 - P3,424,117).

The assumed price fluctuations in the sensitivity analysis represents the average shift of the closing price per share year-on-year.

(b) Foreign currency exchange risk

The Company's exposure to foreign currency exchange risk arise from monetary assets and liabilities which are denominated in a currency that is not the Company's functional currency. Foreign currency exchange risk is the risk that the value of future cash flow of a financial instrument will fluctuate because of changes in foreign currency exchange rates. To manage its exposure to foreign currency exchange risk, the Company manages the timing of settlement/payment to ensure that the Company is not unfavorably exposed to fluctuations of foreign currency exchange rates.

The Company's significant foreign currency denominated monetary assets and liabilities at 31 March consist of:

	2022					
	USD	AUD	HKD	SGD	JPY	KRW
ASSETS						
Cash and cash equivalents	11,799,295	-	-	-	-	-
Due from related parties	14,497	21,584	80,064	11,658	-	-
	11,813,792	21,584	80,064	11,658	-	-
LIABILITIES						
Due to related parties	(6,0 47,619)	(1,168,808)	(802,190)	(267,101)	(1,192,041)	(16,938,437)
Net foreign currency denominated assets (liabilities)	5,766,173	(1,147,224)	(722,126)	(255,443)	(1,192,041)	(16,938,437)
Exchange rates at 31 March	51.76	38.76	6.61	38.21	0.43	0.04
Peso equivalent	298,457,114	(44,466,402)	(4,773,253)	(9,760,477)	(512,578)	(677,537)

	2021					
	USD	AUD	HKD	SGD	JPY	KRW
ASSETS						
Cash and cash equivalents	11,988,466	-	-	-	-	-
Due from related parties	14,494	563	80,064	11,658	-	-
	12,002,960	563	80,064	11,658	-	-
LIABILITIES						
Due to related parties	(4,436,295)	(643,490)	(936,925)	(266,431)	(1,164,990)	(16,938,415)
Net foreign currency assets (liabilities)	7,566,665	(642,927)	(856,861)	(254,773)	(1,164,990)	(16,938,415)
Exchange rates at 31 March	48.47	36.81	6.23	35.96	0.44	0.04
Peso equivalent	366,725,989	(23,666,071)	(5,341,419)	(9,161,462)	(511,664)	(724,964)

The closing rate used by the Company approximates the exchange rate prevailing at 31 March as published by the Bangko Sentral ng Pilipinas.

Net foreign exchange (loss) gain for the years ended 31 March as shown in the statement of comprehensive income are as follows:

	2022	2021
Realized foreign exchange loss, net	(56,242)	(17,815,364)
Unrealized foreign exchange gain (loss), net	19,095,157	(6,752,175)
	19,038,915	(24,567,539)

The reasonable change in foreign currency rates against Philippine peso (PHP) would lead to the following pre-tax profit movements:

	2022		2021		
	Appreciation (depreciation) of foreign currencies against PHP	Impact on pre-tax income	Appreciation (depreciation) of foreign currencies against PHP		Impact on pre-tax income
United States Dollar (USD)	+/- 6.80%	+/- 20,296,201	+/- 5.05%	+/-	18,521,660
Australian Dollar (AUD)	+/- 5.30%	+/- 2,356,092	+/- 16.97%	+/-	4,016,943
Hong Kong Dollar (HKD)	+/- 5.99%	+/- 286,034	+/- 5.3%	+/-	282,960
Singapore Dollar (SGD)	+/- 6.26%	+/- 610,735	+/- .28%	+/-	25,856
Japanese Yen (JPY)	+/- 3.08%	+/- 15,606	+/- 7.22%	+/-	36,964
Korean Won (KRW)	+/- 0.39%	+/- 2,827	+/- 2.64%	+/-	19,124

The assumed shift in exchange rates of the various foreign currencies used in the sensitivity analysis is based on year-on-year movement of the closing exchange rates.

18.1.2 Credit risk

Credit risk is the risk that a counterparty will cause a financial loss to the Company by failing to discharge an obligation.

Details of the Company's financial assets that are exposed to credit risk at 31 March are as follows:

	2022	2021
Cash and cash equivalents, excluding cash on hand	1,611,668,394	1,372,010,632
Receivables		
Trade	475,442,354	524,190,313
Non-trade	22,527,840	22,865,624
Refundable deposit	803,972	808,752
	2,110,442,560	1,919,875,321

The amounts shown above are the maximum exposure to credit risk which are equal to the carrying amounts of the financial assets as shown in the statement of financial position. Refundable deposits that are recoverable in the next twelve months are presented in the statement of financial position as Prepayments and other current assets while those that will extend more that twelve months are presented as Refundable deposits.

There are no financial assets that have been renegotiated during and at the end of the reporting period.

(a) Cash and cash equivalents

The Company manages credit risk from its cash in banks and short-term placements by depositing funds in financial institutions that qualify based on set criteria. For banks and financial institutions, only independently rated parties with good, if not the highest credit ratings, are accepted such as universal and commercial banks as defined by the Philippine Banking System.

The credit quality of cash in banks and short-term bank placements based on credit ratings given by Standard & Poor's of counterparty banks at 31 March follows:

	2022	2021
A+	2,170,515	1,154,539
A	1,331,578,043	1,265,698,171
A-	27,633,717	25,156,637
BBB+	182,684,214	21,334,024
BBB-	67,601,905	58,667,261
	1,611,668,394	1,372,010,632

In 2022, the Company maintains its cash accounts amounting to P1,558,537,385 and P53,131,009 in universal and commercial banks (2021 - P1,324,806,584 and P47,204,048), respectively.

(b) Receivables

The credit quality of receivables as at 31 March can be assessed by reference to the below historical information about counterparty default rates:

	2022	2021
Group 1 - related parties with no history of defaults	162,635,810	240,197,612
Group 2 - third party customers with no history of defaults	335,334,384	306,858,325
	497,970,194	547,055,937

Related parties

The Company's exposure to credit risk with related parties arises mainly from securities transactions, loan agreements and other transactions under various service level and reimbursement agreements. Trade receivables arise from contracted trades to be settled on a "transaction date plus 3 days (T+3)" policy. Non-trade receivables arise from service fees rendered to related parties under service level and reimbursement agreements with average credit term of 180 days. Loans and interest receivables pertain to the loan agreement with MFHL. Management does not perceive any significant credit risk exposure on the outstanding balances with related parties. The Group has policies in place which set out the credit terms and exposure limits including proper documentation by way of service level agreements and a system of authorities to monitor related party transactions and balances. Also, the Group monitors the overall compliance with these service level agreements and ensures uniform application of policies with respect to related party transactions and balances.

Third party customers and brokers

The Company's significant credit risk arises mainly from securities transactions with its third party customers and brokers. Trade receivables from third party customers and brokers are settled using T+3 policy. This reflects the possibility that the trading counterparty will not be in a position to settle its obligation once it becomes due. The resulting credit exposure will be a function of the movement of prices over the term of the contract. RMG has policies and system in place for the assessment of potential credit exposures. No credit exposures are assumed without appropriate analysis and approvals. Limits are reviewed at least once a year. All credit exposures are monitored regularly against limits. Moreover, securities owned by customers are held as collateral for amounts due from customers.

(c) Other current financial assets

Other current financial assets consisting of staff loans and refundable deposits are transacted only with counterparties and employees that have appropriate and acceptable credit history.

Non-interest bearing, short-term staff loans are collected through salary deduction.

Refundable deposits arise mainly from the Company's operating lease agreements covering its office space.

Management does not expect any of its counterparty to default in its refund obligations to the Company.

