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

ANNUAL AUDITED FINANCIAL STATEMENT

Information Required of Brokers and Dealers Pursuant to Rule 37 (a)-6 of the Revised Securities Act.

Report of the Period Beginning January 1, 2023 to December 31, 2023

IDENTIFICATION OF BROKER OR DEALER

Name of Broker/Dealer:	JAKA SECURITIES CORPORATION
Address of Principal Place of Business:	Unit 814 Tower 1 & Exchange Plaza, Ayala Ave., Makati City

Name and Phone Number of Persons to Contact in Regards to this Report:

Name: Arturo Sayson	Tel. No. 848-71-22 Fax. No. 848-71-22

IDENTIFICATION OF ACCOUNTANT

Name of Independent Certified Public Accountants whose opinion is contained in this report:

Name: TEODORO SANTAMARIA AND CO. Telefax No. 812-4204

Address: Suite 2108 Cityland 10 Tower 1, 156 H.V Dela Costa Street
Salcedo Village, Makati City

CPA Certificate Number:	083524	Valid until December 9, 2026
SEC Accreditation No.	83524 - SEC	Valid until 2025
PTR Number:	10083281	Date Issued: January 11, 2024

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A S 0 9 5 0 0 0 2 2 2

COMPANY NAME

JAKA SECURITIES CORPORATION
(A WHOLLY OWNED SUBSIDIARY OF
JAKA INVESTMENTS CORPORATION)

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

Unit 814 Tower 1 & Exchange
Plaza, Ayala Avenue,
Makati City

Form Type	Department requring the report	Secondary License Type, If Applicable
AAFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	8848-7122	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
8	3rd Thursday of March	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
Arturo L. Sayson	arturosayson@yahoo.com	8848-7122	N A

CONTACT PERSON's ADDRESS

Unit 814 Tower 1 & Exchange Plaza, Ayala Avenue, Makati City

Note1: 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 occurance thereof with information and complete contact details of the new contact person designated.

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

TEODORO SANTAMARIA AND Co.
CERTIFIED PUBLIC ACCOUNTANTS

Suite 2108 Cityland 10 Tower 1
156 H.V. Dela Costa St.
Salcedo Village 1226
Makati City, Philippines

Tel : (632) 8812 - 4202
(632) 8553 - 4845
Email: tscocpas@gmail.com

Trust Service Commitment

Supplemental Written Statement to Accompany
Report of Independent Auditors

The Board of Directors and Stockholders
Jaka Securities Corporation
Unit 814 Tower 1 & Exchange Plaza
Ayala Avenue, Makati City

We have audited the financial statements of Jaka Securities Corporation for the year ended December 31, 2023, on which we have rendered the attached report dated April 10, 2024.

In compliance with Revised SRC Rule 68 we are stating that the above Company has a total number of nine (9) shareholders, with two (2) shareholders owning more than one hundred (100) shares each.

TEODORO SANTAMARIA AND CO.

By: **Rachel Lydia T. Santamaria**
Partner
CPA License No. 083524
Valid until December 9, 2026
BOA/PRC Registration No. 5593
Valid until September 26, 2024
BIR A.N. 08-008055-001-2022 (Individual)
Valid until March 30, 2025
BIR A.N. 08-008055-000-2022 (Firm)
Valid until March 30, 2025
T.I.N. 102-921-088
PTR No. 10083281/ Makati City
January 11, 2024

April 10, 2024
Makati City, Philippines

JAKA Securities Corporation

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of JAKA Securities Corporation is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2023 & 2022, including the schedules attached therein, in accordance with the prescribed financial reporting framework indicated therein, and for such internal controls 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 are 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.

Teodoro Santamaria and Co., the independent auditors appointed by the stockholders, has examined the financial statements of the Company as of December 31, 2023 & 2022 in accordance with the Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

KARA NICOLE PE RHOUNIMI
President & Chairman of the Board

JUAN RODRIGO PONCE ENRILE
Treasurer

April 11, 2024

BUREAU OF INTERNAL REVENUE
REVENUE REGION - MAKATI
Revenue District Office No. 50
South Makati
RECEIVED
INITIAL: DATE:
RCO NAME: JOHN ROY P. BRIONES RCO CODE 22093
APR 22 2024

JAKA Securities Corporation
Unit 814 Tower One & Exchange Plaza
Ayala Avenue
1226 Makati City, Philippines

T + 63 2 8848 6413 to 15
+ 63 2 8848 7122 to 23

TEODORO SANTAMARIA AND CO.
CERTIFIED PUBLIC ACCOUNTANTS

Suite 2108 Cityland 10 Tower 1
156 H.V. Dela Costa St.
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Email: tscocpas@gmail.com

Trust Service Commitment

Report of Independent Auditors

The Board of Directors and Stockholders
Jaka Securities Corporation
Unit 814 Tower 1 & Exchange Plaza
Ayala Avenue, Makati City

Report on the Audit of the Financial Statements

Opinion
We have audited the accompanying financial statements of **Jaka Securities Corporation**, ("the Company"), which comprise the statements of financial position as at **December 31, 2023 and 2022** and the related statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years then ended, and a summary of material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, 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 the 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.

Status of Operation
As discussed in Note 1, the Company continues to operate despite continued losses due to the pandemic. In order to raise additional capital and be competitive in the market and participate in some equity deals, the two (2) condominium units purchased at discounted price at Bonifacio Global City and with estimated value of P60 million is due for sale. The sale of a condominium unit in Makati resulted in gains in 2023.

On February 22, 2024, the Capital Market Integrity Corporation (CMIC) received from the Company an application for voluntary suspension (application) together with supporting documents via electronic mail. The Company informed CMIC that its suspension of trading operations is related to its breach in net liquid capital (NLC) disclosed in its risk based capital adequacy (RBCA) report as of January 31, 2024. The Company also added that the application is for the Company to have more time to study and adopt a stable remedial measure without prejudicing the interest of its customers. The said breach in NLC was addressed by an infusion of additional capital of Three Million Pesos (P3,000,000.00) by its parent company, JAKA Investments Corporation, through subscription of the Company's remaining unissued shares.

It bears emphasis that under Article X, Section 4 of the CMIC rules, CMIC shall undertake certain actions in connection with the application for voluntary suspension of the applicant, which the applicant, by filing the application for voluntary suspension, shall be deemed to have agreed to.

As of report date, the CMIC has conducted an audit of the Company relative to its application. The result of such audit and CMIC's resolution of its application is still pending. As of December 31, 2023, the NLC of the Company is negative P1,501,625. (see Note 6)

The Company intends to continue its operations after the voluntary suspension and has no plans of liquidating in the near future. Hence, the Company continues to use the going-concern basis in accounting for its financial statements.

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 Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information disclosed in Note 30 of the Notes to financial statements is presented for the purpose of filing with the Bureau of Internal Revenue under Revenue Regulation No. 15-2010 and the supplementary information provided in Schedules 1 to 7 as at December 31, 2023 and for the year then ended as required by the Securities and Exchange Commission under the Revised Securities Regulation Code (Revised SRC) Rule are presented as additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of the management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

TEODORO SANTAMARIA AND CO.

