205122333025294

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, 1307 Metro Manila Philippines
Tel:(632) 818-0921 Fax:(632) 818-5293 Email: mis@sec.gov.ph

Barcode Page

The following document has been received:

Receiving	Justo Rogelio
Receiving Branch:	SEC Head Office
Receipt Date and Time:	April 18, 2023 09:20:00 AM
Received From:	Head Office

Company Representative

Doc Source

Company Information

SEC Registration No.	AS92008231
Company Name	SOLAR SECURITIES INC.
Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	205122333025294
Document Type	ANNUAL AUDITED FINANCIAL REPOR
Document Code	52AR
Period Covered	December 31, 2022
No. of Days Late	
Department	
Remarks	

Your BIR AFS eSubmission uploads were received

From: eafs@bir.gov.ph (eafs@bir.gov.ph)

To: solar_accounting@yahoo.com.ph

Cc: solarsecurities3002@gmail.com

Date: Wednesday, April 12, 2023 at 02:16 PM GMT+8

Hi SOLAR SECURITIES INC,

Valid files

- EAFS001949768AFSTY122022.pdf
- EAFS001949768OTHTY122022.pdf

Invalid file

- EAFS001949768ITRTY122022.pdf

Warning: Please resubmit the invalid file in the expected PDF format.

Transaction Code: **AFS-0-C95LK7HB0PXPXVXWXMN1TPZVN0PWS3TYN1**
Submission Date/Time: **Apr 12, 2023 01:56 PM**
Company TIN: **001-949-768**

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

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

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

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A S 0 9 2 0 0 8 2 3 1

Company Name

SOLAR SECURITIES, INC.

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

3002 EAST TOWER, PSE CENTRE
EXCHANGE ROAD, ORTIGAS CENTER
PASIG CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AFS	CRMD	BDIS

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
solar_accounting@yahoo.com.ph	635-24-66	

No. of Stockholders	Annual Meeting Month/Day	Calendar Year Month/Day
9	2nd Saturday of May	12/31

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
JUNE O. LIAO	solar_sec_inc@yahoo.com	86366301	09178380622

Contact Person's Address

1803 Athena Tower, 1089 Aguilar St., Binondo, Manila

Note: 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.

SOLAR SECURITIES, INC.

AUDITED FINANCIAL STATEMENTS
December 31, 2022 and 2021
With Report of Independent Auditors

SOLAR SECURITIES, INC.
ANNUAL AUDITED FINANCIAL REPORT

TABLE OF CONTENTS
DECEMBER 31, 2022

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

ANNUAL AUDITED FINANCIAL REPORT

Information required of Brokers and Dealers Pursuant to Rule 52.1-5 of the Securities Regulation Code.

Report for the Period Beginning January 1, 2022 and Ending December 31, 2022.

IDENTIFICATION OF BROKER OR DEALER

Name of Broker:	**Solar Securities, Inc.**		
Address of Principal Place of Business:	**Unit 3002 East Tower Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City**		
Name and Phone Number of Person to Contact in Regard to this Report			
Name:	**Ms. Mary Ann Alday**	*Tel. No.*	**634-6653/636-6302**
		Fax No.	**635-24-66**

IDENTIFICATION OF ACCOUNTANT

Name of Independent Certified Public Accountant whose opinion is contained in this report:			
Name:	**M. A. Mercado & Co.**	*Tel No.*	**8894-5783**
		Fax No.	**(632) 8894-4793**
Address:	**Suite 2109 Cityland 10 Tower 1 6815 Ayala Avenue, Makati City**		
Certificate Number	**66885**		
PTR Number	**9587940**	*Date Issued*	**01/17/2023**

Solar Securities, Inc.
MEMBER: PHILIPPINE STOCK EXCHANGE
Unit E-3002, Phil. Stock Exchange Centre
Exchange Road, Ortigas Complex, Pasig City
Tel. Nos. 8634-6651 8634-6653

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Solar Securities, Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

M. A. Mercado & Co., the independent auditors, appointed by the stockholders for the periods December 31, 2022 and 2021 have audited the financial statements of the Company in accordance with Philippine Standards on Auditing and in its report to the stockholders, have expressed its opinion on the fairness of presentation upon completion of such audit.

WILSON Y. TIENG	**JOHNNY S. YAP**	**AIDA C. TIENG**
Chairman	President	Treasurer

Signed this 6th day of April, 2023.

MAM & Co.

M. A. MERCADO & Co.
Certified Public Accountants
2109 Cityland 10 Tower 1
156 H.V. Dela Costa Street Cor.
6815 Ayala Avenue North
1226 Makati City, Philippines

Phone: *+63 (2) 8894-5783*
+63 (2) 8893-1509
Fax: *+63 (2) 8894-4793*
E-mail: *mercado_cpa@yahoo.com*
Website: mamercado.com

INDEPENDENT AUDITOR'S REPORT

The Shareholders and the Board of Directors
SOLAR SECURITIES, INC.
Unit 3002 East Tower
Philippine Stock Exchange Centre
Exchange Road, Ortigas Center, Pasig City

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Solar Securities, Inc., which comprise the statements of financial position as at December 31, 2022 and 2021, and the related statements of profit or loss and other 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, 2022 and 2021, 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 (PSAs). Our responsibilities under those standards are further described in *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II, III, IV, V and VI is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but supplementary information required by Rule 52.1-5 of the Revised Securities Regulation Code. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information under Revenue Regulation 15-2010 in Note 32 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

M.A. MERCADO & CO.

MARCELINO A. MERCADO
Partner
CPA License No. 066885
Tax Identification No. 102-921-222
P.T.R. No. 9587940; Issued on January 17, 2023, Makati City
SEC Accreditation No. 66885-SEC (Group B)
Issued January 25, 2022
Valid until 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-003338-002-2021
Issued December 9, 2021; Valid until December 8, 2024
IC Accreditation No. 66885-IC
Issued January 26, 2021
Valid until 2024 financial statements of IC covered institutions
Firm's BOA/PRC Cert. of Reg. No. 5658
Issued September 29, 2020; Valid until September 17, 2023
Firm's SEC Accreditation No. 5658-SEC (Group B)
Issued January 25, 2022
Valid until 2025 financial statements of SEC covered institutions
Firm's BIR Accreditation No. 08-006173-000-2021
Issued March 04, 2021; Valid until March 03, 2024
Firm's IC Accreditation No. 5658-IC
Issued January 26, 2021;
Valid until 2024 financial statements of IC covered institutions

April 6, 2023

STATEMENTS OF FINANCIAL POSITION

		December 31		Market Value of Securities			
	Notes	2022	2021	2022 Long	2022 Short	2021 Long	2021 Short
ASSETS							
Current Assets							
Cash and cash equivalents	2,3,4	₱ **182,153,389**	₱ 115,431,197				
Financial assets at FVPL	2,3,5	**10,044,231**	10,186,387	₱ **10,044,231**		₱ 10,186,387	
Receivables							
Customers	2,3,7	**7,031,999**	3,854,362	**352,521,015**		726,287,843	
Clearing house	2,3,8	-	5,379,081				
Prepayments and other current assets	2,3,9	**1,454,441**	1,275,014				
		200,684,060	136,126,041				
Noncurrent Assets							
Property and equipment - net	2,3,10	**18,042,043**	18,711,327				
Financial assets at FVOCI	2,3,6	**38,320,000**	52,000,000				
Trading rights	2,3,11	**8,000,000**	8,500,000				
Other noncurrent assets	2,12	-	66,388				
		64,362,043	79,277,715				
		₱ **265,046,103**	₱ 215,403,756				
LIABILITIES AND EQUITY							
Liabilities							
Current Liabilities							
Trade payables							
Customers	2,3,13	₱ **138,990,684**	₱ 76,534,054	**1,000,022,119**		3,275,011,490	
Clearing house	2,3,14	**4,409,138**	-				
Accrued expense and other current liabilities	2,3,15	**3,318,381**	3,454,880				
		146,718,203	79,988,934				
Non Current Liability							
Deferred tax liabilities,net	2,16	**8,095,648**	8,693,948				
Post employment benefits	2,23	**3,563,447**	3,575,073				
		11,659,095	12,269,021				
Equity							
Share capital	2,17	**56,000,000**	56,000,000				
Retained earnings	2,18						
Unappropriated		**10,555,047**	16,586,490				
Appropriated		**9,223,834**	9,223,834				
Net unrealized gain on financial assets at FVOCI	2,3,6	**26,550,000**	36,810,000				
Revaluation surplus	2,19	**4,663,500**	5,038,500				
Actuarial losses	2,23	**(323,575)**	(513,023)				
		106,668,806	123,145,801				
		₱ **265,046,103**	₱ 215,403,756				
Securities in PCD, transfer office, box					**4,768,412,663**		5,669,171,689
Securities position of customers without money balance				**3,405,825,298**		1,657,685,969	
				₱ **4,768,412,663**	₱ **4,768,412,663**	₱ 5,669,171,689	₱ 5,669,171,689

See Accompanying Notes to Financial Statements.

Solar Securities, Inc.

STATEMENTS OF CASH FLOWS

	Notes		Years Ended December 31 2022		2021
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before income tax expense		₱	**(895,901)**	₱	(7,436,656)
Adjustments for:					
Prior period adjustments	18		-		9,230,798
Expected credit losses			-		19
Depreciation	2,3,10		**680,177**		689,150
Retirement expense	2,23		**240,971**		181,578
Net unrealized (gain) loss on financial assets at FVPL	22		**(115,370)**		10,597,864
Dividend income	2,5,20		**(2,731,188)**		(1,979,920)
Interest income	2,4,24		**(200,141)**		(182,573)
Operating (loss) income before working capital changes			**(3,021,452)**		11,100,260
Changes in operating assets and liabilities:					
(Increase) decrease in:					
Financial assets at FVPL	2,3,5		**257,526**		(6,005,368)
Receivable from customers	2,3,7		**(3,177,637)**		9,619,091
Receivable from clearing house	2,3,8		**5,379,081**		409,690
Prepayments and other current assets	2,3,9		**(1,163,127)**		(707,664)
Increase (decrease) in:					
Payable to customers	2,3,13		**62,456,630**		(16,623,669)
Payable to clearing house	2,3,14		**4,409,138**		-
Accrued expense and other current liabilities	2,3,15		**(136,499)**		(1,108,375)
Cash provided by (used in) operations			**65,003,660**		(3,316,035)
Dividends received	2,5,20		**2,731,188**		1,979,920
Interest received	2,4,24		**170,382**		146,058
Income tax paid	2		**(50,533)**		(155,305)
Net cash (provided by) used in operations			**67,854,697**		(1,345,362)
CASH FLOW FROM INVESTING ACTIVITIES					
Acquisitions of property and equipment	2,3,10		**(10,893)**		(51,527)
Utilization of other noncurrent assets	2,12		**66,388**		398,325
Net cash provided by investing activities			**55,495**		346,798
CASH FLOW FROM FINANCING ACTIVITY					
Payment of dividends	18		**(1,188,000)**		(1,728,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			**66,722,192**		(2,726,564)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,3,4		**115,431,197**		118,157,761
CASH AND CASH EQUIVALENTS, END OF YEAR	2,3,4	₱	**182,153,389**	₱	115,431,197

See Accompanying Notes to Financial Statements.

Solar Securities, Inc.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes		Years Ended December 31 2022		2021
REVENUES	2,3,20	₱	**11,716,348**	₱	17,795,679
COST OF SERVICES	2,21		**(3,816,495)**		(5,653,373)
GROSS PROFIT			**7,899,853**		12,142,306
OPERATING EXPENSES	2,22		**(8,995,895)**		(19,761,535)
LOSS FROM OPERATIONS			**(1,096,042)**		(7,619,229)
FINANCE INCOME	2,4,24		**200,141**		182,573
LOSS BEFORE INCOME TAX EXPENSE			**(895,901)**		(7,436,656)
PROVISION FOR INCOME TAX	2,26				
Current			**29,759**		36,515
Deferred			**3,917,783**		1,387,721
			3,947,542		1,424,236
NET LOSS FOR THE YEAR			**(4,843,443)**		(8,860,892)
OTHER COMPREHENSIVE INCOME (LOSS)					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Net unrealized gain (loss) on financial assets at FVOCI	2,3,6		**(13,680,000)**		14,664,000
Income tax effect	16,26		**3,420,000**		(3,666,000)
			(10,260,000)		10,998,000
Actuarial gain - Defined benefit obligation	2,23		**252,597**		56,003
Income tax effect	16,26		**(63,149)**		(14,001)
			189,448		42,002
TOTAL OTHER COMPREHENSIVE INCOME / (LOSS)			**(10,070,552)**		11,040,002
TOTAL COMPREHENSIVE INCOME / (LOSS)		₱	**(14,913,995)**	₱	2,179,110
LOSS PER SHARE					
Basic and diluted	25	₱	**8.65**	₱	15.82

See Accompanying Notes to Financial Statements.

Solar Securities, Inc.