18.1.3 Liquidity risk

Liquidity risk is the risk that the Company will have difficulties in paying its financial liabilities as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and trading securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

The table below presents the maturity profile of the Company's financial assets and liabilities based on undiscounted cash flows, which it uses to manage the inherent liquidity risk. The analysis into maturity grouping is after the reporting period until contractual maturity date or, if earlier, the expected date the financial asset will be realized or the financial liability will be settled.

	2022		2021	
	Within one year	More than one year	Within one year	More than one year
Financial assets				
Cash and cash equivalents	1,611,668,394	-	1,372,010,632	-
Receivables				
Trade	475,442,354	-	524,190,313	-
Non-trade	22,527,840	-	22,865,624	-
Refundable deposits	-	803,972	-	808,752
	2,109,638,588	803,972	1,919,066,569	808,752
Financial liabilities				
Payables				
Trade	467,307,881	-	510,346,062	-
Non-trade	353,244,093	-	251,693,011	-
Accrued expenses and other liabilities	17,030,907	-	13,849,832	-
Lease liability	2,632,788	3,703,192	2,772,297	6,750,120
	840,215,669	3,703,192	778,661,202	6,750,120

Accrued expenses and other liabilities as at 31 March 2022 exclude withholding taxes, stock transaction tax and output value-added tax amounting to P9,821,051 (2021 - P10,242,674) and provision for profit share and unused leave credits amounting to P23,303,435 (2021 - P14,821,831) which are considered non-financial liabilities (Note 8).

Fair value of financial assets and liabilities

The carrying amounts of the Company's financial assets and liabilities carried at amortized cost approximate their fair values as at 31 March 2022 and 2021 due to their short term maturities.

The carrying amount of refundable deposit is considered to approximate its fair value as the impact of discounting is not significant.

The fair value measurement of the Company's equity investment in listed equities which are measured at fair value through profit or loss (FVTPL) as at 31 March 2022 amounting to P34,996 (2021 - P1,205) fall under the Level 1 category of the fair value hierarchy, as they are listed shares in the PSE, while the fair value measurement of the Company's equity investments in golf club shares amounting to P6,166,667 (2021 - P5,266,667). The security is valued at the average of the quoted prices that are regularly available from the websites of three reputable club share dealers.

The Company has no financial assets and liabilities carried at fair value classified under Level 3 category.

There were no transfers between Level 1 and Level 2 category in 2022 and 2021.

18.2 Offsetting financial assets and liabilities

The following financial assets and liabilities are subject to offsetting as at 31 March:

	2022		
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities	Net amounts of financial assets presented in the statements of financial position
Financial assets			
Trade receivables			
Customers	353,620,713	(18,286,329)	335,334,384
Related parties	338,557,737	(198,449,767)	140,107,970
	692,178,450	(216,736,096)	475,442,354
Financial liabilities			
Trade payables			
Customers	14,392,508	(144,958,143)	(130,565,635)
Related parties	205,209,422	(263,839,722)	(58,630,300)
Clearing house	-	(275,894,946)	(275,894,946)
Other brokers	-	(2,217,000)	(2,217,000)
	219,601,930	(686,909,811)	(467,307,881)

	2021		
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities	Net amounts of financial assets presented in the statements of financial position
Financial assets			
Trade receivables			
Customers	320,382,311	(13,523,985)	306,858,326
Related parties	529,004,397	(311,672,410)	217,331,987
	849,386,708	(325,196,395)	524,190,313
Financial liabilities			
Trade payables			
Customers	20,847,172	(302,739,556)	(281,892,384)
Related parties	522,597,313	(558,296,450)	(35,699,137)
Clearing house	-	(192,754,540)	(192,754,540)
	543,444,485	(1,053,790,546)	(510,346,061)

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Company and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. Following the terms of each agreement, an event of default includes failure by a party to make payment when due; failure by a party to perform any obligation required by the agreement (other than payment) if such failure is not remedied within periods of 30 to 60 days after notice of such failure is given to the party; or bankruptcy.

18.3 Capital management

The Company's objectives when managing capital are to comply with the capitalization requirements set by the Philippine SEC for the Company to continue as a going concern so that it can provide returns to shareholders and benefits to other stakeholders and to maintain strong capital base to support the development of its business.

(a) Minimum capitalization requirement

Rule 28.1 of the Securities Regulation Code (SRC) provides the terms and conditions for registration and subsequent renewal of license applicable to both Exchange trading participants and non-Exchange brokers/dealers. One of the requirements includes unimpaired paid-up capital of P100 million for brokers/dealers, which are either first time registrants who will be participating in a registered clearing agency upon the effectivity of the rule or those acquiring the business of existing broker/dealer firms. Unimpaired paid-up capital pertains to the Company's share capital as shown in the statement of financial position.

The Company has fully complied with the minimum capitalization requirement by the SEC.

(b) Risk-based Capital Adequacy (RBCA) requirements

RBCA is the ratio linking the net liquid capital to the broker dealer's total risk exposure calculated as the net liquid capital (NLC) divided by total risk capital requirements (TRCR). TRCR is the sum of the following risks: (a) operational risk requirement (ORR); (b) credit risk requirement which include requirements for counterparty risk, settlement risk, large exposure risk and margin financing risk; and (c) position or market risk requirement.

As a rule for every trading participant, the Company is required to maintain an RBCA ratio of at least 110% and a net liquid capital of at least P5 million or five percent (5%) of its aggregate indebtedness (AI), whichever is higher. Moreover, its AI should not exceed two thousand percent (2,000%) of its NLC. In addition, the Company's core equity (CE) shall be at all times greater than its ORR. Core equity refers to the sum of paid-up common stock, common stock dividends distributable, additional paid-in capital, surplus reserves excluding revaluation reserves or appraisal capital, and opening retained earnings adjusted for all current year movements. Core equity shall exclude treasury shares and unbooked valuation reserves and other capital adjustments (such as unrealized gain in value of securities classified as fair value through profit or loss).

In the event that the minimum RBCA ratio of 110% or the minimum NLC is breached, the trading participant shall immediately cease doing business as a broker and shall notify the PSE and SEC. In addition, the trading participant shall notify the SEC in writing within 24 hours if (a) AI exceeds 1700% of NLC; and (b) the RBCA ratio is lower than 120%. In cases wherein CE is less than ORR, the trading participant can continue operations but should submit a capital build-up plan which should be realized within 90 days from time of breach.

Also, in compliance with SRC Rule 49.2 covering customer protection and custody of securities, the Company maintains special reserve bank accounts for the exclusive benefit of its customers. The Company's reserve requirement is determined based on the SEC's prescribed computations. The company's reserve accounts included in cash in bank as at 31 March 2022 amounts to P72,000,000 (2021 - P68,000,000) (Note 2).

The Company's compliance with the RBCA requirements as at 31 March is summarized as follows:

	2022	2021
NLC	1,194,524,797	1,081,701,776
NLC as a percentage of AI	134%	133%
RBCA ratio	904%	755%
AI as a percentage of NLC	75%	75%
CE	1,244,947,939	1,138,686,562
ORR	83,259,589	96,752,615

The Company is monitoring its capital structure, including level of accumulated earnings to meet the required minimum RBCA ratio. Dividends are declared as soon as capital reaches a reasonable level to meet operating and RBCA requirements.

Note 19 - Summary of significant accounting policies

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

19.1 Basis of preparation

These financial statements of the Company have been prepared in accordance with PFRS. The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PASs), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with PFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 17.

Coronavirus (COVID-19) impact

The Novel Coronavirus (COVID-19) has had significant impacts on global economies and equity, debt and commodity markets, led to several changes in economy and resulted in several support actions by financial markets, governments, and regulators. The impact of COVID-19 continues to evolve and, where applicable, has incorporated into the determination of the Company's results of operations and measurement of its assets and liabilities at the reporting date.

