The following document has been received:

Receiving: ICTD ERMD
Receipt Date and Time: January 23, 2025 06:41:37 AM

Company Information

SEC Registration No.: 0000196688
Company Name: GLOBALINKS SECURITIES AND STOCKS, INC.
Industry Classification: None
Company Type: Stock Corporation

Document Information

Document ID: OST10123202583028026
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2023
Submission Type: Annual
Remarks: None

Acceptance of this document is subject to review of forms and contents

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

For BIR Use Only: BCS/ Item:

BIR Form No. **1702-RT** January 2018(ENCS) Page 1

Annual Income Tax Return

For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate

Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two Copies MUST be filed with the BIR and one held by the taxpayer.

1702-RT 01/18ENCS P1

1 For	Calendar / Fiscal
2 Year Ended (MM/20YY)	12/2023
3 Amended Return?	Yes / No
4 Short Period Return?	Yes / No
5 Alphanumeric Tax Code (ATC)	IC055 Minimum Corporate Income Tax (MCIT)

Part I - Background Information

6 Taxpayer Identification Number (TIN)	000 - 849 - 732 - 000
7 RDO Code	050
8 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*	GLOBALINKS SECURITIES & STOCKS INC.
8A Registered Address *(Indicate complete registered address)*	RM 705 AYALA TOWER ONE AYALA AVENUE CITY OF MAKATI
8B Zipcode	1226
10 Date of Incorporation/Organization (MM/DD/YYYY)	10/10/1991
11 Contact Number	8486341
12 Email Address	judith.pomalejo@globalinks.com.ph
13 Method of Deductions	Itemized Deductions [Section 34 (A-J), NIRC] / Optional Standard Deduction (OSD) – 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]

Part II - Total Tax Payable *(Do NOT enter Centavos)*

14 Total Income Tax Due (Overpayment) *(From Part IV Item 43)*		1,851
15 Less: Total Tax Credits/Payments *(From Part IV Item 55)*		1,333,766
16 Net Tax Payable (Overpayment) *(Item 14 Less Item 15) (From Part IV Item 56)*		(1,331,915)
Add Penalties		
17 Surcharge	0	
18 Interest	0	
19 Compromise	1,000	
20 Total Penalties *(Sum of Items 17 to 19)*		1,000
21 TOTAL AMOUNT PAYABLE (Overpayment) *(Sum of Item 16 and 20)*		1,000

If Overpayment, mark "X" one box only *(Once the choice is made, the same is irrevocable)*

To be refunded / To be issued a Tax Credit Certificate (TCC) / To be carried over as tax credit next year/quarter

We declare under the penalties of perjury that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If Authorized Representative, attach authorization letter and indicate TIN)

VANNIE GARCIA

Signature over printed name of President/Principal Officer/Authorized Representative		Signature over printed name of Treasurer/Assistant Treasurer	22 Number of Attachments
Title of Signatory	TIN	Title of Signatory	TIN
			4

Part III - Details of Payment

Particulars	Drawee Bank/Agency	Number	Date (MM/DD/YYYY)	Amount
23 Cash/Bank Debit Memo				0
24 Check				0
25 Tax Debit Memo				0
26 Others *(Specify Below)*				
				0

Machine Validation/Revenue Official Receipts Details *(If not filed with an Authorized Agent Bank)*

Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)

JAN 22 2025

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BIR Form No. 1702-RT January 2018(ENCS) Page 2	**Annual Income Tax Return** Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	1702-RT 01/18ENCS P2

Taxpayer Identification Number (TIN)	Registered Name
000 - 849 - 732 - 000	GLOBALINKS SECURITIES & STOCKS INC