STATEMENTS OF CHANGES IN EQUITY

Year Ended December 31, 2022

	Share Capital (Notes 2,17)	Retained Earnings Unappropriated (Notes 2,18)	Retained Earnings Appropriated (Notes 2,18)	Net Unrealized Gain on Financial Assets at FVOCI (Notes 2,6,18)	Revaluation Surplus (Notes 2,18)	Actuarial Losses (Notes 2,18,23)	Total Equity
Balance at January 1, 2022	**₱ 56,000,000**	**₱ 16,586,490**	**₱ 9,223,834**	**₱ 36,810,000**	**₱ 5,038,500**	**₱ (513,023)**	**₱ 123,145,801**
Net loss for the year		**(4,843,443)**	**-**	**-**	**-**	**-**	**(4,843,443)**
Other comprehensive loss	**-**	**-**	**-**	**(10,260,000)**	**-**	**189,448**	**(10,070,552)**
Total comprehensive loss	**-**	**(4,843,443)**	**-**	**(10,260,000)**	**-**	**189,448**	**(14,913,995)**
Decrease in revaluation surplus					**(375,000)**		**(375,000)**
Dividends (Note 18)	**-**	**(1,188,000)**	**-**	**-**	**-**	**-**	**(1,188,000)**
Balance at December 31, 2022	**₱ 56,000,000**	**₱ 10,555,047**	**₱ 9,223,834**	**₱ 26,550,000**	**₱ 4,663,500**	**₱ (323,575)**	**₱ 106,668,806**

Year Ended December 31, 2021

	Share Capital (Notes 2,17)	Retained Earnings Unappropriated (Notes 2,18)	Retained Earnings Appropriated (Notes 2,18)	Net Unrealized Gain on Financial Assets at FVOCI (Notes 2,6,18)	Revaluation Surplus (Notes 2,18)	Actuarial Losses (Notes 2,18,23)	Total Equity
Balance at January 1, 2021	₱ 56,000,000	₱ 17,944,584	₱ 9,223,834	₱ 24,091,200	₱ 4,702,600	₱ (518,024)	₱ 111,444,194
Prior period error (Note 18)	-	9,230,798	-	-	-	-	9,230,798
Effect of enactment of CREATE Law	-	-	-	1,720,800	335,900	(37,001)	2,019,699
Balance at January 1, 2021 as restated	56,000,000	27,175,382	9,223,834	25,812,000	5,038,500	(555,025)	122,694,691
Net loss for the year	-	(8,860,892)	-	-	-	-	(8,860,892)
Other comprehensive income	-	-	-	10,998,000	-	42,002	11,040,002
Total comprehensive income	-	(8,860,892)	-	10,998,000	-	42,002	2,179,110
Dividends (Note 18)	-	(1,728,000)	-	-	-	-	(1,728,000)
Balance at December 31, 2021	₱ 56,000,000	₱ 16,586,490	₱ 9,223,834	₱ 36,810,000	₱ 5,038,500	₱ (513,023)	₱ 123,145,801

See Accompanying Notes to Financial Statements.

1. Corporate Information

Solar Securities, Inc. (the Company) was incorporated on December 3, 1992 to carry on and maintain the business of stock brokerage and act as dealer of securities, bonds, debentures, commodities, obligations and investment of all kinds and all activities, which are directly or indirectly related.

Its registered office address is located at Unit 3002 East Tower Philippine Stock Exchange Centre, Ortigas Center, Pasig City.

The accompanying financial statements of the Company were authorized for issue by the Board of Directors on April 6, 2023.

2. Summary of Significant Accounting Policies

The more significant accounting policies and practices of the Company are summarized below to facilitate the understanding of data presented in the financial statements.

Basis of Preparation

These financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS includes all applicable PFRS, Philippine Accounting Standards (PAS) and interpretation, which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the Securities and Exchange Commission (SEC), including SEC pronouncements.

The financial statements have been prepared under the historical cost basis except for financial assets at FVPL and financial assets at fair value through other comprehensive income (FVOCI) that have been measured at fair value. The Company's financial statements are presented in Philippine pesos, which is the functional and presentation currency under PFRS. All values are rounded to the nearest peso except as otherwise indicated.

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Statement of Compliance

The financial statements of the Company have been prepared in compliance with the PFRS except for the use of closing prices for the valuation of equity securities as required by Revised SRC. PFRS requires the use of exit prices for the valuation of equity securities of the Company.

Current versus non-current classification

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

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

Fair Value Measurement

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

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

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

The principal or the most advantageous market must be accessible to by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the assets in its highest and best use or by selling it to another participant that would use the asset in its highest and best use.

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

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

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

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

Changes in Accounting Policies

The following explains the significant accounting policies which have been adopted in the preparation of the financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the changes in accounting policies as explained below.

New and amended standards adopted by the Company

The Company has applied the following applicable new and revised accounting standards except otherwise as stated. The accounting policies adopted are consistent with those of the previous financial year.

Amendments to PFRS 16 *Leases Covid-19 Related Rent Concessions*
The amendments provide relief to lessees from applying PFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under PFRS 16, if the change were not a lease modification.

- The rent concession is a direct consequence of COVID-19;
- The change in lease payment results in revised leased consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted, and covers eligible rent concessions until June 30, 2021.

These amendments are not applicable and have no significant impact on the Company's financial performance and financial position.

Due to the continuing impact of the pandemic, another amendment to PFRS 16 was issued in 2021, which allowed lessees to extend the application of the practical expedient regarding COVID-19 related rent concessions to reduction in lease payments that are due on or before June 30, 2022.

Amendments to PAS 16 *Property, Plant and Equipment: Proceeds before Intended Use*
The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and 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 the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

Amendments to PAS 37 *Onerous Contracts – Costs of Fulfilling a Contract*
The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless there are explicitly chargeable to the counterparty under the contract.

The amendments are not expected to have a material impact on the Company.

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 shall include when it applies the ’10 per cent’ test in assessing whether to derecognize a 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 amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.

Amendment to PFRS 16, *Leases – Lease Incentives*
The amendment removed from Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

The amendments are not expected to have a material impact on the Company.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncement will have a significant impact on its financial statements. The Company intends to adopt the following pronouncement when they become effective.

Effective for annual periods beginning on or after January 1, 2023
Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and

- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Company.

Amendments to PAS 1 and PAS 8, *Definition of Material*
The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

These amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have a material impact on the Company.

Amendments to PAS 12, Deferred Tax related to Asset and Liabilities arising from a Single Transaction
The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purpose, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in financial statements (and interest expenses) or to the related asset component (and interest expenses).

An entity applies the amendments to transactions that occur on or after January 1, 2023 with earlier adoption permitted.

The amendments are not expected to have material impact on the Company.

Effective for annual periods beginning on or after January 1, 2024

Amendments to PAS 1 *Classification of Liabilities as Current or Non-current*

The amendments to paragraph 69 to 76 of PAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standard Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.
The amendments are not expected to have a material impact on the Company.

Amendments to PFRS 16, Leases – Lease Liability in a Sale and Leaseback

The amendments clarify that the liability that arises from a sale and leaseback transaction, that satisfies the requirements in PFRS 15, revenue from Contracts with Customers, to be accounted for as a sale, is a lease liability to which PFRS 16 applies and give rise to a right-of-use asset. For the subsequent measurement, the seller-lessee shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying this subsequent measurement does not prevent the seller-lessee from recognizing any gain or loss relating to the partial or full termination of a lease. Any gain or loss relating to the partial or full termination of the lease does not relate to the right of use retained but to the right of use terminated. The amendments must be applied retrospectively. Earlier application is permitted.

The amendments are not expected to have a material impact on the Company.

Effective for annual periods beginning on or after January 1, 2025:

Amendments to PFRS 17 *Insurance Contracts*

The amendments to PFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4 Insurance Contracts (PFRS 4) that was issued in 2005. PFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

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

On December 15, 2021, the FRSC amended the mandatory effective date of PFRS from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after 1 January 2025, with comparative figures required. Early application is permitted provided the entity also applies PFRS 9 and PFRS 15 on or before the date it first applies PFRS 17.

The amendments are not expected to have material impact on the Company.

Deferred Effectivity

Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*
The amendments address the conflict between PFRS 10 and PAS 8 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the full gain or loss is recognized when transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investor's interests in the associate or joint ventures.

The amendments are not applicable and will have no significant impact on the Company since the Company is not an investment entity or does it have an investment entity associate.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are temporary placements with maturity of less than three (3) months which can be withdrawn anytime depending on the immediate cash requirement of the Company and are subject to an insignificant risk of change in value.

Financial Instruments
Date of Recognition
The Company recognizes a financial asset or 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 settlement date accounting.

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

"Day 1" difference
Where the transaction 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.

Classification
The Company classifies its financial assets at initial recognition under the following categories: a) financial assets at FVPL; b) financial assets at amortized cost and c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

Financial Assets and Liabilities at FVPL
Financial assets and liabilities at FVPL are either classified as held for trading or designated at FVPL. A financial instrument is classified as held for trading if it meets either of the following conditions:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

This category includes equity instruments which the Company had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not "solely for payment of principal and interest" assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Company may, at initial recognition, designate a financial asset or financial liability meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset or financial liability at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets or liabilities.

After initial recognition, financial assets at FVPL and held for trading financial liabilities are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL and held for trading financial liabilities are recognized in profit or loss.

For financial liabilities designated at FVPL under the fair value option, the amount of change in fair value that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss.

Financial Assets at Amortized Cost
Financial assets shall be 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 measure at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. 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, 2022 and 2021 the Company's cash and cash equivalents, receivables from customers and receivables from clearing house are included under this category (see Notes 4,7,8).

Financial Assets at FVOCI
For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI 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 selling the financial assets; 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.

For equity instruments, the Company may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

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

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. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As at December 31, 2022 and 2021, the Company designated its quoted investments in equity securities carried at fair value as financial assets at FVOCI as disclosed in Note 6.

Financial Liabilities at Amortized Cost
Financial liabilities are categorized as financial liabilities at amortized cost when the substance of a 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 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, 2022 and 2021, the Company's liabilities arising from its trade payables to customers, payable to clearing house and accrued expense and other current liabilities excluding government liabilities, are included under this category (see Notes 14 and 15)

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 a 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 FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

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.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment of Financial Assets

Expected credit loss methodology

ECL represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances will be measured at amounts equal to either:

- 12-month ECL
- lifetime ECL for those financial instruments which have experienced a significant increase in credit risk since initial recognition.

The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the twelve (12) months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of the financial asset.

Staging assessment

For non-credit-impaired financial instruments:

Stage 1 is comprised of all non-impaired financial assets which have not experienced a SICR since initial recognition. The Company recognizes a 12-month ECL for Stage 1 financial assets.

Stage 2 is comprised of all non-impaired financial assets which have experienced a SICR since initial recognition. The Company recognizes a lifetime ECL for Stage 2 financial assets.

For credit-impaired financial instruments:
Financial instruments are classified as Stage 3 when there is objective evidence of impairment.

Write-off Policy
A financial asset is written off when there is no reasonable expectation of recovering the contractual cashflows.

Definition of "default"
The Company classifies receivables, or any financial asset as in default when it is credit impaired or becomes past due on its contractual payments for more than 90 days. As part of a qualitative assessment of whether a customer is in default, the Company considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted.

Significant increase in credit risk (SICR)
The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Company's aging information, the borrower becomes past due for over 30 days. Further, the Company assumes that the credit risk of a financial asset, particularly on cash and equivalents and receivables from customers, clearing house and non-customers, has not increased significantly since origination if the financial asset is determined to have "low credit risk" as of the reporting date. A financial asset is considered "low credit risk" when it has an external rating equivalent to "high grade".

In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Company shall revert to recognizing a 12-month ECL.

Impairment of financial assets at Amortized Cost and FVOCI

The Company will recognize an allowance for "expected credit loss" (ECL) if there is an indication of default. 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. The difference is then discounted at an approximation to the asset's original effective interest rate.

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

Derecognition of Financial Assets and Liabilities
Financial Assets
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 pay.

Financial Liabilities
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 the statements of profit or loss and other comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the statements of profit or loss and other comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities
Financial assets and financial liabilities are offset and the net amount 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.

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.

Derivative Financial Instruments and Hedging
Freestanding Derivatives. For the purpose of hedge accounting, hedges are classified as either:
a) fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment (except for foreign currency risk);
b) cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability, a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment; or
c) hedges of a net investment in foreign operations.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instruments, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Fair Value Hedge. Derivatives classified as fair value hedges are carried at fair value with corresponding change in fair value recognized in the statements of profit or loss and other comprehensive income. The carrying amount of the hedged asset or liability is also adjusted for changes in fair value attributable to the hedged item and the gain or loss associated with that remeasurement is also recognized in the statements of profit or loss and other comprehensive income.

When the hedge ceases to be highly effective, hedge accounting is discontinued and the adjustment to the carrying amount of a hedged financial instrument is amortized immediately.

The Company discontinues fair value hedge accounting if:

a) the hedging instrument expires, is sold, is terminated or is exercised;
b) the hedge no longer meets the criteria for hedge accounting; or
c) the Company revokes the designation.

The Company has no derivatives accounted for as a fair value hedge as at December 31, 2022 and 2021.