The Company's processes to determine the impact of COVID-19 for these financial statements is consistent with the process disclosed and applied in its 31 March 2020 financial statements. Those processes identified that expected credit losses (Note 16) and the assessment of the impairment of non-financial assets required continued judgement as a result of the impact of COVID-19.

Processes applied

As a consequence of COVID-19 and in preparing these financial statements, management:

- re-evaluated whether there were any additional areas of judgement or estimation uncertainty beyond what has been disclosed above;
- updated its economic outlook – principally for the purposes of inputs into its ECL through the application of forward-looking information, but also for input into the impairment analysis of financial and non-financial asset classes and disclosures such as fair value disclosures of financial assets and liabilities;
- conducted several internal processes to ensure consistency in the application of the expected impact of COVID-19 across all asset classes;
- assessed the carrying values of its assets and liabilities and determined the impact thereon as a result of market inputs and variables impacted by COVID-19; and
- considered the impact of COVID-19 on the Company's financial statement disclosures.

As there is a higher than usual degree of uncertainty associated with these assumptions and estimates, actual outcomes may differ to those forecasted which may impact the accounting estimates included in these financial statements. Other than adjusting events that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after th reporting period will be accounted for in the future reporting periods.

Changes in accounting policy and disclosures

Amended standards adopted by the Company

The following relevant amendments to existing standards have been adopted by the Company effective 1 April 2021:

- Amendments to PAS 16, *'Property, Plant and Equipment'*

  The amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset.

  The adoption of the above amendments did not have a material impact on the financial statements of the Company.

- Annual Improvements to PFRS Standards 2018-2020

  The following improvements were finalized in May 2020:

  i. PFRS 9, *'Financial Instruments'*, clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
  ii. PFRS 16, *'Leases'*, amendment to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

  Other standards, amendments and interpretations which are effective for the financial year beginning on April 1, 2021 are not relevant to the Company or would have a material impact on the financial statements of the Company.

- Amendments to PFRS 9, '*Financial Instruments',* PFRS 7, *'Financial Instruments: Disclosures',* PFRS 4, '*Insurance Contracts'* and PFRS 16, *'Leases'*

  These amendments that were issued in August 2020 address issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark rate with an alternative one.

  Key reliefs provided by the amendments are as follows:

  - Changes to contractual cash flows. When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes that are required by an interest rate benchmark reform (that is, are necessary as a direct consequence of inter-bank offered rate (IBOR) reform and are economically equivalent) will not result in an immediate gain or loss in the statement of total comprehensive income.

  - Hedge accounting. The hedge accounting reliefs will allow most PFRS 9 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded.

  As at 31 March 2022, the Company has approved 1D-SOFR as the replacement rate for LIBOR. The adoption of the above changes in the interest rate benchmark did not have a material impact on the financial statements of the Company.

New standards, amendments and interpretations not yet adopted by the Company

The following amendments to existing standards are not mandatory for the 31 March 2022 reporting period and have not been early adopted by the Company:

- Amendments to PAS 1, *'Presentation of Financial Statements'* (Effective 1 January 2023)

  The amendments clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability.

  In addition, PAS 1 requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

- Amendment to PAS 8, *'Accounting Policies, Changes in Accounting Estimates and Errors'* (Effective 1 January 2023)

  The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

- Amendments to PAS 12, *'Income Taxes'* (Effective 1 January 2023)

  The amendments require entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with (a) right-of-use assets and lease liabilities, and (b) decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets. The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate.

There are no relevant standards, amendments or interpretations that are effective after April 1, 2022 and onwards that are considered relevant and expected to have a material impact to the Company's financial statements.

19.2 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less from the date of acquisition.

19.3 Financial assets

19.3.1 Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income ("OCI") or through profit or loss], and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Business model assessment

The Company determines the business model at the level that reflects how groups of financial assets are managed. In determining the business model, all relevant evidence that is available at the date of the assessment is used including:

- how the performance of the financial assets held within that business model is evaluated and reported to the Company's senior management and senior executives;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and the way in which those risks are managed; and
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The Company exercises judgement to determine the appropriate level at which to assess its business models and its intention with respect to its financial assets.

Solely payment for principal and interest (SPPI)

Key considerations for the SPPI assessment include the timing of the contractual cash flows and the interest component, where interest primarily reflects the time value of money and the credit risk of the principal outstanding.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

19.3.2 Recognition and measurement of financial assets

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset.

(a) Debt instruments

There are three measurement categories into which the Company classifies its debt instruments:

- Amortized cost: A financial asset is subsequently measured at amortised cost using the EIR method if the following conditions are met:
  (i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
  (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements
  (iii) the financial asset has not been designated to be measured at FVTPL (DFVTPL).

  Interest income from these financial assets is separately presented in the statement of total comprehensive income. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in Others, while foreign exchange gains and losses, if any, are presented in the Foreign exchange gain or loss in the statement of total comprehensive income. Impairment losses, if any, are included in Miscellaneous in the statement of total comprehensive income.

  The Company's financial assets at amortized cost consist of cash and cash equivalents, trade and non-trade receivables, loan and interest receivables and refundable deposits.

- FVOCI: A financial asset is subsequently measured at FVOCI if the following conditions are met:
  (i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets
  (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements
  (iii) the financial asset has not been designated to be measured at FVTPL (DFVTPL).

  Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in Others. Interest income from these financial assets is computed using the effective interest rate method. Foreign exchange gains and losses are presented in Foreign exchange gain, net in the statement of total comprehensive income.

  The Company does not hold debt instruments at financial assets at FVOCI as at 31 March 2022 and 2021.

- FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented as Fair value gain or loss on financial assets at fair value through profit of loss in the statement of total comprehensive income in the period in which it arises.

  The Company does not hold debt instruments as financial assets at FVTPL as at 31 March 2022 and 2021.

(b) Equity instruments

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company's financial assets carried at FVTPL consist of facilitation shares of listed entities and investment in golf club shares (Note 3).

(c) Derivative instruments

Derivative instrument entered by the Company includes forwards and forward rate agreements in the foreign exchange. This derivative instrument is principally used by the Company for the purposes of risk management of existing financial asset and entered for foreign exchange exposure protection.

Derivatives are recognised in the statement of financial position as an asset where they have a positive fair value at balance date or as a liability where the fair value at the balance date is negative.

Fair values are obtained from quoted market prices in active markets including recent market transactions, and valuation techniques including discounted cash flow models and option pricing models, as appropriate.

The best evidence of a derivative's fair value at initial recognition is its transaction price, unless its fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique for which variables include only data from observable markets. Where such alternative evidence exists, the Company recognises profit or loss immediately when the derivative is recognised ('day 1 profit or loss'). When significant unobservable inputs are used to determine fair value, the day 1 profit or loss is deferred and is recognised in the income statement over the life of the transaction or when the inputs become observable. The Company applies this day 1 profit or loss policy to all financial instruments measured at fair value.

The Company does not hold derivative instruments as at 31 March 2022 (2021 - nil)

19.3.3 Impairment of financial assets

The Company applies the PFRS 9 general approach to measuring expected credit losses which uses a lifetime expected loss allowance for non-trade receivables. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due. For trade receivables, ECL is anticipated to be minimal, given the nature of those exposures. This is supported by the minimal credit losses experienced on those assets to date. Therefore, ECL should not be calculated for trade receivables.

Expected credit losses

The Company assesses on a forward-looking basis the ECL associated with its financial assets carried at amortized cost for non-trade receivables and loan and interest receivables. The Company recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company applies a three-stage approach to measuring the ECL based on changes in the financial asset's underlying credit risk and includes macro-economic or forward-looking information (FLI). Where ECL is modelled collectively for portfolios of exposures, it is modelled as the product of the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD).