Part IV - Computation of Tax *(Do NOT enter Centavos)*

27 Sales/Receipts/Revenues/Fees		8,175,540
28 Less: Sales Returns, Allowances and Discounts		0
29 Net Sales/Receipts/Revenues/Fees *(Item 27 Less Item 28)*		8,175,540
30 Less: Cost of Sales/Services		8,332,267
31 Gross Income from Operation *(Item 29 Less Item 30)*		(156,727)
32 Add: Other Taxable Income Not Subjected to Final Tax		280,136
33 **Total Taxable Income** *(Sum of Items 31 and 32)*		123,409
Less: Deductions Allowable under Existing Law		
34 Ordinary Allowable Itemized Deductions *(From Part VI Schedule I Item 18)*	15,341,640	
35 Special Allowable Itemized Deductions *(From Part VI Schedule II Item 5)*	0	
36 NOLCO *(only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Part VI Schedule III Item 8)*	0	
37 Total Deductions *(Sum of Items 34 to 36)*	15,341,640	
OR [in case taxable under Sec 27(A) & 28(A)(1)]		
38 Optional Standard Deduction *(40% of Item 33)*	0	
39 **Net Taxable Income/(Loss)** *(If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)*		(15,218,231)
40 **Applicable Income Tax Rate**		25 %
41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) *(Item 39 x Item 40)*		0
42 MCIT Due *(2% of Item 33)*		1,851
43 **Tax Due** *(Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 14)*		1,851

Less: Tax Credits/Payments (attach proof)	
44 Prior Year's Excess Credits Other Than MCIT	1,139,939
45 Income Tax Payment under MCIT from Previous Quarter/s	0
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s	0
47 Excess MCIT Applied this Current Taxable Year *(From Part VI Schedule IV Item 4)*	0
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	58,386
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	135,441
50 Foreign Tax Credits, if applicable	0
51 Tax Paid in Return Previously Filed, if this is an Amended Return	0
52 Special Tax Credits *(To Part V Item 58)*	0
Other Credits/Payments (Specify)	
53	0
54	0

55 Total Tax Credits/Payments *(Sum of Items 44 to 54) (To Part II Item 15)*	1,333,766
56 **Net Tax Payable / (Overpayment)** *(Item 43 Less Item 55)) (To Part II Item 16)*	(1,331,915)

Part V - Tax Relief Availment

57 Special Allowable Itemized Deductions *(Item 35 of Part IV x Applicable Income Tax Rate)*	0
58 Add: Special Tax Credits *(From Part IV Item 52)*	0
59 **Total Tax Relief Availment** *(Sum of Items 57 and 58)*	0

BIR Form No. **1702-RT** January 2018(ENCS) Page 3	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	1702-RT 01/18ENCS P3

Taxpayer Identification Number (TIN)	**Registered Name**
009 - 849 - 732 - 000	GLOBALINKS SECURITIES & STOCKS INC

Schedule I - Ordinary Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

1 Amortizations	281,000
2 Bad Debts	0
3 Charitable Contributions	0
4 Depletion	0
5 Depreciation	1,185,555
6 Entertainment, Amusement and Recreation	44,375
7 Fringe Benefits	0
8 Interest	960,529
9 Losses	0
10 Pension Trust	0
11 Rental	114,885
12 Research and Development	0
13 Salaries, Wages and Allowances	6,599,858
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	0
15 Taxes and Licenses	161,168
16 Transportation and Travel	376,792
17 Others (Deductions Subject to Withholding Tax and Other Expenses) *(Specify below; Add additional sheet(s), if necessary)*	
a Janitorial and Messengerial Services	0
b Professional Fees	1,198,323
c Security Services	0
d DIRECTORS FEE	246,000
e UTILITIES	253,498
f INSURANCE	76,338
g SUPPLIES	51,808
h POSTAGE, TELEPHONE AND COMMUNICATION	1,194,194
i OTHERS	2,589,941
18 Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 17i) (To Part IV Item 34)*	15,341,840

Schedule II - Special Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

Description	Legal Basis	Amount
1		0
2		0
3		0
4		0
5 Total Special Allowable Itemized Deductions *(Sum of Items 1 to 4) (To Part IV Item 35)*		0

