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SECURITIES AND EXCHANGE COMMISSION

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SEC Registration No.	AS93009203
Company Name	IGC SECURITIES, INC.
Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	208162255246733
Document Type	ANNUAL AUDITED FINANCIAL REPOR
Document Code	52AR
Period Covered	December 31, 2021
No. of Days Late	
Department	
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IGC SECURITIES INC.

MEMBER: PHILIPPINE STOCK EXCHANGE

"STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS"

The management of **IGC Securities, Inc.** (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at and for the years ended December 31, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Reyes Tacandong & Co., the independent auditor appointed by the Board of Directors, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature: ISMAEL G. CRUZ, President
Name, Position

Signature: DEO S. DIONISIO, Treasurer
Name, Position

Signed this 25th day of May 2022

Suite 1006 Tower One & Exchange Plaza, Ayala Triangle, Makati City, Philippines
Office: (632) 8891-9190 to 93 • Trading Floor: (632) 7940-6073 • 7791-4375
Telefax: (632) 8891-9194 • E-mail: igcsec@pldtdsl.net

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	0	9	3	0	0	9	2	0	3

C O M P A N Y   N A M E

IGC SECURITIES INC.

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

Unit 1006, Tower One and Exchange Plaza, Ayala Ave. cor. Paseo de Roxas, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
52AR	MSRD	Broker/Dealer

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number/s	Mobile Number
igcsec@pldtsl.net	(02) 8-891-9193	0918-812-1945

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
8	Last Wednesday of May	December 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
Mr. Ismael G. Cruz	ismaelgcruz@igcsec.com	(02) 8-891-9193	0918-812-1945

CONTACT PERSON'S ADDRESS

Unit 1006, Tower One and Exchange Plaza, Ayala Ave. cor. Paseo de Roxas, Makati City

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

2: *All boxes must 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 shall not excuse the corporation from liability for its deficiencies.*

IGC SECURITIES INC.
ANNUAL AUDITED FINANCIAL REPORT
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DECEMBER 31, 2021

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

COVER PAGE

Information Required of Brokers and Dealers Pursuant to Rule 52.1-5 of the SRC.

Report for the Year Beginning January 1, 2021 and Ended December 31, 2021.

IDENTIFICATION OF BROKER OR DEALER	
Name of Broker/Dealer:	IGC Securities Inc.
Address of Principal Place of Business:	Unit 1006, Tower One and Exchange Plaza, Ayala Ave. cor. Paseo de Roxas, Makati City
Name and Phone Number of Person to Contact in Regard to this Report:	
Name: Ismael G. Cruz	Tel. No.: (02) 8-891-9193 Fax No.: (02) 8-891-9194

IDENTIFICATION OF ACCOUNTANT	
Name of Independent Auditors whose opinion is contained in this report:	
Name: Reyes Tacandong & Co. SEC Accreditation No. 0207-FR-3 Group A; Valid until August 28, 2022	Tel. No.: (02) 8-982-9100 Fax No.: (02) 8-982-9111
Address: 26th Floor, BDO Towers Valero (formerly Citibank Tower), 8741 Paseo de Roxas, Makati City 1226 Philippines	
BELINDA B. FERNANDO Partner CPA Certificate No. 81207 Tax Identification No. 102-086-538-000 BOA Accreditation No. 4782; Valid until April 13, 2024 SEC Accreditation No. 81207-SEC Group A Issued January 30, 2020 Valid for Financial Periods 2019 to 2023 BIR Accreditation No. 08-005144-004-2019 Valid until October 16, 2022 PTR No. 8851706 Issued January 3, 2022, Makati City	

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
IGC Securities Inc.
Unit 1006, Tower One and Exchange Plaza
Ayala Ave. cor. Paseo de Roxas
Makati City

Opinion

We have audited the accompanying financial statements of IGC Securities Inc. (the Company), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

REYES TACANDONG & CO.

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 81207-SEC Group A
Issued January 30, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-004-2019
Valid until October 16, 2022
PTR No. 8851706
Issued January 3, 2022, Makati City

May 25, 2022
Makati City, Metro Manila

IGC SECURITIES INC.

STATEMENTS OF FINANCIAL POSITION

		December 31					
		2021			2020		
			Security Valuation			Security Valuation	
	Note	**Money Balance**	**Long**	**Short**	Money Balance	Long	Short
ASSETS							
Current Assets							
Cash and cash equivalents	7	**₱25,762,841**			₱22,314,479		
Trade receivables	8	**105,053,316**	**₱332,809,652**		104,251,363	₱1,345,501,328	
Other current assets	9	**18,037,864**			16,086,851		
Total Current Assets		**148,854,021**			142,652,693		
Noncurrent Assets							
Financial assets at fair value through other comprehensive income (FVOCI)	10	**3,987,162**	**3,987,162**		4,158,214	4,158,214	
Exchange trading right	11	**3,500,000**			3,500,000		
Property and equipment	12	**41,375,708**			38,805,677		
Net deferred tax assets	19	**488,728**			665,351		
Refundable deposit	13	**1,226,535**			1,179,752		
Total Noncurrent Assets		**50,578,133**			48,308,994		
		₱199,432,154			₱190,961,687		
Securities in Vault, in Transfer Offices and in Philippine Depository and Trust Corporation (PDTC)				**₱8,106,689,770**			₱6,225,084,843
LIABILITIES AND EQUITY							
Current Liabilities							
Trade payables	14	**₱96,252,681**	**7,769,892,956**		₱91,669,616	4,875,425,301	
Current portion of loans payable	16	**4,094,247**			444,451		
Other current liabilities	15	**9,057,167**			7,150,910		
Total Current Liabilities		**109,404,095**			99,264,977		
Noncurrent Liabilities							
Loans payable - net of current portion	16	**30,684,008**			34,673,041		
Retirement benefit liability	17	**1,879,623**			2,329,340		
Total Noncurrent Liabilities		**32,563,631**			37,002,381		
Total Liabilities		**141,967,726**			136,267,358		
Equity							
Capital stock	5	**30,000,000**			30,000,000		
Retained earnings:							
Appropriated		**8,165,299**			7,301,399		
Unappropriated		**19,146,604**			17,130,838		
Cumulative unrealized gains on financial assets at FVOCI (net of deferred tax)	10	**152,525**			262,092		
Total Equity		**57,464,428**			54,694,329		
		₱199,432,154	**₱8,106,689,770**	**₱8,106,689,770**	₱190,961,687	₱6,225,084,843	₱6,225,084,843

See accompanying Notes to Financial Statements.

IGC SECURITIES INC.

STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31 **2021**	2020
REVENUES			
Commissions		**₱9,894,644**	₱8,146,414
Advisory fees		**6,135,938**	2,421,516
		16,030,582	10,567,930
COST OF SERVICES			
Personnel costs	17	**837,680**	1,177,166
Central depository fees		**728,352**	485,002
Stock exchange dues and fees		**380,868**	357,541
		1,946,900	2,019,709
GROSS PROFIT		**14,083,682**	8,548,221
OPERATING EXPENSES			
Personnel costs	17	**3,978,062**	4,856,927
Professional fees		**2,031,335**	996,546
Rental	18	**1,498,978**	72,000
Representation		**467,900**	183,939
Depreciation	12	**361,487**	325,042
Transportation and travel		**296,218**	308,651
Outside services		**283,000**	230,000
Membership and seminar fees		**277,628**	286,373
Repairs and maintenance		**218,025**	392,737
Supplies		**210,272**	193,602
Communications		**206,877**	240,556
Taxes and licenses		**178,004**	120,129
Utilities		**140,941**	136,279
Others		**1,470,224**	574,265
		11,618,951	8,917,046
OTHER INCOME – Net			
Interest income	7	**1,329,998**	1,598,621
Dividend income	10	**78,068**	73,904
Interest expense		**(33,279)**	(48,896)
		1,374,787	1,623,629
INCOME BEFORE INCOME TAX		**3,839,518**	1,254,804
INCOME TAX EXPENSE (BENEFIT)	19		
Current		**721,744**	197,250
Deferred		**238,108**	(125,855)
		959,852	71,395
NET INCOME		**₱2,879,666**	₱1,183,409

(Forward)

	Note	Years Ended December 31 **2021**	2020
OTHER COMPREHENSIVE INCOME (LOSS)	10		
Not to be reclassified to profit or loss in subsequent periods			
Unrealized gains (losses) on fair value changes in financial assets at FVOCI		**(₱171,052)**	₱396,876
Deferred tax benefit (expense)		**42,763**	(119,063)
Effect of change in tax rate on deferred income tax benefit on unrealized losses on fair value changes in financial assets at FVOCI		**18,722**	–
		(109,567)	277,813
TOTAL COMPREHENSIVE INCOME		**₱2,770,099**	₱1,461,222

See accompanying Notes to Financial Statements.

IGC SECURITIES INC.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	Note	Capital Stock	Retained Earnings Appropriated	Retained Earnings Unappropriated	Cumulative Unrealized Gains (Losses) on Financial Assets of FVOCI (Net of Deferred Tax)	Total
Balances as at January 1, 2021		**₱30,000,000**	**₱7,301,399**	**₱17,130,838**	**₱262,092**	**₱54,694,329**
Net income		**–**	**–**	**2,879,666**	**–**	**2,879,666**
Unrealized losses on fair value changes	10	**–**	**–**	**–**	**(128,289)**	**(128,289)**
Effect of change in tax rate	10	**–**	**–**	**–**	**18,722**	**18,722**
Appropriation during the year	5	**–**	**863,900**	**(863,900)**	**–**	**–**
Balances as at December 31, 2021		**₱30,000,000**	**₱8,165,299**	**₱19,146,604**	**₱152,525**	**₱57,464,428**
Balances as at January 1, 2020		₱30,000,000	₱6,946,376	₱16,337,443	(₱50,712)	₱53,233,107
Net income		–	–	1,183,409	–	1,183,409
Unrealized gains on fair value changes	10	–	–	–	277,813	277,813
Reclassification of realized loss on sale of financial assets at FVOCI	10	–	–	(34,991)	34,991	–
Appropriation during the year	5	–	355,023	(355,023)	–	–
Balances as at December 31, 2020		₱30,000,000	₱7,301,399	₱17,130,838	₱262,092	₱54,694,329

See accompanying Notes to Financial Statements.

IGC SECURITIES INC.

STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱3,839,518**	₱1,254,804
Adjustments for:			
Interest income	7	**(1,329,998)**	(1,598,621)
Gain on reversal of retirement benefit liability	17	**(449,717)**	–
Depreciation	12	**361,487**	325,042
Reversal of impairment losses on trade receivables	8	**(98,295)**	(13,690)
Dividend income	10	**(78,068)**	(73,904)
Unrealized foreign exchange loss (gain)		**81,455**	(32,576)
Interest expense		**33,279**	48,896
Retirement benefit costs	17	**–**	515,690
Operating income before working capital changes		**2,359,661**	425,641
Decrease (increase) in:			
Trade receivables		**(703,658)**	(3,520,730)
Other current assets		**(919,503)**	2,478,211
Refundable deposit		**(46,783)**	(35,179)
Increase (decrease) in:			
Trade payables		**4,583,065**	(4,552,005)
Other current liabilities		**1,906,257**	5,289,004
Net cash generated from operations		**7,179,039**	84,942
Interest received		**298,488**	602,199
Income taxes paid		**(721,744)**	(440,005)
Dividends received		**78,068**	73,904
Net cash provided by operating activities		**6,833,851**	321,040
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment		**(858,421)**	(1,029,613)
Proceeds from sale of financial assets at FVOCI	10	**–**	197,520
Net cash used in investing activities		**(858,421)**	(832,093)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Interest		**(2,106,376)**	(2,127,673)
Loans		**(339,237)**	(199,448)
Cash used in financing activities		**(2,445,613)**	(2,327,121)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**3,529,817**	(2,838,174)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(81,455)**	32,576
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**22,314,479**	25,120,077
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱25,762,841**	₱22,314,479

See accompanying Notes to Financial Statements.

1. Corporate Information

IGC Securities Inc. (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on November 23, 1993. The Company is a licensed broker/dealer of stocks with the SEC and is both a member and holder of an exchange trading right issued by the Philippine Stock Exchange, Inc. (PSE). The Company is also engaged in corporate advisory services.

The registered office address of the Company is Unit 1006, Tower One and Exchange Plaza, Ayala Ave. cor. Paseo de Roxas, Makati City.

Approval of the Financial Statements

The financial statements of the Company as at and for the years ended December 31, 2021 and 2020 was approved and authorized for issuance by the Board of Directors (BOD) on May 25, 2022.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine interpretations from International Financial Reporting Interpretations Committee (IFRIC).

The significant accounting policies used in the preparation of the financial statements are consistently applied to all the years presented, unless otherwise stated.

Moreover, the Statements of Financial Position contain some additional information in line with the requirements of Rule 52.1 of the Implementing Rules and Regulations of the Securities Regulation Code.

Measurement Bases

The financial statements are presented in Philippine Peso, the Company's functional currency. All values are stated in absolute amounts, unless otherwise indicated.

The financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI). Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability. 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 Company uses market observable data to the extent possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities; or

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information on assumptions used in fair value measurement is disclosed in the following notes to the financial statements:

- Note 6 - Fair Value Measurement
- Note 10 - Financial Assets at FVOCI

<u>Amended PFRS Issued But Not Yet Effective</u>

Relevant amended PFRS, which are not yet effective and have not been applied in preparing the financial statements, are summarized below.

Effective January 1, 2022:

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applied the amendments.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity, as applicable. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS 2018 to 2020 Cycle -

  - Amendments to PFRS 9, *Financial Instruments - Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other’s behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

Effective January 1, 2023:

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following when classifying liabilities between current and noncurrent: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2, *Making Materiality Judgements*, is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing amended PFRS is not expected to have any material effect on the financial statements of the Company. Additional disclosures will be included in the notes to the financial statements, as applicable.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity or a financial liability or equity instrument of another entity.

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using trade date accounting.

"Day 1" Difference. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

Financial Assets

Initial Recognition and Measurement. Financial assets are recognized initially at fair value, which is the fair value of the consideration given. The initial measurement of financial assets, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at FVOCI, and (c) financial assets at FVPL. The classification of a financial asset largely depends on the Company's business model for managing the asset and its contractual cash flow characteristics.