- Stage I - facilities that are performing (12 month ECL)

  At initial recognition, and for financial assets for which there has not been a significant increase in credit risk (SICR) since initial recognition (or for those financial assets for which the credit risk is considered to be low), ECL is determined based on the PD over the next 12 months and the lifetime losses associated with such PD, adjusted for FLI.

  Interest income is determined by applying the financial asset's EIR to the financial asset's gross carrying amount.

- Stage II - facilities that are underperforming (Lifetime ECL)

  When there has been a SICR since initial recognition, the ECL is determined with reference to the financial asset's life-time PD and the lifetime losses associated with that PD, adjusted for FLI. The Consolidated Entity assesses whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable FLI that includes significant management judgement.

  Use of more alternative criteria could result in significant changes to the timing and amount of ECL to be recognised. Lifetime ECL is generally determined based upon the contractual maturity of the financial asset. For revolving facilities, the Consolidated Entity exercises judgement based on the behavioural, rather than contractual characteristics of the facility type. Interest income is determined by applying the financial asset's EIR to the financial asset's gross carrying amount.

- Stage III - credit impaired (Lifetime ECL)

  Financial assets are classified as stage III where they are determined to be credit impaired. This includes exposures that are at least 90 days past due and where the obligor is unlikely to pay without recourse against available collateral.

  The ECL for credit impaired financial assets is generally measured as the difference between the contractual and expected cash flows from the individual exposure, discounted using the EIR for that exposure. For credit-impaired exposures that are modelled collectively, ECL is measured as the product of the lifetime PD, LGD and EAD, adjusted for FLI. Interest income is determined by applying the financial asset's EIR to the financial asset's amortised cost carrying value, being the gross carrying value after the ECL provision.

Measuring ECL - Inputs, assumptions and estimation techniques

The Company models the ECL for on-balance sheet financial assets measured at amortised cost.

The key model inputs used in measuring the ECL include:

- Exposure at default (EAD): The EAD represents the estimated exposure in the event of a default. The EAD is estimated taking into consideration a range of possible exposures including both repayments and future drawdowns of unutilised commitments up to when the exposure is expected to default.
- Probability of default (PD): The PD represents the likelihood that the borrower will default (as per "Definition of default" below), either over the next 12 months, or over the remaining life of the asset. In calculating the PD, credit performance information for each portfolio is gathered and statistically analysed to determine a point in time PD. PD estimates are also adjusted for FLI.
- Loss given default (LGD): The LGD associated with PD used is the magnitude of the ECL in a default event. The LGD is estimated using historical loss rates considering relevant factors for individual exposures or portfolios. These factors include collateral, seniority, industry, recovery costs and the structure of the facility. LGD estimates are also adjusted for FLI.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period from the time of the adoption of PFRS 9 on 1 April 2018 to the reporting date.

Method of determining significant increase in credit risk (SICR)

The Company periodically assesses exposures to determine whether there has been a SICR, which may be evidenced by either qualitative or quantitative factors. Quantitative factors are based on Macquarie internal credit rating movements across specified thresholds. Qualitative factors include, but are not limited to, whether an exposure has been identified and placed on CreditWatch. Where there is a deteriorating credit risk profile, the exposures are monitored through the CreditWatch reports. The business remains responsible for management of the counterparty and of the risk position, but RMG oversight is increased to ensure that positions are managed for optimal outcomes. All exposures on CreditWatch are classified as stage II or, if defaulted, as stage III.

SICR thresholds, which require judgement, are used to determine whether an exposure's credit risk has increased significantly. The SICR methodology is based on a relative credit risk approach which considers changes in an underlying exposure's credit risk since origination. This may result in exposures being classified in stage II that are of a higher credit quality than other exposures that are classified as stage I. Accordingly, while increases in the quantum of stage II exposures will suggest an increase in credit risk, it should not necessarily be inferred that the assets are of a lower credit quality.

In response to COVID-19 the Company undertook a review of its wholesale and retail credit portfolios and the ECL for each. The review considered the macroeconomic outlook, client and customer credit quality, the type of collateral held, exposure at default and the effect of payment deferral options as at the reporting date. While these model inputs including forward-looking information were revised, the ECL models, SICR thresholds, and definitions of default remain consistent with prior periods.

Definition of default

The Company's definition of default determines the reference point for the calculation of the ECL components, and in particular the PD. Default is generally defined as the point when the borrower is unlikely to pay its credit obligations in full, without recourse by the Company to the realization of collateral; or the borrower is 90 days or more past due. The Company periodically monitors its exposures for potential indicators of default such as significant financial difficulty of the borrower including breaches of lending covenants; it is probable that the borrower will enter bankruptcy or other financial reorganization; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Forward looking information (FLI)

The inclusion of FLI in calculating ECL allowances adjusts the PD, the determination of SICR as well as the LGD (that is relevant to the determination of the recovery rates on collateral). The Company has identified a number of key indicators that are used in modelling the ECL, the most significant of which are gross domestic product (GDP), the unemployment rate and the level of house prices, interest rates, equity indices and commodity prices. The predicted relationships between these key indicators and the key model inputs in measuring the ECL have been developed by analysing historical data as part of the development of internal models, and the calibration and validation process.

These indicators, both in terms of the magnitude and type of indicator, are reviewed throughout the financial year. The Macquarie Group's Risk Management Group, which consults with a range of internal specialists, is responsible for the FLI including the development of scenarios and the weighting applied to those scenarios. For this purpose, four possible economic scenarios have been developed, being one upside case, two downside cases (of varying severity given that impairment losses will not react linearly to economic downturn scenarios) as well as a base case scenario. In calculating the ECL, each of the scenarios is probability weighted and then applied to the exposure's PDs and LGDs. The scenarios and the assigned probabilities are updated semi-annually or more frequently if a material disruption event were to occur.

The scenarios, including its underlying indicators, are developed using a combination of publicly available data, internal forecasts and third party information to form the initial baseline. Internal specialists within the Company are consulted to assist in refining and challenging the baseline. The upside and downside scenarios are created through a process that initially anchors them to a certain degree of deviation in GDP growth from the baseline. The scenarios are refined through consultation with internal specialists and benchmarking to external data from reputable sources, which includes forecasts published from a range of market economists and official data sources, including major central banks. Assigning probabilities to these scenarios requires professional judgement which draws on internal risk and economics specialist input and comparison to general market outlooks and publicly-available market commentary.

The scenarios and the associated probabilities are ultimately approved by senior risk and finance executives.

The Company reviews and, where appropriate, updates its FLI, which includes the scenarios and related probabilities, on a semi-annual basis.

19.4 Financial liabilities

19.4.1 Classification

The Company classifies its financial liabilities in the following categories: (a) financial liabilities at amortized cost; and (b) financial liabilities at fair value through profit or loss. Financial liabilities at fair value through profit or loss comprises of two sub-categories: financial liabilities classified as held for trading and financial liabilities designated by the Company as at fair value through profit or loss upon initial recognition. The classification depends on the purpose for which the financial liabilities were acquired. Management determines the classification of its financial liabilities at initial recognition.

The Company is a counterparty to a non-deliverable foreign exchange contract to reduce and manage its foreign exchange exposure. Such derivative financial instrument is initially recorded at fair value on the date when the derivative contract is entered into and is subsequently remeasured at fair value.

Financial liabilities at amortized cost are contractual obligations which are either to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company. They are included in current liabilities, except for those maturities longer than twelve (12) months after the reporting period, which are then classified as non-current liabilities.

The Company's financial liabilities at amortized cost consist of payables and certain accrued expenses and other current financial liabilities and lease liability.

Payables, accrued expenses and other current financial liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers or from securities transactions with its customers, clearing houses, including related parties and recognized during the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established.

Trade payables arise mainly from securities transactions with its customers, clearing houses and related parties.

Accrued expenses and other liabilities classified as financial liabilities consist of dividends payable, exchange fees and others.