By: **Rachel Lydia T. Santamaria**
Partner
CPA License No. 083524
Valid until December 9, 2026
BOA/PRC Registration No. 5593
Valid until September 26, 2024
BIR A.N. 08-008055-001-2022 (Individual)
Valid until March 30, 2025
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Valid until March 30, 2025
T.I.N. 102-921-088
PTR No. 10083281/ Makati City
January 11, 2024

RECEIVED APR 22 2024

April 10, 2024
Makati City, Philippines

JAKA SECURITIES CORPORATION

STATEMENTS OF FINANCIAL POSITION

	Notes	December 31 2023	December 31 2022	Market value of securities December 31, 2023 Long	Market value of securities December 31, 2023 Short	Market value of securities December 31, 2022 Long	Market value of securities December 31, 2022 Short
		(In Philippine Peso)					
Assets							
Current assets							
Cash and cash equivalents	7	**18,621,705**	10,779,003				
Trade receivables	8	**6,687,031**	56,766,024	1,409,562,635		93,015,160	
Other receivables	9	**45,932**	216,283				
Due from related parties	19	**46,940,120**	-				
Financial assets at fair value through profit or loss	10	**-**	1,381,402	-		1,381,402	
Other current assets	11	**5,291,487**	4,842,130				
Total current assets		**77,586,276**	73,984,843				
Non-current assets							
Financial assets at fair value through other comprehensive income	12	**-**	4,740,000	-		4,740,000	
Trading rights	13	**8,000,000**	8,000,000				
Property and equipment - net	14	**239,327**	319,088				
Investment property - net	15	**21,113,541**	22,525,508				
Deferred charges - MCIT	26	**15,098**	15,098				
Other non-current assets	16	**774,231**	774,231				
Total non-current assets		**30,142,197**	36,373,925				
Total assets		**107,728,473**	110,358,768				
Securities							
In box, with Philippine Depository and Trust Corporation, transfer offices and clearing house					2,221,458,161		1,324,733,073

-forward-

	Notes	December 31 2023	December 31 2022	Market value of securities December 31, 2023 Long	Market value of securities December 31, 2023 Short	Market value of securities December 31, 2022 Long	Market value of securities December 31, 2022 Short
		(In Philippine Peso)					
Liabilities							
Current liabilities							
Trade payables	17	**17,692,688**	30,221,782	811,895,526		1,225,596,510	
Current portion of loans payable	18	-	123,294				
Due to related parties	19	-	12,223,230				
Other current liabilities	20	**4,111,247**	1,468,730				
Total current liabilities		**21,803,935**	44,037,036				
Non-current liabilities							
Deferred tax liability	26	-	169,375				
Total non-current liabilities		-	169,375				
Total liabilities		**21,803,935**	44,206,410.62				
Equity							
Share capital	21	**116,900,000**	116,900,000				
Share premium	21	**17,000,000**	17,000,000				
Unrealized gain on financial assets at FVOCI	12,26	-	508,125				
Deficit	21	**(47,975,461)**	(68,255,768)				
Total equity		**85,924,539**	66,152,357				
Total liabilities and equity		**107,728,473**	110,358,768	2,221,458,161	2,221,458,161	1,324,733,073	1,324,733,073

See accompanying notes to financial statements.

JAKA SECURITIES CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

	Notes	2023	2022
		For the years ended December 31	
		(In Philippine Peso)	
Commission revenue	22	**3,541,820**	5,582,938
Cost of services	23	**(6,719,818)**	(5,038,164)
Gross (loss)/ profit		**(3,177,998)**	544,773
Interest income	7	**26,623**	72,593
Dividends	10	**635,137**	353,951
Other income/ (expense)	24	**28,256,703**	(862,108)
Gross income		**25,740,464**	109,210
Operating expenses	25	**(5,652,001)**	(6,829,046)
Finance cost	17	**(31,087)**	(46,337)
Income/ (Loss) before income tax		**20,057,376**	(6,766,174)
Income tax expense	26	**(454,568)**	-
Net income/ (loss)		**19,602,808**	(6,766,174)
Other comprehensive income			
Not to be be reclassified to profit or loss in subsequent periods:			
Unrealized (loss)/ gain on financial assets at FVOCI		-	(1,710,000)
Income tax effect	12,26	-	427,500
		-	(1,282,500)
Total comprehensive income/ (loss)		**19,602,808**	(8,048,674)
Income/ (Loss) per share	27	**16.77**	(5.79)

See accompanying notes to financial statements.

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8A - MAKATI
District Office No. 50
RECEIVED
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JAKA SECURITIES CORPORATION

STATEMENTS OF CASH FLOWS

	Notes	For the years ended December 31 2023	2022
		(In Philippine Peso)	
Cash flows from operating activities			
Income/ (Loss) before income tax		**20,057,376**	(6,766,174)
Adjustments for:			
Provision for/ (Reversal of) impairment loss	13	**-**	1,000,000
Depreciation	14	**1,491,724**	1,491,724
Interest expense	17	**31,087**	46,337
Interest income	7	**(26,623)**	(72,593)
Dividends	10	**(635,137)**	(353,951)
Adjustment	10,24	**-**	799,677
Operating income/ (loss) before working capital changes		**20,918,426**	(3,854,980)
Decrease/ (increase) in:			
Trade receivables	8	**50,078,993**	2,621,265
Other receivables	9	**170,351**	168,020
Financial assets at fair value through profit or loss	10	**1,381,402**	(524,377)
Prepayments	11	**(449,357)**	(3,974,395)
Increase/ (decrease) in:			
Trade payables	16	**(12,529,094)**	(94,327,390)
Other current liabilities	20	**2,642,517**	(531,122)
Cash generated from/ (absorbed by) operations		**62,213,238**	(100,422,980)
Dividends received	10	**635,137**	353,951
Interest received, net of final tax	7	**26,623**	72,593
Income taxes paid		**(454,568)**	(6,796)
Net cash provided by/ (used in) operating activities		**62,420,430**	(100,003,232)
Cash flows from investing activity			
Disposal of other non-current assets	15	**4,740,000**	-
Disposal of property and equipment	14	**4**	-
Net cash provided by investing activity		**4,740,004**	-
Cash flows from financing activities			
(Payments to)/ Receipts from related parties	19	**(59,163,350)**	3,000,000
Payment of loans payable	17	**(123,294)**	(299,490)
Interest paid	17	**(31,087)**	(46,337)
Net cash (used in)/ provided by financing activities		**(59,317,732)**	2,654,173
Net increase/ (decrease) in cash and cash equivalents		**7,842,702**	(97,349,059)
Cash and cash equivalents, January 1	7	**10,779,003**	108,128,062
Cash and cash equivalents, December 31	7	**18,621,705**	10,779,003

See accompanying notes to financial statement

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023
(Amounts in Philippine Peso, unless otherwise stated.)

1. Corporate Information

JAKA Securities Corporation (the Company) is a wholly owned subsidiary of JAKA Investments Corporation (Parent Company), which is domiciled in the Philippines. The Company was licensed by the Securities and Exchange Commission (SEC) on September 11, 1996, primarily to engage as dealer in the business of offering, buying, selling, dealing or trading of securities of all kinds for its own account and as a broker in the purchases, sales or other transactions relating to all kind of securities of any person, corporation or entity. The Company is both a stockholder and a holder of trading rights in the Philippine Stock Exchange (PSE).

As of December 31, 2023, and 2022, the total paid up capital of the Company is 98.9%, owned by JAKA Investments Corporation, the mother Company.

The Company's registered office, which is also its principal place of business, is located at Unit 814, Tower 1 & Exchange Plaza, Ayala Avenue, Makati City.

The Company became a clearing member of the Securities Clearing Corporations of the Philippines (SCCP) and started operating its own seat in PSE on January 2, 1997.

Status of Operations

The Company continues to operate despite continued losses due to the pandemic. In order to raise additional capital and be competitive in the market and participate in some equity deals, the two (2) condominium units purchased at discounted price at Bonifacio Global City and with estimated value of P60 million is due for sale. The sale of a condominium unit in Makati resulted in gains in 2023.

On February 22, 2024, the Capital Market Integrity Corporation (CMIC) received from the Company an application for voluntary suspension (application) together with supporting documents via electronic mail. The Company informed CMIC that its suspension of trading operations is related to its breach in net liquid capital (NLC) disclosed in its risk based capital adequacy (RBCA) report as of January 31, 2024. The Company also added that the application is for the Company to have more time to study and adopt a stable remedial measure without prejudicing the interest of its customers. The said breach in NLC was addressed by an infusion of additional capital of Three Million Pesos (P3,000,000.00) by its parent company, JAKA Investments Corporation, through subscription of the Company's remaining unissued shares.