Cash Flow Hedge. Changes in the fair value of a hedging instrument that qualifies as a highly effective cash flow hedge are recognized in other comprehensive income presented in the separate statements of changes in equity. The ineffective portion is immediately recognized in the statements of profit or loss and other comprehensive income.

If the hedged cash flow results in the recognition of an asset or a liability, all gains or losses previously recognized directly in the separate statements of changes in equity are transferred and included in the initial measurement of the cost or carrying amount of the asset or liability. Otherwise, for all other cash flow hedges, gains or losses initially recognized in the separate statements of changes in equity are transferred to the statements of profit or loss and other comprehensive income in the same period or periods during which the hedged forecasted transaction or recognized asset or liability affects the statements of profit or loss and other comprehensive income.

When the hedged ceases to be highly effective, hedge accounting is discontinued prospectively. The cumulative gain or loss on the hedging instrument that has been reported directly in the separate statements of changes in equity is retained until the forecasted transaction occurs. When the forecasted transaction is no longer expected to occur, any net cumulative gain or loss previously reported in the separate statements of changes in equity is recognized in the statements of profit or loss and other comprehensive income.

The Company has no outstanding derivatives accounted for as a cash flow hedge as at December 31, 2022 and 2021.

Net Investment Hedge. Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in other comprehensive income while any gain or loss relating to the ineffective portion is recognized in the statements of profit or loss and other comprehensive income. On disposal of a foreign operation, the cumulative value of any such gains and losses recorded in the separate statements of changes in equity is transferred to and recognized in the statements of profit or loss and other comprehensive income.

The Company has no hedge of a net investment in a foreign operation as at December 31, 2022 and 2021.

Changes in fair values of derivatives that do not qualify for hedge accounting are recognized directly in the statements of profit or loss and other comprehensive income.

Embedded Derivatives. The Company assesses whether embedded derivatives are required to be separated from the host contracts when the Company becomes a party to the contract. An embedded derivative is separated from the host contract and accounted for as derivative if all of the following conditions are met:

a) the economic characteristics and risks of the embedded derivatives are not closely related to the economic characteristics and risks of the host contract;
b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
c) the hybrid or combined instrument is not recognized as FVPL.

Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Embedded derivatives that are bifurcated from the host contracts are accounted for either as financial assets or financial liabilities at FVPL.

The Company has no derivatives as at December 31, 2022 and 2021.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The initial cost of property, furniture and equipment comprises its purchase price, including import duties and taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. When significant parts of property, furniture and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the furniture and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss in the statement of profit or loss and other comprehensive income as incurred.

Depreciation is computed on a straight-line basis over the following estimated useful lives of the assets:

Condominium unit	40 years
Office furniture, fixtures and equipment	3 years
Transportation equipment	6 years

The useful lives and methods of depreciation of property, furniture and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exist and where the carrying values exceed the estimated recoverable amount, an impairment loss is recognized in profit or loss in the statement of profit or loss.

Intangible Asset

Trading Rights

Trading rights is carried at fair value. It is initially recorded at cost. It has indefinite useful life and is tested for impairment annually at the cash generating-unit level. Such intangible asset is not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to definite is made on a prospective basis.

Trading rights is subsequently measured at fair value. The fair value of the asset can be determined by reference to an active market at a subsequent measurement date, the revaluation model is applied from that date. If an intangible asset's carrying amount is increased as a result of a revaluation, the increase shall be credited directly to equity under the heading of revaluation surplus. However, the increase shall be recognized in statement of profit or loss and other comprehensive income to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

If an intangible asset's carrying amount is decreased as a result of a revaluation the decrease shall be recognized in statement of profit or loss and other comprehensive income. However, the decrease shall be debited directly to equity under the heading of revaluation surplus to the extent of any credit balance in the revaluation surplus in respect of that asset.

Impairment of Nonfinancial Assets

Property, furniture and equipment and trading rights are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts.

The estimated recoverable amount is the greater of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples or other available fair value indicators. For an asset that does not generate largely independent cash inflows, the estimated recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment loss is recognized in the statement of profit or loss and other comprehensive income.

Reversal of impairment losses recognized in prior years is recorded when that there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The reversal is recorded in the statement of profit or loss and other comprehensive income.

However, the increased carrying amount of an asset due to reversal of an impairment loss is recognized to the extent that it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

Derecognition of Nonfinancial Assets
An item of the property, furniture and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the derecognition of the assets (computed as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss and other comprehensive income in the year the assets is derecognized.

Capital Stock
Capital stock is measured at par value for all shares issued. This includes common stocks only.

Retained Earnings
Retained earnings represent cumulative balance of periodic net income or loss, dividend contributions, prior period adjustments, effect of changes in accounting policy and other capital adjustments.

Cash dividends are recognized as a liability and deducted from retained earnings when approved by the Board of Directors.

Revenue Recognition
Revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires the Company to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The PFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. The five-step model is as follows:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligation in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation

The following specific criteria must also be met before revenue is recognized:

Commissions
The Company's main revenue is derived from commission income on trade execution service recognized at a point in time when control of the service has transferred to the customer. Transfer of control of the trade execution performance obligation generally occurs on the trade date because that is when the underlying financial instrument is identified and the pricing is agreed upon. On the trade date, the customer has obtained control of the service because it can direct the use of, and obtain substantially all of the remaining benefits from, the asset that comes from the trade execution service.

Commission income is derived from variable amounts which is 0.25% to 0.30% of the gross trade amount and therefore the amount of revenue to be earned from each contract is determined by reference to each of those trade transactions.

Trade transactions are usually settled 3-days after the trade date (T+3 settlement rule).

Interest Income
Interest income is recognized as the interest accrues using the effective interest rate method.

Dividend Income
Dividend income is recognized when the Company's right to receive the payment is established.

Trading gains (losses) – net
Results arising from trading activities include all gains and losses from changes in fair value for financial assets and financial liabilities at FVTPL and gains and losses from disposal of investment securities at FVTPL.

Unrealized trading gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealized gains and losses for financial instruments which were realized in the reporting period. Realized gains and losses on disposals of financial instruments classified as at FVTPL are calculated using the first-in, first-out (FIFO method. It represent the difference between an instrument's initial carrying amount and disposal amount.

Expenses Recognition
Expenses are recognized when it is probable that a decrease in future economic benefit related to a decrease in an asset or an increase in liability has occurred and the decrease in future economic benefits can be measured reliably. Expenses encompass losses as well as those expenses that arise in the course of the ordinary activities of the Company. Expenses are recognized as incurred.

Comprehensive Income
The Company uses single statement of comprehensive income, in which it presents all items of income and expense recognized in the period.

Related Party Relationships and Transactions
Related party relationship exists when (a) a person or a close member of that person's family has control or joint control, has significant influence or is a member of the key management personnel of the reporting entity or a parent of the reporting entity. (b) An entity is related to the Company if, the entity and the Company are members of the same group, one entity is an associate or joint venture of the other entity, both entities are joint ventures of the same third party, one entity is a joint venture of a third entity and the other entity is an associate of the third party, an entity is a post-employment benefit plan for the benefit of employees of the Company, the entity is controlled or joint controlled by a person who has control or joint control over the Company and a person as identified in (a) above has significant influence over the entity is a member of the key management personnel of the entity or of a parent of the entity. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Employee Benefits
Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services and childcare services) are recognized as employee benefit expense and accrued when the associated services are rendered by the employee of the Company. Other employee benefits include Social Security System, Philhealth and other contributions.

Retirement Cost
The Company does not have an established retirement plan and only conforms to the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) which is of the defined benefit type and provides a retirement benefit equal to 22.5 days pay for every year of credited service. The regulatory benefit is paid in a lump sum upon retirement.

The retirement cost of the Company is determined by applying the Accrued Benefit Cost Method taking into account the factors of investment, mortality, disability and salary projection rate.

The amended PAS 19(R) simplifies the reporting of the defined benefit cost by introducing the Net Interest Approach, which disaggregates the defined benefit cost into the following components: Service cost, Net interest and Remeasurements.

Under the Net Interest Approach, Service Cost and Net Interest on the defined benefit liability (asset) are both recognized in profit or loss in the statement of profit or loss and other comprehensive income, while remeasurements of the defined benefit liability (asset) are recognized outside profit or loss in Other Comprehensive Income (OCI).

It is further required by Amended PAS 19 (R) that remeasurements recognized in OCI shall not be reclassified to profit or loss in a subsequent period. However, the Company may transfer those amounts recognized in OCI within equity.

Leases
The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee
The Company applies a single recognition and measurement approach for all leases, except for short term leases. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Income Taxes
The tax expense for the period comprises current and deferred tax.

Current tax
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the financial position date where the company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax
Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Current and deferred tax for the year
Current and deferred tax are recognized in statement of profit or loss and other comprehensive income, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Value-added Tax (VAT)
Revenue, expenses and assets are recognized net of the amount of VAT, except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables that are stated with the amount of VAT included.

Loss Per Share
Basic loss per share is calculated by dividing net loss by the number of ordinary shares outstanding during the year.

Diluted loss per share amount is calculated by dividing net loss by the number of ordinary shares outstanding during the year plus the number of ordinary shares outstanding that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the financial position date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain as a separate asset, not exceeding the amount of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long-term provisions are discounted to their present values, where time value of money is material.

Provisions are reviewed at each financial position date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered probable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements.

Contingencies
Contingent liabilities represent possible obligations whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. They are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Date
The Company identifies post year-end events as events that occurred after the reporting date but before the date when the financial statements were authorized for issue. Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the financial statements when material.

Comparatives
When necessary, comparative figures have been adjusted to conform to the changes in the presentation of the current year.

3. Significant Accounting Estimates and Judgments

The preparation of the financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the financial statements. Actual results could differ from these estimates.

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

In particular, information about the significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following:

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

a) *Determination of Functional Currency*

The Company has determined that its functional currency is the Philippine Peso. The determination of the functional currency was based on the primary economic environment in which the Company generates cash.

b) *Classification of Financial Instruments*

The Company classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument. In addition, the Company also determines and evaluates its intention and ability to keep the investments until its maturity date.

The substance of a financial instrument, rather than its legal form, and the management's intention and ability to hold the financial instrument to maturity generally governs its classification in the statements of financial position.

The classification of the Company's financial instruments is presented in Note 2.

c) *Determination of lease term of contracts with renewal option – Company as a lessee*
The Company has several lease contracts that include renewal option. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Estimates
The key assumptions concerning the future and other sources of estimation uncertainty as at the date of financial position that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a) *Estimating credit losses on receivables*

The Company reviews its receivable from clearing house and customers on a periodic basis to assess their impairment at an individual level. In assessing for impairment, the Company determines whether there is any objective evidence indicating that there is a measurable decrease in the estimated future cash flows of its receivables.

Factors considered in individual assessment are payment history, past-due status and term. The methodology and assumptions used for individual assessment are based on management's judgment and estimate. The amount and timing of recognizing credit loss for any period would differ if the Company made different assumptions or utilized different estimates. An increase in allowance for credit losses would decrease net profit and total assets.

As provided in the Revised Securities Regulation Code (SRC) Rule 52.1, every broker dealer shall establish appropriate allowance for credit losses and the basis for such computation of the allowance shall be properly disclosed. The SEC or the PSE shall have the prerogative to determine the reasonableness of such receivable valuation taking into consideration the GAAP and industry practices.

Impairment provisions for trade receivables are recognized based on the simplified approach within PFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognized within operating expenses in the statements of profit and loss and other comprehensive income.

On confirmation that the trade receivable will not be collectible, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognized based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognized. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognized. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognized.

The carrying amounts of the Company's receivable from clearing house and receivable from customers are shown and disclosed in Notes 7 and 8.

The Company has assessed that there is no need to provide for any allowance for credit losses on its receivables as at December 31, 2022 and 2021 as the Company is following the T+3 settlement rule.

b) *Estimated Useful Lives (EUL) of Property and Equipment*

The Company annually reviews the EUL of property and equipment based on the period over which the assets are expected to be available for use and updates if expectations differ from previous estimates due to physical wear and tear, and technical or commercial obsolescence. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

The estimated useful lives of property and equipment are disclosed in Note 2 which showed no changes in 2022 and 2021.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase recorded operating expenses and decrease non-current assets.

The carrying amounts and accumulated depreciation of the Company's property and equipment are disclosed in Note 10.

c) *Impairment on financial asset at FVOCI*

The Company determines that financial asset at FVOCI are impaired where there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. The Company treats "significant" generally as 20% or more of the original cost of investment, and prolonged as greater than 12 months. In making this judgment, the Company evaluates, among other factors, the normal volatility in price.

In addition, impairment may be appropriate where there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

No impairment loss has been recognized by the Company on its financial asset at FVOCI for the years ended December 31, 2022 and 2021.

The value of the Company's financial asset at FVOCI are shown and disclosed in Note 6.

d) *Impairment of Non-financial Assets*

The Company assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends;
- permanent decline in fair value of the asset;
- market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating the assets value in use and decrease the asset's recoverable amount materially.