As at December 31, 2021 and 2020, the Company does not have financial assets at FVPL.

Financial Assets at Amortized Cost. Financial assets are measured at amortized cost if both of the following conditions are met:

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

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

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized or impaired, and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2021 and 2020, the Company's cash and cash equivalents, trade receivables, other current assets (excluding nonfinancial assets), and refundable deposit are classified under this category.

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

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

As at December 31, 2021 and 2020, the Company irrevocably designated its investments in quoted equity securities under this category.

Reclassification. The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

Impairment of Financial Assets at Amortized Cost. The Company recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at FVPL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Company has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to its customers and the economic environment.

For other financial assets measured at amortized cost, the ECL is based on the 12-month ECL, using general approach, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. The Company also considers reasonable and supportable information, that is available without undue cost or effort, which is indicative of significant increases in credit risk since initial recognition.

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements attached to the arrangement.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level. In cases of default, the customer receives a notice of cancellation and does not continue the payments.

Derecognition. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The right to receive cash flows from the asset has expired;
- The Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or,
- The Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company’s continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are recognized initially at fair value, which is the fair value of the consideration received. In case of financial liabilities at amortized costs, the initial measurement is net of any directly attributable transaction costs.

Classification. The Company classifies its financial liabilities at initial recognition as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at December 31, 2021 and 2020, the Company does not have financial liabilities at FVPL.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2021 and 2020, the Company's trade payables, loans payable and other current liabilities (excluding statutory liabilities) are classified under this category.

Derecognition. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Classification of Financial Instrument between Liability and Equity. A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or,
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Excess Tax Credits
Excess tax credits pertain to tax withheld and remitted to Bureau of Internal Revenue (BIR) by the customers of the Company and is deducted from income tax due on the year the income was recognized. Unapplied or excess creditable withholding tax over income tax due is carried forward to be utilized in succeeding years.

Value-added Tax (VAT)
VAT is a tax on consumption levied on the sale, barter, exchange, or lease of goods or properties and services, and on importation of goods in the Philippines. It is an indirect tax, which may be shifted or passed on to the buyer, transferee or lessee of goods, properties or services. Revenue, expenses and assets are generally recognized net of the amount of VAT.

The net amount of VAT recoverable and payable to the taxation authority is included in "Other current assets" and "Other current liabilities" accounts, respectively.

Exchange Trading Right
Exchange trading right is classified as an intangible asset and measured on initial recognition at cost. Exchange trading right has an indefinite useful life and is tested for impairment annually. Exchange trading right is not amortized but is carried at cost less accumulated impairment losses, if any. The exchange trading right is deemed to have indefinite useful lives as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company. The assumption that the exchange trading right remains to be an intangible asset with an indefinite life is reviewed annually to determine whether this continues to be supportable as such. If not, the carrying amount of the asset is amortized over its remaining useful life on a straight line basis unless a more appropriate amortization method is warranted. Any impairment losses determined are recognized in profit or loss.

Gains or losses arising from the derecognition of exchange trading right are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss in the period the asset is derecognized.

Property and Equipment
Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment loss.

The initial cost of property and equipment comprises its purchase price (after deducting trade discounts and rebates) and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally recognized in profit or loss in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Depreciation is calculated on a straight-line basis over the following estimated useful lives of the property and equipment:

	Number of Years
Transportation equipment	5
Office equipment	3
Office condominium unit	20

Depreciation of office condominium unit begins when it is available in the condition necessary for it to be capable of operating in the manner intended by the management.

The estimated useful lives and depreciation method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment. Fully depreciated assets are retained in the accounts until these are no longer in use and no further charge for depreciation is made in respect of those assets.

When assets are retired or otherwise disposed of, both the cost and the related accumulated depreciation and any accumulated impairment loss are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Construction in progress represents properties under construction and is stated at cost. Cost includes costs of construction and other directly attributable costs. Construction in progress is not depreciated until such time that the relevant assets are completed and ready for operational use.

Impairment of Nonfinancial Assets

The carrying amounts of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units (CGU) are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation (in the case of property and equipment), had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation charges are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued and outstanding.

Retained Earnings. Retained earnings represent the cumulative balance of net income or losses, net of any dividend declaration. At each reporting date, net income or loss of the Company is transferred to retained earnings.

Unappropriated retained earnings pertain to the unrestricted portion available for dividend declaration. Appropriated retained earnings pertain to the restricted portion which is intended for the reserve fund in compliance with the Securities Regulation Code (SRC) Rule 49.1 (B).

Other Equity Reserves. Other equity reserves consist of cumulative balances of items of income and expense that are not recognized in profit or loss in accordance with PFRS. Other equity reserves of the Company pertain to cumulative unrealized gains or losses on financial assets at FVOCI and are not to be reclassified to profit or loss in subsequent periods. Cumulative unrealized gains sold are reclassified to profit or loss in subsequent periods.

Revenue Recognition

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

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as agent in its stock brokering transactions while it acts as a principal in its income from other sources.

Revenue from contract with customers are recognized as follows:

Commissions. Commissions are recorded on a trade date basis as trade transactions occur.

Advisory fees. Advisory fees are earned from services provided to customers and are recognized over the period the related service is rendered.

The following are the specific recognition criteria for other revenues outside the scope of PFRS 15, *Revenue from Contracts with Customers*:

Interest Income. Interest income is recognized in profit or loss as it accrues, taking into account the effective yield of the asset.

Dividend Income. Dividend is recognized when the right to receive the dividends is established.

Gain on reversal of retirement benefit liability. Income from other sources is recognized in statements of comprehensive income when earned during the period.

Cost and Expense Recognition
Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Cost of Services. Cost of services are recognized as expense when the related services are rendered.

Operating Expenses. Operating expenses constitute costs of administering the business and costs incurred to sell and market the services. These are expensed as incurred.

Interest Expense. Interest expense is recognized as incurred unless these are directly attributable to the construction of a qualifying asset, which are capitalized as part of the asset. Interest expense is recognized as it accrues on a time proportion basis using the effective interest method.

Employee Benefits

Short-term Employee Benefits. The Company recognizes short-term employee benefits based on contractual arrangements with employees. Unpaid portion of the short-term employee benefits is measured on an undiscounted basis and is included as part of "Other current liabilities" account in the statements of financial position.

Retirement Benefits. Retirement benefit expense is determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs and interest expense in profit or loss.

The retirement benefit liability recognized by the Company is the aggregate of the present value of the defined benefit obligation. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related retirement benefit liability.

Foreign Currency-Denominated Transactions
Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate at reporting date. Differences arising on settlement or translation of monetary assets and liabilities are recognized in profit or loss.

Leases
The Company assesses whether a contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and,
- The right to direct the use of the identified asset.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Company also assesses whether a contract contains a lease for each potential separate lease component.

Company as a Lessee. At the commencement date, the Company recognizes ROU asset and lease liabilities for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized in profit or loss on a straight-line basis throughout the lease term.
The Company elected to apply the recognition exemption on short-term lease. The related lease payments on these lease agreement are recognized in profit or loss on a straight-line basis.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

Related Party Transactions
Related party transactions are transfers of resources, services, or obligations between the Company and its related parties.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. Transactions between related parties are accounted for at arm’s length prices or on terms similar to those offered to non-related parties in an economically comparable market.

Provisions and Contingencies

Provisions. Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, expected future cash flows are discounted using a current pretax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingencies. Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

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

3. **Significant Judgments, Accounting Estimates and Assumptions**

The preparation of the financial statements in compliance with PFRS requires management to exercise judgments and make accounting estimates and assumptions that affect the reported amounts in the financial statements and related notes. The judgments and accounting estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date.

While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

Judgments, accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised in any future periods affected.

The following are the significant judgments, accounting estimates and assumptions made by the Company:

Judgments

Classification and Measurement of Financial Assets. Classification and measurement of financial assets depends on the results of the contractual cash flow and the business model tests. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated, the risks that affect the performance of the assets, and how these risks are managed. The Company monitors financial assets measured at amortized cost or at FVOCI that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate. Otherwise, change in the business model should result to a change in the classification of those financial assets.

As at December 31, 2021 and 2020, the Company irrevocably designated its investments in quoted equity securities under financial assets at FVOCI (see Note 10).

Cash and cash equivalents, trade receivables, other current assets (excluding nonfinancial assets) and refundable deposit were classified as financial assets at amortized cost since the Company's primary business model in relation to these assets is to hold the financial assets to collect contractual cash flows, on specified dates, solely for principal and interest (see Notes 7, 8, 9, and 13).

Determination of the Fair Value of Financial Instruments. The fair values of investments that are actively traded in organized financial markets are determined by reference to quoted market prices at the close of business on the reporting date.

In accordance with the amendments to PFRS 7, *Financial Instruments: Disclosures*, disclosures about the level in the fair value hierarchy are required in which the fair value measurements are categorized for assets and liabilities measured in the statements of financial position.

Judgments and methods of determining the fair values of financial instruments are presented in Note 6 to the financial statements.

Contingencies. The Company is currently involved in various legal proceedings which the Company believes to have no material adverse effect on its financial statements. It is possible, however, that changes in estimates relating to these proceedings may materially affect the results of operations of the Company.

Evaluation of Adequacy of Tax Liabilities. The Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Accounting Estimates and Assumptions

Assessment for ECL on Trade Receivables. The Company, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade receivables. The provision matrix specifies provision rates depending on the number of days that a trade receivable is past due. The Company also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Company then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data to reflect the effects of current and forecasted economic conditions.

The Company adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each customer segment. The Company regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience.

The determination of the relationship between historical default rates and forecasted economic conditions is a significant estimate. Accordingly, the provision for impairment losses on trade receivables is sensitive to changes in assumptions about forecasted economic conditions.

Reversal of impairment on trade receivables amounted to ₱98,295 and ₱13,690 in 2021 and 2020, respectively. Allowance for impairment losses amounted to ₱197,201 and ₱295,496 as at December 31, 2021 and 2020, respectively. As at December 31, 2021 and 2020, the carrying amount of trade receivables amounted to ₱105,053,316 and ₱104,251,363 respectively (see Note 8).

Assessment for ECL on Other Financial Assets at Amortized Cost. The Company determines the allowance for ECL, using general approach, based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition in which case ECL are provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the counterparty.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the counterparty.

The Company has assessed that the ECL on other financial assets at amortized cost is immaterial because the transactions with respect to these financial assets were entered into by the Company only with reputable banks and counterparties with good credit standing and relatively low risk of defaults. Accordingly, no provision for impairment losses on other financial assets at amortized cost was recognized in 2021 and 2020.

The carrying amounts of other financial assets at amortized cost are as follows:

	Note	**2021**	2020
Cash in banks and cash equivalents	7	**₱25,752,841**	₱22,304,479
Other current assets*	9	**15,928,233**	14,524,712
Refundable deposit	13	**1,226,535**	1,179,752

**Excluding nonfinancial assets amounting to ₱2,109,631 and ₱1,562,139 as at December 31, 2021 and 2020, respectively.*

Estimation of the Useful Life and Assessment for Impairment of Exchange Trading Right. Exchange trading right is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The exchange 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 management's impairment test for the Company's exchange trading right is based on the available market value. The Company does not intend to sell the exchange trading right in the near future.

There is no change in classification of exchange trading right as intangible asset with indefinite useful life. The recoverable amount of exchange trading right is greater than its cost. Accordingly, no impairment loss on exchange trading right was recognized in 2021 and 2020. The carrying amount of the exchange trading right is ₱3,500,000 as at December 31, 2021 and 2020 (see Note 11).

Estimation of the Useful Lives of Property and Equipment. The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use and are updated if expectations differ from previous estimates due to physical wear and tear, and technical and commercial obsolescence. The estimated useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

There is no change in the estimated useful lives of property and equipment in 2021 and 2020.

Depreciation amounted to ₱361,487 and ₱325,042 in 2021 and 2020, respectively (see Note 12).

Assessment for the Impairment of Other Nonfinancial Assets. The Company assesses impairment of other nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The relevant factors that the Company considers in deciding whether to perform an asset impairment review include among others, the following:

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends; and
- Significant changes or planned changes in the use of the assets.

Recoverable amount of the asset is the greater of the fair value less cost of disposal or value in use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's length transaction less cost of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflect current market assessment of the time value of money and the risks specific to the asset.

No impairment losses on other nonfinancial assets were recognized in 2021 and 2020. The carrying amounts of other nonfinancial assets as at December 31 are as follows:

	Note	2021	2020
Property and equipment	12	**₱41,375,708**	₱38,805,677
Other nonfinancial current assets	9	**2,109,631**	1,562,139

Determination of the Retirement Benefits. The determination of the retirement benefit liability and expense is dependent on discount rate and other assumptions used in calculating such amounts. Actual results that differ from the Company's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded liability in such future periods. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement benefit liability.

Reversal of retirement benefit amounted to ₱449,717 in 2021. Retirement benefit costs amounted to ₱515,690 in 2020. Retirement benefit liability amounted to ₱1,879,623 and ₱2,329,340 as at December 31, 2021 and 2020, respectively (see Note 17).

Recognition of Deferred Tax Assets. The Company reviews the carrying amount of deferred tax assets at each reporting date and reduces the balance to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets amounted to ₱539,570 and ₱787,451 as at December 31, 2021 and 2020, respectively (see Note 19).

4. Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist mainly of cash and cash equivalents, trade receivables, other current assets (excluding nonfinancial assets), financial assets at FVOCI, refundable deposit, trade payables, loans payable, and other current liabilities (excluding statutory liabilities).

The main risks arising from the Company's use of financial instruments include credit risk, liquidity risk and market risks. The Company's overall risk management process focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The BOD regularly reviews and approves the appropriate policies for managing these financial risks as summarized below.

Credit Risk

The Company's exposure to credit risk arises from the failure of a counterparty in fulfilling its financial commitments to the Company under the prevailing contractual terms. Financial instruments that potentially subject the Company to credit risk consist primarily of trade receivables and other financial assets at amortized cost.

The Company also considers financial assets, except those arising from stock brokering transactions, that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant credit risk such as when non-payment arise from administrative oversight rather than resulting from financial difficulty of the borrower.

The Company has no significant concentration of credit risk with any single counterparty or company of counterparties having similar characteristics.