19.4.2 Recognition and measurement

Financial liabilities at amortized cost are recognized when the Company becomes a party to the contractual provision of the instrument.

Financial liabilities at amortized cost are initially measured at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method.

19.5 Fair value measurement

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 of financial and non-financial assets or liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial instruments

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily PSE equity investments classified as trading securities or fair value through other comprehensive income.

The Company's financial assets at fair value through profit or loss which consist of listed equity shares are measured using Level 1.

The Company's financial assets at FVTPL which consist of proprietary club share is measured using Level 2.

None of the Company's financial assets are measured using Level 3.

The carrying value of the remaining financial assets and liabilities disclosed in Note 19 approximate their carrying value considering that significant financial assets and liabilities generally have short term maturities.

Non-financial assets

For non-financial assets, the Company uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

19.6 Derecognition of financial instruments

Financial assets are derecognized when the right to receive cash flows has expired, or has been transferred and when the Company has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognized when the obligation is settled, discharged, cancelled or has expired.

When an existing financial liability is replaced by another form 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 a derecognition of the original liability and the recognition of a new liability, the difference in the respective carrying amounts is recognized in profit or loss.

19.7 Offsetting of financial instruments

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 recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

19.8 Prepayments and other non-financial assets

Prepayments are recognized in the event that payment has been made prior to the service being rendered to the Company and measured at nominal amounts. These are derecognized through amortization over a certain period of time.

Other non-financial current assets consisting of creditable withholding tax and input value added tax are recognized as assets to the extent that it is probable that the benefit will flow to the Company. These are derecognized when there is a legally enforceable right to apply the recognized amounts against the related liability within the period prescribed by the relevant tax laws.

Prepayments and other non-financial assets are included in current assets, except when the related benefits are expected to be received longer than twelve (12) months after the reporting period, which are then classified as non-current assets.

19.9 Trading right

Trading right is carried at cost less accumulated impairment loss, if any. Trading right is recognized as an asset when it is probable that the expected future economic benefits attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Subsequent to the initial recognition, the carrying value of trading right is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of trading right is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Trading right is deemed to have indefinite useful life as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company. The Company does not intend to sell the trading right in the near future.

Trading right is derecognized when no future economic benefits are expected from its use, such as expiration or termination of the contractual right, at which time the cost and any impairment loss is removed in the statement of financial position.

19.10 Property and equipment

Property and equipment are recognized at cost upon initial recognition. Cost includes expenditure that is directly attributable to the acquisition of the items. Following the initial recognition, all items of property and equipment are recorded at cost less accumulated depreciation and amortization and any provision for impairment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation and amortization on assets is computed using the straight-line method to allocate their costs less their residual values over the following estimated useful lives:

Leasehold improvements	3 years
Furniture and fixtures	5 years
Office and computer equipment	2 to 3 years
Transportation equipment	4 years
Office space	13 months

Leasehold improvements are amortized over the term of the lease or the estimated useful lives, whichever is shorter.

The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost and the related accumulated depreciation and amortization and any impairment loss are removed in the statement of financial position. Any gains or losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are recognized in profit or loss.

19.11 Impairment of non-financial assets

Non-financial assets, such as input VAT, creditable withholding tax, trading right and property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of previously recorded impairment loss are recognized in profit or loss.

19.12 Provisions and contingencies

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as finance cost in profit or loss.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed and derecognized in the statement of financial position with corresponding credit to other income in profit or loss.

Contingent liabilities are not recognized in the financial statements but they are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements unless realization of income is virtually certain, but they are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

19.13 Share capital

Common shares are classified as equity instruments when there is no contractual obligation to transfer cash or other assets.

19.14 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the statement of financial position during the period in which the dividends are approved by the Board of Directors, unless otherwise paid in the same fiscal year.

19.15 Leases

The Company recognizes leases as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use.

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in the statements of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

i. Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The Company also estimates and recognizes amounts expected to be payable under residual value guarantees as part of the lease liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Company's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing; and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. Interest expense is recognized in profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

ii. Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

the amount of the initial measurement of lease liability,
any lease payments made at or before the commencement date less any lease incentives received,
any initial direct costs, and
restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

iii. Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

iv. Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the statements of income. Short-term leases are leases with a lease term of 12 months or less.

19.16 Employee benefits

19.16.1 Short-term employee benefits

Wages, salaries, compensated absences, bonuses, and other non-monetary benefits are recognized in the period the related services are rendered by the employees of the Company. Short-term employee benefit obligations are measured on an undiscounted basis.

19.16.2 Profit sharing and bonus

The Company recognises a liability and an expense for profit share remuneration to be paid in cash with reference to the performance period to which the profit share relates.

19.16.3 Retirement plan

The Company maintains a defined contribution plan that covers all regular full-time employees. Under the plan, normal retirement age is 60 years with at least five years of credited service and compulsory retirement is at age 65 years. The plan also provides for an early retirement with graduated percentage rates for certain years of service. Normal retirement benefit is the amount equivalent to a lump sum benefit equal to the greater of the minimum benefit under the Labor Code under Republic Act (RA) No. 7641 or the full value of the employee's share in the retirement fund upon retirement.

Under its the defined contribution plan, the Company pays fixed contributions to a trustee-administered fund in accordance with the terms of the defined contribution plan. The fixed contribution is based on the employees' monthly salaries. The Company, however, is covered under RA No. 7641, The Philippine Retirement Law, which provides for its qualified employees a defined benefit minimum guarantee. The defined benefit minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA 7641.

Accordingly, the Company accounts for its retirement obligation under the higher of the defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan.

For the defined benefit minimum guarantee plan, the liability is determined based on the present value of the excess of the projected defined benefit obligation over the projected defined benefit obligation at the end of the reporting period. The defined obligation is calculated annually by a qualified independent actuary using the projected unit credit method. The Company determines the net interest expense or income on the net defined benefit liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

The defined contribution liability, on the other hand, is measured at the fair value of the defined contribution assets upon which the defined contributions depend, with an adjustment for margin on asset returns, if any, where this is reflected in the defined contribution benefits.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains or losses on the settlement of a defined benefit plan when the settlement occurs.

19.16.4 Share-based payments

The entity participates in its ultimate parent company, MGL's share based compensation plans, being the MEREP. Information relating to these schemes is set out in Note 13 - Share-based compensation. The Company recognises a prepaid asset at grant for these awards, since MGL is reimbursed in advance. This amount is recognized as an expense over the respective vesting periods. MGL recognises a corresponding increase in equity for the equity settled awards granted to employees.

The awards are measured at the grant dates based on their fair value and using the number of equity instruments expected to vest.

19.17 Income recognition

Revenues are measured at the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activities.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow into the Company and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved.

19.17.1 Fees and commision

The Company has applied PFRS 15 where revenue is recognized when (or as) the Company satisfies a performance obligation by transferring a promised good or service to a customer (i.e. an asset). An asset is transferred when (or as) the customer obtains control of that asset.

The recognition of revenue can be either over time or at a point in time depending on when the performance obligation is satisfied. The Company's commission income is recognized at a point in time upon execution of the underlying trade transaction.

When control of a good or service is transferred over time, that is, when the customer simultaneously receives and consumes the benefits, the Company satisfies the performance obligation and recognizes revenue over time.

Variable consideration is measured using either the expected value method or the most likely amount method depending on which method the Company expects to better predict the amount of consideration to which it will be entitled. This is the estimated amount of variable consideration, or the portion, if any, of that amount for which it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Fees and commissions do not include variable considerations as these are fixed and agreed in the contract.

The Company recognizes fees and commissions at a point in time upon execution of trade transactions in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the service provided. Fees and commissions do not include variable consideration as there are based on a fixed rate agreed with customers.

The service being provided by the Company represents a single performance obligation. Thus, fees and commission are recognized at the point when the trade transaction has been executed in behalf of its customers.