If any indicator exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. As of December 31, 2022 and 2021, none of these indicators exist on the Company's property and equipment.

e) Trading Rights

Trading rights is reviewed and tested whenever there is indication of impairment and at least at each statement of financial position date.

f) Deferred Income Tax Assets

The Company reviews the carrying amounts of deferred income tax assets as at the date of financial position and reduces deferred income tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. The management assessment on the recognition of deferred income tax assets on deductible temporary differences is based on the level and timing of forecasted taxable income of the subsequent periods. This forecast is based on the Company's past results and future expectations on revenues and expenses as well as future tax planning strategies. However, there is no assurance that the Company will generate sufficient taxable profit to allow all or part of the deferred income tax assets to be utilized.

g) Present Value of Retirement Benefit Obligation

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The valuation results are based on the employee data as of valuation dates as provided by the Company. The discount rate assumption is based on the PDEx (PDST-R2) benchmark market yields on government bonds as of the valuation dates (or latest available) considering the average years of remaining working life of the employees as the estimated term of the benefit obligation.

h) Contingencies

The Company currently has various legal claims. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the Company's defense relating to these matters and is based upon an analysis of potential results. The Company currently does not believe that these claims will have a material adverse effect on its financial position and results of operations.

4. Cash and Cash Equivalents

This account consists of:

		2022	2021
Cash in banks	₱	**170,128,389**	105,322,323
Temporary cash investments		**12,000,000**	10,083,874
Cash on hand		**20,000**	20,000
Petty cash		**5,000**	5,000
	₱	**182,153,389**	115,431,197

Cash in banks earn interest at prevailing bank deposit rates. Temporary cash investments are made for varying periods of up to three months depending on the Company's immediate cash requirements, and earn interest at the prevailing temporary cash investment rates. Interest income earned using the effective interest rate method from the account amounted to ₱200,141 and ₱182,573 in 2022 and 2021, respectively (see Note 24).

In compliance with Revised Securities Regulation Code (SRC) Rule 49.2 covering customer protection and custody of Securities, the Company maintains a special reserve bank account for the exclusive benefit of its customers. Reserve requirement is determined on a monthly basis using SEC prescribed computation. The bank account has a balance of ₱146,292,427 and ₱74,244,436 for the years 2022 and 2021, respectively.

The Company's reserve account is adequate to cover its reserve requirement.

5. Financial Assets at Fair Value through Profit or Loss

		2022		2021
Equities in the PHISIX	₱	**1,091,019**	₱	2,025,401
Equities outside the PHISIX		**8,953,212**		8,160,986
	₱	**10,044,231**	₱	10,186,387

The Company recognized gain on sale on financial assets at FVPL amounting to ₱22,399 for the year 2022 and ₱1,030,146 in 2021. This is presented under "Revenues" in the statement of profit or loss and other comprehensive income. (see Note 20)

Cash dividends declared and received on financial assets at FVPL amounting to ₱2,731,188 and ₱1,979,920 for December 31, 2022 and 2021, respectively.

6. Financial Assets at FVOCI

Financial assets at FVOCI that consist of listed/unlisted equity shares which are measured at *fair market value* and *at cost* are as follows:

Year ended December 31,2022	No. of Shares	Market Value		Investments at Market Value		Investments at Cost		Unrealized gain , net
Quoted equity shares measured at fair value								
The Philippine Stock Exchange	**240,000**	**158**	**₱**	**37,920,000**	**₱**	**2,520,000**	**₱**	**26,550,000**
Unquoted proprietary share measured at cost								
Tagaytay Highlands Int'l. Golf Club, Inc.	**1**	**-**		**400,000**		**400,000**		**-**
Total market value			**₱**	**38,320,000**	**₱**	**2,920,000**	**₱**	**26,550,000**

Year ended December 31,2021	No. of Shares	Market Value	Investments at Market Value	Investments at Cost	Unrealized gain , net
Quoted equity shares measured at fair value					
The Philippine Stock Exchange	240,000	215	₱ 51,600,000	₱ 2,520,000	₱ 36,810,000
Unquoted proprietary share measured at cost					
Tagaytay Highlands Int'l. Golf Club, Inc.	1	-	400,000	400,000	-
Total market value			₱ 52,000,000	₱ 2,920,000	₱ 36,810,000

The unrealized fair value gain on financial assets at FVOCI amounting to ₱26,550,000 and ₱36,810,000 were taken to equity in 2022 and 2021 net of related deferred tax liabilities amounting to ₱8,850,000 and ₱12,270,000, respectively. *(See Note 16)*

Roll-forward analysis of the change in value of financial assets at FVOCI:

	2022	2021
Balance, January 1	₱ **52,000,000**	₱ 37,336,000
Unrealized fair value (loss) gain on financial assets at FVOCI	**(13,680,000)**	14,664,000
	₱ **38,320,000**	₱ 52,000,000

7. Receivable from Customers

These accounts include amounts due on cash transactions. *The securities owned by customers are held as collateral for amounts receivable from customers, which are due within one year from the respective statements of financial position dates. Eligible collaterals are listed and traded shares in the PSE and lodged with the Philippine Depository and Trust Corporation (PDTC) under the account of the Company.*

The following tables show the aging analysis of the Company's receivable from customers and non customers:

2022	**Collateral (net of haircut)**	**Counterparty exposure after collateral**	**Allowance for expected credit losses**	**Net receivables from customers**
T to T+2 of counterparty	₱ **248,215,125**	₱ **(241,183,147)**	₱ **-**	₱ **7,031,978**
T+3 to T+13 of counterparty	**-**	**-**	**-**	**-**
Beyond T+13 of counterparty	**223,783**	**(223,762)**	**-**	**21**
	₱ **248,438,908**	₱ **(241,406,909)**	₱ **-**	₱ **7,031,999**

2021		Collateral (net of haircut)		Counterparty exposure after collateral		Allowance for expected credit losses		Net receivables from customers
T to T+2 of counterparty	₱	502,699,535	₱	(498,846,115)	₱	-	₱	3,853,420
T+3 to T+13 of counterparty		3,043,900		(3,042,939)		19		942
Beyond T+13 of counterparty		1,313		(1,313)		-		-
	₱	505,744,748	₱	(501,890,367)	₱	19	₱	3,854,362

Receivables as to collateral are as follows:

		2022				2021		
		Debit Balances		**Market Value of Securities**		Debit Balances		Market Value of Securities
Cash and fully secured accounts:								
More than 250%	₱	**6,499,983**	₱	**351,358,315**	₱	3,199,305	₱	724,804,493
Between 200% and 250%		**532,016**		**1,162,700**		655,076		1,483,350
Between 100% and 150%		-		-		-		-
Less than 100%		-		-		-		-
Unsecured		-		-		-		-
		7,031,999		**352,521,015**		3,854,381		726,287,843
Less: Allowance for expected credit losses		-		-		19		-
	₱	**7,031,999**	₱	**352,521,015**	₱	3,854,362	₱	726,287,843

The fair value of these short-term financial assets was not individually determined as the carrying amounts are reasonable approximation of fair values.

Trade receivables from margin customers have no specific credit terms but customers are required to maintain the value of their collateral within a specific level. Once the value of the collateral falls down this level, customers may either deposit additional collateral or sell stocks to cover the deficiency in their account balance. Meanwhile, receivables from post-paid customers are required to be settled on three (3) trading days' term.

The trade receivables balances become demandable upon failure of the customer to duly comply with these requirements. As of December 31, 2022 and 2021, trade receivables from customers are fully covered by collateral, hence very minimal allowance for credit losses is provided.

8. <u>Receivable from Clearing House</u>

Receivables from clearing house represents the net amount receivable on the sales and purchases of securities made on the trading floor of the Philippine Stock Exchange, Inc. with the banks and payments must be received after three (3) days from the consummation of the transactions.

The Company's receivables from clearing house amounted to ₱5,379,081 in 2021.

Trade receivables from clearing house as at December 31, 2021, were fully collected in January 2022. These are noninterest-bearing and are collected on three (3) trading days' term following the settlement convention of Philippines clearing house.

9. Prepayments and Other Current Assets

This account consists of the following:

		2022		2021
Receivable from BIR	₱	**475,429**	₱	525,961
Deferred charges - MCIT		**361,630**		311,098
Loans and advances (Note 27)		**216,100**		250,220
Prepaid expenses		**172,472**		112,085
Utility deposits		**37,680**		53,360
Input tax		**15,030**		16,120
Other current assets		**5,000**		5,000
Other receivable		**257,961**		1,170
	₱	**1,541,302**	₱	1,275,014

10. Property and Equipment

The gross carrying amounts and accumulated depreciation and amortization at the beginning and end of December 31, 2022 are shown below.

		Condominium Unit		Transportation Equipment		Office Furniture Fixtures and Equipment		Total
Cost								
At beginning of year	₱	26,345,736	₱	3,274,590	₱	8,496,963	₱	38,117,289
Acquisition		-		-		10,893		10,893
At end of year		26,345,736		3,274,590		8,507,856		38,128,182
Accumulated depreciation								
At beginning of year		7,831,048		3,274,590		8,300,324		19,405,962
Depreciation		658,643		-		21,534		680,177
At end of year		8,489,691		3,274,590		8,321,858		20,086,139
Net book value								
as at December 31, 2021	₱	17,856,045		-	₱	185,998	₱	18,042,043

The gross carrying amounts and accumulated depreciation and amortization at the beginning and end of December 31, 2021 are shown below.

		Condominium Unit		Transportation Equipment		Office Furniture Fixtures and Equipment		Total
Cost								
At beginning of year	₱	26,345,736	₱	3,274,590	₱	8,445,436	₱	38,065,762
Acquisition		-		-		51,527		51,527
At end of year		26,345,736		3,274,590		8,496,963		38,117,289
Accumulated depreciation								
At beginning of year		7,172,405		3,274,590		8,269,817		18,716,812
Depreciation		658,643		-		30,507		689,150
At end of year		7,831,048		3,274,590		8,300,324		19,405,962
Net book value								
as at December 31, 2021	₱	18,514,688		-	₱	196,639	₱	18,711,327

Fully depreciated assets still in use amounted to₱3,624,153 in 2022 and 2021.

11. Trading Rights

Under the Philippine Stock Exchange (PSE) rules, all exchange membership seats are pledged at its full value to the PSE to secure the payment of all debts due to other members of the exchange arising out of or in connection with the present or future member's contracts. The latest selling price of the membership stock exchange seat, as provided by the PSE amounts to ₱8 million and ₱8.5 million as of December 31, 2022 and 2021, respectively.

In 2001, the demutualization or conversion of PSE into a stock corporation was approved by the Securities and Exchange Commission (SEC) effective August 8, 2001. Each membership seat will be exchanged for shares of stock of PSE. In accordance with the conversion, PSE will issue 9.2 million shares with a par value of ₱1 per share out of the members' contribution of ₱286.6 million. Thus, each of the 184 members/brokers will subscribe to a total of 50,000 shares of stocks with a par value of ₱1 per share. The balance of members' contribution of ₱277.4 million will be treated as additional paid-in surplus in the financial statements of PSE.

In addition to the shares, each member will receive a Certificate of Trading Right to maintain their continued access to the trading floor of PSE. The Right can be assigned and transferred by the members.

PSE, however, will not issue shares of stocks for the value of its donated assets. The donated assets consisting of two (2) pieces of real property located in Makati and Pasig City, where its trading floors are located, are subject to restrictions on their transferability.

The effects of the conversion plan specifically on the separate valuation of the ownership of the *exchange seat* and the *trading rights* have been recognized in the Company's financial statements.

The Company received a 100% stock dividend recorded last September 26, 2008 and received on October 22, 2008, Certificate No. 00105.

As at December 31, 2022 and 2021, the carrying value of the trading rights amounted to ₱8,000,000 and ₱8,500,000, respectively.

		2022		2021
Cost	**₱**	**1,782,000**	₱	1,782,000
Revaluation surplus (Note 19)		**6,218,000**		6,718,000
Market value	**₱**	**8,000,000**	₱	8,500,000

The revaluation surplus amounting to ₱6,218,000 and ₱6,718,000 were taken to equity in 2022 and 2021 net of related deferred tax liabilities amounting to ₱1,554,500 and ₱1,679,500 in 2022 and 2021, respectively.

12. Other Noncurrent Assets

Other noncurrent assets pertain to deferred input vat amounting to ₱66,388 as of December 31, 2021.

13. Payable to Customers

This account consists of:

	2022				2021			
		Money Balance		**Security Valuation**		Money Balance		Security Valuation
With money balance	₱	**138,990,684**	₱	**1,000,022,119**	₱	76,534,054	₱	3,275,011,490
No money balance		**-**		**3,405,825,298**		-		1,657,685,969
	₱	**138,990,684**	₱	**4,405,847,417**	₱	76,534,054	₱	4,932,697,459

14. Payable to Clearing House

Payable to clearing organization represents the net amount payable on the sales and purchases of securities made on the trading floor of the Philippine Stock Exchange, Inc. with the banks and payments must be received after three (3) days from the consummation of the transactions.

The Company's payable to clearing organization amounted to ₱4,409,138 as at December 31, 2022.

The Company's payable to clearing organization is due within one year from the respective statement of financial position dates.