Credit Quality Analysis of Financial Assets at Amortized Cost

	2021			
	12-Month ECL	**Lifetime ECL - Not Credit Impaired**	**Lifetime ECL - Credit Impaired**	**Total**
Financial assets at amortized cost:				
Cash in banks and cash equivalents	**₱25,752,841**	**₱–**	**₱–**	**₱25,752,841**
Trade receivables	–	**105,053,316**	**197,201**	**105,250,517**
Other current assets*	**5,453,968**	**10,474,265**	**–**	**15,928,233**
Refundable deposit	**1,226,535**	**–**	**–**	**1,226,535**
	₱32,433,344	**₱115,527,581**	**₱197,201**	**₱148,158,126**

**Excluding nonfinancial assets amounting to ₱2,109,631 as at December 31, 2021.*

	2020			
	12-Month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	Total
Financial assets at amortized cost:				
Cash in banks and cash equivalents	₱22,304,479	₱–	₱–	₱22,304,479
Trade receivables	–	104,251,363	295,496	104,546,859
Other current assets*	5,093,968	9,430,744	–	14,524,712
Refundable deposit	1,179,752	–	–	1,179,752
	₱28,578,199	₱113,682,107	₱295,496	₱142,555,802

**Excluding nonfinancial assets amounting to ₱1,562,139 as at December 31, 2020.*

Trade Receivables

The Company limits its exposure to credit risk on receivables from stock brokering by transacting mainly with recognized and creditworthy customers based on their profile (i.e., financial capacity, reputation, and collateral). The Company also monitors receivable balances regularly. In accordance with the Risk-Based Capital Adequacy (RBCA) requirements, limits are imposed to avoid large exposure to a single client or counterparty and single equity relative to a particular issuer company or group of companies. Furthermore, credit exposures are minimized by collateral held in the form of securities purchased.

The Company uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments analyzed by customer type, credit terms, and offsetting arrangements. The provision matrix is based on the Company's historical default rates, which are adjusted for forward-looking information if forecast of economic conditions (i.e., stock market index) are expected to improve over the next year which can lead to a decreased number of defaults in the stock trading industry. At each reporting date, the observed historical default rates are updated and changes in the forward-looking estimates are analyzed.

As at December 31, 2021 and 2020, the exposure to credit risk for trade receivables by type of counterparty is as follows:

	2021			
	Neither Past due nor Impaired	**Past Due but not Impaired**	**Impaired**	**Total**
Customers	**₱2,711,614**	**₱102,159,671**	**₱197,201**	**₱105,068,486**
Clearing house	**182,031**	**–**	**–**	**182,031**
	₱2,893,645	**₱102,159,671**	**₱197,201**	**₱105,250,517**

	2020			
	Neither Past due nor Impaired	Past Due but not Impaired	Impaired	Total
Customers	₱24,279,795	₱73,220,703	₱295,496	₱97,795,994
Clearing house	6,750,865	–	–	6,750,865
	₱31,030,660	₱73,220,703	₱295,496	₱104,546,859

The aging analysis of the Company's trade receivables from customers as at December 31, 2021 and 2020 is as follows:

	2021		
Days from Transaction Date of Counterparty	**Amount**	**Collateral (Net of Haircut)**	**Counterparty Exposure**
1 to 3 days	**₱2,711,614**	**₱75,423,946**	**₱–**
4 to 14 days	**4,386,520**	**31,636,919**	**90,192**
15 to 31 days	**3,800,572**	**4,174,970**	**39,334**
Over 31 days	**94,169,780**	**107,889,451**	**89,804**
	₱105,068,486	**₱219,125,286**	**₱219,330**

	2020		
Days from Transaction Date of Counterparty	Amount	Collateral (Net of Haircut)	Counterparty Exposure
1 to 3 days	₱24,279,795	₱723,309,679	₱–
4 to 14 days	8,541,514	17,883,404	–
15 to 31 days	11,811,055	68,991,952	100,686
Over 31 days	53,163,630	72,569,584	74,323
	₱97,795,994	₱882,754,619	₱175,009

SRC requires broker/dealers to maintain a stock record for each cash and margin account of every customer regardless of the frequency of transactions. The stock record is a record of accountability reflecting all securities for which the Company has custodial responsibility or proprietary ownership. Transactions in the customer accounts cover both money balances and security positions, with the security transaction and related money generally recorded on the settlement date.

On a regular basis, collateral valuations of customers' accounts are analyzed to ensure that these are sufficient to cover the outstanding balances due to the Company.

As at December 31, 2021 and 2020, trade receivables from brokering transactions amounting to ₱105,068,486 and ₱97,795,994, respectively, are secured by collateral comprising of quoted equity securities with a total market value of ₱332,809,652 and ₱1,345,501,328, respectively (see Note 8).

Other Financial Assets at Amortized Cost

The Company's other financial assets at amortized cost consist of cash and cash equivalents, refundable deposit and other current financial assets. The Company limits its exposure to credit risk by investing its cash and short-term placements only with counterparties that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments.

For refundable deposit and other current financial assets, credit risk is low since the Company only transacts with reputable counterparties with relatively low risk of default with respect to these financial assets.

It is the Company's policy to measure ECL on the foregoing instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant credit risk such as when non-payment arise from administrative oversight rather than resulting from financial difficulty of the borrower.

No provision for expected credit losses on other financial assets at amortized cost was recognized in 2021 and 2020.

Liquidity Risk

Liquidity risk arises from the possibility that the Company may encounter difficulties in raising adequate funds to meet its financial commitments at a reasonable cost. The Company's objectives in effectively managing its liquidity are: (a) to ensure that adequate funding is available at all times; (b) to meet the commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost.

The Company monitors its cash flows particularly by reviewing, on a periodic basis, the collectability of receivable from customers and credit facilities available for the Company to meet the funding requirements needed for operations. Further, special reserve requirements for the customers of the Company are maintained in the bank in compliance with SRC Rule 49.2-1 (see Note 7).

The table below summarizes the maturity profile of the financial liabilities of the Company based on remaining contractual undiscounted cash flows as at December 31, 2021 and 2020:

	2021			2020		
	Due Within One Year	**Due Beyond One Year**	**Total**	Due Within One Year	Due Beyond One Year	Total
Trade payables	**₱96,252,681**	**₱–**	**₱96,252,681**	₱91,669,616	₱–	₱91,669,616
Loans payable*	**6,091,222**	**37,850,306**	**43,941,528**	603,884	43,818,298	44,422,182
Other current liabilities**	**8,587,215**	**–**	**8,587,215**	6,385,460	–	6,385,460
	₱110,931,118	**₱37,850,306**	**₱148,781,424**	₱98,658,960	₱43,818,298	₱142,477,258

**Inclusive of future interests.*

***Excluding statutory liabilities amounting to ₱469,952 and ₱765,450 as at December 31, 2021 and 2020, respectively.*

Market Risk

Market risk is the risk that the Company's earnings decline, either immediately or over time, as a result of a change in market factors or foreign exchange rates. The level of market risk to which the Company is exposed varies continually as a result of changing market expectations and changing market conditions.

Equity Price Risk. Equity price risk is the risk that the fair values of quoted equity securities would decrease as a result of the adverse changes in the quoted equity prices as affected by both rational and irrational market forces. The equity price risk exposure of the Company arises mainly from its financial assets at FVOCI.

The Company's policy is to maintain the risk to an acceptable level. Movement in share prices is monitored regularly to determine the impact on its financial position.

The table below sets forth the impact of changes in PSE index (PSEi) in the Company's unrealized gains or losses on its financial assets at FVOCI in 2021 and 2020:

	2021		2020	
Changes in PSEi	**18.63%**	(18.63%)	33.21%	(33.21%)
Changes in trading income at equity portfolio under:				
Banks	**₱168,814**	(₱168,814)	₱391,235	(₱391,235)
Mining	**76,887**	(76,887)	195,074	(195,074)
Electricity, energy, power and water	**93,100**	(93,100)	179,172	(179,172)
Casinos and gaming	**33,533**	(33,533)	82,970	(82,970)
Others	**33,704**	(33,704)	20,862	(20,862)
	₱406,038	(₱406,038)	₱869,313	(₱869,313)

The sensitivity rates used for reporting equity price risk represent management's assessment of the reasonably possible change in equity pricing per PSEi. The sensitivity analysis includes the Company's stock portfolio with amounts adjusted by its specific beta for their valuation at the reporting date.

Interest Rate Risk. Interest rate risk arises from the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company follows a prudent policy on managing its financial assets and liabilities so as to ensure that exposures to fluctuations in interest rate are kept within acceptable limits.

The Company regularly monitors interest rate movements and on the basis of current and projected economic and monetary data, decides on the best alternative to take.

As at December 31, 2021 and 2020, all interest-bearing financial instruments of the Company have fixed-interest rates. Accordingly, the Company's exposure to interest rate risk is minimal.

Foreign Currency Risk. Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company’s transactional currency exposures arise from its United States dollar (US$) denominated cash in banks amounting to $2,849 and $51,440 as at December 31, 2021 and 2020, respectively. The Company periodically reviews the trend of the foreign exchange rates to address its exposure in foreign currency risk. The Company’s policy is to maintain foreign currency exposure within acceptable limits and within the existing regulatory guidelines.

For purposes of translating the outstanding balances of the Company’s foreign currency-denominated cash in banks as at December 31, 2021 and 2020, the exchange rates applied were ₱50.99 and ₱48.02 per US$1, respectively.

As at December 31, 2021 and 2020, the Company has minimal exposure to foreign currency risk.

5. Capital Management

The Company’s objective in managing capital is to ensure that a stable capital base is maintained in accordance with industry regulations, while maintaining investor, creditor and market confidence to sustain the future development of the business.

The Company’s BOD has the overall responsibility for monitoring capital proportion to risks. The Associated Person designated by the Company monitors compliance with minimum net capital requirements imposed by PSE and SEC.

The Company, being a broker/dealer in securities, is regulated by PSE and SEC, and is subject to the following capital requirements in accordance with the SRC.

Required Capitalization for Broker/Dealers

In compliance with SRC Rule 28 of the 2015 *Implementing Rules and Regulations of SRC*, trading participants are required to have an unimpaired paid-up capital of ₱100,000,000 for those who will be participating in a registered clearing agency. However, other broker/dealers with existing licenses as of effectivity date of this rule shall maintain an unimpaired paid-up capital of ₱30,000,000 and file surety bond of not less than ₱10,000,000 for brokers and not less than ₱2,000,000 for dealers.

Unimpaired paid up capital pertains to the Company’s paid-up capital less any deficit. The unimpaired paid-up capital of the Company amounted to ₱30,000,000 as at December 31, 2021 and 2020. The Company's surety bond has a coverage of up to ₱12,000,000 as at December 31, 2021 and 2020.

As at December 31, 2021 and 2020, the Company is compliant with the capital requirements.

Details of the Company’s common shares with par value of ₱1,000 per share as at December 31, 2021 and 2020 are as follows:

	Number of Shares	Amount
Authorized		
Balance at beginning and end of year	30,000	₱30,000,000
Issued and Outstanding		
Balance at beginning and end of year	30,000	₱30,000,000

Reserve Fund

As prescribed by SRC Rule 49.1 (B), the Company shall annually appropriate 30% of its audited income after tax and transfer the same to "Appropriated Retained Earnings" given that its unimpaired capital is between ₱10,000,000 and ₱30,000,000. The Company appropriated a reserve fund amounting to ₱863,900 and ₱355,023 in 2021 and 2020, respectively.

Accordingly, the cumulative retained earnings appropriated for the reserve fund amounted to ₱8,165,299 and ₱7,301,399 as at December 31, 2021 and 2020, respectively.

Net Liquid Capital (NLC)

The Company is required, at all times, to have and maintain NLC of ₱5.0 million or 5% of its Aggregate Indebtedness (AI), whichever is higher.

In computing for NLC, all non-allowable assets/equities and collateralized liabilities will be deducted and allowable liabilities and equities are added to equity per books. The equity eligible for NLC pertains to the sum of the following:

(a) Equity per books;

(b) Liabilities subordinated to the claims of creditors in conformity with SRC Rule 49.1 and in accordance with a prescribed schedule; and

(c) Deposits for future stock subscription for which an application for increase in capital stock or request for exemption for registration has been filed with SEC.

The eligible equity for NLC shall exclude deferred income tax, revaluation reserves and any minority interest and any outside investments in affiliates and associates.

In computing for NLC, the equity eligible for NLC is adjusted by the following:

(a) Adding unrealized gains (or deducting unrealized losses) in the accounts of the Company;

(b) Deducting fixed assets and assets which cannot be readily converted into cash (less any AI in accordance with SRC Rule 49.1);

(c) Deducting general guarantees and indemnities for loans and indebtedness other than those incurred by the Company, unless otherwise permitted by SEC; and

(d) Deducting long and short securities differences.

AI shall mean the total money liabilities of a broker/dealer arising in connection with any transaction whatsoever and includes, among other things, money borrowed, money payable against securities loaned and securities failed to receive, market value of securities borrowed to the extent to which no equivalent value is paid or credited (other than the market value of margin securities borrowed from customers and margin securities borrowed from non-customers), customers' and non-customers' free credit balances, and credit balances in customers' and non-customers' accounts having short positions in securities, but excluding the items set out in SRC Rule 49.1 (1) (D).

The Company's NLC met the minimum prescribed amount as at December 31, 2021 and 2020 as shown below:

	2021	2020
NLC:		
Equity eligible for NLC	**₱56,975,700**	₱54,028,978
Less ineligible assets	**18,621,925**	17,460,646
	38,353,775	36,568,332
Required NLC (Higher of):		
5% of AI	**5,359,474**	4,873,202
Minimum amount	**5,000,000**	5,000,000
	5,359,474	5,000,000
Net Risk-Based Capital Excess	**₱32,994,301**	₱31,568,332

Ratio of AI to NLC

The Company shall not permit its AI to all other persons to exceed 2,000% of its NLC. The Company's AI consisted of 279% and 267% of its NLC as at December 31, 2021 and 2020, respectively.