BIR Form No. 1702-RT January 2018(ENCS) Page 4	**Annual Income Tax Return** Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	1702-RT 01/18ENCS P4

Taxpayer Identification Number (TIN)	Registered Name
000 - 849 - 732 - 000	GLOBALINKS SECURITIES & STOCKS INC

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)

1 Gross Income *(From Part IV Item 33)*	123,409
2 Less: Ordinary Allowable Itemized Deductions *(From Part VI Schedule I Item 15)*	15,341,640
3 Net Operating Loss(Item 1 Less Item 2) *(To Schedule IIIA, Item 7A)*	(15,218,231)

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) *(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

Net Operating Loss		B) NOLCO Applied Previous Year
Year Incurred	A) Amount	
4 2023	15,218,231	0
5 2022	14,692,878	
6 2021	9,700,722	0
7 2020	11,751,594	0

Continuation of Schedule IIIA (Item numbers continue from table above)

C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) *[E = A Less (B + C + D)]*
4 0	0	15,218,231
5 0	0	14,692,878
6 0	0	9,700,722
7 0	0	11,751,594
8 **Total NOLCO** *(Sum of Items 4D to 7D) (To Part IV, Item 76)*	0	

Schedule IV - Computation of Minimum Corporate Income Tax (MCIT)

Year	A) Normal Income Tax as adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1 2021	0	38,140	38,140
2 2020	0	19,145	19,145
3	0	0	0

Continuation of Schedule IV *(Item numbers continue from table above)*

D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Years [G = C Less (D + E + F)]
1 0	0	0	38,140
2 0	0	0	19,145
3 0	0	0	0
Total Excess MCIT Applied *(Sum of Items 1F to 3F) (To Part IV Item 47)*		0	

Schedule V - Reconciliation of Net Income per Books Against Taxable Income *(attach additional sheet/s, if necessary)*

1 Net Income(Loss) per books	(16,888,219)
Add: Non-deductible Expenses/Taxable Other Income	
2 LIMIT ON INTEREST EXPENSE	14,506
3 OTHERS	2,144,448
3.1 DEPRECIATION	1,984,430
3.2 PROVISION FOR CREDIT LOSSES	160,018
4 Total *(Sum of Items 1 to 3)*	(14,729,265)
Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5 DIVIDEND REVENUE	220,637
6 OTHERS	268,329
6.1 INTEREST REVENUE	72,528
6.2 UNREALIZED GAIN FA	195,089
6.3 UNREALIZED FOREX GAIN	712
B) Special Deductions	
7	0
8	0
9 Total (Sum of Items 5 to 8)	488,966
10 Net Taxable Income(Loss) (Item 4 Less Item 9)	(15,218,231)

Securities and Exchange Commission
PHILIPPINES

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 000-849-732-000
Name	: GLOBALINKS SECURITIES & STOCKS INC
RDO	: 050
Form Type	: 1702
Reference No.	: 462500063526419
Amount Payable (Over Remittance)	: 1,000.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2023
Date Filed	: 01/10/2025(Late Filing)
Tax Type	: IT

Proceed to Payment

[BIR Main | eFPS Login | User Menu | Help]

TIN-Branch Code	000 - 049 - 732 - 000
Filing Reference Number	462500063526419
Payment Instruction Date	01/10/2025
Tax Amount Due	1,000.00
Actual Amount To Be Paid	1,000.00