The Company recognizes revenue based on the price specified in the contract, net of the estimated rebates/discounts and include variable consideration, if there is any. Accumulated experience is used to estimate and provide for the discounts and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

There are no warranties and other similar obligation and refunds agreed with customers.

19.17.2 Interest income

Interest income from cash and cash equivalents and loan receivable are recognized when it is determined that such income will accrue to the Company using the effective interest method.

19.17.3 Other income

All other income including dividends from financial assets at FVTPL and recoveries of specific PSE charges from trade clients and are recognized as earned when the Company's right to receive payment is established.

19.18 Expenses

Expenses are recognized when incurred and presented in the statement of total comprehensive income according to their nature.

19.19 Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that 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.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date.

For purposes of income tax calculation in 2016, the Company has decided to avail the OSD as provided for under Revenue Regulations No. 16-2008 and No. 2-2010. In 2017, the Company has switched to itemized deduction for the purposes of income tax calculation. The Company continued to adopt the itemized deduction in 2022 and 2021.

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the end of reporting period and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, NOLCO and excess MCIT can be utilized. The Company reassesses at the end of each reporting period the need to recognize a previously unrecognized deferred tax asset. Deferred tax liabilities are recognized in full for all taxable temporary differences.

Deferred tax expense or credit is recognized for changes in deferred tax assets and liabilities during the period. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority and where there is an intention to settle the balances on a net basis.

The Company reviews the carrying amounts of deferred tax assets at the end of each reporting period and reduces the amounts to the extent that it is no longer probable that sufficient taxable profit will allow all or part of its deferred tax assets to be utilized. Where the outcome of these judgments differ based on actual experience, changes in those estimates and judgments could have a significant effect on the carrying value of deferred tax assets and the amount and timing of recorded provision for any period.

19.20 Foreign currency transactions and translation

19.20.1 Functional and presentation currency

Items in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The financial statements are presented in Philippine Peso, which is the Company’s functional and presentation currency.

19.20.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Outstanding foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing at the end of the reporting period. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized profit or loss.

19.21 Related party transactions and 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 exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities, which are under common control with the reporting enterprise, or between, and/or among the reporting enterprises and their key management personnel, directors, or their shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

19.22 Events after the reporting date

Post year-end events that provide additional information about the Company’s position at the end of the reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

Note 20 - Supplementary information required by the Bureau of Internal Revenue (BIR)

The following is the supplementary information required by the Revenue Regulation No. 15-2010 presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

(i) Output value-added tax (VAT)

Output VAT declared and paid for the year ended 31 March 2022 and the revenues upon which the same was based consist of:

	Gross amount of revenues	Output VAT
Sale of services subject to 12% VAT	367,861,258	44,143,351
Cash payment		(38,015,145)
		6,128,206

The gross amount of revenues are based on gross receipts from sale of services of the Company while the revenues presented in the statement of total comprehensive income for the year ended 31 March 2022 are measured and presented in accordance with the Company's relevant revenue recognition policy.

Excess output VAT over input VAT as at 31 March 2022 amounting to P3,628,765 is included as part of Accrued expenses and other liabilities in the statement of financial position.

(ii) Input VAT

Movements in input VAT for the year ended 31 March follow:

	Amount
Beginning balance	652,501
Current year's domestic purchases/payments for:	
Goods other than for resale or manufacture	3,045
Capital goods subject to amortization	4,595
Services lodged in other accounts	4,669,924
	5,330,065
Input VAT claimed against output VAT	5,147,039
Ending balance	183,026

Input VAT is included in Prepayments and other current assets.

(iii) Documentary stamp tax

Documentary stamp taxes paid for the year ended 31 March 2022 amounting to P532 arising from payment of documents on intercompany settlements with the Company's affiliates are included in Taxes and licenses in the statement of total comprehensive income.

(iv) All other local and national taxes

All other local and national taxes paid for the year ended 31 March 2022 follow:

	Amount
Business permit	736,570
Fringe benefit tax	39,468
Community tax	10,500
	786,538

Others is composed of withholding tax expenses. All other local and national taxes paid are included in Taxes and licenses in the statement of comprehensive income.

All other local and national taxes paid are included in Taxes and licenses in the statement of comprehensive income.

(v) Stock transaction taxes

Stock transaction taxes accrued and paid as at and for the year ended 31 March 2022 follow:

	Amount
Paid	465,783,017
Accrued	4,076,091
	469,859,108

Stock transaction tax payable is included in Accrued expenses and other liabilities in the statement of financial position.

(vi) Withholding taxes

Withholding taxes accrued and/or withheld and paid as at and for the year ended 31 March 2022 follow:

	Accrued	Paid	Total
Final withholding tax	399,841	4,743,672	5,143,513
Withholding tax on compensation	1,432,454	25,757,482	27,189,936
Expanded withholding tax	283,900	2,259,434	2,543,334
Fringe benefit tax	-	728,588	728,588
	2,116,195	33,489,176	35,605,371

The above accrued withholding taxes are presented as withholding taxes under Accrued expenses and other liabilities in the statement of financial position.

(vii) Tax assessments and tax cases

Taxable years 2018, 2019 and 2020 are open tax years. The Company did not receive any Final Assessment Notice for the year ended 31 March 2022.

There are no outstanding tax cases under preliminary investigation, litigation and/or for prosecution in courts or bodies outside of the BIR as at 31 March 2022.

All other information prescribed to be disclosed by the BIR has been included in this note.

Macquarie Capital Securities (Philippines), Inc.

This report contains:

1. SEC Form 52-AR
2. Statement of management's responsibility
3. Statements of financial position
4. Statements of income
5. Statements of total comprehensive income
6. Statements of changes in equity
7. Statements of cash flows
8. Notes to financial statements
9. Statement of changes in liabilities subordinated to claims of general creditors (Schedule I)
10. Computation of Risk-Based Capital Adequacy (RBCA) ratio requirement pursuant to SRC Rule 49.1-A (Schedule II)
11. Information relating to the possession or control requirements under SRC Rule 49.2-A (Schedule III)
12. Computation for determination of reserve requirements under SRC Rule 49.2-B (Schedule IV)
13. A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit (Schedule V)
14. Results of monthly securities count conducted (Schedule VI)
15. Schedule of financial indicator (Schedule VII)

Macquarie Capital Securities (Philippines), Inc.

RECONCILIATION OF RETAINED EARNINGS

AVAILABLE FOR DIVIDEND DECLARATION

As of March 31, 2022

Macquarie Capital Securities (Philippines), Inc.
Level 29, Tower One, The Enterprise Center
Ayala Avenue, Makati City

(All amounts in Philippine Peso)

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning		455,149,297
Add: Net income actually earned/realized during the period		
Net income during the period closed to Retained Earnings	106,261,377	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	(14,279,186)	
Unrealized actuarial gain	-	
Fair value adjustment (M2M gains)	(675,549)	
Fair value adjustment of Investment Property resulting to gain	-	
Adjustment due to deviation from PFRS/GAAP-gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Sub-total	(14,954,735)	
Add: Non-actual losses		
Unrealized foreign exchange loss - net (except those attributable to cash and cash equivalents)	-	
Fair value adjustment (after tax)	-	
Adjustment due to deviation from PFRS/GAAP - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Sub-total	-	
Net income actually realized during the period		91,306,642
Add(Less):		
Dividends declared and approved during the period	-	
Appropriation of retained earnings during the year	(10,626,138)	
Reversals of Appropriations	-	
Effects of prior period adjustments	-	
Treasury Shares	-	
		(10,626,138)
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND DISTRIBUTION		**535,829,801**

Macquarie Capital Securities (Philippines), Inc.