It bears emphasis that under Article X, Section 4 of the CMIC rules, CMIC shall undertake certain actions in connection with the application for voluntary suspension of the applicant, which the applicant, by filing the application for voluntary suspension, shall be deemed to have agreed to.

As of report date, the CMIC has conducted an audit of the Company relative to its application. The result of such audit and CMIC's resolution of its application is still pending. As of December 31, 2023, the NLC of the Company is negative P1,501,625. (see Note 6)

The Company intends to continue its operations after the voluntary suspension and has no plans of liquidating in the near future. Hence, the Company continues to use the going-concern basis in accounting for its financial statements.

2. Material Accounting Policies

Statement of Compliance
The accompanying financial statements were prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), Interpretation of the Philippine Interpretations Committee (PIC), Standing Interpretation Committee (SIC), and International Financial Reporting Standards Interpretations Committee (IFRSIC) which have been adopted by the Financial Reporting Standards Council (FRSC) and approved by the Board of Accountancy (BOA) and the SEC.

Basis of Preparation of Financial Statements
The accompanying financial statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss which are measured at fair value. The preparation of the financial statements in accordance with PFRS requires the use of critical accounting estimates. It also requires management to exercise judgment in 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 discussed in Note 3.

Functional and Presentation Currency
These financial statements are presented in Philippine Peso, the Company's functional currency and all values are rounded to the nearest Peso, except when otherwise indicated.

Current Versus Non-current Classification
The Company presents assets and liabilities in the statement of financial position on current/non-current classification.

An asset is current when it is:
- Expected to be realized or intended to be sold or consumed within a 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 within a normal operating cycle;
- It is held primarily for 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.

Adoption of New or Revised Standards, Amendments to Standards and Interpretations
The Company adopted the following new standards and amendments to standards effective January 1, 2023. New standards and amendment to standards that do not materially affect the financial statements of the Company are not included here.

- *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.

- *Amendments to PAS 1 and PFRS Practice Statement 2, Disclosure of Accounting Policies*
  The amendments to PAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to PFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments to PAS 1 will be effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

- *Amendments to PAS 8 Definition of Accounting Estimates*
  The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events. The amendments to PAS 8 will be effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

- *Amendments to PAS 12 Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*
  The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

<u>Future Adoption of New or Revised and Amendments to Standards</u>
The Company will adopt the following new standards and amendments to standards when these become effective and applicable. New standards and amendments to standards that do not have a material effect on the financial statements of the Company are not included here.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, Classification of Liabilities as Current or Non-current
  The amendments clarify paragraphs 69 to 76 of PAS 1, Presentation of Financial Statements, 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 January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

Material Accounting Policies

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Short-term investment that has a term of more than three (3) months are not considered cash equivalents.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value 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 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.

If an asset or a liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances shall be used to measure fair value regardless of where the input is categorized within the fair value hierarchy.

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, 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 categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

Financial Instruments - Initial Recognition

Date of Recognition

Financial instruments are any contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes a financial asset or financial liability in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the trade date.

Classification of Financial Instruments

All financial instruments are initially recognized at fair value of the consideration given (in case of an asset) or received (in case of liability). Except for financial instruments at FVPL, the initial measurement of financial instruments includes transaction costs. Financial assets are measured at FVPL unless these are measured at FVOCI or at amortized cost. Financial liabilities are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

The classification of financial assets depends on the contractual terms and the business model for managing the financial assets. Subsequent to initial recognition, the Company may reclassify its financial assets only when there is a change in its business model for managing these financial assets. Reclassification of financial liabilities is not allowed.

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios. As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they pass the contractual cash flows test (SPPI test).

As of December 31, 2023, the Company has cash and cash equivalents and other receivables (interest receivable arising from short-term placements, advances to employees and officers, due from related parties and other receivables) are classified as financial assets at amortized cost.

Business Model Test

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel
- The risks that affect the performance of the business model and the financial assets held within that business model and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Solely Payments of Principal and Interest (SPPI) Test

As a second step of its classification process, the Company assesses the contractual terms of financial instruments to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

Financial Assets at FVPL
Equity investments are classified as at FVPL, unless the Company designates an investment that is not held for trading as at FVOCI at initial recognition. Derivative assets classified as at FVPL are those that are not designated under hedge accounting treatment.

Financial assets and financial liabilities at FVPL include financial assets and financial liabilities held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. These are recorded in the statement of financial condition at fair value. Changes in fair value are included in 'Trading gains (losses)' under profit or loss in the statement of comprehensive income. Dividend income is recorded in 'Dividend' under profit or loss in the statement of comprehensive income when the right to receive payment has been established.

This category includes listed equity investments which are held for trading purposes by the Company.

As of December 31, 2023, the Company sold all its investments classified under FVPL.

Financial Assets at Fair Value Through Other Comprehensive Income
The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell ("hold to collect and sell"); and,
- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Company for trading or as mandatorily required to be classified as FVPL.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the equity account is not reclassified to profit or loss but is reclassified directly to retained earnings account except for those debt securities classified as FVOCI wherein fair value changes are recycled back to profit or loss.

Any dividends earned on holding equity instruments are recognized in profit or loss as part of Revenue, when the Company's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and, the amount of dividend can be measured reliably, unless the dividends clearly represent recovery of a part of the cost of the investment.

As of December 31, 2023, the Company sold all its investments classified under FVOCI.

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

- The asset is held within the Company's business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Debt financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using effective interest method less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in 'Interest income' in the statement of comprehensive income. Gains and losses are recognized in statement of comprehensive income when these investments are derecognized or impaired, as well as through the amortization process.

As of December 31, 2023 and 2022, the Company's financial assets measured at amortized cost include 'Cash and cash equivalents (except cash on hand)' and 'Other receivables' and ' Other current assets' (see Note 11).

Other financial liabilities are financial liabilities not classified or designated at FVPL and contains contractual obligations to deliver cash or another financial assets to the holder or to settle the obligation other than the exchange of a fixed amount of cash. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

This accounting policy applies primarily to the Company's 'Payable to customers' and 'Other liabilities'.

Derecognition of Financial Assets and Liabilities
Financial Asset
A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Company retains the right to receive cash flows from the 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 rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially the risks and rewards of the asset but has transferred the control over the asset.

Financial Liability
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Write-offs
Financial assets are written off either partially or in their entirety when the Company no longer expects collections or recoveries within a foreseeable future. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to provision for credit losses.

Impairment of Financial Assets
The Company recognizes an ECL for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Assessment of Significant Increase in Credit Risk/Staging Assessment
For non-credit-impaired financial assets:

- Stage 1 is comprised of all non-impaired debt financial assets which have not experienced a SICR since initial recognition. The Company recognizes a 12-month ECL for Stage 1 debt financial assets.
- Stage 2 is comprised of all non-impaired debt financial assets which have experienced a SICR since initial recognition. The Company recognizes a lifetime ECL for Stage 2 debt financial assets.

For credit-impaired financial assets:

- Financial instruments are classified as Stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows from the financial instruments. The ECL model requires that lifetime ECL be recognized for these impaired financial instruments. The ECL model requires that lifetime ECL be recognized for these impaired financial assets.

SCCP Contribution
The Company makes contributions to the Securities Clearing Corporation of the Philippines (SCCP) in the normal course of business. The initial contribution of the Company to the clearing fund of the SCCP is recognized as an asset as the Company expects to derive future economic benefits from such contribution, being a necessary outlay of a stock brokerage firm to enable it to conduct its business. Monthly contributions to SCCP are recorded as an asset of the broker which will be refunded upon cessation of business and or upon termination of the broker’s membership with the SCCP.

Exchange Trading Right
Exchange trading right was acquired, together with Philippine Stock Exchange (PSE) shares, in exchange for the PSE membership seat under the conversion program of PSE. The exchange

trading right is carried at the amount allocated from the original cost of the exchange membership seat (after a corresponding allocation was made to the value of the PSE shares), less allowance for impairment loss.