Ok Cancel

☑ I agree with the Terms and Conditions

Privacy Statement

Contact Bancnet

Republika ng Pilipinas
Kagawaran ng Pananalapi
Kawanihan ng Rentas Internas

Securities and Exchange Commission
PHILIPPINES

eFPS Payment Form

Filing Reference Number	: 462500063526419
Taxpayer Identification Number	: 000 - 849 - 732 - 000
RDO Code	: 050
Taxpayer's Name	: GLOBALINKS SECURITIES & STOCKS I
Return Period	: 12/31/2023 Qtr : 0
Tax Type	: IT
Amount Due (PhP)	: 1,000.00
Payment Transaction Number (Transaction Log Number)	: 258100021
Payment Transaction Date	: 01/10/2025
eFPS MODE OF PAYMENT	: Bank Transfer
Transacting Bank (Authorized Agent Bank)	: 003000 - BANCNET-CHINABANK(HEAD OFFICE)
Amount	: 1,000.00

Print Submit Cancel

[BIR Main | User Menu | Guidelines and Instructions]

GLOBALINKS
SECURITIES AND STOCKS, INC.
Member: Philippine Stock Exchange Inc.
Unit 1801 PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City, Philippines 1634
Office: +63 (02)8478-5557
Exchange: +63 (02) 8839-2519 / +63 (02) 8839-2806

Statement of Management Responsibility for Annual Income Tax Return

The Management of **GLOBALINKS SECURITIES AND STOCKS, INC.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2023. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including , but not limited, to the value added tax and/ or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

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

a.) The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue.

b.) Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

c.) The **GLOBALINKS SECURITIES AND STOCKS, INC.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

JAN 2 2 2025

Eduardo D.L. Cabantog – Chairman and President

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Connie M. Cabantog - Treasurer

Signed this 23rd day of December 2024

A.T. DIZON ACCOUNTING & MANAGEMENT SERVICES
ALEXANDER T. DIZON CPA, MBA
MEMBER, PHILIPPINE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
BOA & BIR ACCREDITED
ACCOUNTING • AUDIT • TAX • CONSULTING

Report of Independent Certified Public Accountant to Accompany Income Tax Return

The Board of Directors and Stockholders
GLOBALINKS SECURITIES AND STOCKS, INC.
Unit 1801 PSE Tower, 5th Avenue Corner 28th Street
Bonifacio Global City, Taguig City

I have audited the financial statements of **Globalinks Securities and Stocks, Inc.** for the year ended December 31, 2023, on which I have rendered the attached report dated December 27, 2024.

In compliance with Revenue Regulations V-20, I am stating that I am not related by consanguinity or affinity to the president, manager, or principal stockholders of the Company.

ALEXANDER T. DIZON
CPA Registration No. 0044167
TIN 107-095-487-000
PTR No. MKT 10125197, February 8, 2024 Makati City
BOA No. 2850, August 08, 2024 to July 31, 2027
BIR No. 08-003852-001-2022, December 15, 2022 to December 15, 2025

JAN 22 2025

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5th Floor, Raha Sulayman Building
Benavidez Street, Legaspi Village
Makati City

December 27, 2024

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A S 0 9 1 1 9 6 6 8 8

Company Name

G L O B A L I N K S   S E C U R I T I E S   &   S T O C K S

I N C

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

U N I T   1 8 0 1   P S E   T O W E R   5 T H   A V E . ,

C O R .   2 8 T H   S T R E E T ,   B G C   T A G U I G

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
admin@globalinks.com.ph		

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
8	Every 2nd Monday of May	December 31

COMPANY PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number

Contact Person's Address

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

GLOBALINKS SECURITIES & STOCKS, INC

AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2023 (WITH COMPARATIVE FIGURES IN 2022)

AND

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
GLOBALINKS SECURITIES AND STOCKS, INC.
Unit 1801 PSE Tower, 5th Avenue Corner 28th Street
Bonifacio Global City, Taguig City

Opinion

I have audited the financial statements of **GLOBALINKS SECURITIES AND STOCKS, INC.** which comprise the statements of financial position as at December 31, 2023 (With Comparative Figures in 2022), and the statements of income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 (With Comparative Figures in 2022) and its financial performance and its cash flows for the years then ended, in accordance with Philippine Financial Reporting Standards (PFRSs).