SEC Form 52-AR

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
Metro Manila, Philippines

ANNUAL AUDITED FINANCIAL REPORT

Information Required of Brokers and Dealers Pursuant to Rule 52.1 of the Securities Regulation Code.

Report for the period beginning April 1, 2021 and ending March 31, 2022.

IDENTIFICATION OF BROKER OR DEALER	
Name of Broker/Dealer:	**Macquarie Capital Securities (Philippines), Inc.**
Address of Principal Place of Business	Level 29, Tower One, The Enterprise Center, Ayala Avenue, Makati City

Name and Phone Number of Person to Contact in Regard to this Report

Name: Mr. Paulo Rojas Tel. No. 8857-0888

IDENTIFICATION OF ACCOUNTANT			
Name of Independent Certified Public Accountant whose opinion is contained in this report:			
Name:	Zaldy D. Aguirre	Tel. No.	8845-2728
		Fax No.	8845-2806
Address:	29th Floor, Philamlife Tower, Paseo de Roxas, Makati City		
Certificate Number	105,660		
PTR Number	0024447	Date Issued	January 5, 2021

SCHEDULE I

Macquarie Capital Securities (Philippines), Inc.

Statement of Changes in Liabilities
Subordinated to Claims of General Creditors
March 31, 2022

There are no liabilities subordinated to claims of general creditors as at March 31, 2022.

SCHEDULE II

Macquarie Capital Securities (Philippines), Inc.

Computation of Risk-Based Capital
Adequacy (RBCA) Ratio Under SRC Rule 49.1
March 31, 2022
(All amounts in Philippine Peso)

Total assets	2,137,568,888
Less: Total liabilities	890,824,008
Equity eligible for net liquid capital	1,246,744,880
Adjustments to equity per books	
Add (Deduct)	
Deferred income tax asset	(8,307,689)
Revaluation reserve	(1,796,940)
Equity eligible for net liquid capital	1,236,640,251
Net liquid capital (NLC)	
Less: Ineligible assets	
Trading right and all other intangible assets (net)	1,775,000
Due from related companies	22,527,840
Fixed assets, net of accumulated and excluding those used as collateral	8,272,616
All other current assets	2,569,359
Other assets including equity investments in PSE	6,970,639
Total ineligible assets	42,115,454
Net liquid capital (NLC)	1,194,524,797
Less:	
Operational risk requirement (ORR)	83,259,589
Position risk requirement (PRR)	48,869,033
Total risk capital requirement (TRCR)	132,128,622
Net risk-based capital adequacy (RBCA) margin (NLC - TRCR)	1,062,396,175
Aggregate indebtedness (AI)	890,824,008
5% of Aggregate indebtedness	44,541,200
Required NLC (5% of AI or P5 million whichever is higher)	44,541,200
Net risk-based capital excess	1,149,983,596
Ratio of AI to NLC	0.75
RBCA Ratio (NLC/TRCR)	9.04

SCHEDULE III

Macquarie Capital Securities (Philippines), Inc.

Information Relating to Possession or Control Requirements
Pursuant to SRC Rule 49.2 (Under Annex 49.2 - A)
March 31, 2022

1. Customers' fully paid securities and excess margin securities not in the broker's or dealer's possession or control as at March 31, 2022 for which instructions to reduce to possession or control had been issued as of the report date but for which the required action was not taken by respondent within the time frame specified under SRC Rule 49.2 (Annex 49.2-A):

Market valuation	Nil
Number of items	

2. Customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as at the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under SRC Rule 49.2 (Annex 49.2 - A):

Market valuation	Nil
Number of items	

SCHEDULE IV

Macquarie Capital Securities (Philippines), Inc.

Computation for Determination of Reserve Requirements
Pursuant To SRC Rule 49.2 (Under Annex 49.2 - B)
March 31, 2022
(All amounts in Philippine Peso)

	Credits	Debits
Free credit balances and other balances in customer securities accounts		
Trade payables to customers	189,195,935	
Trade payables to clearing house	275,894,946	
Trade payables to other brokers	2,217,000	
Market value of stock dividends and splits outstanding over 30 calendar days	47,121,552	
Debit balances in customers cash accounts		
Trade receivables from customers		475,442,354
Trade receivables from clearing house		-
Trade receivables from other brokers		-
Unsecured accounts		(5,598,525)
Reduction by 1%		(4,698,438)
Total	514,429,433	465,145,391
Net credit balance	49,284,042	
Balance - Special Reserve Account	72,000,000	

Note: The Special Reserve Account is included under Cash and cash equivalents in the Company's statements of financial position

SCHEDULE VI

Macquarie Capital Securities Philippines, Inc.
Schedule of Inventory of Securities
March 31, 2022
(All amounts in Philippine Peso, except number of shares)

		NUMBER OF SHARES				TOTAL
SECURITY NAME	**SYMBOL**	**VAULT**	**TRANSFER OFFICE**	**PCD**	**IN-TRANSIT**	**MARKET VALUE**
Asiabest Group International Ord Shs	ABG	-	-	1,600	-	5,648
ABS-CBN Ord Shs	ABS	-	-	10,500	-	133,140
Ayala Ord Shs	AC	-	-	217	15,400	12,868,408
AC Energy Corporation Ord Shs	ACEN	-	-	-	3,374,600	29,460,258
Aboitiz Equity Ventures PHP1 Ord Shs	AEV	-	-	260	-	15,470
Alliance Global Group Ord Shs	AGI	-	-	-	165,000	2,065,800
Ayala Land Ord Shs	ALI	-	800,000	348,589	1,038,600	76,660,974
Alaska Milk Corp Ord Shs	AMC	-	-	2,500	-	-
A. Soriano Corp Ord Shs	ANS	-	-	39	-	351
Aboitiz Power Ord Shs	AP	-	800,000	40	(3,800)	28,664,640
Apollo Global Ord Shs	APL	-	-	690,000	-	30,360
Altus Property Ventures, Inc.	APVI	-	-	14	-	227
BDO Unibank Ord Shs	BDO	-	-	-	(381,490)	(50,623,723)
Belle Ord Shs	BEL	-	-	20,336	-	27,250
Bank Of The Philippine Islands Ord Shs	BPI	-	-	-	(76,270)	(7,596,492)
Basic Energy Ord Shs	BSC	-	-	245	-	104
CEBU AIR Ord Shs	CEB	-	-	-	440,000	21,230,000
Cebu Holdings Ord Shs	CHI	-	-	6,250	-	-
Century Pacific Food Ord Shs	CNPF	-	-	-	4,776,500	112,247,750
Converge Information & Communications Technology Solutions Ord Shs	CNVRG	-	-	65	187,100	5,652,383
Cosco Capital Ord Shs	COSCO	-	-	-	(85,000)	(419,900)
CTS GLOBAL EQUITY GROUP	CTS	-	-	-	-	-
D&L Industries Ord Shs	DNL	-	-	-	(236,000)	(1,885,640)
Export And Industry Bank A Ord Shs	EIBA	-	-	2,665	-	-
Empire East Land Holdings Ord Shs	ELI	-	-	14,444	-	3,409
First Abacus Ord Shs	FAF	-	-	30,000	-	18,300
First Gen Ord Shs	FGEN	-	-	39	101,000	2,667,430
Filinvest Land Ord Shs	FLI	-	-	353,320	-	381,586
Global Ferronickel Holdings Ord Shs	FNI	-	-	-	3,339,000	9,783,270
First Philippine Holdings Ord Shs	FPH	-	-	20,862	-	1,464,512
Global Estate Resorts Ord Shs	GERI	-	-	176,240,000	-	165,665,600
Globe Tel Ord Shs	GLO	-	-	-	200	508,000
Greenergy Holdings Ord Shs	GREEN	-	-	308	-	557
GT Capital Holdings Ord Shs	GTCAP	-	-	-	400	220,800
Holcim Phils Ord Shs	HLCM	-	-	3,500	-	19,600
AllHome Corp Ord Shs	HOME	-	-	-	65,200	495,520
International Container Terminal Services Ord Shs	ICT	-	-	7	(180,250)	(40,518,626)
Ionics Ord Shs	ION	-	-	10,000	-	7,000
Jollibee Foods Ord Shs	JFC	-	-	20,831	-	4,686,975
JG Summit Holdings 1 Ord Shs	JGS	-	-	2	(117,260)	(7,187,915)
Lepanto Consolidated Mining Class B Ord Shs	LCB	-	-	225,000	-	33,975
Lopez Holdings Ord Shs	LPZ	-	-	10,210	-	30,426
LT Group Ord Shs	LTG	-	-	-	(1,606,800)	(14,300,520)
Manila Mining Class B Ord Shs	MAB	-	-	2,706,319	-	27,063
Metropolitan Bank and Trust Co Ord Shs	MBT	-	-	6	(47,600)	(2,712,858)
Megaworld Corp Ord Shs	MEG	-	-	35,802	(3,480,000)	(10,367,036)
Manila Electric Ord Shs	MER	200	-	6,804	28,960	13,436,150
Monde Nissin Ord Shs	MONDE	-	-	4	150,000	2,055,055
Metro Pacific Inv Ord Shs	MPI	-	-	310,110,200	12,482,000	1,225,850,360
Manila Water Ord Shs	MWC	-	-	-	842,000	16,966,300