The exchange trading right is deemed to have an indefinite useful life as there is no foreseeable limit to the period over which this asset is expected to generate net cash inflows for the Company. It is tested annually for any impairment in value. Any impairment loss is charged directly to profit or loss.

Property and Equipment

Property and equipment are carried at cost, net of accumulated depreciation and any impairment in value. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Condominium unit	40 years
Condominium improvements	15 years
Office equipment	3 to 6 years
Office furniture and fixture	3 to 6 years

The initial cost of property and equipment comprises its purchase price and all directly attributable cost necessary to bring an asset to its working condition and location for its intended use. Repairs and maintenance, and overhaul costs, are normally charged to operations in the period they are incurred. However, subsequent expenditures incurred for an item in the property and equipment are capitalized and added to the carrying amount of the asset when it is probable that the future economic benefits have been increased beyond its originally assessed standard of performance.

Fully depreciated assets that are still in use in business are reported on the statement of financial position at its cost along with its accumulated depreciation.

Derecognition of Property and Equipment

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statements of comprehensive income in the year the item is derecognized.

Investment Property

Investment property is held to earn rentals or for capital appreciation or both, rather than for: (a) use in the production or supply of goods or service or for administrative purposes; or (b) sale in the ordinary course of business. The Company adopted the cost model of investment property to be measured at cost less any accumulated depreciation and impairment losses.

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the statements of comprehensive income in the year of retirement or disposal.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that property and equipment may be impaired. Exchange trading right is tested for impairment annually, irrespective of whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for a nonfinancial asset is required, the Company makes an estimate of the nonfinancial asset’s recoverable amount. A nonfinancial asset’s recoverable amount is the higher of a nonfinancial asset’s fair value less costs to sell and its value in use and is determined for an individual asset, unless the nonfinancial asset does not generate cash inflows that are largely independent of those from other nonfinancial assets or groups of nonfinancial assets. When the carrying amount of a nonfinancial asset exceeds its recoverable amount, the nonfinancial asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the nonfinancial asset.

An impairment loss is charged in profit or loss in the year in which it arises.

Impairment assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in profit or loss. For property and equipment, after such a reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

<u>Related Party Transactions</u>
Parties are considered to be related if one party has the ability to control or exercise significant influence over the party in making financial and operating decisions. This includes: (1) individual owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Company; (2) associates; (3) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

<u>Capital Stock</u>
Capital stock is composed of common and preferred shares which are measured at par value for all shares issued and outstanding.

<u>Retained Earnings</u>
Retained earnings represent accumulated earnings and losses of the Company less dividends declared. Appropriated retained earnings represent accumulated appropriation of a certain minimum percentage of the Company's net income as required for every broker-dealer.

<u>Revenue Recognition</u>
Revenue from contracts with customers is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Company has concluded that it is the principal in all of its revenue arrangements except for its brokerage transactions. The following specific recognition criteria must also be met before revenue is recognized:

Commissions
Commissions are recognized as income upon confirmation of trade deals. These are computed for every trade transaction based on a flat rate or a percentage of the amount of trading transaction, whichever is higher.

Interest income

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

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

Trading gains (losses)
Trading gains (losses) comprise changes in fair value of financial assets at FVTPL for the reporting period.

Expense Recognition
Expenses encompass costs of administering the business and losses arising in the course of the ordinary activities of the Company. Expenses are recognized when incurred.

Employee Benefits
Short-term Employee Benefits
Short-term employee benefits are expressed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Retirement Benefits
The Company accrues retirement benefits in compliance with Republic Act (R.A.) No. 7641 "Philippine Retirement Law" which requires an entity to pay retirement benefits to employees who retire after reaching the mandatory retirement age of 65 years old or the optional retirement age of 60 years old with at least five (5) years of service of the Company.

Earnings/ (Loss) Per Share
Earnings/ (Loss) per share is computed by dividing net profit/(loss) by the weighted average number of shares issued and outstanding at the end of the year.

Income Taxes
Current tax
Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. Tax rates and the tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date.

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

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits from excess MCIT and unused NOLCO can be utilized.

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

will allow the deferred tax asset to be recovered.
Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income (OCI) or directly to equity.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

Events After the Reporting Date
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 non-adjusting events are disclosed in the notes to the financial statements when material.

3. Material Accounting Judgments and Estimates

The preparation of the financial statements in accordance with PFRSs requires the Company to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and contingent assets and liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effect of any change in estimates is reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
The Company's significant accounting judgments which have significant effect on the amounts recognized in the financial statements is as follows:

Investment Property
The Company deemed that its two (2) condominium units located in BGC will no longer be used as office space and will be held as property for rent or sale. Consequently, the said properties were reclassified from property and equipment to investment property in 2021.

Estimates

Provision for credit losses
For receivables, the Company applies the PFRS simplified approach in measuring ECL which uses a lifetime expected loss allowance, using a provision matrix applying historical credit loss experience. The expected credit loss rates vary depending on whether and the extent to which

settlement of the trade receivables is overdue. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At very reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Provision for credit losses amounted to P16,602,835 in 2023 and 2022. (Note 8)

Trading Rights
The Company carries its trading rights at cost less any impairment. Its carrying value as of 2023 and 2022 amounted to P8,000,000 for both years. (Note 13)

The market value of the Company's exchange trading right is P8,000,000 in 2023 and 2022. This amount is based on the most recent sale approved by the Philippine Stock Exchange's Board of Directors.

Retirement Benefits
The Company has less than 10 employees and does not have a formal retirement benefits plan. However, the determination of the Company's obligation on retirement benefits is based on the required amounts under R.A. No. 7641. Management believes that the effect on the financial statements of the difference between the current method used by the Company and the required actuarially determined valuation method is not significant.

As of December 31, 2023 and 2022, the Company has no qualified employee under R.A No. 7641.

Recognition of deferred tax assets
Deferred tax assets are recognized for deductible temporary differences, NOLCO and excess of MCIT over RCIT. The Company reviews the carrying amount of any recognized deferred tax assets at each reporting date and reduces it to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized.

The Company was in a tax income position in 2023 and loss in 2022. Based on the Company's forecast in 2022 and prior years, management assessed that it is not probable that sufficient future taxable income may be available to utilize the deferred tax assets on NOLCO prior to expiration. Accordingly, the Company did not recognize deferred tax assets related to NOLCO for 2022 and prior years. For 2023, however, the Company was in income position and applied all unrecognized NOLCO. (See Note 26)

4. Financial Risk Management Objectives and Policies

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk. Market risk pertains to equity price risk. The Company's policies for managing the aforementioned risks are summarized below:

Credit Risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss.

The investment of the Company's cash resources is managed to minimize risk while seeking to enhance yield. The holding of cash exposes the Company to credit risk of the counterparty if the counterparty is unwilling or unable to fulfill its obligations and the Company consequently suffers financial loss. Credit risk management involved entering into financial assets and financial liabilities only with counterparties who has acceptable credit standing. The treasury policy sets aggregate limits of any one counterparty and annually reviews the exposure limits and credit ratings of the counterparties.

The trading limits for each customer are set after assessment of the true risk and profile of the customers (i.e.' financial capacity, reputation and collateral) on top of risk management procedures. Settlement details are pre-matched with the customers or their custodian banks at least a day before settlement date. Receivable balances are also monitored regularly. In accordance with Risk-Based Capital Adequacy (RBCA) requirement, a limit is imposed to avoid large exposures on single client/ counterparty, single debt issue and single equity relative to particular issuer company and its group of companies.

As of December 31, 2023 and 2022, the Company's maximum exposure to credit risk on financial assets, without taking into account any collateral held or other credit enhancements, is equal to their carrying value.

The Company does not have financial guarantees and loan commitments and other credit-related liabilities. As of December 31, 2023 and 2022, the value of collateral held as security for the Company's receivable from customers amounted to P1,410 million and P99 million, respectively.