RBCA Requirement/Ratio

The RBCA requirement/ratio refers to the minimum levels of capital to be maintained by brokers/dealers who are licensed, or securing a broker/dealer license, taking into consideration the firm size, complexity and business risk. Such risks that are considered in determining the capital requirement include, among others, operational, position, counterparty, large exposure, underwriting, and margin financing risks. The RBCA ratio should be greater than or equal to 1:1.

The RBCA ratio is the ratio linking the NLC of the Company to its Total Risk Capital Requirement (TRCR), calculated as the Company's NLC divided by its TRCR. The TRCR is the sum of:

(a) Operational Risk Requirement (ORR);

(b) Credit Risk Requirement which include requirements for Counterparty Risk, Settlement Risk, Large Exposure Risk, and Margin Lending/Financing Risk; and

(c) Position or Market Risk Requirement.

	2021	2020
NLC	**₱38,353,775**	₱36,568,332
TRCR:		
Operational risk	**3,036,558**	3,324,731
Position risk	**8,834**	17,392
Counterparty risk	**26,738**	602,982
	₱3,072,130	₱3,945,105
RBCA ratio	**1,248%**	927%

As at December 31, 2021 and 2020, the Company is compliant with the required RBCA ratio.

Ratio of Core Equity to ORR

The Company's core equity shall be at all times greater than its ORR.

Core equity refers to the sum of paid-up capital 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 unrecorded valuation reserves and other capital adjustments (such as unrealized gain in value of financial assets at FVOCI).

The Company's ratio of core equity to ORR is as follows:

	2021	2020
Capital stock	**₱30,000,000**	₱30,000,000
Unappropriated retained earnings, beginning	**17,130,838**	16,337,443
Core equity	**47,130,838**	46,337,443
ORR	**3,036,558**	3,324,731
Ratio of Core Equity to ORR	**1,552%**	1,394%

6. Fair Value Measurement

The following table presents the carrying amounts and fair values of the Company's asset measured at fair value and liability for which fair value is disclosed and the corresponding fair value hierarchy:

		2021			
			Fair Value		
	Note	**Carrying Amount**	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Asset Measured at Fair Value					
Financial assets at FVOCI -					
Quoted equity securities	10	**₱3,987,162**	**₱3,987,162**	**₱–**	**₱–**
Liability for which Fair Value is Disclosed					
Financial liability at amortized cost -					
Loans payable	16	**₱34,778,255**	**₱–**	**₱37,596,708**	**₱–**

		2020			
			Fair Value		
	Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset Measured at Fair Value					
Financial assets at FVOCI -					
Quoted equity securities	10	₱4,158,214	₱4,158,214	₱–	₱–
Liability for which Fair Value is Disclosed					
Financial liability at amortized cost -					
Loans payable	16	₱35,117,492	₱–	₱40,917,325	₱–

The Company used the following techniques to determine the fair value measurements:

Quoted Equity Securities. The Company's financial assets at FVPL as at December 31, 2021 and 2020 are carried at fair values based on sources classified under the Level 1 category. The fair values are based on PSE closing prices as at December 31, 2021 and December 29, 2020, respectively.

Loans Payable. The fair values are estimated as the present value of all future cash flows discounted using applicable rates for similar type of instrument. The discount rates used range from 1.66% to 3.77% and 0.99% to 2.78% in 2021 and 2020, respectively. The fair valuation is classified under Level 2 category.

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements in 2021 and 2020.

The table below presents the financial assets and liabilities of the Company whose carrying amounts approximate its fair value due to short-term nature of the financial instruments or their fair values cannot be reliably determined:

	2021	2020
Financial Assets		
Financial assets at amortized cost:		
Cash and cash equivalents	**₱25,762,841**	₱22,314,479
Trade receivables	**105,053,316**	104,251,363
Other current assets*	**15,928,233**	14,524,712
Refundable deposit	**1,226,535**	1,179,752
	₱147,970,925	₱142,270,306
Financial Liabilities		
Financial liabilities at amortized cost:		
Trade payables	**₱96,252,681**	₱91,669,616
Other current liabilities**	**8,587,215**	6,385,460
	₱104,839,896	₱98,055,076

**Excluding nonfinancial assets amounting to ₱2,109,631 and ₱1,562,139 as at December 31, 2021 and 2020, respectively.*
***Excluding statutory liabilities amounting to ₱469,952 and ₱765,450 as at December 31, 2021 and 2020, respectively.*

7. Cash and Cash Equivalents

This account consists of:

	2021	2020
Cash on hand	**₱10,000**	₱10,000
Cash in banks	**12,986,124**	9,537,762
Cash equivalents	**12,766,717**	12,766,717
	₱25,762,841	₱22,314,479

Cash in banks earn interest at the prevailing bank deposit rates and are immediately available for use in the current operations. Cash equivalents are placements made for varying periods of up to three (3) months depending on the Company's immediate cash requirements and earn interest at the prevailing placement rates ranging from 4.15% to 8.00% annually in 2021 and 2020.

In compliance with SRC Rule 49.2-1 covering customer protection and custody of securities, the Company maintains a special reserve bank account for the exclusive benefit of its customers amounting to ₱4,451,938 and ₱4,449,093 as at December 31, 2021 and 2020, respectively. The Company's reserve requirement is determined weekly based on SEC's prescribed computation. As at December 31, 2021 and 2020, the Company's reserve accounts are adequate to cover its reserve requirements.

Details of interest income are as follows:

	Note	2021	2020
Cash equivalents		**₱555,791**	₱617,672
Trade receivables	8	**376,806**	533,888
Short-term placement	9	**365,200**	365,200
Cash in banks		**32,201**	81,861
		₱1,329,998	₱1,598,621

8. Trade Receivables

This account consists of:

	Note	2021	2020
Trade receivables from:			
Customers:			
Third party		**₱92,071,536**	₱89,850,787
Related parties	20	**12,996,950**	7,945,207
Clearing house		**182,031**	6,750,865
		105,250,517	104,546,859
Less allowance for impairment losses		**197,201**	295,496
		₱105,053,316	₱104,251,363

Receivables from customers are due and collectible within one (1) year from the reporting date and bear effective interest rates ranging from 1.0% to 1.5% per month.

Receivables from clearing house are due and collectible after three (3) days from transaction date.

Accordingly, balances from clearing house as at December 31, 2021 and 2020 were fully collected in January 2022 and 2021, respectively.

Details of trade receivables from customers and related parties as at December 31 are as follows:

	2021		2020	
	Money Balance	**Security Valuation – Long**	Money Balance	Security Valuation – Long
Receivables from:				
Fully secured accounts:				
More than 250%	**₱3,709,837**	**₱168,890,512**	₱12,125,834	₱1,237,143,362
Between 200% and 250%	**–**	**–**	255,182	587,986
Between 150% and 200%	**83,924,413**	**138,530,253**	591	1,120
Between 100% and 150%	**17,385,346**	**25,386,202**	84,974,512	107,487,693
Partially secured accounts	**16,239**	**2,685**	421,082	281,167
Unsecured accounts	**32,651**	**–**	18,793	–
	105,068,486	**332,809,652**	97,795,994	1,345,501,328
Less allowance for impairment losses	**197,201**	**–**	295,496	–
	₱104,871,285	**₱332,809,652**	₱97,500,498	₱1,345,501,328

Collaterals related to receivables from customers and related parties pertain to quoted equity securities with fair value amounting to ₱332,809,652 and ₱1,345,501,328 as at December 31, 2021 and 2020, respectively. The fair value of these securities is based on prevailing quoted market prices, which is usually the closing price from active markets as at reporting date.

The balance and movements in the allowance for impairment losses are as follows:

	2021	2020
Balance at beginning of year	**₱295,496**	₱309,186
Reversal	**(98,295)**	(13,690)
Balance at end of year	**₱197,201**	₱295,496

Reversal of impairment losses is included in “Others” under “Operating expenses” account in the statements of comprehensive income.

Interest income earned on trade receivables amounted to ₱376,806 and ₱533,888 in 2021 and 2020, respectively (see Note 7).

9. **Other Current Assets**

This account consists of:

	Note	**2021**	2020
Interest receivable		**₱7,754,837**	₱6,723,327
Short-term placement		**4,661,968**	4,661,968
Receivable from employees		**2,719,428**	2,707,417
Excess tax credits		**1,895,849**	1,390,404
Rental deposit	18	**792,000**	432,000
Input VAT		**42,047**	–
Others		**171,735**	171,735
		₱18,037,864	₱16,086,851

Interest receivable represents interest earned on cash equivalents and short-term placements and is generally collectible within one (1) year.

Short-term placement pertains to investment in a debt security in which it earns interest at the rate of 7% in 2021 and 2020 and will mature within one (1) year. Interest income on short-term placement amounted to ₱365,200 in 2021 and 2020 (see Note 7).

Receivable from employees are unsecured, noninterest-bearing and generally collectible within one (1) year.

10. Financial Assets at FVOCI

This account consists of quoted equity securities held by the Company which amounted to ₱3,987,162 and ₱4,158,214 as at December 31, 2021 and 2020, respectively.

The balances and movements of cumulative unrealized gains on financial assets at FVOCI recognized in the statements of financial position as at December 31 are as follows:

	2021		
	Cumulative Unrealized Gains (Losses)	**Deferred Tax**	**Net**
Balances at beginning of year	**₱374,419**	**(₱112,327)**	**₱262,092**
Unrealized losses on fair value changes	**(171,052)**	**42,763**	**(128,289)**
Effect of change in tax rates	**–**	**18,722**	**18,722**
Balances at end of year	**₱203,367**	**(₱50,842)**	**₱152,525**

	2020		
	Cumulative Unrealized Gains (Losses)	Deferred Tax	Net
Balances at beginning of year	(₱72,444)	₱21,732	(₱50,712)
Unrealized gains on fair value changes	396,876	(119,063)	277,813
Reclassification of realized loss on sale	49,987	(14,996)	34,991
Balances at end of year	₱374,419	(₱112,327)	₱262,092

The fair value of quoted equity securities as at December 31, 2021 and 2020 are based on quoted market prices or bidding dealer price quotations from active markets which are sources classified under Level 1 category (see Note 6).

In 2020, the Company sold some of its financial assets at FVOCI for ₱197,520 and reclassified the realized gain on sale amounting to ₱34,991 to retained earnings.

Dividend income earned from financial assets at FVOCI amounted to ₱78,068 and ₱73,904 in 2021 and 2020, respectively.

11. **Exchange Trading Right**

Under the PSE rules, all exchange trading rights are pledged at its full value to the PSE to secure the payment of all debts to other members of the PSE arising out of or in connection with the presence of future members' contracts.

The carrying amount of the exchange trading right is ₱3,500,000 as at December 31, 2021 and 2020.

As at December 31, 2021 and 2020, the latest transacted price of the exchange trading right, as provided by the PSE, amounted to ₱9,000,000 and ₱8,500,000, respectively. Accordingly, there is no indication of impairment of exchange trading right as at December 31, 2021 and 2020.

12. **Property and Equipment**

The balances and movements in this account as at and for the years ended December 31 are as follows:

	2021				
	Office Condominium Unit	**Transportation Equipment**	**Office Equipment**	**Construction in Progress**	**Total**
Cost					
Balances at beginning of year	**₱32,546,385**	**₱1,574,107**	**₱793,465**	**₱5,775,339**	**₱40,689,296**
Additions	**–**	**–**	**–**	**2,931,518**	**2,931,518**
Balances at end of the year	**32,546,385**	**1,574,107**	**793,465**	**8,706,857**	**43,620,814**
Accumulated Depreciation					
Balances at beginning of year	**–**	**1,180,579**	**703,040**	**–**	**1,883,619**
Depreciation	**–**	**314,822**	**46,665**	**–**	**361,487**
Balances at end of year	**–**	**1,495,401**	**749,705**	**–**	**2,245,106**
Carrying Amounts	**₱32,546,385**	**₱78,706**	**₱43,760**	**₱8,706,857**	**₱41,375,708**

	2020				
	Office Condominium Unit	Transportation Equipment	Office Equipment	Construction in Progress	Total
Cost					
Balances at beginning of year	₱32,546,385	₱1,574,107	₱710,789	₱2,749,625	₱37,580,906
Additions	–	–	82,676	3,025,714	3,108,390
Balances at end of the year	32,546,385	1,574,107	793,465	5,775,339	40,689,296
Accumulated Depreciation					
Balances at beginning of year	–	865,758	692,819	–	1,558,577
Depreciation	–	314,821	10,221	–	325,042
Balances at end of year	–	1,180,579	703,040	–	1,883,619
Carrying Amounts	₱32,546,385	₱393,528	₱90,425	₱5,775,339	₱38,805,677

As at December 31, 2021 and 2020, the Company's office condominium unit is not yet available for use due to the ongoing construction of office improvements.

Fully depreciated property and equipment amounting to ₱659,630 as at December 31, 2021 and 2020 are still being used in the operations.

Property and equipment with carrying amounts of ₱41,331,948 and ₱38,715,252 as at December 31, 2021 and 2020, respectively, is used as collateral for loans payable (see Note 16).

Construction in progress pertains to the ongoing construction of improvements in the condominium unit and expected to be completed in 2022. The remaining contractual commitment to complete the construction amounted to ₱4,619,369 as at December 31, 2021 and 2020.

13. **Refundable Deposit**

The Company, as a Clearing Member, is required to pay monthly contributions to the Clearing and Trade Guaranty Fund (CTGF) maintained by the Securities Clearing Corporation of the Philippines (SCCP) for an amount of 1/500 of 1% applied to the Clearing Member's total monthly turnover value less block sales and cross transactions of the same flag.

On March 13, 2018, the SEC approved the proposed amendments to the SCCP Rule 5.2, making the Clearing Members' contributions to the CTGF refundable upon the cessation of their business and/or termination of their membership with the SCCP, provided that all liabilities owing to the SCCP at the time of termination, whether actual or contingent, shall have been satisfied or paid in full. Accordingly, the Company recognized the total refundable contributions amounting to ₱1,226,535 and ₱1,179,752 as at December 31, 2021 and 2020, respectively. The refundable deposit is presented in the statements of financial position as a component of noncurrent assets.

14. **Trade Payables**

This account consists of:

	Note	**2021**	2020
Trade payables to:			
Customers:			
Third party		**₱95,687,692**	₱66,617,603
Related parties	20	**111,186**	88,067
Clearing house		**453,803**	24,963,946
		₱96,252,681	₱91,669,616

Payable to customers are secured, noninterest-bearing and due and payable within one (1) year from the reporting date.