15. Accrued Expense and Other Current Liabilities

This consists of the following:

		2022		2021
Dividends payable	₱	**2,987,114**	₱	3,011,200
Due to BIR		**130,295**		237,731
Accrued expenses		**132,256**		145,643
Others		**68,716**		60,306
	₱	**3,318,381**	₱	3,454,880

16. Deferred Tax Liabilities - Net

Details of the Deferred Tax Liabilities (net):

		2022		2021
Deferred tax assets				
Retirement benefits obligation (net of OCI) (Note 23)	₱	**3,132,013**	₱	2,891,042
Unrealized fair value loss on financial assets at FVPL (Note 21)		**-**		10,597,865
Actuarial loss - defined benefits obligation (OCI) (Note 23)		**431,434**		684,031
Net operating loss carry over (NOLCO)		**5,787,331**		6,849,272
	₱	**9,350,778**	₱	21,022,210
Deferred tax liability				
Unrealized fair value gain on financial assets at FVOCI (Note 6)		**35,400,000**		49,080,000
Revaluation surplus (Note 19)		**6,218,000**		6,718,000
Unrealized fair value gain on financial assets at FVPL		**115,370**		-
		41,733,370		55,798,000
Net		**P (32,382,592)**		P (34,775,790)
Tax rate		**25%**		25%
		(8,095,648)		(8,693,948)

The movements in the deferred income tax account in 2022 are summarized as follows:

		At January 1		Charged to profit and loss		Charged to other comprehensive income		Charged to Changes in Equity		At December 31
Retirement benefits obligation (net of OCI)	₱	**722,760**	₱	**60,243**	₱	**-**	₱	**-**	₱	**783,003**
Unrealized fair value loss on financial assets at FVPL		**2,649,466**		**(2,678,309)**		**-**				**(28,843)**
Actuarial loss (gain) - defined benefit obligation (OCI)		**171,008**		**-**		**(63,149)**		**-**		**107,859**
Net operating loss carry over (NOLCO)		**1,712,318**		**(265,485)**		**-**				**1,446,833**
Unrealized gain on financial assets at FVOCI		**(12,270,000)**		**-**		**3,420,000**		**-**		**(8,850,000)**
Revaluation surplus		**(1,679,500)**		**-**		**-**		**125,000**		**(1,554,500)**
Total	₱	**(8,693,948)**	₱	**(2,883,551)**	₱	**3,356,851**	₱	**125,000**	₱	**(8,095,648)**

The movements in the deferred income tax account in 2021 are summarized as follows:

	At January 1	Charged to profit and loss	Charged to other comprehensive income	Charged to Changes in Equity	At December 31
Retirement benefits obligation (net of OCI)	**₱ 812,840**	**₱ (90,080)**	**₱ -**	**₱ -**	**₱ 722,760**
Unrealized fair value loss on financial assets at FVPL	**2,769,240**	**(119,774)**	**-**		**2,649,466**
Actuarial loss (gain) - defined benefit obligation (OCI)	**222,010**	**-**	**(14,001)**	**(37,001)**	**171,008**
Net operating loss carry over (NOLCO)	**2,793,859**	**(1,081,541)**	**-**		**1,712,318**
Unrealized gain on financial assets at FVOCI	**(10,324,800)**	**-**	**(3,666,000)**	**1,720,800**	**(12,270,000)**
Revaluation surplus	**(2,015,400)**	**-**	**-**	**335,900**	**(1,679,500)**
Total	**₱ (5,742,251)**	**₱ (1,291,395)**	**₱ (3,680,001)**	**₱ 2,019,699**	**₱ (8,693,948)**

The details of NOLCO and its corresponding deferred tax asset as of December 31 are as follows:

Year of Incurrence	Year of Expiration	**NOLCO 2022**	**Deferred tax asset 2022**	NOLCO 2021	Deferred tax asset 2021
2018	2021	**₱ -**	**₱ -**	₱ 2,463,595	₱ 615,899
2019	2022	**4,604,863**	**1,151,216**	4,604,863	1,151,216
2020	2025	**2,244,409**	**561,102**	2,244,409	561,102
2022	2025	**3,542,922**	**885,731**	-	-
Total		**₱ 10,392,194**	**₱ 2,598,049**	₱ 9,312,867	₱ 2,328,218
Utilization		**-**	**-**	1,317,906	329,477
Expired NOLCO		**4,604,863**	**1,151,216**	1,145,689	286,422
Remaining NOLCO/ Deferred tax asset		**₱ 5,787,331**	**₱ 1,446,833**	₱ 6,849,272	₱ 1,712,318

17. Share Capital

This account consists of:

	Shares			Amount		
	2022	2021		**2022**		2021
Common stock - P100 par value						
Authorized	**800,000**	800,000	**₱**	**80,000,000**	₱	80,000,000
Issued and outstanding	**560,000**	560,000	**₱**	**56,000,000**	₱	56,000,000

The Company has seven (7) shareholders each owning 100 shares or more of the Company's capital stock as at the date of statement of financial position.

Holders of these shares are entitled to dividends as declared and are entitled to one vote per share at general meetings of the Company.

18. Retained Earnings

Unappropriated

		2022		2021
At January 1				
As previously reported	**₱**	**16,586,490**	₱	17,944,584
Prior period error		**-**		9,230,798
As restated		**16,586,490**		27,175,382
Dividends		**(1,188,000)**		(1,728,000)
Net loss for the year		**(4,843,443)**		(8,860,892)
	₱	**10,555,047**	₱	16,586,490

Appropriated for Reserve Fund

Under Securities Regulation Code No.49.1 (B), Reserve Fund of such circular requires that every broker dealer shall annually appropriate a certain minimum percentage of its audited profit after tax and transfer the same to Appropriated Retained Earnings. Minimum appropriation shall be 30%, 20% and 10% of profit after tax for broker dealers with unimpaired paid up capital between ₱10.0 million to ₱30.0 million, between ₱30.0 million to ₱50.0 million and more than ₱50.0 million respectively.

No appropriation of retained earnings was made in 2022 and 2021 since the Company had incurred net loss from its operations.

As of December 31, 2022 and 2021, the appropriated retained earnings amounted to ₱9,223,834.

Prior period error
Prior period error pertains to erroneous recording of net unrealized gain on Financial Assets at Fair Value through Profit or Loss for the previous year and reversal of an adjustment made to deferred tax liability in the previous year. The error was detected during the current financial year and recognized retrospectively.

The Company corrected the error by increasing the financial assets at FVPL and retained earnings by ₱9,230,798 in 2021.

Dividends

The Board of Directors approved and declared cash dividend of ₱1,188,000 to stockholders as of record date June 22,2022 with payment date on June 30,2022.

The Board of Directors approved and declared cash dividend of ₱1,728,000 to stockholders as of record date April 30, 2021 with payment date on May 12, 2021.

Other Comprehensive Income accumulated in Reserves, Net of Tax

		Fair value surplus		Retained earnings
2022				
Financial assets at FVOCI				
net gain in fair value	₱	10,260,000	₱	-
Actuarial gain - defined benefit obligation		-		189,448
	₱	10,260,000	₱	189,448
2021				
Financial assets at FVOCI				
net loss in fair value	₱	10,998,000	₱	-
Actuarial losses - defined benefit obligation		-		42,002
	₱	10,998,000	₱	42,002

19. Revaluation Surplus

Revaluation surplus relates to the excess of fair value of the trading rights over that of the carrying amount of the rights revalued. As at December 31, 2022 and 2021 the Company's revaluation surplus amounted to ₱4,663,500 and ₱5,038,500 (net of tax).

Fair Value Surplus
The fair value surplus comprises of the cumulative net change in fair value of intangible assets until the assets are derecognized or impaired.

20. Revenues and Other Income

This account consists of:

		2022		2021
Revenues				
Commissions	₱	**8,847,372**	₱	14,785,613
Other income				
Dividend income (Notes 5 and 7)		**2,731,188**		1,979,920
Realized fair value gain on financial assets at FVPL (Note 5)		**22,399**		1,030,146
Miscellaneous income		**19**		**-**
Unrealized fair value gain on financial assets at FVPL (Note 5)		**P 115,370**		**-**
	₱	**11,716,348**	₱	17,795,679

21. Cost of Services

This account consists of:

		2022		2021
Commissions	₱	**2,698,501**	₱	4,305,235
Phil. Stock Exchange dues and fees		**526,858**		678,536
Phil. Central Depository fees		**539,290**		597,109
SCCP dues and fees		**51,846**		72,493
	₱	**3,816,495**	₱	5,653,373

22. Operating Expenses

This account consists of:

		2022		2021
Salaries and employees benefits (See Note 23)	₱	**5,114,082**	₱	5,077,591
Depreciation (see Note 10)		**680,177**		689,150
Condominium dues		**631,783**		631,783
Transportation		**374,910**		408,874
Communications		**343,659**		336,066
Taxes and licenses (see Note 32)		**311,363**		248,723
Rent expense		**258,000**		240,000
Legal and audit fees		**254,276**		184,899
Light and water		**247,592**		180,719
Representation and entertainment		**247,200**		285,450
Insurance		**176,280**		202,317
Repairs and maintenance		**129,984**		341,036
Office supplies		**103,608**		180,369
Membership dues and fees		**51,000**		55,250
Bank charges		**12,325**		31,950
Unrealized loss on financial assets at FVPL		**-**		10,597,864
Miscellaneous		**59,656**		69,494
	₱	**8,995,895**	₱	19,761,535

Miscellaneous expenses include expenses of personnel like meals, medicines, call cards and other basic allowances incurred by employees.

23. Salaries and Employees Benefits

This account consists of the following:

		2022		2021
Salaries, wages and bonuses	₱	**4,660,632**	₱	4,697,548
Retirement benefits expense		**240,971**		181,578
SSS/Medicare and ECC Premium		**163,607**		159,560
Philhealth insurance		**38,072**		28,105
Pag-ibig fund		**10,800**		10,800
	₱	**5,114,082**	₱	5,077,591

Employees Benefits

The Company does not have an established formal retirement plan and only conforms to the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) which is of the defined benefit type and provides a retirement benefits equal to 22.5 days pay for every year of credited service. The regulatory benefit is paid in a lump sum upon retirement.

There are no unusual or significant risks to which the retirement benefits obligation exposes the Company. However, it should be noted that in the event a benefit claim arises under the retirement benefits obligation, the benefit shall immediately be due and payable from the Company.

There was no plan amendment, curtailment or settlement recognized for the years ended December 31, 2022 and 2021.

The principal assumptions used in determining pensions for the Company were as follows:

	2022	2021
Discount rate	**7.59%**	5.13%
Salary increase rate	**3.00%**	3.00%

The movement in the present value of defined benefits obligation is summarized as follows:

		2022		2021
Defined benefits obligation, beginning	₱	**3,575,073**	₱	3,449,498
Interest expense		**183,401**		124,527
Current service cost		**57,570**		57,051
Actuarial gain - changes in financial assumptions		**(211,834)**		(155,996)
Actuarial loss - changes in demographic assumptions		**-**		6,112
Actuarial (gain) loss - experience		**(40,763)**		93,881
Defined benefits obligation, ending	₱	**3,563,447**	₱	3,575,073

The plan status is as follows:

		2022		2021
Defined benefits obligation, ending	₱	**3,563,447**	₱	3,575,073
Fair value of plan assets, ending		**-**		-
Funded status - deficit	₱	**3,563,447**	₱	3,575,073

Net defined benefit liability recognized in the statement of financial position is as follows:

		2022		2021
Defined benefits obligation, ending	₱	**3,563,447**	₱	3,575,073
Fair value of plan assets, ending		**-**		-
Funded status - deficit		**3,563,447**		3,575,073
Effect of the asset ceiling		**-**		-
Net defined benefit liability	₱	**3,563,447**	₱	3,575,073

Defined benefit cost recognized in profit or loss:

		2022		2021
Current service cost	₱	**57,570**	₱	57,051
Interest expense in DBO		**183,401**		124,527
Defined benefit cost	₱	**240,971**	₱	181,578

Defined benefit cost recognized in other comprehensive income:

		2022		2021
Accumulated other comprehensive income, beginning	₱	**684,031**	₱	740,034
Actuarial (gains) losses - DBO		**(252,597)**		(56,003)
Remeasurement (gain) losses - plan assets		-		-
Remeasurement (gain) loss - changes in the effect of the asset ceiling		**-**		-
Defined benefit cost in OCI - Expense		**(252,597)**		(56,003)
Accumulated other comprehensive income, ending*	₱	**431,434**	₱	684,031

*The amounts shown in the statements of changes in equity were net of income tax effect on actuarial loss. Total accumulated actuarial losses on employees' benefit obligation amounted to ₱323,575 and ₱513,023 in 2022 and 2021, respectively.