Given the Company's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

<u>Liquidity Risk</u>
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 become due without incurring unacceptable losses or costs.

The Company monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Company maintains a level of cash on hand and in banks deemed sufficient to finance operations and to mitigate the effects of fluctuations in cash flows.

The Company's liquidity risk is managed by holding sufficient liquid assets to ensure short-term funding requirements are met. Deposits with banks are made on a short- term basis with almost all being available on demand or within three months. Liquidity is monitored by the Company on a regular basis.

The table below summarizes the maturity profile of the financial assets and financial liabilities of the Company based on contractual undiscounted payments:

	Note	On demand	Within One Year	Beyond One Year	Total
2023					
Financial Assets					
Cash	7	**18,621,705**	-	-	**18,621,705**
Trade receivables	8	**5,759,234**	**927,797**	-	**6,687,031**
		24,380,939	**927,797**	-	**25,308,736**
Financial Liabilities					
Payable to customers	17	-	**17,162,587**	-	**17,162,587**
Trading fees payable	20	-	**313,310**	-	**313,310**
Accrued expenses	20	-	**3,093,425**	-	**3,093,425**
Others	20	-	**42,446**	-	**42,446**
Total		-	**20,611,768**	-	**20,611,768**
2022					
Financial Assets					
Cash	7	10,779,003	-	-	10,779,003
Trade receivables	8	48,540,864	8,225,160	-	56,766,024
Financial assets at FVPL	10	1,381,402	-	-	1,381,402
Financial assets at FVOCI	12	-	-	4,740,000	4,740,000
		60,701,269	8,225,160	4,740,000	73,666,429
Financial Liabilities					
Payable to customers	17	-	29,685,941	-	29,685,941
Trading fees payable	20	-	268,003	-	268,003
Accrued expenses	20	-	986,282	-	986,282
Loans payable	17	-	123,294	-	123,294
Others	20	-	45,960	-	45,960
Due to related parties	19	-	12,223,230	-	12,223,230
Total		-	43,332,710	-	43,332,710

Market Risk
Market risk is the risk of loss to future earnings, to fair value or future cash flows of a financial instrument as a result of changes in its price caused by changes in interest rates, equity prices and other market factors. The central focus of risk measurement on this type of risk is the Company's financial assets at FVPL.

Equity price risk
The Company's equity price risk emanates from its securities in proprietary accounts which are financial instruments classified as financial assets at FVPL. The Company measures the sensitivity of its investment securities by using Philippine Stock Exchange (PSE) index (PSEi) fluctuations.

The Company's market risk arises from its financial assets at FVPL and FVOCI. In accordance with RBCA requirements, limit is imposed for all equity, debt and foreign exchange positions of the Company.

The sensitivity of the equity is the effect of the assumed changes in the PSEi on the trading losses for one year, based on the beta rate of equity securities at each reporting date. The sensitivity of trading losses is calculated by revaluing the market rate using the beta rate of the equity securities at the reporting dates for the effects of the assumed changes in PSE.

Interest Rate Risks

This risk arises when there is a possible change on interest rate of +100 basis points and –100 basis points on December 31, 2023 and 2022 which will affect the future cash flows or fair value of financial instruments. These changes are considered to be reasonably possible based on observation of current market conditions. All other variables are held constant.

2023	Change in +10 basis points		Change in -10 basis points	
	Effect on net results	Effect on Equity	Effect on net results	Effect on Equity
Cash and cash equivalents	**18,612**	**14,890**	**(18,612)**	**(14,890)**

2022	Change in +10 basis points		Change in -10 basis points	
	Effect on net results	Effect on Equity	Effect on net results	Effect on Equity
Cash and cash equivalents	10,769	8,615	(10,769)	(8,615)

5. Categories and Fair Value of Financial Assets and Liabilities

Comparison of Carrying Values and Fair Values

The carrying amounts and fair values and the categories of financial assets and liabilities presented in the statements of financial position are shown below:

		2023		2022	
	Notes	**Carrying values**	**Fair values**	Carrying values	Fair values
Financial assets					
Cash	7	**18,621,705**	**18,621,705**	10,779,003	10,779,003
Trade receivables	8	**6,687,031**	**6,687,031**	56,766,024	56,766,024
Financial assets at FVPL	10	**-**	**-**	1,381,402	1,381,402
Financial assets at FVOCI	12	**-**	**-**	4,740,000	4,740,000
		25,308,736	**25,308,736**	73,666,429	73,666,429
Other financial liabilities					
Payable to customers	17	**17,162,587**	**17,162,587**	29,685,941	29,685,941
Trading fees payable	20	**313,310**	**313,310**	268,003	268,003
Accrued expenses	20	**3,093,425**	**3,093,425**	986,282	986,282
Loans payable - current	18	**-**	**-**	123,294	123,294
Due to related parties	19	**-**	**-**	12,223,230	12,223,230
Others	20	**42,446**	**42,446**	45,960	45,960
		20,611,768	**20,611,768**	43,332,710	43,332,710

All other financial assets and financial liabilities of the Company have carrying amounts that approximate their fair values due to their relative short-term maturities.

As of December 31, 2023 and 2022, the Company has no financial instruments with fair values classified under Level 2 and Level 3. There were no transfers between levels in 2023 and 2022.

6. Capital Management Objectives, Policies and Procedures

The Company's objective is to maintain and safeguard its ability to continue as a going concern entity and provide its shareholders a satisfactory return. The Company monitors its capital on the basis of the equity's carrying amount as presented on the face of its statements of financial position, thus-

The Company's strategy is to maintain a gearing ratio not exceeding 80%. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	2023	2022
Net debt	**3,182,230**	33,427,408
Net equity	**85,924,539**	66,152,357
Total capital	**89,106,769**	99,579,765
Gearing ratio	**4%**	34%

The primary objectives of the Company's capital management are to ensure that it complies with externally imposed capital requirements and to maintain strong credit ratings and healthy capital ratios in order to support its business and to maximize stockholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payments to shareholders or issue capital shares. No changes were made in the objectives, policies and processes from the previous years.

Regulatory Qualifying Capital

The Amended Implementing Rules and Regulations of the SRC effective February 28, 2004, include, 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 ₱5.00 million or 5.00% of aggregate indebtedness, 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 requirement for those authorized to use the RBCA model, and (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.

RBCA ratio of a broker dealer, computed by dividing the Net Liquid Capital (NLC) by the Total Risk Capital Requirement (TRCR), should not be less than 110.00%. NLC and TRCR are computed based on the existing SRC. NLC consists of total equity adjusted for allowance for market decline, subordinated liabilities, deferred tax assets, revaluation reserves, deposits for future stock subscription, minority interest, if any, contingencies and guarantees, and the total ineligible assets.

Also, the AI of every stockbroker should not exceed 2,000.00% of its NLC and at all times shall have and maintain NLC of at least ₱5.00 million or 5.00% of the AI, whichever is higher.

Further, SEC Memorandum Circular No. 16 dated November 11, 2004 provides the guidelines on the adoption in the Philippines of the RBCA Framework for all registered broker-dealers in accordance with the SRC. These guidelines cover the following risks: (a) position or market risk, (b)credit risks such as counterparty, settlement, large exposure, and margin financing risks, and (c)operational risk.

On May 28, 2009, the SEC approved the PSE’s Rules Governing Trading Rights and Trading Participants, which supersede the Membership Rules of the PSE. Section 8 (c) of Article 3 of the said rule requires trading participants to have a minimum unimpaired capital, as defined by the SEC, of ₱20.00 million effective December 31, 2009, and ₱30.00 million effective December 31, 2010 and onwards. This applies only to trading participants who opted to defer compliance with the ₱100.00 million unimpaired capital requirements.

On January 16, 2014, the Capital Markets Integrity Corporation (CMIC), the independent audit surveillance and compliance unit of PSE, issued a memorandum circular informing trading participants to maintain status quo for purposes of computing RBCA ratio despite the change in the financial statement presentation or receivables and payables for trading operations as required by the related accounting standards.