Due to clearing house is due after three (3) business days from the transaction date. Accordingly, balances due to clearing house as at December 31, 2021 and 2020 were fully settled in January 2022 and 2021, respectively.

Details of trade payables to customers are as follows:

	2021		2020	
	Money Balance	**Security Valuation – Long**	Money Balance	Security Valuation - Long
With money balances	**₱95,798,878**	**₱4,973,475,571**	₱66,705,670	₱1,632,317,267
Without money balances	**–**	**2,796,417,385**	–	3,243,108,034
	₱95,798,878	**₱7,769,892,956**	₱66,705,670	₱4,875,425,301

15. Other Current Liabilities

This account consists of:

	Note	**2021**	2020
Advances from a related party	20	**₱3,959,949**	₱3,959,949
Accrued expenses		**543,704**	374,634
Statutory payables		**469,952**	341,575
VAT payable		**–**	423,875
Dividends payable		**–**	37,485
Others		**4,083,562**	2,013,392
		₱9,057,167	₱7,150,910

Other current liabilities are unsecured, noninterest-bearing and are generally settled within one (1) year depending on the agreement with counterparties.

Accrued expenses include accrued rental, outside services and others.

Statutory payables include payables to SSS, Philhealth, Pag-ibig and other liabilities to government agencies.

Others pertain to unpaid expenses incurred for market, research and development.

16. Loans Payable

On March 15, 2017, the Company entered into two (2) loan agreements with a local bank amounting to ₱34,551,613 to finance the acquisition of office condominium units. The loans are payable in 29 equal quarterly principal payments beginning on the 57th month from June 2017. The loan bears an annual interest of 6%.

On March 17, 2017, the Company entered into a loan agreement with a local bank amounting to ₱1,763,000 to finance the acquisition of transportation equipment. The loan is payable in 60 equal monthly payments and bears an effective interest rate of 10.8% annually.

This account is presented in the statements of financial position as at December 31 as follows:

	2021	2020
Current	**₱4,094,247**	₱444,451
Noncurrent	**30,684,008**	34,673,041
	₱34,778,255	₱35,117,492

The loans are collateralized by the related property and equipment with carrying amounts of ₱41,331,948 and ₱38,715,252 as at December 31, 2021 and 2020, respectively (see Note 12).

The schedule of maturities of the loans payable of the Company as at December 31, 2021 and 2020 is as follows:

	2021	2020
Less than one year	**₱4,094,247**	₱444,451
More than one year to five years	**23,205,632**	19,459,455
More than five years	**7,478,376**	15,213,586
	₱34,778,255	₱35,117,492

Interest on loans payable amounted to ₱2,106,376 and ₱2,127,673 in 2021 and 2020, respectively.

Loan Covenants

The loans payable contain restrictive covenants which include, among others, limiting the application of the loan to its purpose, and securing and maintaining adequate insurance on mortgaged properties. As at December 31, 2021 and 2020, the Company is compliant with all the requirements of its debt covenants.

Reconciliation of Liabilities Arising from Financing Activities

The table below details the cash changes in the Company's loans and interest payable arising from financing activities:

	Loans Payable		Interest Payable	
	2021	2020	2021	2020
Balances at beginning of year	**₱35,117,492**	₱35,316,940	₱–	₱–
Cash changes:				
Payments of:				
Loans payable	**(339,237)**	(199,448)	–	–
Interest	**–**	–	(2,106,376)	(2,127,673)
Noncash change -				
Interest expense	**–**	–	2,106,376	2,127,673
	₱34,778,255	₱35,117,492	₱–	₱–

17. **Personnel Costs**

This account consists of:

	2021	2020
Salaries and other employee benefits	**₱5,265,459**	₱5,518,403
Retirement benefit costs (income)	**(449,717)**	515,690
	₱4,815,742	₱6,034,093

Personnel costs are classified in the statements of comprehensive income as follows:

	2021	2020
Operating expenses	**₱3,978,062**	₱4,856,927
Cost of services	**837,680**	1,177,166
	₱4,815,742	₱6,034,093

The Company has an unfunded, noncontributory defined benefits retirement plan covering all its regular employees. The benefits are based on years of service and compensation per year of credited service. The funded benefit obligation under the defined benefit retirement plan is determined using the projected unit credit method. The benefits to be received by the employees under the defined benefit retirement plan shall not be less than the minimum mandated benefit under Republic Act No. 7641, *The Retirement Pay Law*.

In 2021 and 2020, the management has assessed that the difference between the retirement benefit liability as determined by an acceptable actuarial valuation method and the estimated retirement benefit liability will not significantly affect the Company's financial position and results of operations.

The components of retirement benefit expense (gain) included under "Other Income" and "Personnel costs" account in the statements of comprehensive income are as follows:

	2021	2020
Current service cost (income)	**(₱552,208)**	₱505,307
Interest cost	**102,491**	10,383
	(₱449,717)	₱515,690

The balance and movement of retirement benefit liability as at December 31 are as follows:

	2021	2020
Balance at beginning of year	**₱2,329,340**	₱1,813,650
Reversal of retirement liability	**(449,717)**	–
Retirement benefit expense	**–**	515,690
Balance at end of year	**₱1,879,623**	₱2,329,340

The discount rates used in determining retirement benefit liability are 4.40% and 3.13% in 2021 and 2020, respectively.

Sensitivity analysis on defined benefit liability as at December 31 is as follows:

		Effect on Retirement Benefit Liability	
	Change in Assumption	**2021**	2020
Discount rate	+1.00%	**(₱196,571)**	(₱248,418)
	-1.00%	**229,468**	290,806

The sensitivity analysis above has been determined based in a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring as at the end of the reporting period.

The maturity analysis of the undiscounted retirement benefit liability is as follows:

Year	**2021**	2020
More than one (1) year to five (5) years	**₱56,250**	₱33,000
More than five (5) years	**3,345,150**	3,579,600
	₱3,401,400	₱3,612,600

As at December 31, 2021, the average duration of the defined benefit obligation at the end of the reporting period is 15.50 years.

18. Lease Commitments

The Company, as a lessee, has a one-year operating lease agreement for its office space, renewable at the end of lease term upon mutual agreement of both parties. Rental expense amounted to ₱1,498,978 and ₱72,000 in 2021 and 2020 (see Note 20).

Refundable rental deposit related to office space rental amounted to ₱792,000 and ₱432,000 as at December 31, 2021 and 2020, respectively (see Note 9).

19. Income Taxes

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

	2021	2020
Reported in Profit or Loss:		
Current	**₱721,744**	₱197,250
Deferred	**238,108**	(125,855)
	₱959,852	₱71,395
Reported in OCI -		
Deferred tax expense (benefit)	**(₱61,485)**	₱119,063

The components of the Company's net deferred tax assets are as follows:

	2021	2020
Deferred tax assets:		
Retirement benefit liability	**₱469,906**	₱698,802
Allowance for impairment losses on trade receivables	**49,300**	88,649
Unrealized foreign exchange loss	**20,364**	–
	539,570	787,451
Deferred tax liabilities:		
Unrealized foreign exchange gain	**–**	9,773
Cumulative unrealized gains on financial assets at FVOCI	**50,842**	112,327
	50,842	122,100
Net deferred tax assets	**₱488,728**	₱665,351

The reconciliation between the income tax expense based on statutory income tax rate and the effective income tax rate on income before income tax is as follows:

	2021	2020
Income tax expense at statutory tax rate	**₱959,880**	₱376,441
Increase (decrease) in income tax resulting from:		
Interest income already subjected to final tax	**(238,298)**	(319,420)
Nondeductible expenses	**144,611**	36,545
Dividend income exempt from income tax	**(19,517)**	(22,171)
Effect of change in tax rates	**113,176**	–
Income tax expense at effective tax rate	**₱959,852**	₱71,395

Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Act

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Act was approved and signed into law by the country's President. Under the CREATE, the regular corporate income tax (RCIT) of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. In addition, the minimum corporate income tax (MCIT) was changed from 2% to 1% of gross income for a period of three (3) years.

The changes in the income tax rates were effective and applied for tax purposes beginning July 1, 2020. However, the Company did not adapt the change in income tax rates used in preparing the financial statements as at and for the year ended December 31, 2020. Income tax rates used in preparing the financial statements as at and for the year ended December 31, 2020 are 30% and 2% for RCIT and MCIT, respectively. The resulting difference amounting to ₱16,437 for financial and tax reporting was adjusted in 2021.

The income tax rates used in the financial statements as at December 31, 2021 are 25% and 1% for RCIT and MCIT, respectively.

20. Related Party Transactions

The Company, in the normal course of business, has transactions with its related parties which primarily consist of the following:

	Nature of	Amount of Transactions		Outstanding Balances		
Related Party	Transactions	**2021**	2020	**2021**	2020	Terms
Trade Receivables (see Note 8)						
Stockholders and officers	Trade transactions	**₱5,051,743**	₱16,596,244	**₱12,996,950**	₱7,945,207	3-days; noninterest-bearing; secured; collectible in cash
Other Current Assets (see Note 9)						
Stockholder	Advances	**₱–**	₱3,540,051	₱–	₱–	Noninterest-bearing unimpaired; unsecured; collectible in cash and on demand
Stockholder	Rental deposit	**₱360,000**	₱–	**792,000**	432,000	1-year; noninterest-bearing; collectible at the end of lease term; collectible in cash
				₱792,000	₱432,000	
Trade Payables						
Stockholders and officers	Trade transactions	**₱23,119**	₱36,391	**₱111,186**	₱88,067	3-days; noninterest-bearing; secured; payable in cash

Related Party	Nature of Transactions	Amount of Transactions 2021	2020	Outstanding Balances 2021	2020	Terms
Other Current Liabilities (see Note 15)						
Stockholder	Advances	**₱–**	₱3,959,949	**₱3,959,949**	₱3,959,949	Noninterest-bearing; secured; payable in cash
Trade Commission						
Stockholders and officers	Trade transactions	**₱–**	₱204,905	**₱–**	₱–	Noninterest-bearing; secured; payable in cash
Rentals						
Stockholder	Office space rental	**₱1,498,978**	₱72,000	**₱–**	₱68,400	Noninterest-bearing; unsecured, 1-year; payable in cash
Personnel Costs						
Key management personnel	Retirement benefits	₱–	₱332,150	₱1,196,632	₱1,308,717	Interest-bearing; unsecured; to be settled in cash upon retirement
	Short-term employee benefits	**1,410,000**	1,794,000	–	–	
				₱1,196,632	₱1,308,717	

As at December 31, 2021 and 2020, allowance for impairment losses on trade receivables from stockholders and officers amounted to ₱14,470 and ₱25,809, respectively.

Revenue Regulations No. 34-2020

In 2021, the Company did not meet the criteria prescribed in RR No. 34-2020 to file and submit the Related Party Transaction Form or the BIR Form 1709 together with the Annual Income Tax Return. Accordingly, the Company is not also required to prepare and submit a transfer pricing documentation as prescribed in the said regulation.

21. **Supplementary Information Under Revenue Regulations No. 15-2010 Required by the BIR**

The information for 2021 required by the above regulations is presented below.

Output VAT

Output VAT declared by the Company for the year ended December 31, 2021 and the gross receipts subject to output VAT amounted to ₱2,079,744 and ₱17,331,204, respectively.

The gross revenues shown above are based on gross receipts of the Company for VAT purposes while revenues presented in the statement of comprehensive income are measured in accordance with PFRS.

Input VAT

The movements in input VAT paid for by the Company for the year ended December 31, 2021 are shown below:

Balance at beginning of year		₱–
Add current year's domestic purchase/payments for:		
Domestic purchase of services	377,921	
Goods other than capital goods	15,438	393,359
		₱393,359

The Company paid output VAT aggregating ₱2,152,307 in the year 2021. The net input VAT amounting to ₱42,047 is presented under "Other current assets" account in the statement of financial position as at December 31, 2021.

All Other Local and National Taxes

Other local and national taxes paid by the Company for the year ended December 31, 2021 consist of:

Permits and licenses	₱42,225
Real property taxes	52,013
Business registration	500
Others	83,266
	₱178,004

The above local and national taxes are included in under "Operating expenses" account in the statement of comprehensive income.

Withholding Taxes

Withholding taxes paid and accrued by the Company as at and for the year ended December 31, 2021 consists of:

	Paid	Accrued
Withholding tax on compensation	₱217,373	₱22,022
Expanded withholding taxes	190,605	213,397
	₱407,978	₱235,419

Tax Assessments

The Company has no pending deficiency tax assessment from the BIR as at December 31, 2021.

Tax Cases

The Company has no pending tax case in courts or other regulatory bodies outside of the BIR as at December 31, 2021.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

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REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
IGC Securities, Inc.
Unit 1006, Tower One and Exchange Plaza
Ayala Ave. cor. Paseo de Roxas
Makati City

We have audited the accompanying financial statements of IGC Securities, Inc. (the Company) as at and for the years ended December 31, 2021 and 2020, on which we have rendered our report dated May 25, 2022.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has one (1) stockholder owning 100 or more shares.

REYES TACANDONG & CO.

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 81207-SEC Group A
Issued January 30, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-004-2019
Valid until October 16, 2022
PTR No. 8851706
Issued January 3, 2022, Makati City

May 25, 2022
Makati City, Metro Manila

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
IGC Securities, Inc.
Unit 1006, Tower One and Exchange Plaza
Ayala Ave. cor. Paseo de Roxas
Makati City

We have audited in accordance with the Philippine Standards on Auditing, the financial statements of IGC Securities, Inc. (the Company) as at and for the years ended December 31, 2021 and 2020 and have issued our report thereon dated May 25, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary schedules are the responsibility of the Company's management. These supplementary schedules include the following:

- Statement of Changes in Liabilities Subordinated to Claims of General Creditors;
- Computation of Risk-Based Capital Adequacy Worksheet Pursuant to SEC Memorandum Circular No. 16;
- Information Relating to the Possession or Control Requirements under SRC Rule 49.2;
- Computation for Determination of Reserve Requirements under SRC Rule 49.2;
- A Report Describing Any Material Inadequacies Found to Exist or Found to have Existed Since the Date of the Previous Audit;
- Results of Year-end Securities Count Conducted Pursuant to SRC Rule 52.1-10, as amended;
- Supplementary Schedule of Financial Soundness Indicators under SRC Rule 68, as amended
- Reconciliation of Retained Earnings Available for Dividend Declaration

The supplementary schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. The supplementary schedules have been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

REYES TACANDONG & CO.