Movement in net defined benefit liability is summarized below:

		2022		2021
Beginning net defined benefit liability	₱	**3,575,073**	₱	3,449,498
Defined benefit cost recognized in profit and loss		**240,971**		181,578
Defined benefit cost recognized in OCI - expense		**(252,597)**		(56,003)
Accumulated other comprehensive income(loss), ending	₱	**3,563,447**	₱	3,575,073

Sensitivity analysis, year-end defined benefit obligation (DBO)

	2022	2021
Decrease in DBO due to 100bps increase in discount rate	**₱ (70,012); (2.0%)**	₱ (86,748); (2.4%)
Increase in DBO due to 100bps increase in discount rate	**78,549; 2.2%**	98,942; 2.8%
Increase in DBO due to 100bps increase in salary increase rate	**81,430; 2.3%**	100,092; 2.8%
Decrease in DBO due to 100bps increase in salary increase rate	**(73,629); (2.1%)**	(89,239); (2.5%)
Increase in DBO, no attrition rates	**519,872; 14.6%**	662,937; 18.5%

The Company, Solar Securities, Inc., does not have a formal retirement plan and is therefore still unfunded. The Company has no plan assets to match against the liabilities under the post employment benefits.

Weighted average duration of the defined benefit obligation

	2022	2021
Weighted average duration of the DBO (years)	**2.10**	2.60

Expected future contribution

		2021		2020
Expected Contribution in Next Financial Year	₱	**-**	₱	-

Expected payment of benefits

		2022		2021
Financial year				
2022	₱	**-**	₱	2,513,793
2023		**2,513,793**		-
2026-2030		**1,473,855**		1,376,102

Statistical distribution of eligible members

	Male	Female
Number of lives covered	5	5
Average age in years	49.3	44.1
Average years of past service	19.4	15.6

24. Finance Income

This account consists of:

		2022		2021
Interest income (Note 4)	₱	**200,141**	₱	182,573

25. Loss per Share

The computation of basic loss per share is computed as follows:

		2022		2021
Net loss	₱	**4,843,443**	₱	8,860,892
Divided by number of shares outstanding		**560,000**		560,000
Basic loss per share	₱	**8.65**	₱	15.82

There were no potential dilutive shares in 2022 and 2021.

26. Provision for Income Tax

Provision for income tax expense consists of the following:

		2022		2021
Current				
Corporate income tax	₱	**-**	₱	-
Final tax on interest income		**29,759**		36,515
Deferred		**3,917,783**		1,387,721
Provision for income tax reported in the profit or loss	₱	**3,947,542**	₱	1,424,236

		2022		2021
Net unrealized (gain) loss on financial assets at FVOCI	₱	**3,420,000**	₱	(3,666,000)
Actuarial losses - DBO		**(63,149)**		(14,001)
Income tax expense reported in OCI	₱	**3,356,851**	₱	(3,680,001)

The deferred portion as shown in the income tax expense (benefit) reported in the profit or loss consists of the following:

		2022		2021
Deferred				
Retirement expense	₱	**(2,906)**	₱	(118,081)
Unrealized fair value gain on FAFVPL		**3,568,344**		(119,774)
NOLCO for the year		**(885,731)**		(818,817)
Utilized NOLCO		-		329,477
Expired NOLCO		**1,151,215**		286,422
Expired MCIT		**86,861**		126,980
Effect of change in tax rate from 30% to 25%		-		1,701,514
	₱	**3,917,783**	₱	1,387,721

A reconciliation of income tax expense (benefit) computed at the statutory income tax rate to the actual income tax reflected in the statements of profit of loss and other comprehensive income at December 31 is as follows:

		2022		2021
Income tax at statutory rate of 25%, 30%	₱	**(223,975)**	₱	(1,859,164)
Deduct reconciling item				
Nondeductible expenses		**4,874,595**		2,451,986
Utilized NOLCO		-		(329,477)
Income subject to final tax		**(50,035)**		(45,643)
Income not subject to tax		**(682,802)**		(494,980)
Effect of change in tax rate		-		1,701,514
	₱	**3,917,783**	₱	1,424,236

Revenue Regulation No. 10-2002 defines expenses to be classified as entertainment, amusement and recreation (EAR) expenses and sets a limit for the amount that is deductible for tax purposes, at 1% of net revenues for sellers of services.

<u>Enactment of “Corporate Recovery and Tax Incentives for Enterprises” or “CREATE” Act</u>

On February 1, 2021, the Bicameral Conference Committee, under the 18th Congress of the Philippines, approved the reconciled version of the House Bill No. 4157 and Senate Bill No.1357 (the CREATE bill). The CREATE bill seeks to reform corporate income taxes and incentives in the country by implementing certain changes to the current tax regulations. These changes include:

- Reduction in the RCIT from 30% to 20% for domestic corporations with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million excluding the value of land on which the particular business entity’s office, plant and equipment are situated;
- Reduction in the RCIT from 30% to 25% for all other corporations;
- Lowering of MCIT from 2% to 1% of gross income for 3 years;

- Instead of 10% of taxable income, application of RCIT on regional operating headquarters;
- Standardization of final taxes on foreign corporations to 15%;
- Exemption of foreign sourced dividends received by domestic corporation subject to certain conditions;
- Additional deduction of one-half (1/2) of the value of labor training expenses subject to certain conditions;
- Repeal of the 10% improperly accumulated earnings tax (IAET);
- VAT exemption for medicines for certain critical illnesses; and
- VAT-free importation and sale for 3 years of COVID-19 medicines, personal protective equipment and materials used for their production.

Under the bill, the above changes will be implemented for periods beginning July 1, 2020. On February 24, 2021, the final version of the CREATE bill as passed by the Bicameral Conference Committee was transmitted to the Office of the President for signing or approval into law. On March 26, 2021, the Office of the President approved the CREATE bill and will subsequently be called Republic Act No. 11534 or CREATE Act. The CREATE Act will become effective on April 11, 2021 or 15 days after complete publication in the Official Gazette or any newspaper of general circulation in the Philippines.

27. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries are related entities of the Company. Key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related entities.

Transactions between related parties are accounted for on the same terms as with other individuals and businesses of comparable risk. In considering each possible related entity relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Significant transactions carried out with related parties follow:

			Transactions for the years ended December 31		Outstanding balances as of December 31	
Related Party	Nature of Transaction	Terms	**2022**	2021	**2022**	2021
Advances to Officers and employees	Non - interest advances	Unsecured, unimpaired and will be settled in cash and no fixed terms of payment	**₱ (34,120)**	₱ 159,720	**₱ 216,100**	₱ 250,220

Compensation of Key Management Personnel

The Company considered as key management personnel all employees holding managerial positions up to the president. Key management personnel compensation amounted to ₱1,000,000 for 2022 and 2021.

The Company is not covered by the requirements and procedures for related party transactions provided under Revenue Regulation No. 34-2020.

28. Contingencies

In 2000, the SEC filed a case against 50 individuals, brokers and investment houses for alleged violations of the Revised Securities Act and certain rules of the PSE, because of their involvement in the trading of the shares of stock of Best World Resources Corporation (BW). The Department of Justice (DOJ) in a resolution dated December 18, 2000, has dismissed for lack of evidence the case against some individuals, brokers and investment houses, including the Company.

On February 24, 2001, however, the SEC refiled with the DOJ the third version of the charge sheet against 100 individuals and stockbrokers and other parties for preliminary investigation.

On a resolution dated March 8, 2002, the DOJ modified its December 18, 2000 resolution and recommended that certain respondents, including the Company, be charged in court. To date, the case is now undergoing trial before the Regional Trial Court of Pasig City. Management and its legal counsel, however, believe that all its transactions are legitimate, above board, and consistent with existing rules and regulations

On a resolution dated January 2007, the DOJ has resolved with a recommendation, final and executory to hold respondents for trial for alleged violations of the Revised Securities Act and the Securities Regulation Code. Management and its legal counsel, however, believe that respondents will finally be exonerated and acquitted. In the early part of 2008, an officer of the Company is a party litigant in a criminal case at the pre-trial stage.

As of December 31, 2022, the officer of the Company has been found guilty beyond reasonable doubt by the Regional Trial Court (RTC). The case is on appeal with the Court of Appeals.

29. Financial Risk and Capital Risk Managements

Financial risk management objectives and policies
The Company's activities expose it to a variety of financial risks which result from both its operating and investing activities. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company. The policies for managing specific risks are summarized below.

Market / Price risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market risk such as, but not limited to, equity risk or the risk that the stock prices will change; interest rate risk or the risk that interest rates will change; currency risk or the risk that foreign currency will change; equity index risk or the risk that stock and other index prices will change.

Interest rate risk
The Company has no significant exposure to changes in market interest rates.

Equity price risk
The Company is exposed to equity price risk arising from financial assets at FVPL and financial assets at FVOCI which consists of investments in Philippine Stock Exchange (PSE) shares.

The following table shows the *sensitivity* to a reasonably possible change in the Philippine Stock Exchange Index (PSEi) taking into consideration the adjusted risk measurement of each individual stock in the Company's financial assets held for trading as of December 31:

		2022		2021
Change in PSEi		**-47.66%**		-42.96%
Change in trading income at equity portfolio under:				
Electricity, energy, power and water		**16,822**		(47,816)
Property	₱	**6,081**	₱	1,441,554
Transportation service		**3,436**		379,951
Oil		**-**		105,535
Hotel		**-**		31,493
Telecommunications		**-**		1,072
Other services		**(357)**		1,005
Financial institutions		**(858)**		8,556
Casinos and gaming		**(953)**		161,987
Electrical components		**(1,430)**		63,316
Retail		**(2,478)**		329,244
Holding firms		**(5,242)**		338,491
Food, beverage and tobacco		**(6,515)**		327,810
Small and medium enterprise		**(7,863)**		798,896
Mining		**(14,276)**		185,214
Banks		**(41,440)**		150,438
Delisted companies		**91**		276,095
	₱	**(54,982)**	₱	4,552,841

The assumed change in rate is based on the average change in the year-end PSEi for five (5) years. There is no other impact on the Company's equity other than those already affecting profit or loss.

The financial assets at FVOCI are revalued on each reporting period end based on quoted market prices. Any resulting fair value gains or losses arising from the revaluation of the financial assets at FVOCI are recognized directly in the statement of other comprehensive income. Financial assets at FVOCI that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any impairment losses at end of each reporting period.

	Number of Shares Held		Price per Share
2022	**240,000**	₱	158
2021	**240,000**		215

As of December 31, 2022, if the PSE shares price weakens by 27% with all other variable held constant, unrealized gain on AFS investment recognized in equity after deferred tax would increase by ₱2,720,093.

As of December 31, 2021, if the PSE shares price strengthen by 40% with all other variable held constant, unrealized gain on AFS investment recognized in equity after deferred tax would increase by ₱4,349,221.

The price fluctuation assumed in the sensitivity analysis represents the defined shift used by the Company to manage its equity price risk. The shift in percentage from 40% to (27%) is brought about by the totality in PSE shares.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting from financial loss to the Company. The Company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits and investments.

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

		2022		2021
Cash and cash equivalents	₱	**182,128,389**	₱	115,406,197
Financial assets at FVPL		**10,044,231**		10,186,387
Financial assets at FVOCI		**38,320,000**		52,000,000
Receivables from:				
Customers		**7,031,999**		3,854,362
	₱	**237,524,619**	₱	181,446,946

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

The table below shows the credit quality by class of investments, gross of allowance for credit losses as of December 31, 2022:

	Neither Past Due Nor Impaired			Past Due But	
	Class A	Class B	Class C	Not Impaired	**Total**
Cash and cash equivalents	₱ 182,128,389	₱ -	₱ -	₱ -	₱ **182,128,389**
Financial assets at FVPL	10,044,231	-	-	-	**10,044,231**
Financial assets at FVOCI	38,320,000	-	-	-	**38,320,000**
Receivables from:					
Customers	7,031,999	-	-	-	**7,031,999**
	₱ 237,524,619	₱ -	₱ -	₱ -	₱ **237,524,619**

The table below shows the credit quality by class of investments, gross of allowance for credit losses as of December 31, 2021:

	Neither Past Due Nor Impaired			Past Due But	
	Class A	Class B	Class C	Not Impaired	**Total**
Cash and cash equivalents	₱ 115,406,197	₱ -	₱ -	₱ -	₱ **115,406,197**
Financial assets at FVPL	10,186,387	-	-	-	**10,186,387**
Financial assets at FVOCI	52,000,000	-	-	-	**52,000,000**
Receivables from:					
Customers	3,854,362	-	-	-	**3,854,362**
	₱ 181,446,946	₱ -	₱ -	₱ -	₱ **181,446,946**

Credit Quality - In monitoring and controlling credit extended to counterparty, the Company adopts a comprehensive credit rating system based on financial and non-financial assessments of its borrowers. Financial factors being considered comprised of the financial standing of the borrower while the non-financial aspects include but not limited to the assessment of the borrowers nature of business, industry background, payment habit and both present and potential business dealings with the Company.

Class A "High Grade" are accounts with strong financial capacity and business performance and with the lowest default risk.

Class B "Moderate Grade" refer to accounts of satisfactory financial capability and credit standing but with some elements of risk where certain measure of control is necessary in order to mitigate risk of default.

Class C "Low Grade" refer to accounts which are collected on their due dates provided that the Company made a persistent effort to collect them.

For the determination of credit risk, cash included in the analysis above do not include cash on hand amounting to ₱25,000 for the year 2022 and 2021.