As of December 31, 2022, the Company is in compliance with the RBCA ratio. However, as of December 31, 2023, the Company’s NLC is less than P5,000,000.00 which is not compliant to the RBCA requirement that requires the stockbroker at all times shall have and maintain NLC of at least P5,000,000.00 or 5% of the AI, whichever is higher. The RBCA ratios of the Company as reported to the SEC as of December 31, 2023 and 2022 are shown in the table below.

	2023	2022
Equity eligible for net liquid capital	**85,924,539**	66,152,357
Less: Ineligible assets	**82,426,165**	41,432,339
Total	**3,498,375**	24,720,018
Operational risks	**1,378,986**	1,337,251
Position risks	**3,780**	378,821
Counterparty risk	**-**	845,393
Total Risk Capital Requirement	**1,382,766**	2,561,465
AI	**21,803,935**	44,037,036
5% of AI	**1,090,197**	2,201,852
Required NLC	**5,000,000**	5,000,000
Net Risk-Based Capital (Deficiency)/ Excess	**(1,501,625)**	19,720,018
Ratio of AI to NLC	**623%**	178%
RBCA Ratio	**253%**	965%

When aggregate indebtedness exceeds 1,700.00% of NLC and when RBCA ratio is less than 120.00%, which are critical levels, the Company must notify the SEC in writing of such occurrence within twenty-four (24) hours. The SEC may, after the receipt of the notice, direct the Company in the conduct of its operations and/or impose conditions, if necessary. The Company is given ten (10) days to effect its proposal and pending actual implementation and must notify the SEC of its daily NLC position.

Meanwhile, if operational risk becomes greater than core equity, the Company is allowed to continue operations provided a capital build up plan is submitted and realized within ninety (90) calendar days from the time of breach.

The following are the definition of terms used in the above computation:

Equity eligible for NLC
This pertains to equity as per books adjusted for all other liabilities which in substance can be treated as sources of capital, less ineligible equity items.

Ineligible assets
These pertain to fixed assets and assets which cannot be readily converted into cash.

Operational risk requirement
This amount is required to cover a level of operational risk. Operational risk is the exposure 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 systems which include, among others, risks of fraud, operational or settlement failure and shortage of liquid resources or from external events.

Position risk requirement
This amount is necessary to accommodate a given level of position risk. Position risk is a risk to which a broker dealer is exposed to and arising from securities held by it as a principal or in its

proprietary or dealer account.

Large Exposure Risk (LER) requirements
This amount is necessary to accommodate a given level of the broker dealer's LER which is in excess of the LER limit. LER limit is the maximum permissible large exposure and calculated as a percentage of core equity.

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 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 customers and 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.

7. Cash and Cash Equivalents

This account consists of:

	2023	2022
Cash on hand	**10,000**	10,000
Cash in bank	**18,611,705**	10,769,003
	18,621,705	10,779,003

Cash in banks annual interest rates ranging from 0.10% to 1.25% in 2023 and 2022. Interest earned from cash in banks amounted to P26,623 in 2023 and P72,593 in 2022.

In compliance with SRC Rule 49.2, *Customer Protection Reserves and Custody of Securities*, the Company maintains a special reserve bank account for the exclusive benefit of its customers amounting to P107,533 and P107,404 as of December 31, 2023 and 2022, respectively. The Company's reserve requirement is determined on a monthly basis using Securities and Exchange Commission's prescribed computation. As of December 31, 2023 and 2022, the Company's reserve accounts are not adequate to cover its reserve requirements. These are recorded under cash in banks.

8. Trade Receivables

This account consists of:

	2023	2022
Receivable from customers	**22,362,069**	65,143,699
Allowance for credit losses	**(16,602,835)**	(16,602,835)
Receivable from clearing house	**927,797**	8,225,160
	6,687,031	56,766,024

Ratio of market value of securities to debit balances	**2023** Debit balances	Market value of securities	2022 Debit balances	Market value of securities
Over 250%	**4,979,413**	**1,409,011,021**	308,614	38,131,622
200% to 250%	**4,971**	**11,125**	37,687	77,458
150% to 200%	**37,379**	**64,704**	218	395
100% to 150%	**352**	**438**	45,253,046	52,001,868
	5,022,116	**1,409,087,288**	45,599,566	90,211,344
Partially secured accounts:				
Less than 100%	**4,340,395**	**475,347**	6,548,361	2,803,816
Unsecured	**12,999,558**	**-**	12,995,772	-
	17,339,953	**475,347**	19,544,134	2,803,816
Total	**22,362,069**	**1,409,562,635**	65,143,699	93,015,160
Allowance for credit losses	**16,602,835**	**-**	16,602,835	-
Receivable from clearing house	**927,797**	**-**	8,225,160	-
Net	**6,687,031**	**1,409,562,635**	56,766,024	93,015,160

Movement of allowance for credit losses follow:

	2023	2022
Beginning	**16,602,835**	16,602,835
Reversal of allowance	**-**	-
	16,602,835	16,602,835

9. Other Receivables

This account consists of:

	Note	**2023**	2022
Advances to officers and employees		**7,215**	(424)
Subscription receivable for customer	-	**6,039**	5,266
Advances to OE - car loan		**-**	210,000
Other receivable		**32,678**	1,440
Total		**45,932**	216,283

10. Financial Assets at Fair Value Through Profit or Loss

This account pertains to investments in listed equity shares held for trading amounting to nil and P1,381,402 as of December 31, 2023 and 2022, respectively.

(Loss)/ Gain on sale amounted to (P366,067) in 2023 and P10,543 in 2022. The Company earned dividend income from these equity investments amounting to P635,137 in 2023 and P353,951 in 2022.

	2023	2022
Marketable securities	-	3,384,035
Allowance for decline	-	(2,002,633)
Total	-	1,381,402

11. Other Current Assets

This account consists of:

Deposit

	2023	2022
Deposit	**3,609,520**	3,609,520
Prepaid creditable withholding tax	**1,573,087**	282,359
Prepaid insurance	**83,280**	41,640
Investment -PLDT	**15,600**	15,600
Membership in SPFI	**10,000**	10,000
Input tax	-	883,011
	5,291,487	4,842,130

Deposit of P3,600,000 in 2023 and 2022 pertains to payment of collateral on the renewal of stock broker dealer bond for the year 2023.

12. Financial Assets at Fair Value Through Other Comprehensive Income

Investment in PSE Shares classified as Financial Assets at FVOCI
Under the PSE rules, all trading rights are pledged at its full value to the PSE to secure the payment of all debts due to other member of exchange arising out of or in connection with the present or future members' contracts.

Republic Act (RA) No. 8799, SRC, prescribed the conversion of the PSE into a stock corporation effective August 8, 2001, pursuant to a conversion plan approved by the SEC.

In August 2001, the SEC approved the conversion plan with the following salient features, among others:

a. Existing 184 member-brokers as of August 8, 2001 are eligible to subscribe to the shares and to retain access to the trading facilities of the PSE;
b. Each member shall subscribe to 50,000 shares at a par value of P1.00;
c. Each balance of the members' contribution amounting to P277.40 million shall be treated as additional paid-in capital;
d. Separation of ownership of the PSE from access to trading;
e. Issuance of certificate of trading rights;
f. Policy of imposing a moratorium on the issuance of new trading rights; and
g. Transferability of trading rights.

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

As a result of the conversion plan and on the basis of the relative fair values of the PSE shares and the trading right of the time of demutualization, the Company's membership in the PSE, originally amounting to P65.10 million, has been bifurcated into: investment in PSE shares; and (b) trading right.

On May 25, 2011, the PSE declared a one-for-one stock dividend for all its stockholders on record as of May 30, 2011 and distributed on June 8, 2011.

On April 30, 2013, the Company sold 175,000 of its PSE shares for a price ranging from P452.00 to P462.00 per share.