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 81207-SEC Group A
Issued January 30, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-004-2019
Valid until October 16, 2022
PTR No. 8851706
Issued January 3, 2022, Makati City

May 25, 2022
Makati City, Metro Manila

SCHEDULE I

IGC SECURITIES, INC.
STATEMENT OF CHANGES IN LIABILITIES
SUBORDINATED TO CLAIMS OF GENERAL CREDITORS
DECEMBER 31, 2021

There are no liabilities subordinated to claims of general creditors.

SCHEDULE II

IGC SECURITIES, INC.
COMPUTATION OF RISK-BASED CAPITAL ADEQUACY WORKSHEET PURSUANT TO SEC MEMORANDUM CIRCULAR NO. 16
DECEMBER 31, 2021

Assets	₱199,432,154
Liabilities	141,967,726
Equity as per books	57,464,428
Adjustments to Equity per books	
Add (Deduct):	
Allowance for market decline	
Subordinated Liability	
Unrealized Gain / (Loss) in proprietary accounts	
Deferred Income Tax	(488,728)
Revaluation Reserves	
Deposit for Future Stock Subscription (No application with SEC)	
Minority Interest	
Total Adjustments to Equity per books	(488,728)
Equity Eligible For Net Liquid Capital	56,975,700
Contingencies and Guarantees	
Deduct: Contingent Liability	
Guarantees or indemnities	
Ineligible Assets	
a. Trading Right and all Other Intangible Assets (net)	3,500,000
b. Intercompany Receivables	
c. Fixed Assets, net of accumulated and excluding those used as collateral	43,760
d. All Other Current Assets	2,109,631
e. Securities Not Readily Marketable	
f. Negative Exposure (SCCP)	
g. Notes Receivable (non-trade related)	
h. Interest and Dividends Receivables outstanding for more than 30 days	7,754,837
i. Ineligible Insurance claims	
j. Ineligible Deposits	1,226,535
k. Short Security Differences	
l. Long Security Differences not resolved prior to sale	
m. Other Assets including Equity Investment in PSE	3,987,162
Total ineligible assets	18,621,925
Net Liquid Capital (NLC)	38,353,775
Less:	
Operating Risk Requirement	3,036,558
Position Risk Requirement	8,834
Counterparty Risk	26,738
Large Exposure Risk	
LERR to a single client	
LERR to a single debt	
LERR to a single issuer and group of companies	
Total Risk Capital Requirement (TRCR)	3,072,130
Net RBCA Margin (NLC-TRCR)	35,281,645
Liabilities	141,967,726
Add: Deposit for Future Stock Subscription (No application with SEC)	
Less: Exclusions from Aggregate Indebtedness	
Subordinated Liability	
Loans and secured securities	
Loans secured by fixed assets	34,778,255
Others	
Total adjustments to AI	(34,778,255)
Aggregate Indebtedness	107,189,471
5% of Aggregate Indebtedness	5,359,474
Required Net Liquid Capital (> of 5% of AI or ₱5M)	5,359,474
Net Risk-based Capital Excess / (Deficiency)	32,994,301
Ratio of AI to Net Liquid Capital	279%
RBCA Ratio (NLC/TRCR)	1,248%

SCHEDULE III

IGC SECURITIES, INC.
INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS UNDER THE SRC RULE 49.2
DECEMBER 31, 2021

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

Market valuation	NIL
Number of items	NIL

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:

Market valuation	NIL
Number of items	NIL

SCHEDULE IV

IGC SECURITIES, INC.
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS UNDER SRC RULE 49.2
DECEMBER 31, 2021

Particulars	Credits	Debits
1. Free credit balance and other credit balance in customers' security accounts.	₱95,012,838	
2. Monies borrowed collateralized by securities carried for the account of customers.	–	
3. Monies payable against customers' securities loaned.	–	
4. Net balance of due to clearing house.	271,772	
5. Credit balances in firm accounts which are attributable to principal sales to customer.		
6. Market value of stock dividends, stock splits and similar distributions receivable outstanding of 30 calendar days old.		
7. Market value of the short security count differences over 30 calendar days old.		
8. Market value of short securities and credits (not to be offset by long or by debits) in all suspense accounts over 30 calendar days.		
9. Market value of securities which are in transfer in excess of 40 calendar days and have not been confirmed to be in transfer by the transfer agent or the issuer during the 40 days.		
10. Debit balances in customers' cash or margin accounts excluding unsecured accounts and accounts doubtful of collection.		₱91,105,095
11. Securities borrowed to effectuate short sales by customer and securities borrowed to make delivery on customers' securities failed to delivery.		
12. Failed to deliver customers' securities not older than 30 calendar days.		
13. Others due from clearing house		
Total	₱95,284,610	₱91,105,095
Net Credit (Debit)	₱4,179,515	
Required Reserve (100% of net credit if making a weekly computation and 105% if monthly)	₱4,179,515	

SCHEDULE V

IGC SECURITIES, INC.
A REPORT DESCRIBING ANY MATERIAL INADEQUACIES FOUND TO EXIST OR FOUND TO HAVE EXISTED SINCE THE DATE OF THE PREVIOUS AUDIT
DECEMBER 31, 2021

There were no matters involving the Company's internal control structure and its operations that were considered to be material weakness.

SCHEDULE VI

IGC SECURITIES, INC.
RESULTS OF YEAREND SECURITIES COUNT
CONDUCTED PURSUANT TO SRC RULE 52.1-10, AS AMENDED
DECEMBER 31, 2021

There is no discrepancy in the results of the securities count conducted. Refer to Pages 57 to 63 for the results of yearend securities count conducted as at December 31, 2021.

IGC SECURITIES, INC.

RESULTS OF YEAREND SECURITIES COUNT CONDUCTED PURSUANT TO SEC RULE 52.1-10 DECEMBER 31, 2021

		Per Records		Per Count		Unallocated Difference	
CODE	**NAME**	**No. of Shares**	**Market Value**	**No. of Shares**	**Market Value**	**No. of Shares**	**Market Value**
2GO	2GO GROUP, INC.	52,149	₱396,854	52,149	₱396,854	–	₱–
AAA	ASIA AMALGAMATED HOLDINGS	110,000	177,100	110,000	177,100	–	–
AB	ATOK BIG WEDGE CO., INC.	241,381	1,460,355	241,381	1,460,355	–	–
ABA	ABACORE CAPITAL HOLDINGS, INC.	2,145,600	1,973,952	2,145,600	1,973,952	–	–
ABG	ASIABEST GROUP INTERNATIONAL INC.	24,001	141,606	24,001	141,606	–	–
ABS	ABS-CBN CORPORATION	117,764	1,483,826	117,764	1,483,826	–	–
ABSP	ABS-CBN PHIL. DEPOSIT RECEIPTS	16,000	190,720	16,000	190,720	–	–
AC	AYALA CORPORATION	51,974	43,190,394	51,974	43,190,394	–	–
ACEN	AC ENERGY CORPORATION	5,603,507	61,638,577	5,603,507	61,638,577	–	–
ACEX	ACE ENEXOR INC.	184,772	7,390,880	184,772	7,390,880	–	–
ACR	ALSONS CONSOLIDATED RES., INC.	1,194,000	1,432,800	1,194,000	1,432,800	–	–
AEV	ABOITIZ EQUITY VENTURES, INC.	986,375	53,708,119	986,375	53,708,119	–	–
AGI	ALLIANCE GLOBAL GROUP, INC.	78,000	920,400	78,000	920,400	–	–
AJ	ACOJE MINING COMPANY "A"	5,290	–	5,290	–	–	–
ALCO	ARTHALAND CORPORATION	1,452,491	929,594	1,452,491	929,594	–	–
ALI	AYALA LAND, INC.	4,062,635	149,098,705	4,062,635	149,098,705	–	–
ALIP	AYALA LAND, INC. "PREFERRED"	88,835	–	88,835	–	–	–
ALLDY	ALLDAY MARTS, INC.	2,354,000	1,435,940	2,354,000	1,435,940	–	–
ALLHC	AYALALAND LOGISTICS HOLDINGS CORP.	2,624,000	17,659,520	2,624,000	17,659,520	–	–
ANI	AGRINURTURE, INC.	84,500	420,810	84,500	420,810	–	–
ANS	A. SORIANO CORPORATION	377,340	2,999,853	377,340	2,999,853	–	–
AP	ABOITIZ POWER CORPORATION	408,800	12,141,360	408,800	12,141,360	–	–
APC	APC GROUP, INC.	709,000	155,980	709,000	155,980	–	–
APL	APOLLO GLOBAL CAPITAL, INC.	153,659,000	12,292,720	153,659,000	12,292,720	–	–
APO	ANGLO PHILIPPINE HOLDINGS CORP	300,516	270,464	300,516	270,464	–	–
APVI	ALTUS PROPERTY VENTURES INC	60,343	1,167,034	60,343	1,167,034	–	–
APX	APEX MINING COMPANY,	669,891	1,078,525	669,891	1,078,525	–	–
AR	ABRA MINING & INDUSTRIAL CORP.	170,444,000	784,042	170,444,000	784,042	–	–
ARA	ARANETA PROPERTIES, INC.	478,765	464,402	478,765	464,402	–	–
AREIT	AYALA LAND INC REIT	2,958,400	143,778,240	2,958,400	143,778,240	–	–
AT	ATLAS CONS. MINING &	4,352,381	26,854,191	4,352,381	26,854,191	–	–
ATI	ASIAN TERMINALS, INC.	10,333	144,662	10,333	144,662	–	–
ATNB	ATN HOLDINGS, INC. B	150,000	60,750	150,000	60,750	–	–
AUB	ASIA UNITED BANK CORPORATION	45,390	1,963,118	45,390	1,963,118	–	–
AXLM	AXELUM RESOURCES CORP	5,242,300	15,726,900	5,242,300	15,726,900	–	–
BC	BENGUET CORPORATION A	54,740	279,174	54,740	279,174	–	–
BCB	BENGUET CORPORATION B	79,258	383,609	79,258	383,609	–	–
BCOR	BERJAYA PHILIPPINES INC.	23,000	161,000	23,000	161,000	–	–
BDO	BDO UNIBANK, INC.	746,944	90,156,141	746,944	90,156,141	–	–
BEL	BELLE CORPORATION	2,166,384	2,924,618	2,166,384	2,924,618	–	–
BF	BANCO FILIPINO SAVINGS &	74	–	74	–	–	–
BHI	BOULEVARD HOLDINGS, INC.	47,360,000	2,983,680	47,360,000	2,983,680	–	–

		Per Records		Per Count		Unallocated Difference	
CODE	NAME	No. of Shares	Market Value	No. of Shares	Market Value	No. of Shares	Market Value
BKR	BRIGHT KINDLE RESOURCES & INVESTMENTS	921,100	₱1,547,448	921,100	₱1,547,448	–	₱–
BLFI	BDO LEASING & FINANCE, INC.	223,595	706,560	223,595	706,560	–	–
BLOOM	BLOOMBERRY RESORTS CORPORATION	5,856,000	36,892,800	5,856,000	36,892,800	–	–
BPI	BANK OF THE PHILIPPINE ISLANDS	442,340	40,761,631	442,340	40,761,631	–	–
BRN	A BROWN COMPANY, INC.	1,531,350	1,209,767	1,531,350	1,209,767	–	–
BSC	BASIC ENERGY CORPORATION	28,375,690	17,876,685	28,375,690	17,876,685	–	–
C	CHELSEA LOGISTICS AND INFRASTRUCTURE H	1,132,800	1,880,448	1,132,800	1,880,448	–	–
CA	CONCRETE AGGREGATES	385	16,074	385	16,074	–	–
CAL	CALATA CORPORATION	121,000	–	121,000	–	–	–
CAT	CENTRAL AZUCARERA DE TARLAC	1,300	16,900	1,300	16,900	–	–
CBC	COSMOS BOTTLING CORPORATION	46,578	–	46,578	–	–	–
CDC	CITYLAND DEVELOPMENT CORP.	531,922	388,303	531,922	388,303	–	–
CEB	CEBU AIR, INC.	231,040	9,738,336	231,040	9,738,336	–	–
CEBCP	CEBU AIR, INC. CONVERTIBLE PREFERRED SH	149,072	6,678,426	149,072	6,678,426	–	–
CEI	CROWN EQUITIES, INC.	10,586,600	1,111,593	10,586,600	1,111,593	–	–
CEU	CENTRO ESCOLAR UNIVERSITY	118,437	772,209	118,437	772,209	–	–
CHI	CEBU HOLDINGS, INC.	257,675	1,576,971	257,675	1,576,971	–	–
CHIB	CHINA BANKING CORPORATION	11,564,288	300,671,488	11,564,288	300,671,488	–	–
CHP	CEMEX HOLDINGS PHILIPPINES, INC.	1,328,389	1,394,808	1,328,389	1,394,808	–	–
CLI	CEBU LANDMASTERS INC	186,400	559,200	186,400	559,200	–	–
CMI	CONSOLIDATED MINES, INC. - A	334	–	334	–	–	–
CNPF	CENTURY PACIFIC FOODS, INC.	310,750	9,089,438	310,750	9,089,438	–	–
CNVRG	CONVERGE INFORMATION AND COMMUNICATI	558,700	17,822,530	558,700	17,822,530	–	–
COAL	COAL ASIA HOLDINGS INCORPORATED	1,482,000	392,730	1,482,000	392,730	–	–
COL	COL FINANCIAL GROUP, INC.	16,000	66,400	16,000	66,400	–	–
COSCO	COSCO CAPITAL, INC.	632,000	3,286,400	632,000	3,286,400	–	–
CPG	CENTURY PROPERTIES GROUP INC.	5,379,971	2,151,988	5,379,971	2,151,988	–	–
CPM	CENTURY PEAK HOLDINGS CORPORATION	95,000	279,300	95,000	279,300	–	–
CROWN	CROWN ASIA CHEMICALS CORPORATION COM	19,000	32,110	19,000	32,110	–	–
CYBR	CYBER BAY CORPORATION	1,826,300	602,679	1,826,300	602,679	–	–
DAVIN	DA VINCI CAPITAL HOLDINGS, INC.	586	–	586	–	–	–
DD	DOUBLE DRAGON CORPORATION	235,700	1,711,182	235,700	1,711,182	–	–
DDMPR	DDMP REIT INC	2,063,000	3,692,770	2,063,000	3,692,770	–	–
DELM	DEL MONTE PACIFIC LIMITED	4,358,784	67,648,328	4,358,784	67,648,328	–	–
DFNN	DFNN, INC.	853,500	2,091,075	853,500	2,091,075	–	–
DITO	DITO CME HOLDINGS CORP	344,703	1,740,750	344,703	1,740,750	–	–
DITOR	DITO CME Holdings Corporation: Stock Rights - FU	205,107	–	205,107	–	–	–
DIZ	DIZON COPPER SILVER MINES, IN.	113,948	557,205	113,948	557,205	–	–
DMC	DMCI HOLDINGS, INC.	5,423,550	41,815,571	5,423,550	41,815,571	–	–
DMW	DM WENCESLAO AND ASSOCIATES INCORPOR	14,989,300	101,627,454	14,989,300	101,627,454	–	–
DNA	PHILAB HOLDINGS CORP	29,400	84,084	29,400	84,084	–	–
DNL	DNL INDUSTRIES, INC.	172,684,524	1,631,868,752	172,684,524	1,631,868,752	–	–
DWC	DISCOVERY WORLD CORPORATION	100,000	180,000	100,000	180,000	–	–
EAGLE	EAGLE CEMENT CORPORATION	94,200	1,375,320	94,200	1,375,320	–	–
ECP	EASYCALL COMM. PHILS., INC.	550	2,310	550	2,310	–	–