Cash and cash equivalents
These are deposited in top ten banks in the Philippines, hence, considered high grade.

Financial assets at FVPL
High grade – Companies that are consistently profitable, have strong fundamentals and pays out dividends. As at December 31, 2021 and 2020, the Company's financial assets at FVPL are classified as high grade since these are with listed companies of good reputation.

Financial assets at FVOCI
Unquoted financial assets at FVOCI are unrated, while quoted financial assets at FVOCI are assessed as high grade based on financial status of the counterparty and its current stock price performance in the market.

Receivables
Receivables from customers and non-customers are secured (for fully and partially secured) by shares of stock owned by the customers and non-customers but held by the Company. These are assessed to be of low credit risk due to its underlying collateral securities. Receivables from clearing house is guaranteed to be settled following T+3 policy.

In respect of receivables from customers, non-customers, clearing house and others, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Liquidity risk
Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Company's inability to meet its obligations when they come due without recurring unacceptable losses or costs.

In the management of liquidity, the Company monitors and maintains a level of cash deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuation in cash flows.

The liability to customers and/or clearing house is matched by a corresponding receivable from customers/clearing house. Liquidity risk would arise if all loans and receivables are not settled in the usual T+3 settlement period.

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

	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	**Total**
Payable to Customers	₱ 138,990,684	₱ -	₱ -	**₱ 138,990,684**
Other current liabilities	3,055,830	-	-	**3,055,830**
	₱ 142,046,514	₱ -	₱ -	**₱ 142,046,514**

As at December 31, 2021, the Company's financial liabilities have contractual maturities which are presented below:

	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	**Total**
Payable to Customers	₱ 76,534,054	₱ -	₱ -	**₱ 76,534,054**
Other current liabilities	3,071,506	-	-	**3,071,506**
	₱ 79,605,560	₱ -	₱ -	**₱ 79,605,560**

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the financial liabilities at the end of the reporting period.

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net operating income divided by total shareholders' equity.

The Philippine Stock Exchange (PSE) issued a memo 2009-0316 regarding rules governing trading rights and trading participants. 1) Trading participants shall have a minimum unimpaired paid-up capital, as defined by the Securities and Exchange Commission (SEC) of Twenty Million Pesos (₱20,000,000) effective December 31, 2009; Provided further, that effective December 31, 2010 and onwards, the minimum unimpaired paid-up capital shall be Thirty Million Pesos (₱30,000,000). Each trading participant shall pledge its trading right to the extent of its full value to secure the payment of all debts and claims due the clients of the trading participant, the government, the Exchange and to other trading participants of the Exchange and to the Securities Clearing Corporation of the Philippines. Such indebtedness to the Exchange, SCCP and other Trading Participants, shall always, and in every case, be a prior, preferred lien upon the value, or the proceeds of sale of the trading rights.

Minimum capital management

The Securities and Exchange Commission (SEC) passed the Amended Implementing Rules and Regulations of SEC that took effect on February 28, 2004 which provide among others, revisions in the terms and conditions for registration and subsequent renewal of license applicable to both exchange trading participants and non-exchange broker dealers as follows:

a) To allow a net capital of P2.5 million or 2.5% Aggregate Indebtedness (AI), whichever is higher for broker dealers dealing only in proprietary shares and not holding securities;
b) To allow the SEC to set a different net capital required for those authorized to use the Risk-Based Capital Adequacy (RBCA) model;

c) To require unimpaired paid-up capital of ₱100.00 million for broker dealers, which are either first time registrants or those acquiring existing broker dealer firms and will participate in a registered clearing agency; ₱10.00 million plus a surety bond for existing broker dealers not engaged in market-making transactions; and ₱2.50 million for broker dealers dealing only in proprietary shares and not holding securities.

The Company is required to comply with SEC Memorandum Circular No. 16 on the Adoption of the Risk-Based Capital Adequacy Requirement/Ratio (RBCA) for Brokers Dealers. This rule was published on November 13, 2004 by the Securities and Exchange Commission which took effect 15 days after its publication on November 29, 2004.

Under the pertinent provision of the Circular, it provides that every broker dealer shall ensure that its RBCA Ratio is greater than or equal to 1:1; the Core Equity must always be greater than the Operational Risk Requirement and that the broker dealer should maintain a Net Liquid Capital (NLC) of at least Five Million Pesos (₱5,000,000) or five percent (5%) of the Aggregate Indebtedness (AI) whichever is higher. Moreover, no broker dealer shall allow its aggregate indebtedness to all other persons to exceed 2,000 percent of its NLC. If the minimum RBCA Ratio and NLC are breached, every broker dealer shall immediately cease doing business and shall notify the Securities and Exchange Commission.

The RBCA Requirement/Ratio pertains to minimal level of capital that are required to be maintained by licensed firms, considering the firm size, complexity and business risks such as operational risks, position, counterparty, large exposure, underwriting and margin financing risks.

The Company is in compliance with RBCA ratio, AI to NLC and NLC requirements as of December 31, 2021 and 2020 as shown below:

		2022		2021
Equity eligible for net liquid capital	₱	**106,668,806**	₱	123,131,801
Less: ineligible assets		**72,817,680**		90,832,781
Net Liquid Capital		**33,851,126**		32,299,020
Operational risk		**2,596,917**		2,191,205
Position risk		**3,406,379**		3,362,695
Total Risk Capital Requirement		**6,003,296**		5,553,900
Aggregate Indebtedness	₱	**147,943,955**	₱	78,308,455
5% of Aggregate Indebtedness	₱	**7,397,198**	₱	3,915,423
Required Net Liquid Capital		**5,000,000**		5,000,000
Net Risk-Based Capital Excess		**28,851,126**		27,299,020
Ratio of Aggregate Indebtedness to Net Liquid Capital		**437%**		242%
Risk Based Capital Adequacy Ratio		**564%**		582%

Ineligible asset
This pertains to fixed assets and assets which cannot be readily converted into cash.

Operational risk
It is the exposure that is associated with commencing and remaining in business arising separately from exposures covered by other risk requirements. It is the risk of loss resulting from inadequate or failed internal processes, people and system which include, among others, risk of fraud, operational or settlement failure and shortage of liquid resources, or from external events.

Below is the manual computation of operational risk requirement for December 31, 2022:

Revenue		**2021**		**2020**		**2019**		**AVERAGE**
Commission income	**₱**	**14,785,613**	**₱**	**9,637,230**	**₱**	**7,731,043**	**₱**	**10,717,962**
Interest income		**137,418**		**343,098**		**458,167**		**312,894**
Net recovery on market decline of financial assets at FVPL		**-**		**-**		**-**		**-**
Dividend income		**1,979,920**		**209,610**		**2,224,444**		**1,471,325**
Gain on sale of financial assets at FVPL		**1,030,146**		**288,245**		**125,828**		**481,406**
Others		**-**		**-**		**3,000**		**1,000**
	₱	**17,933,097**	**₱**	**10,478,183**	**₱**	**10,542,482**	**₱**	**12,984,587**
Average of the Last Three Years Gross Income							**₱**	**12,984,587**
Multiplied by: Operational Risk Factor								**20%**
Total Operational Risk Requirement							**₱**	**2,596,917**

Below is the manual computation of operational risk requirement for December 31, 2021:

Revenue		2020		2019		2018		AVERAGE
Commission income	₱	9,637,230	₱	7,731,043	₱	8,410,088	₱	8,592,787
Interest income		343,098		458,167		458,686		419,984
Net recovery on market decline of financial assets at FVPL		-		-		-		-
Dividend income		209,610		2,224,444		2,293,657		1,575,904
Gain on sale of financial assets at FVPL		288,245		125,828		684,976		366,350
Others		-		3,000		-		1,000
	₱	10,478,183	₱	10,542,482	₱	11,847,407	₱	10,956,024
Average of the Last Three Years Gross Income							₱	10,956,024
Multiplied by: Operational Risk Factor								20%
Total Operational Risk Requirement							₱	2,191,205

Position risk
The risk in which a Broker Dealer is exposed to and arising from securities held by it as principal or in its proprietary or dealer account.

Below is the manual computation of position risk requirement as of December 31, 2022:

		Total Market Value of Instrument	Position Risk Factors		**2022 PRR**
Equities in PHISIX	₱	1,091,019	25.00%	**₱**	**272,755**
Other Equities outside the PHISIX		8,953,211	35.00%		**3,133,624**
Total	₱	10,044,230	60.00%	**₱**	**3,406,379**

Below is the manual computation of position risk requirement as of December 31, 2021:

		Total Market Value of Instrument	Position Risk Factors		2021 PRR
Equities in PHISIX	₱	2,025,401	25.00%	₱	506,350
Other Equities outside the PHISIX		8,160,986	35.00%		2,856,345
Total	₱	10,186,387	60.00%	₱	3,362,695

Aggregate Indebtedness

This is 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 that the broker dealer failed to receive, the 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 non customers), customers and non-customers' free credit balances, and credit balances in customers' and non-customers' account having short positions in securities, but subject to certain exclusions.

The capital structure of the Company consists of equity attributable to equity holders comprising issued capital, reserves and retained earnings.

There were no changes in the Company's approach to capital management during the period.

The Company's regulated operations have complied with all externally imposed capital requirements, as of December 31, 2022 and 2021.

30. Categories and Fair Values of Financial Assets and Liabilities

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Financial Instruments Whose Carrying Amount Approximate Fair Value
The carrying amounts of cash and cash equivalents, unquoted equity securities, receivable from customers, payable to customers, payable to non-customers and payable to clearing house, which are all subject to normal trade credit terms and are short-term in nature, approximate their fair values.

Financial Assets At FVPL and Financial Assets at FVOCI
The Company's financial assets at FVPL and quoted equity securities are carried at their fair values as at December 31, 2022 and 2021. Fair value of financial assets at FVPL is based on the closing quoted prices of stock investments published by the PSE.

The following table presents the Company's assets and liabilities that are measured at fair value at December 31, 2022.

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	**Total**
		(In Thousands)		
Assets:				
Financial assets at FVPL				
Equities in the PHISIX	₱ 1,091	₱ -	₱ -	**₱ 1,091**
Equities outside the PHISIX	8,953	-	-	**8,953**
	₱ 10,044	₱ -	₱ -	**₱ 10,044**
Financial assets at FVOCI				
Quoted equity securities				
Other financial institution sector	37,920	-	-	**37,920**
	₱ 47,964	₱ -	₱ -	**₱ 47,964**

There are no financial instruments carried at fair value under Levels 2 and 3 during the year.

The following table presents the Company's assets and liabilities that are measured at fair value at December 31, 2021.

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	**Total**
		(In Thousands)		
Assets:				
Financial assets at FVPL				
Equities in the PHISIX	₱ 2,025	₱ -	₱ -	**₱ 2,025**
Equities outside the PHISIX	8,161	-	-	**8,161**
	₱ 10,186	₱ -	₱ -	**₱ 10,186**
Financial assets at FVOCI				
Quoted equity securities				
Other financial institution sector	51,600	-	-	**51,600**
	₱ 61,786	₱ -	₱ -	**₱ 61,786**

There are no financial instruments carried at fair value under Levels 2 and 3 during the year.

For assets and liabilities that are recognized in the Company's financial statements in a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level of input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers that occurred between level 1, level 2 and level 3 during the years ended December 31, 2022 and 2021.

The Company's management determines the policies and procedures for both recurring and nonrecurring fair value measurements.

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

Categories of Financial Instruments

The carrying values and fair values of the Company's financial assets per category are as follows:

	2022		2021	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
	(In Thousands)			
Assets:				
Cash and cash equivalents *	**₱ 182,128**	**₱ 182,128**	₱ 115,406	₱ 115,406
Financial assets at FVOCI	**400**	**400**	400	400
Receivable from customers	**7,032**	**7,032**	3,854	3,854
	₱ 189,560	**₱ 189,560**	₱ 119,660	₱ 119,660

* *net of Cash on Hand and Petty Cash Fund*

The carrying values and fair values of the Company's financial liabilities per category are as follows:

	2022		2021	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
	(In Thousands)			
Liabilities:				
Payable to customers	**₱ 138,991**	**₱ 138,991**	₱ 76,534	₱ 76,534
Payable to clearing organization	**4,409**	**4,409**	-	-
Other current liabilities	**3,056**	**3,056**	3,071	3,071
	₱ 146,456	**₱ 146,456**	₱ 79,605	₱ 79,605

31. Effect of COVID 19 Pandemic to Operations

The Philippines is still experiencing a pandemic due to the novel coronavirus (COVID-19). Trading hours remain the same as reduced by the Philippine Stock Exchange (PSE) to 9:00 am to 1:00 pm from the normal 9:30 am to 3:30 pm. Despite of this situation, investment houses offers more Initial Public Offering (IPO) including REIT which the Company has participated. Our clients gradually came back buying and selling stocks. Business is getting better as compare from previous year. We still continue to abide by the health protocol as mandated by local government unit and we provide accommodation and transportation allowance to our staff during this time.