SECURITY NAME	SYMBOL	NUMBER OF SHARES				TOTAL MARKET VALUE
		VAULT	TRANSFER OFFICE	PCD	IN-TRANSIT	
Nickel Asia Ord Shs	NIKL	-	-	15,315,000	1,000,000	127,909,600
Philodrill Ord Shs	OV	-	-	115,000	-	1,070
Pure Gold Price Club Ord Shs	PGOLD	-	-	-	(189,500)	(6,774,625)
Phinma Corporation Ord Shs	PHN	39	-	34,435	-	670,175
Shakeys Pizza Ord Shs	PIZZA	-	-	-	(72,000)	(572,400)
Primetown Property Group Inc Ord Shs	PMT	-	-	100	-	-
Phil National Bank Ord Shs	PNB	-	-	8,014	-	153,869
Philtown Properties Inc	PPI	-	-	2,798	-	-
RFM Corp Ord Shs	RFM	-	-	50,000	-	215,000
Robinsons Land Ord Shs	RLC	-	-	1,000	(1,436,400)	(29,425,700)
REYNOLDS PHILIPPINE CORP PHP1	RPC	-	-	328,535	-	-
Robinsons Retail Ord Shs	RRHI	-	-	491,930	194,010	38,103,967
Swift Foods Ord Shs	SFI	-	-	13,444	-	1,358
Swift Foods Conv Pref Shs	SFIP	-	-	2,197	-	3,230
Synergy Grid And Development Phils Ord Shs	SGP	-	185,600	-	-	2,275,456
Shang Properties Ord Shs	SHNG	-	-	2,053	-	5,338
SM Investments Ord Shs	SM	-	-	17	1,000	924,453
San Miguel Ord Shs	SMC	-	-	1,728	(19,540)	(1,959,320)
SM Prime Holdings Ord Shs	SMPH	-	-	407,015	871,500	48,391,793
Seafront Resources Corp Ord Shs	SPM	-	-	2,716	-	6,546
Steniel Manufacturing Corp Ord Shs	STN	-	-	625	-	-
Sani Wares Mfg Ord Shs	SWM	-	-	15,499,800	-	-
PLDT Inc Ord Shs	TEL	-	1,070	383	14,895	30,243,800
Top Frontier Investment Holdings Ord Shs	TFHI	-	-	172	-	20,382
Universal Robina Ord Shs	URC	-	-	-	525,180	63,546,780
Vantage Equities Ord Shs	V	-	-	345,000	-	296,700
Vista Land and Lifescapes Ord Shs	VLL	-	-	706,000	-	1,842,660
Victorias Milling Company Inc Ord Shs	VMC	77,987	-	-	-	189,508
Wise Holdings Class B Ord Shs	WHIB	-	-	541	-	-
Sta Elena Golf Club Shares		1	-	-	-	6,166,667
Grand Total		78,227	1,786,670	524,199,481	21,680,635	1,880,008,245

MACQUARIE CAPITAL SECURITIES (PHILIPPINES), INC.

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS OF MARCH 31, 2022
(All amounts in Philippine Peso)

Ratio	Formula	2022	2021
Current ratio	Current Assets ÷ Current Liabilities	2.40	2.39
Acid test ratio	(Current Assets - Prepayments) ÷ Current Liabilities	2.40	2.39
Solvency ratio	(Net income for the year + Non-cash expenses) ÷ Total liabilities	14.28%	9.85%
Debt-to-equity ratio	Total Liabilities ÷ Total Equity	0.71	0.71
Asset-to-equity ratio	Total Assets ÷ Total Equity	1.71	1.71
Interest rate coverage ratio	Income from operations ÷ Finance cost	42.03	27.66
Return on equity	Net income for the year ÷ Total Equity	8.52%	4.36%
Return on assets	Net income for the year ÷ Total Assets	4.99%	2.55%
Net profit margin	Net income for the year ÷ Total Income	27.30%	14.62%

From: eafs@bir.gov.ph
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Cc: Charles Nipal
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Submission Date/Time: **Jul 18, 2022 11:03 AM**
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To: John Madamba
Subject: FW: SEC CiFSS-OST Initial Acceptance
Date: Monday, 18 July 2022 12:39:40 PM

FYI

From: noreply-cifssost@sec.gov.ph <noreply-cifssost@sec.gov.ph>
Sent: Monday, 18 July 2022 8:42 am
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External Communication

Greetings!

SEC Registration No: 0000180496
Company Name: MACQUARIE CAPITAL SECURITIES (PHILIPPINES) INC.
Document Code: AFS

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Subject to verification of form and quality of files of the submitted report.
Another email will be sent as proof of review and acceptance.

Thank you.

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City,
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To: John Madamba
Subject: RE: Macquarie Capital Securities Philippines Inc 180496 Audited Financial Statements FY2022
Date: Monday, 18 July 2022 11:35:29 AM

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NOTICE

Please be informed that pursuant to SEC Memorandum Circular No. 3, series of 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (PDF) Secondary Reports such as: 17-A, 17-C, 17-L, 17-Q, ICASR, ICA-QR, ICA-AR, 23-A, 23-B, I-ACGR, ACGR, Monthly Reports, Quarterly Reports, Letters, OPC(ALTERNATE NOMINEE),GIS-G, 52-AR, IHAR,AMLA-CF,NPM,NPAM, BP-FCLC, CHINESEWALL, 39-AR,36-AR, PNFS, MCG, S10/SEC-NTCE-EXEMPT, through email at

ictdsubmission@sec.gov.ph

Note: All submissions through this email are no longer required to submit the hard copy thru mail, eFAST or over- the- counter.

For those applications that require payment of filing fees, these still need to be filed and sent via email with the SEC RESPECTIVE OPERATING DEPARTMENT.

Further, note that other reports shall be filed thru the ELECTRONIC FILING AND SUBMISSION TOOL (eFAST) such as: AFS, GIS, GFFS, LCFS, LCIF, FCFS. FCIF, IHFS, BDFS, PHFS etc. ANO, ANHAM, FS-PARENT, FS-CONSOLIDATED, OPC_AO, AFS WITH NSPO FORM 1,2,3 AND 4,5,6, AFS WITH NSPO FORM 1,2,3 (FOUNDATIONS)

FOR MC28, please go to SEC website:

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For your information and guidance.

Thank you and keep safe.