		Per Records		Per Count		Unallocated Difference	
CODE	NAME	No. of Shares	Market Value	No. of Shares	Market Value	No. of Shares	Market Value
EEI	EEI CORPORATION	283,807	₱1,844,745	283,807	₱1,844,745	–	₱–
EEIPB	EEI Corporation: Series B Preferred Shares	10,000	1,075,000	10,000	1,075,000	–	–
EG	IP E-GAME VENTURES INC.	94,400,000	887,360	94,400,000	887,360	–	–
EIBA	EXPORT AND INDUSTRY BANK, INC.	1,912,772	–	1,912,772	–	–	–
ELI	EMPIRE EAST LAND HOLDINGS,	8,592,811	2,191,167	8,592,811	2,191,167	–	–
ELIZ	ELIZALDE STEEL CONS., INC.	1,480	–	1,480	–	–	–
EMP	EMPERADOR INC.	2,200	45,760	2,200	45,760	–	–
EVER	EVER GOTESCO RESOURCES & HOLDG	250,000	82,500	250,000	82,500	–	–
EW	EAST WEST BANKING CORP.	2,969,154	28,503,878	2,969,154	28,503,878	–	–
FAF	FIRST ABACUS FINANCIAL	683,000	491,760	683,000	491,760	–	–
FB	SAN MIGUEL FOOD AND BEVERAGE, INC.	196,740	14,047,236	196,740	14,047,236	–	–
FDC	FILINVEST DEVELOPMENT CORP.	24,155,608	185,998,182	24,155,608	185,998,182	–	–
FEU	FAR EASTERN UNIVERSITY, INC.	1,744	941,760	1,744	941,760	–	–
FFI	FILIPINO FUND, INC.	5,599	36,505	5,599	36,505	–	–
FGEN	FIRST GEN CORPORATION	4,506	125,492	4,506	125,492	–	–
FGENG	FIRST GEN CORP SERIES G PREFERRED SHAR	25,000	2,575,000	25,000	2,575,000	–	–
FILO	FILOIL REFINERY CORP.	52	–	52	–	–	–
FILRT	FILINVEST REIT CORP	2,843,800	21,044,120	2,843,800	21,044,120	–	–
FJP	F & J PRINCE HOLDINGS CORP.A	15,600	40,560	15,600	40,560	–	–
FLI	FILINVEST LAND, INC.	11,484,880	12,633,368	11,484,880	12,633,368	–	–
FMETF	FIRST METRO PHILIPPINE EQUITY EXCHANGE	1,676	181,511	1,676	181,511	–	–
FMLF	IST MALAYAN LEASING & FIN CORP	2,931	–	2,931	–	–	–
FNI	GLOBAL FERRONICKEL HOLDINGS INC	1,726,239	3,711,414	1,726,239	3,711,414	–	–
FOOD	ALLIANCE SELECT FOODS INTERNATIONAL, INC.	12,397	7,314	12,397	7,314	–	–
FPH	FIRST PHIL. HOLDINGS CORP.	163,692	11,466,625	163,692	11,466,625	–	–
FPI	FORUM PACIFIC, INC.	524,400	138,966	524,400	138,966	–	–
FRUIT	FRUITAS HOLDINGS INC	51,000	62,220	51,000	62,220	–	–
GEO	GEOGRACE RESOURCES PHILIPPINES	43,953,685	7,999,571	43,953,685	7,999,571	–	–
GERI	GLOBAL-ESTATE RESORTS, INC.	4,867,277	4,915,950	4,867,277	4,915,950	–	–
GLO	GLOBE TELECOMS, INC.	10,773	35,787,906	10,773	35,787,906	–	–
GMA7	GMA NETWORK, INC.	220,300	3,048,952	220,300	3,048,952	–	–
GMAP	GMA PHIL DEPOSITORY RECEIPTS	288,600	3,792,204	288,600	3,792,204	–	–
GO	GOTESCO LAND, INC. A	80,168	–	80,168	–	–	–
GOB	GOTESCO LAND, INC. B	123,500	–	123,500	–	–	–
GPH	GRAND PLAZA HOTEL CORP.	842	12,108	842	12,108	–	–
GREEN	GREENERGY HOLDINGS	7,776	17,729	7,776	17,729	–	–
GSMI	GINEBRA SAN MIGUEL INC.	6,500	739,700	6,500	739,700	–	–
GTCAP	GT CAPITAL HOLDINGS, INC.	20,006	10,803,240	20,006	10,803,240	–	–
GTPPA	GT CAPITAL HOLDINGS, INC. - SERIES A PERPE	2,500	2,487,500	2,500	2,487,500	–	–
GTPPB	GT CAPITAL HOLDINGS, INC. - SERIES B PERPE	13,000	13,000,000	13,000	13,000,000	–	–
HI	HOUSE OF INVESTMENTS, INC.	413,300	1,438,284	413,300	1,438,284	–	–
HLCM	HOLCIM PHILIPPINES, INC.	215,126	1,187,495	215,126	1,187,495	–	–
HOME	ALLHOME CORP	241,300	2,024,507	241,300	2,024,507	–	–
HOUSE	8990 HOLDINGS, INC.	30,900	348,552	30,900	348,552	–	–
I	I-REMIT, INC.	234,328	194,492	234,328	194,492	–	–
ICT	INTERNATIONAL CONTAINER	390,221	78,044,200	390,221	78,044,200	–	–

		Per Records		Per Count		Unallocated Difference	
		No. of	Market	No. of	Market	No. of	Market
CODE	NAME	Shares	Value	Shares	Value	Shares	Value
IDC	ITALPINAS DEVELOPMENT CORPORATION	245,457	₱297,003	245,457	₱297,003	–	₱–
IMI	INTEGRATED MICRO-ELECTRONICS, INC.	204,616	1,718,774	204,616	1,718,774	–	–
IMP	IMPERIAL RESOURCES, INC.	45,400	64,014	45,400	64,014	–	–
ION	IONICS, INC.	397,700	286,344	397,700	286,344	–	–
IPM	IPM HOLDINGS INC	13,000	91,650	13,000	91,650	–	–
IPO	IPEOPLE, INC.	110,987	775,799	110,987	775,799	–	–
IRC	PHILIPPINE INFRADEV HOLDINGS INC	121,500	136,080	121,500	136,080	–	–
IS	ISLAND INFORMATION	1,967,840	283,369	1,967,840	283,369	–	–
JFC	JOLLIBEE FOODS CORPORATION	47,721	10,326,824	47,721	10,326,824	–	–
JGS	JG SUMMIT HOLDINGS, INC.	669,412	35,478,836	669,412	35,478,836	–	–
JOH	JOLLIVILLE HOLDINGS CORP.	56,920,739	310,218,027	56,920,739	310,218,027	–	–
KEEPR	THE KEEPERS HOLDINGS INC	1,677,444	2,214,226	1,677,444	2,214,226	–	–
KEP	KEPPEL PHILS PROPERTIES, INC.	22,075	66,446	22,075	66,446	–	–
KPH	KEPPEL PHILIPPINES	203	1,238	203	1,238	–	–
KPM	KEPPEL PHILS. MARINE, INC.	53,758	–	53,758	–	–	–
KPPI	KEPWEALTH PROPERTY PHILS., INC.	67,100	189,893	67,100	189,893	–	–
LAND	CITY & LAND DEVELOPERS, INC.	378,250	321,512	378,250	321,512	–	–
LC	LEPANTO CONS MINING CO. A	135,823,773	19,015,328	135,823,773	19,015,328	–	–
LCB	LEPANTO CONS. MINING CO. B	26,993,015	3,617,064	26,993,015	3,617,064	–	–
LFM	LIBERTY FLOUR MILLS, INC.	12,820	264,733	12,820	264,733	–	–
LIB	LIBERTY TELECOMS HOLDINGS,INC.	777,000	–	777,000	–	–	–
LODE	LODESTAR INVSMT HOLDINGS CORP.	5,184,000	3,265,920	5,184,000	3,265,920	–	–
LOTO	PACIFIC ONLINE SYSTEMS CORP.	177,450	308,763	177,450	308,763	–	–
LPZ	LOPEZ HOLDINGS CORPORATION	2,681,125	7,802,074	2,681,125	7,802,074	–	–
LR	LEISURE & RESORTS WORLD	217,220	323,658	217,220	323,658	–	–
LSC	LORENZO SHIPPING CORP.	63,500	57,150	63,500	57,150	–	–
LTG	LT GROUP, INC.	103,400	1,023,660	103,400	1,023,660	–	–
MA	MANILA MINING CORP. A	304,461,668	3,349,078	304,461,668	3,349,078	–	–
MAB	MANILA MINING CORP. B	255,162,449	2,551,624	255,162,449	2,551,624	–	–
MAC	MACROASIA CORPORATION	25,668	136,040	25,668	136,040	–	–
MACAY	MACAY HOLDINGS, INC.	494	2,722	494	2,722	–	–
MAH	METRO ALLIANCE HOLDINGS &	66,500	79,135	66,500	79,135	–	–
MAHB	METRO ALLIANCE HOLDINGS &	3,081	3,081	3,081	3,081	–	–
MAR	MARSMAN CORPORATION "A"	135	–	135	–	–	–
MARC	MARCVENTURES HOLDINGS, INC.	1,414,535	1,655,005	1,414,535	1,655,005	–	–
MAXS	MAX'S GROUP, INC.	30,300	196,344	30,300	196,344	–	–
MB	MANILA BULLETIN PUBLISHING COR	247,806	102,839	247,806	102,839	–	–
MBT	METROPOLITAN BANK & TRUST	1,628,718	90,719,593	1,628,718	90,719,593	–	–
MC	MARSTEEL CONSOLIDATED, INC A	10,000	–	10,000	–	–	–
MCB	MARSTEEL CONSOLIDATED	700,000	–	700,000	–	–	–
MED	MEDCO HOLDINGS, INC.	7,512,000	2,253,600	7,512,000	2,253,600	–	–
MEDIC	Medilines Distributors Incorporated	199,000	256,710	199,000	256,710	–	–
MEG	MEGAWORLD CORPORATION	3,170,492	9,987,050	3,170,492	9,987,050	–	–
MER	MANILA ELECTRIC CO.	145,974	43,091,525	145,974	43,091,525	–	–
MFC	MANULIFE FINANCIAL CORP.	2,392	2,264,028	2,392	2,264,028	–	–
MFIN	MAKATI FINANCE CORPORATION	1,126,582	2,816,455	1,126,582	2,816,455	–	–
MG	MILLENNIUM GLOBAL HOLDINGS, INC.	2,781,000	442,179	2,781,000	442,179	–	–
MGH	METRO GLOBAL HOLDINGS CORPORATION	14,500	14,500	14,500	14,500	–	–