32. Supplementary Information Required by the Bureau of Internal Revenue

Revenue Regulation No. 15-2010

On November 25, 2010, the Bureau of Internal Revenue (BIR) issued Revenue Regulation (RR) No. 15-2010 which took effect on December 29, 2010 which provides for additional information required to be disclosed in the notes to financial statements regarding taxes, duties and license fee, paid or accrued, during the taxable year. Specifically, the disclosure should include the following: (a) amount of Value-Added Tax (VAT) output taxes declared during the year with account title and amount/s; (b) amount of VAT Input taxes claimed; (c) landed cost of imports and the amount of customs duties and tariff fees; (d) amount of excise taxes, classified per major product category; (e) documentary stamp tax (DST) on loan instruments and other transactions; (f) all other taxes, local and national, license and permit fees lodged under taxes and licenses account both under the Cost of sales and operating expense accounts; (g) amount of withholding taxes;(h) periods covered and amounts of deficiency assessments; and (i) tax cases and amounts involved.

In compliance with the requirements set forth by RR 15-2010, the following taxes are either paid or accrued by the Company.

1. The following table shows the Company's commission and VAT output declared as of December 31, 2022 and 2021:

		2022		2021
Commission	₱	**8,879,683**	₱	15,882,940
VAT output		**1,065,562**		1,905,953

2. The amount VAT Input taxes claimed are broken down as follows:

		2022		2021
Beginning of the year	₱	**16,119**	₱	21,549
Current year's purchases				
I. Goods other than for resale or manufacture		**142,874**		739,760
		158,993		761,309
Application against output VAT		**(143,963)**		(745,190)
Balance at the end of the year	₱	**15,030**	₱	16,119

3. Landed Cost, Customs' Duties and Tariff Fees

   The Company did not have any importations in 2022 and 2021 that would require for the payment of customs duties and tariff fees.

4. Excise Tax

   The Company did not have any transactions in 2022 and 2021 which are subject to excise tax.

5. Documentary Stamp Tax

   The Company did not have any transactions in 2022 and 2021 which are subject to documentary stamp tax.

6. Taxes and Licenses

   The details of taxes and licenses are shown as part of expenses follows:

		2022		2021
Local				
Real estate taxes	₱	**50,256**	₱	50,256
Business permits and licenses		**260,607**		197,967
National				
BIR Annual Registration		**500**		500
	₱	**311,363**	₱	248,723

7. Withholding Taxes

The details of total withholding taxes for the year ended December 31, 2022 and 2021 are as follows:

		2022		2021
National Internal Revenue Taxes				
Withholding taxes				
Withholding Tax on Compensation	₱	**457,438**	₱	458,085
Expanded Withholding Tax		**181,007**		275,994
Final Withholding Tax		**148,559**		172,800
	₱	**787,004**	₱	906,879

8. Deficiency Tax Assessments and Tax Cases

As of December 31, 2022 and 2021, the Company did not have any final deficiency tax assessments from the BIR nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open years.

33. Summary of Non-Cash Transactions Arising from Investing and Financing Activities

The Company has no noncash transactions arising from investing and financing activities in 2022 and 2021.

SOLAR SECURITIES, INC.

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS FOR THE YEAR ENDED DECEMBER 31, 2022

No liabilities are deemed subordinated to general creditors for the period audited.

Schedule I

SOLAR SECURITIES, INC.
Pasig City

RISK-BASED CAPITAL ADEQUACY
DECEMBER 31, 2022

Assets	₱	265,046,103
Liabilities		158,377,298
Equity		106,668,806
Adjustments to Equity		
Add (Deduct):		
Allowance for market decline		-
Unrealized gain (loss) in proprietary accounts		-
Total Adjustments to Equity		-
Equity Eligible for Net Liquid Capital		106,668,806
Ineligible Assets:		
Fixed Assets		18,042,043
Investment in PSE		37,920,000
Other assets		8,400,000
Other current assets		1,454,441
Negative exposure		-
Deferred tax assets		2,337,695
Revaluation surplus		4,663,500
Other noncurrent assets		0
Total Ineligible Assets		72,817,680
NET LIQUID CAPITAL	**₱**	**33,851,126**
Less:		
Operational Risk Requirement		2,596,917
Position Risk Requirement		3,406,379
Total Risk Capital Requirement		6,003,296
Net Risk-Based Capital Adequacy Requirement		27,847,830
Liabilities		158,377,298
Less:		
Exclusions from Aggregate Indebtedness		10,433,343
AGGREGATE INDEBTEDNESS	**₱**	**147,943,955**
REQUIRED NET LIQUID CAPITAL		P5,000,000
NET RISK-BASED CAPITAL EXCESS	**₱**	**28,851,126**
RATIO OF AGGREGATE INDEBTEDNESS TO NET LIQUID CAPITAL		**437%**
RISK-BASED CAPITAL ADEQUACY RATIO		**564%**

Schedule II

SOLAR SECURITIES, INC.
Pasig City

INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS UNDER REVISED SRC RULE 49.2-1
DECEMBER 31, 2022

Customers' fully paid securities and excess margin securities not in the broker's or dealer's possession or control as of the report date but for which the required action was not taken by respondent within the time frame specified under Revised SRC Rule 49.2-1:

Market Valuation	N/A
Number of items	N/A

Customer's fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as part of the report date, excluding items arising from "temporary lags which result from normal business operation" as permitted under Revised SRC Rule 49.2-1:

Market Valuation	N/A
Number of items	N/A

Schedule III

SOLAR SECURITIES, INC.

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
UNDER ANNEX G OF REVISED SRC RULE 49.2-1
DECEMBER 31, 2022

	CREDITS	DEBITS
Free credit balances and other credit Peso balance in customers' security accounts	₱146,386,936	
Debit balances in customers' cash or margin accounts excluding unsecured accounts and accounts doubtful of collection		₱ 6,961,679
EXCESS OF CREDITS OVER DEBITS		**₱ 139,425,257**
REQUIRED TO BE ON DEPOSIT IN THE "RESERVE BANK ACCOUNT" (100% of net credit if making a weekly computation and 105% if monthly)		**₱ 139,425,257**
Special Reserve Bank Account		**₱ 74,244,436**

Schedule IV

SOLAR SECURITIES, INC.
Pasig City

A REPORT DESCRIBING ANY MATERIAL INADEQUACIES FOUND TO EXIST OR FOUND TO HAVE EXISTED SINCE THE DATE OF THE PREVIOUS AUDIT DECEMBER 31, 2022

The management of SOLAR SECURITIES, INC. maintains a system of accounting and reporting for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

In this regard, no material inadequacies were found to exist or found to have existed since the date of the previous audit.

Schedule V

SOLAR SECURITIES, INC.

RESULTS OF QUARTERLY SECURITIES COUNT
CONDUCTED PUSUANT TO REVISED SRC RULE 52.1-10
DECEMBER 31, 2022

There is no discrepancy in the results of the securities count conducted.
See attached summary.

Schedule VI

SOLAR SECURITIES, INC.
Financial Ratio Analysis
For the years ended December 31, 2022 and 2021

Key Performance Indicators	Formula		2022		2021
Current Ratio	Current Assets	200,684,060	1.37	136,126,041	1.70
	Current Liabilities	146,718,203		79,988,934	
Acid Test Ratio	Cash & cash equivalents + Receivables	189,185,388	1.29	124,664,640	1.56
	Current liabilities	146,718,203		79,988,934	
Debt to Equity Ratio	Total Liabilities	158,377,298	1.48	92,257,955	0.75
	Stockholders' equity	106,668,806		123,145,801	
Assets to Equity Ratio	Total Assets	265,046,103	2.48	215,403,756	1.75
	Stockholders' Equity	106,668,806		123,145,801	
Solvency Ratio	Income after tax+ Depreciation	(4,163,266)	(0.03)	(8,171,742)	(0.10)
	Total liabilities- deferred tax liabilities	150,281,650		83,564,007	
Operating Margin	Income before income tax	(895,901)	-8%	(7,436,656)	-42%
	Revenues	11,716,348		17,795,679	
Return on Equity	Net Income	(4,843,443)	-5%	(8,860,892)	-7%
	Stockholders' Equity	106,668,806		123,145,801	
Return on Assets	Net Income	(4,843,443)	-2%	(8,860,892)	-4%
	Average Total assets	240,224,930		231,817,298	

Schedule VII

MAM & Co.

M. A. MERCADO & Co.
Certified Public Accountants
2109 Cityland 10 Tower 1
156 H.V. Dela Costa Street Cor.
6815 Ayala Avenue North
1226 Makati City, Philippines

Phone: *+63 (2) 8894-5783*
+63 (2) 8893-1509
Fax: *+63 (2) 8894-4793*
E-mail: *mercado_cpa@yahoo.com*
Website: mamercado.com

INDEPENDENT AUDITOR'S REPORT

The Shareholders and the Board of Directors
SOLAR SECURITIES, INC.
Unit 3002 East Tower
Philippine Stock Exchange Centre
Exchange Road, Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Solar Securities, Inc., as of and for the year ended December 31, 2022, on which we have issued our attached report dated April 6, 2023.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the above Company has a total of seven (7) stockholders owning one hundred (100) or more shares each.

M.A. MERCADO & CO.

MARCELINO A. MERCADO
Partner
CPA License No. 066885
Tax Identification No. 102-921-222
P.T.R. No. 9587940; Issued on January 17, 2023, Makati City
SEC Accreditation No. 66885-SEC (Group B)
Issued January 25, 2022
Valid until 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-003338-002-2021
Issued December 9, 2021; Valid until December 8, 2024
IC Accreditation No. 66885-IC
Issued January 26, 2021
Valid until 2024 financial statements of IC covered institutions
Firm's BOA/PRC Cert. of Reg. No. 5658
Issued September 29, 2020; Valid until September 17, 2023
Firm's SEC Accreditation No. 5658-SEC (Group B)
Issued January 25, 2022
Valid until 2025 financial statements of SEC covered institutions
Firm's BIR Accreditation No. 08-006173-000-2021
Issued March 04, 2021; Valid until March 03, 2024
Firm's IC Accreditation No. 5658-IC
Issued January 26, 2021;
Valid until 2024 financial statements of IC covered institutions

April 6, 2023

MAM & Co.

M. A. MERCADO & Co.
Certified Public Accountants
2109 Cityland 10 Tower 1
156 H.V. Dela Costa Street Cor.
6815 Ayala Avenue North
1226 Makati City, Philippines

Phone: *+63 (2) 8894-5783*
+63 (2) 8893-1509
Fax: *+63 (2) 8894-4793*
E-mail: *mercado_cpa@yahoo.com*
Website: mamercado.com

REPORT OF INDEPENDENT AUDITORS

Securities and Exchange Commission
SEC Building, EDSA, Greenhills
Mandaluyong City

In compliance with SEC Memorandum Circular No. 11, series of 2008 and pursuant to Sections 43 and 143 of the Corporation Code of the Philippines and Section 5 (B) of the Revised Securities Regulation Code, the amount of retained earnings available for dividend declaration as at December 31, 2022 is P10,555,047 as presented in the attached Annex "A" of Solar Securities, Inc.

M.A. MERCADO & CO.

MARCELINO A. MERCADO
Partner
CPA License No. 066885
Tax Identification No. 102-921-222
P.T.R. No. 9587940; Issued on January 17, 2023, Makati City
SEC Accreditation No. 66885-SEC (Group B)
Issued January 25, 2022
Valid until 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-003338-002-2021
Issued December 9, 2021; Valid until December 8, 2024
IC Accreditation No. 66885-IC
Issued January 26, 2021
Valid until 2024 financial statements of IC covered institutions
Firm's BOA/PRC Cert. of Reg. No. 5658
Issued September 29, 2020; Valid until September 17, 2023
Firm's SEC Accreditation No. 5658-SEC (Group B)
Issued January 25, 2022
Valid until 2025 financial statements of SEC covered institutions
Firm's BIR Accreditation No. 08-006173-000-2021
Issued March 04, 2021; Valid until March 03, 2024
Firm's IC Accreditation No. 5658-IC
Issued January 26, 2021;
Valid until 2024 financial statements of IC covered institutions

April 6, 2023

Annex A

Solar Securities, Inc.
Unit 3002 East Tower Philippine Stock Exchange Centre
Pasig City

CASH DIVIDEND
(Nature of Dividend Declared)

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning		P 16,586,490
Add: Net income actually earned/realized during the period		
Net loss during the period closed to Retained Earnings	(4,843,443)	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate / joint venture	-	
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)	-	
Unrealized actuarial gain	-	
Fair value adjustment (M2M gains)	-	
Fair value adjustment of Investment Property resulting to gain	-	
Adjustment due to deviation from PFRS/GAAP - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the FPRS	-	
Sub-total	(4,843,443)	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS/GAAP - losses		
Deferred tax assets	-	
Effect of change in accounting for employee benefits (PAS 19)	-	
Loss on fair value adjustment of investment property (after tax)	-	
	-	
Net loss actually earned during the period		(4,843,443)
Add(Less):		
Dividend declarations during the period	(1,188,000)	
Legal reserve fund	-	
Effects of prior period adjustments	-	
Treasury shares	-	(1,188,000)
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND		**P 10,555,047**