During 2023, the Company sold all of its remaining PSE shares. The corresponding unrealized gain on financial assets at FVOCI was also closed. (See Note 26)

As of December 31, 2023 and 2022, details of the investments of PSE shares (classified as financial asset at FVOCI) follow:

	2023	2022
Financial asset at FVOCI (30,000 shares), at cost	-	4,062,500
Unrealized gain on financial asset at FVOCI, gross of tax	-	677,500
At fair value	-	4,740,000

13. Exchange Trading Right

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

As at December 31, 2023 and 2022, the fair value less costs to sell of the exchange trading right amounted to P8,000,000, representing the transacted price of the exchange trading right of the most recent sale approved by the PSE on November 16, 2022. At as December 31, 2023 and 2022, the carrying value of the exchange trading right amounted to P8,000,000.

	2023	2022
Cost	**31,300,000**	31,300,000
Impairment loss	**(23,300,000)**	(23,300,000)
Carrying amount	**8,000,000**	8,000,000

Impairment loss movement is as follows:

	Note	**2023**	2022
Beginning balance		**23,300,000**	22,300,000
Provision	24	-	1,000,000
		23,300,000	23,300,000

14. Property and Equipment

The composition and movements of this account follow:

	Condominium and Improvements	Furniture and Equipment	Total
Cost			
January 1, 2022	5,205,585	2,746,028	7,951,615
Acquisition	-	-	-
December 31, 2022	5,205,585	2,746,028	7,951,614
Disposal	(5,205,585)	-	(5,205,585)
December 31, 2023	-	2,746,028	2,746,029
Accumulated depreciation			
January 1, 2022	5,205,585	2,347,189	7,552,774
Depreciation	-	79,757	79,757
December 31, 2022	5,205,585	2,426,946	7,632,531
Disposal	(5,205,585)	-	(5,205,585)
Depreciation	-	79,757	79,757
Adjustments	-	(2)	(2)
December 31, 2023	-	2,506,701	2,506,701
Net book value, 2023	**-**	**239,327**	**239,327**
Net book value, 2022	-	319,088	319,088

A condominium unit in Ayala Avenue was sold in 2023 resulting to a gain on its sale. (See Note 24)

15. Investment Property

The Company deemed in 2021 that the two (2) condominium units in BGC will no longer be used as office space but instead be put up for rent or sale.

	Condominium and Improvements
Cost	
January 1, 2022	28,326,060
Acquisition	-
December 31, 2022	28,326,060
Disposal	-
December 31, 2023	28,326,060
Accumulated depreciation	
January 1, 2022	4,388,580
Depreciation	1,411,967
December 31, 2022	5,800,547
Depreciation	1,411,967
Adjustments	4
December 31, 2023	7,212,518
Net book value, 2023	**21,113,541**
Net book value, 2022	22,525,508

16. O

ther Noncurrent Assets

	Note	2023	2022
Others		**774,231**	774,231
Deferred input tax		**-**	-
		774,231	774,231

Others pertain to clearing member's contributions to Clearing and Trade Guarantee Fund which are refundable upon cessation of their business and/ or termination of their membership with SCCP, provided that all liabilities owing to SCCP at the time or termination, whether actual or contingent, shall have been satisfied or paid in full.

17. Trade Payables

This account consists of payable to customers which are due within one year as follows:

	2023		2022	
	Money Balance	**Security Valuation Long**	Money Balance	Security Valuation Long
With money balance	**17,162,587**	**373,814,214**	29,685,941	797,537,294
Without money balance	**-**	**438,081,312**	-	428,059,216
	17,162,587	**811,895,526**	29,685,941	1,225,596,510
Dividends payable to customers	**530,101**	-	535,841	-
Total	**17,692,688**	**811,895,526**	30,221,782	1,225,596,510

As of December 31, 2023 and 2022, the amounts payable to customers amounting to P17,162,587 and P29,685,941, has a corresponding security valuation amounting to P811,895,526 and P1,225,596,510, respectively.

The Company's payable to customers are generally settled two (2) days (three days in 2022) after the transaction date.

18. Loans Payable

On May 15, 2018, the Company availed a car loan from a bank amounting to P1.28 million payables every month for a period of five (5) years. Interest rate of the loan is 8.93%.

The balance of both loans payable as of December 31 follows:

	2023	2022
Balance at January 1	**123,294**	422,784
Payments	**(123,294)**	(299,490)
Balance at December 31	-	123,294
Less: Current portion	-	123,294
Balance non-current portion	-	-

Interest expense recognized amounted to P31,087 in 2023 and P46,337 in 2022.

19. Related Party Transactions

In the normal course of business, the Company enters into a various transaction with related parties. Parties are related if, among others, one party has the ability, directly or indirectly to control the other party or exercise significant influence over another party in making financial and operating decisions; and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities (hereinafter referred to as affiliates).
Transactions made with related parties are made at terms and prices agreed upon by the parties. The following are the transactions with related parties:

Entity		Transactions	Due from related parties	Due to related parties	Payable to customers	Terms and conditions
Parent Company:						
Jaka Investments Corporation						
Advances	**2023**	**43,497,143**	**51,816,446**	**2,055,564**	**-**	
	2022	3,125,696	8,319,303	23,500,000	182,755	(1)[a]
Entities under common control:						
Jaka Properties Management and Development Corporation						
(JPMDC)	**2023**		**1,856,795**	-		
Advances	2022	-	1,856,795	-		
Blue Circle Farms	**2023**		**1,065,060**	-		
Advances	2022		1,065,060	-		(1)[a]
Arowai IT Solutions	**2023**		**35,611**	-		
Advances	2022		35,611	-		(1)[a]
Jaka Equities Corporation (JEC)						
Dividends payable to customer	**2023**	**5,778,228**		**5,778,228**		
from trading shares	2022	214,500	-	-	236,207	(1)[b]
At gross	**2023**		**54,773,912**	**7,833,792**	**-**	
At net	**2023**			**46,940,120**	**-**	
At gross	2021		11,276,769	23,500,000	418,962	
At net	2021			12,223,230		

(1) Unsecured to be collected in cash, non-interest bearing, not impaired.

a. The Company's related party transactions pertain primarily to cash advances to/ from related parties which are used for capital management and compliance with the trading requirements of PSE.

b. JIC and JEC earn dividends from their financial assets at FVPL at trading shares with the Company as a broker.

c. The key management personnel of the Company are employees of the Parent Company, Therefore, no compensation and short-term benefits for key managements personnel were charged in profit or loss in 2023 and 2022.

20. Other Current Liabilities

This account consists of:

	2023	2022
Accrued expenses	**3,093,425**	986,282
Government payable	**662,066**	168,486
Trading fees payable	**313,310**	268,003
Others	**42,446**	45,960
Total	**4,111,247**	1,468,730

Accrued expenses arise from regular purchases of supplies, service contracts and unpaid vacation and sick leaves.

21. Equity

Share Capital

The details of the Company's share capital are shown below, thus:

		2023	2022
Authorized - Par value, P100 per share:			
1,200,000 shares	P120,000,000		
Issued and outstanding, December 31 -			
1,169,000 shares		**95,000,000**	95,000,000
Additional paid up capital - 219,000 shares		**21,900,000**	21,900,000
		116,900,000	116,900,000

The issued and outstanding share capital of the Company as of December 31, 2023 is held by nine (9) shareholders and two (2) shareholders own more than 100 shares.

Share issue premium amounted to P17,000,000 in 2023 and 2022. This represents amounts received in excess of par value on the issuance of shares.

Retained Earnings

Appropriation

In compliance with SRC Rule 49.1 (B) Reserve Fund, the Company is required annually to appropriate a certain minimum percentage of its audited profit after tax and transfer the same to the appropriated retained earnings account. Appropriation shall be 30%, 20%, 10% of profit after tax for broker dealers with unimpaired paid-up capital between P10,000,000 to 30,000,000, between P30,000,000 to 50,000,000 and above P50,000,000, respectively.