		Per Records		Per Count		Unallocated Difference	
CODE	NAME	No. of Shares	Market Value	No. of Shares	Market Value	No. of Shares	Market Value
MHC	MABUHAY HOLDINGS CORP.	1,277,000	₱478,875	1,277,000	₱478,875	–	₱–
MJC	MANILA JOCKEY CLUB, INC.	6,596,491	12,005,614	6,596,491	12,005,614	–	–
MJIC	MJC INVESTMENTS CORPORATION	6,900	7,935	6,900	7,935	–	–
MM	MERRYMART CONSUMER CORP.	222,200	557,722	222,200	557,722	–	–
MMC	MARCOPPER MINING CORP.	8,575	–	8,575	–	–	–
MON	MONDRAGON INTERNATIONAL PHIL	1,057,514	–	1,057,514	–	–	–
MONDE	MONDE NISSIN CORPORATION	4,089,700	66,253,140	4,089,700	66,253,140	–	–
MPI	METRO PACIFIC INVESTMENTS CORP	8,401,727	32,766,735	8,401,727	32,766,735	–	–
MRC	MRC ALLIED, INC.	8,779,000	2,238,645	8,779,000	2,238,645	–	–
MREIT	MREIT Inc	810,100	15,958,970	810,100	15,958,970	–	–
MRP	MELCO RESORTS AND ENT. (PHILS.) CORP	53,200	–	53,200	–	–	–
MRSGI	METRO RETAIL STORES GROUP, INC.	3,091,000	4,451,040	3,091,000	4,451,040	–	–
MVC	MABUHAY VINYL CORPORATION	49,400	211,432	49,400	211,432	–	–
MWC	MANILA WATER COMPANY, INC.	2,382,900	58,976,775	2,382,900	58,976,775	–	–
MWIDE	MEGAWIDE CONSTRUCTION CORPORATION	543,048	2,812,989	543,048	2,812,989	–	–
MWP4	MEGAWIDE CONSTRUCTION CORP SERIES 4 P	10,000	1,009,000	10,000	1,009,000	–	–
NI	NIHAO MINERAL RESOURCES INT'L	232,009	238,969	232,009	238,969	–	–
NIKL	NICKEL ASIA CORPORATION	49,079,824	262,577,058	49,079,824	262,577,058	–	–
NOW	NOW CORPORATION	352,000	454,080	352,000	454,080	–	–
NRCP	NATIONAL REINSURANCE CORP.	70,000	42,000	70,000	42,000	–	–
NXGEN	NEXTGENESIS CORPORATION	423,550	2,964,850	423,550	2,964,850	–	–
OM	OMICO CORPORATION	3,978,999	1,372,755	3,978,999	1,372,755	–	–
OPM	ORIENTAL PET. & MIN. CORP. A	240,618,503	2,646,804	240,618,503	2,646,804	–	–
OPMB	ORIENTAL PET. & MIN. CORP. B	80,190,065	882,091	80,190,065	882,091	–	–
ORE	ORIENTAL PENINSULA RESOURCES.	637,000	496,860	637,000	496,860	–	–
OV	THE PHILODRILL CORP.	125,225,113	1,252,251	125,225,113	1,252,251	–	–
PA	PACIFICA HOLDINGS INC	217,850	697,120	217,850	697,120	–	–
PAL	PAL HOLDINGS, INC.	107,371	649,595	107,371	649,595	–	–
PAX	PAXYS, INC.	10,800	17,604	10,800	17,604	–	–
PBB	PHILIPPINE BUSINESS BANK	76,611	766,110	76,611	766,110	–	–
PBC	PHIL. BANK OF COMMUNICATIONS	4,400	76,912	4,400	76,912	–	–
PCOR	PETRON CORPORATION	1,669,443	5,292,134	1,669,443	5,292,134	–	–
PCP	PICOP RESOURCES, INC.	3,533,875	724,444	3,533,875	724,444	–	–
PECB	PNOC EXPLORATION CORP. B	650	–	650	–	–	–
PERC	PETROENERGY RESOURCES	253,796	1,015,184	253,796	1,015,184	–	–
PGOLD	PUREGOLD PRICE CLUB, INC.	211,180	8,299,374	211,180	8,299,374	–	–
PHA	PREMIERE HORIZON ALLIANCE CORPORATION	981,000	549,360	981,000	549,360	–	–
PHC	PHILCOMSAT HOLDINGS CORP.	5,000	7,000	5,000	7,000	–	–
PHES	PHIL. ESTATES CORPORATION	7,740,000	3,947,400	7,740,000	3,947,400	–	–
PHR	PH RESORTS GROUP HOLDINGS INC	3,432,770	2,677,561	3,432,770	2,677,561	–	–
PIZZA	SHAKEYS PIZZA ASIA VENTURES INC	6,198,600	62,605,860	6,198,600	62,605,860	–	–
PLC	PREMIUM LEISURE CORP.	2,379,000	1,022,970	2,379,000	1,022,970	–	–
PMPC	PANASONIC MANUFACTURING	5,000	30,000	5,000	30,000	–	–
PMT	PRIMETOWN PROPERTY GROUP, INC.	99,500	–	99,500	–	–	–
PNB	PHILIPPINE NATIONAL BANK	2,163,980	43,495,998	2,163,980	43,495,998	–	–
PNC	PHIL. NATIONAL CONST. CORP.	120,341	589,671	120,341	589,671	–	–
PNX	PHOENIX PETROLEUM PHILIPPINES.	41,138	446,759	41,138	446,759	–	–

		Per Records		Per Count		Unallocated Difference	
CODE	NAME	No. of Shares	Market Value	No. of Shares	Market Value	No. of Shares	Market Value
PNX3B	PHOENIX PETROLEUM PHILS INC SERIES 3B PR	1,000	₱102,400	1,000	₱102,400	–	₱–
POD	PHIL. OIL DEV'T. CO., INC.	201,700	–	201,700	–	–	–
PPC	PRYCE CORPORATION	16,326,815	94,532,259	16,326,815	94,532,259	–	–
PPI	PHILTOWN PROPERTIES, INC.	15,355	-	15,355	-	–	–
PRC	PHIL. RACING CLUB, INC.	2,805	21,879	2,805	21,879	–	–
PRF3A	PETRON CORPORATION SERIES 3A PERPETUA	1,000	1,000,000	1,000	1,000,000	–	–
PRIM	PRIME MEDIA HOLDINGS, INC.	391,043	457,520	391,043	457,520	–	–
PRMX	PRIMEX CORPORATION	635,000	1,365,250	635,000	1,365,250	–	–
PSB	PHILIPPINE SAVINGS BANK	20,764	1,173,166	20,764	1,173,166	–	–
PSE	THE PHILIPPINE STOCK EXCHANGE,	242,605	52,160,075	242,605	52,160,075	–	–
PTT	PHILIPPINE TELEGRAPH	153,500	50,655	153,500	50,655	–	–
PX	PHILEX MINING CORP.	6,946,688	37,859,450	6,946,688	37,859,450	–	–
PXP	PXP ENERGY CORPORATION	872,428	5,365,432	872,428	5,365,432	–	–
RCB	RIZAL COMMERCIAL BANKING	37,225	744,500	37,225	744,500	–	–
RCI	ROXAS AND COMPANY, INC.	574,285	373,285	574,285	373,285	–	–
RCR	RL Commercial REIT, Inc.	418,500	3,184,785	418,500	3,184,785	–	–
REG	REPUBLIC GLASS HOLDINGS CORP.	75,001	225,003	75,001	225,003	–	–
RFM	RFM CORPORATION	88,000	402,160	88,000	402,160	–	–
RLC	ROBINSON LAND CORPORATION	3,687,719	70,804,205	3,687,719	70,804,205	–	–
RLT	PHIL. REALTY & HOLDINGS CORP.	1,210,213	244,463	1,210,213	244,463	–	–
ROCK	ROCKWELL LAND CORPORATION	190,405	281,799	190,405	281,799	–	–
ROX	ROXAS HOLDINGS, INC.	157,453	163,751	157,453	163,751	–	–
RPC	REYNOLDS PHILIPPINE CORP.	11,226,105	–	11,226,105	–	–	–
RRHI	ROBINSONS RETAIL HOLDINGS, INC.	230	15,042	230	15,042	–	–
SBS	SBS PHILIPPINES CORPORATION COMMON SH	6,493,267	25,388,674	6,493,267	25,388,674	–	–
SCC	SEMIRARA MINING AND POWER CORPORATION	2,333,820	49,827,057	2,333,820	49,827,057	–	–
SDP	SIME DARBY PILIPINAS, INC	27	–	27	–	–	–
SECB	SECURITY BANK CORPORATION	242,412	28,847,028	242,412	28,847,028	–	–
SFI	SWIFT FOODS, INC.	8,083,076	840,640	8,083,076	840,640	–	–
SFIP	SWIFT FOODS, INC. CONVERTIBLE	24,064	36,096	24,064	36,096	–	–
SGI	SOLID GROUP, INC.	19,984,000	21,582,720	19,984,000	21,582,720	–	–
SGP	SYNERGY GRID & DEVELOPMENT PHILS., INC.	2,418,300	31,728,096	2,418,300	31,728,096	–	–
SHLPH	PILIPINAS SHELL PETROLEUM CORPORATION	15,670	311,520	15,670	311,520	–	–
SHNG	SHANG PROPERTIES, INC.	723,589	1,888,567	723,589	1,888,567	–	–
SLF	SUN LIFE FINANCIAL, INC.	222	618,936	222	618,936	–	–
SLI	STA. LUCIA LAND, INC.	10,000	28,800	10,000	28,800	–	–
SM	SM INVESTMENTS CORPORATION	9,596	9,049,028	9,596	9,049,028	–	–
SMC	SAN MIGUEL CORP.	216,287	24,851,376	216,287	24,851,376	–	–
SMC2F	SAN MIGUEL CORPORATION SERIES 2 PREFER	669,400	52,414,020	669,400	52,414,020	–	–
SMP	SAN MIGUEL PROPERTIES, INC.	150	–	150	–	–	–
SMPH	SM PRIME HOLDINGS, INC.	1,025,492	34,764,179	1,025,492	34,764,179	–	–
SOC	SOCResources, Inc.	5,785,000	3,586,700	5,785,000	3,586,700	–	–
SPC	SPC POWER CORPORATION	23,100	322,476	23,100	322,476	–	–
SPM	SEAFRONT RESOURCES CORPORATION	1,781,969	3,581,758	1,781,969	3,581,758	–	–
SPNEC	SOLAR PHILIPPINES NUEVA ECIJA CORPORATI	2,025,000	2,592,000	2,025,000	2,592,000	–	–

		Per Records		Per Count		Unallocated Difference	
		No. of	Market	No. of	Market	No. of	Market
CODE	**NAME**	**Shares**	**Value**	**Shares**	**Value**	**Shares**	**Value**
SSI	SSI GROUP, INC.	9,369,300	₱10,493,616	9,369,300	₱10,493,616	–	₱–
SSP	SFA SEMICON PHILIPPINES CORPORATION	685,000	753,500	685,000	753,500	–	–
STI	STI EDUCATION SYSTEM HOLDINGS, INC.	2,862,000	973,080	2,862,000	973,080	–	–
STN	STENIEL MANUFACTURING CORP.	183,845	47,800	183,845	47,800	–	–
STR	VISTAMALLS, INC.	279,800	1,040,856	279,800	1,040,856	–	–
SUN	SUNTRUST HOME DEVELOPERS, INC.	726,121	813,256	726,121	813,256	–	–
SWM	SANITARY WARES MFG. CORP.	16,600	–	16,600	–	–	–
T	TKC METALS CORPORATION	152,900	119,262	152,900	119,262	–	–
TBGI	TRANSPACIFIC BROADBAND GROUP	450,000	135,000	450,000	135,000	–	–
TECB2	CIRTEK HLDGS PHILS CORP PREF B-2	2,237,000	–	2,237,000	–	–	–
TECH	CIRTEK HOLDINGS PHILIPPINES CORPORATIO	149,419	563,310	149,419	563,310	–	–
TECHW	CIRTEK HOLDINGS PHILIPPINES CORPORATIO	10,251	8,816	10,251	8,816	–	–
TEL	PLDT INC.	17,780	32,217,360	17,780	32,217,360	–	–
TFHI	TOP FRONTIER INVESTMENTS HOLDINGS, INC.	7,772	992,484	7,772	992,484	–	–
TUGS	HARBOR STAR SHIPPING SERVICES, INC.	37,000	33,670	37,000	33,670	–	–
UBP	UNION BANK OF THE PHILS.	12,632	1,256,884	12,632	1,256,884	–	–
UNI	UNIOIL RESOURCES & HOLDINGS	2,155,450	530,241	2,155,450	530,241	–	–
UP	UNIVERSAL RIGHTFIELD PROPERTY	2,524,000	–	2,524,000	–	–	–
UPM	UNITED PARAGON MINING CORP.	170,345,000	1,175,381	170,345,000	1,175,381	–	–
URC	UNIVERSAL ROBINA CORPORATION	211,756	27,104,768	211,756	27,104,768	–	–
UW	UNIWIDE HOLDINGS, INC.	531,000	–	531,000	–	–	–
V	VANTAGE EQUITIES, INC.	23,768,398	19,490,086	23,768,398	19,490,086	–	–
VITA	VITARICH CORPORATION	232,500	172,050	232,500	172,050	–	–
VLL	VISTA LAND & LIFESCAPES, INC.	39,405	139,100	39,405	139,100	–	–
VMC	VICTORIAS MILLING COMPANY, INC	124,880	299,712	124,880	299,712	–	–
VUL	VULCAN INDUSTRIAL & MINING	632,000	606,720	632,000	606,720	–	–
VVT	VIVANT CORPORATION	25,900	375,550	25,900	375,550	–	–
WEB	PHILWEB CORPORATION	149,800	293,608	149,800	293,608	–	–
WIN	WELLEX INDUSTRIES, INC.	14,054,300	3,232,489	14,054,300	3,232,489	–	–
WLCON	WILCON DEPOT INC	91,874,898	2,802,184,389	91,874,898	2,802,184,389	–	–
WPI	WATERFRONT PHILIPPINES, INC.	3,059,000	1,407,140	3,059,000	1,407,140	–	–
X	XURPAS INC	83,770,658	46,073,862	83,770,658	46,073,862	–	–
ZHI	ZEUS HOLDINGS, INC.	18,989,000	3,418,020	18,989,000	3,418,020	–	–
		2,794,781,758	₱8,106,689,770	2,794,781,758	₱8,106,689,770	–	–

SCHEDULE VII

IGC SECURITIES, INC.
SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS UNDER SRC RULE 68, AS AMENDED
DECEMBER 31, 2021 AND 2020

	2021	2020
Current/liquidity ratio	1.36	1.44
Current assets	₱148,854,021	₱142,652,693
Current liabilities	109,404,095	99,264,977
Solvency ratio	0.02	0.01
After-tax income before depreciation	3,241,153	1,508,451
Total liabilities	141,967,726	136,267,358
Debt-to-equity ratio	3.47	2.49
Total liabilities	141,967,726	136,267,358
Total equity	57,464,428	54,694,329
Asset-to-equity ratio	3.47	3.49
Total assets	199,432,154	190,961,687
Total equity	57,464,428	54,694,329
Interest rate coverage ratio	116.37	26.66
Income before interest and taxes	3,872,797	1,303,700
Finance costs	33,279	48,896
Profitability ratio	0.05	0.02
After tax income	2,879,666	1,183,409
Total equity	57,464,428	54,694,329

SCHEDULE VIII

IGC SECURITIES INC.
SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2021

Unappropriated retained earnings as at December 31, 2020	₱17,130,838
Deduct: Amount of deferred tax asset as at December 31, 2020	(787,451)
Unappropriated retained earnings as at December 31, 2020, as adjusted	16,343,387
Net income based on the audited financial statements	2,879,666
Add: Deferred tax expense	247,881
Net income, as adjusted	3,127,547
Appropriation during the year	(863,900)
Unappropriated retained earnings as at December 31, 2021, as adjusted	₱18,607,034