The amount appropriated shall not be available for payment of dividends. Where in any financial year, the Company's paid-up capital is impaired, the Company is required to transfer from appropriated retained earnings to the capital account an amount equivalent to the impairment. Such amount so transferred out shall not be available for payment of dividend.

The Company reported net income/ (loss) amounting to P19,602,808 in 2023 and (P8,048,674) in 2022. Thus, appropriation was made amounting to P1,960,281 in 2023 and none in 2022.

22. Revenue

Revenue is composed of commission income amounting to P3,541,820 in 2023 and P5,582,938 in 2022.

23. Cost of Services

Cost of services is composed of:

	Note	**2023**	2022
Salaries and wages		**2,287,732**	2,287,732
Professional fees		**3,667,243**	2,260,016
Stock exchange dues and fees		**568,848**	292,301
Communication		**195,995**	198,115
Total		**6,719,818**	5,038,164

24. Other Income/ (Expense)

	Note	**2023**	2022
Gain on sale of property	14	**28,571,429**	-
Unrealized gain/ (loss) on foreign exchange		**-**	3,026
(Provision)/ Reversal of impairment loss	13	**-**	(1,000,000)
(Loss)/ Gain on sale of financial assets at FVPL	10	**(366,067)**	10,543
Others		**51,341**	124,323
Total		**28,256,703**	(862,108)

25. Operating Expenses

	Note	**2023**	2022
Salaries and benefits		**1,526,602**	2,208,163
Depreciation		**1,491,724**	1,491,724
Taxes and licenses		**531,150**	113,310
Association dues		**389,815**	651,071
Utilities		**388,756**	306,072
Transportation and travel		**337,227**	514,960
Representation and Entertainment		**301,321**	547,396
Transfer fees		**186,412**	145,482
Office services		**176,143**	164,994
Insurance expense		**89,397**	127,642
Medicare expense		**60,790**	54,852
Commission expense		**29,786**	319,759
Repairs and maintenance		**-**	11,453
Miscellaneous expense		**142,878**	172,169
Total		**5,652,001**	6,829,046

26. Income Taxes

a. The Current provision for income tax arises from MCIT in both years.

b. The reconciliation of income tax at statutory income tax rate of 25% to the provision for income tax shown in the statement of comprehensive income presented below:

	2023	2022
Statutory income tax	**5,014,344**	(1,691,544)
Tax effects of:		
Movement in temporary differences,		
with no deferred income tax set-up	-	1,420,055
NOLCO applied	**(4,462,143)**	-
Nondeductible expense	**67,807**	378,881
Dividends exempt from tax	**(158,784)**	(88,488)
Interest income subjected to final tax	**(6,656)**	(18,148)
Unrealized gain on forex	-	(757)
Total income tax	**454,568**	-

c. Deferred income tax liability amounting to nil in 2023 and P169,375 in 2022, pertains to unrealized gain on financial assets at FVOCI, recognized in equity.

Income taxes include the corporate income tax, as discussed below, and final tax paid at the rate of 20% which is a final withholding tax on gross interest income from cash in banks and other deposit substitutes. These income taxes are presented as income tax benefit/ (expense) in the statements of comprehensive income.

The RCIT rate is 25% in 2023 and 2022. Interest expense allowed as a deductible expense shall be reduced by an amount equivalent to 20% of interest income subject to final tax. An MCIT of 1.5% in 2023 and 1% in 2022 on modified gross income is computed and compared with the RCIT. Any excess of MCIT over RCIT is deferred and can be used as a tax credit against future income tax liability for the next three years. In addition, NOLCO is allowed as a deduction from taxable income in the next three years from the period of incurrence.

Current tax regulations also provide for the ceiling on the amount of EAR expenses that can be claimed as a deduction against taxable income. Under the regulations, EAR expenses allowed as deductible expense are limited to the actual EAR paid or incurred but not to exceed 1% of net revenue for sellers of services. EAR expenses amounted to nil in 2022 and 2021, respectively.

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of “Bayanihan to Recover As One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2022, the Company has incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, and NOLCO for taxable years 2020 and 2021 valid for the next five (5) consecutive taxable years, as follows:

Year Incurred	Validity	Amount	Applied Previous year	Applied Current year	Expired	Net Operating Loss (Unapplied)	Deferred Tax Asset
2020	2025	5,581,542	-	5,581,542	-	-	-
2021	2026	6,586,807	-	6,586,807	-	-	-
2022	2025	5,680,222	-	5,680,222	-	-	-
		17,848,571	-	17,848,571	-	-	-

The Company did not recognize deferred tax assets on the following temporary differences:

	2023	2022
NOLCO	-	17,848,571
Allowance for credit losses	**16,602,835**	16,602,835
	16,602,835	34,451,406

Details of the Company's excess of MCIT over RCIT are as follows:

Inception Year	Amount	Used/ Expired	Balance	Expiry Year
2022	6,796		6,796	2025
2021	8,302		8,302	2024
2020	22,985	22,985	-	2023
	38,083	22,985	15,098	

Deferred Tax Liability

Deferred tax liability pertains to the unrealized gain on fair value adjustments of financial assets at FVOCI. During 2023, all financial assets at FVOCI were sold. Thus, closing the corresponding deferred tax asset and reserve accounts. (See Note 12)

	At Gross (Note 12)	Deferred Tax Liability	Net
December 31, 2022	677,500	169,375	508,125
Adjustment	(677,500)	(169,375)	(508,125)
December 31, 2023	-	-	-

27. Earnings / (Loss) Per share

The computation of earnings per share follows:

	2023	2022
Net income/ (loss)	**19,602,808**	(6,766,174)
Weighted average number of shares issued and outstanding	**1,169,000**	1,169,000
Total	**16.77**	(5.79)

28. Approval for the Release of Financial Statements

The accompanying comparative financial statements were approved and authorized for issue by the BOD on__________.

29. Effect of Covid-19 Pandemic to Operation

The COVID-19 pandemic started to become widespread in the Philippines in early March 2020 and its impact has no longer been significant up to the date of the approval of these financial statements. The measures taken by the government to contain the virus have affected economic conditions and resulted in business disruptions in the years 2020 to 2022.

This event, as at December 31, 2023, has not significantly and materially affected the Company.

30. Supplementary Information Under Revenue Regulations (RR) 15-2010

Supplementary Information Under RR 15-2010
In compliance with RR 15-2010, the Company also reported and/or paid the following types of taxes for the year:

Taxes and Licenses
These include all other taxes, local and national, including licenses and permits. Taxes and licenses in 2023 consist of the following:

	2023	2022
Real property tax	**442,023**	42,016
SEC annual registration fee	**33,500**	34,550
Licenses and permit fees	**32,911**	26,390
Others	**22,717**	10,354
	531,150	113,310

Withholding Taxes
Details of withholding taxes in 2023 follow:

	Total Remittances	Balance
Withholding taxes on compensation and benefits	**341,017**	**-**
Expanded withholding taxes	**559,823**	**11,483**
	900,840	**11,483**

Value-added Tax (VAT)
The NIRC of 1997 provides for the imposition of VAT on sales of goods and services. Accordingly, the Company's services are subject to output VAT while its purchases from other VAT-registered individuals or corporations are subject to input VAT.R.A. No. 9337 increased the VAT rate from 10.00% to 12.00%, effective February 1, 2006.

Details of the Company's net receipts, output VAT and input VAT accounts are as follows:

Net receipts and output VAT declared in the Company's VAT returns filed for 2023:

	Net Receipts	Output Vat
Taxable Receipts	**32,130,243**	**3,855,629**

Input VAT
Details of the Company's input VAT in 2023 follow:

Balance at January 1	**670,949**
Current year's domestic purchases	**278,620**
Less: Output Vat	**3,855,629**
Balance at December 31	**(2,906,060)**

Tax Assessments and Cases
As of December 31, 2023, the Company has no pending deficiency tax assessments and has no pending tax cases, litigation and/or prosecution in courts or bodies outside the Bureau of Internal Revenue.

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