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has experienced continuous losses. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, as mentioned also in said Note, the Company has formulated strategic business plans to ensure continuity of its business. To implement this, it has plans to infuse additional capital from existing stockholders and to sell one of its prime real estate properties.

The Company is hopeful that these strategic plans will provide fresh working capital needed to strengthen its operational requirements that will improve its financial performance. Our opinion is not modified in respect of this matter.

JAN 2 2 2025

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Emphasis of Matter

Deferral of PAS 19 (Revised)

As stated in Note 2.2c, the Company deferred the implementation of certain provision of PAS 19 (Revised). The management believes that it has no material impact to the Company's financial statement except for certain required disclosure of actuarial assumption on defined benefit obligation. The company's retirement benefit obligation amounting to ₱728,637 as of December 31, 2023 and 2022, respectively based on RA 7641. As stated in Note 1, the Company has 12 employees as of December 31, 2023 and 2022. Management believes that RA 7641, as the statutory basis, is a reliable and most practical base in computing the employees' retirement benefit.

Other Matters

The financial statements of **GLOBALINKS SECURITIES AND STOCKS, INC.** as of December 31, 2022 were audited by other independent auditor whose report dated November 19, 2024 expressed an unqualified opinion of those financial statements and were presented herein for comparative purposes only.

Our opinion is not modified in respect of the above matters.

Basis

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

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as 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, has no realistic alternative but to do so.

JAN 2 2 2025

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatements 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 may cast significant doubt on the Company's ability to continue as going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease or 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.

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

Report on other Legal and Regulatory Requirements

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ALEXANDER T. DIZON
CPA Registration No. 0044167
TIN 107-095-487-000
PTR No. MKT 10125197, February 8, 2024 Makati City
BOA No. 2850, August 08, 2024 to July 31, 2027
BIR No. 08-003852-001-2022, December 15, 2022 to December 15, 2025

5th Floor, Raha Sulayman Building
Benavidez Street, Legaspi Village
Makati City

December 27, 2024

Supplemental Statement of Independent Auditor

The Board of Directors and Stockholders
GLOBALINKS SECURITIES AND STOCKS, INC.
Unit 1801 PSE Tower, 5th Avenue Corner 28th Street
Bonifacio Global City, Taguig City

I have audited the financial statements of **Globalinks Securities and Stocks, Inc.**, for the year ended December 31, 2023, on which I have rendered the attached report dated December 27, 2024.

In compliance with the Securities Regulation Code Rule 68, I am stating that the Company has a total of 8 stockholders owning 1 or more shares each of the Company's capital stock as of December 31, 2023, as disclosed in the financial statements.

ALEXANDER T. DIZON
CPA Registration No. 0044167
TIN 107-095-487-000
PTR No. MKT 10125197, February 8, 2024 Makati City
BOA No. 2850, August 08, 2024 to July 31, 2027
BIR No. 08-003852-001-2022, December 15, 2022 to December 15, 2025

5th Floor, Raha Sulayman Building
Benavidez Street, Legaspi Village
Makati City

December 27, 2024

JAN 2 2 2025
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GLOBALINKS
SECURITIES AND STOCKS, INC.

Member Philippine Stock Exchange Inc.
Unit 18IX PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City, Philippines 1634
Office: +63 (02)8478-3557
Exchange: +63 (02) 8839-2319 / +63 (02) 8839-2805

Statement of Management's Responsibility for Financial Statements

The management of **GLOBALINKS SECURITIES AND STOCKS, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2023 (with comparative figures in 2022), in accordance with the prescribed financial reporting framework indicated therein or in the audited financial statements, 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 concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Alexander T. Dizon, CPA and BOA/ BIR accredited professional, the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Eduardo D.L. Cabantog – Chairman and President

Connie M. Cabantog - Treasurer

JAN 2 2 2025

Signed this 23rd day of December 2024

GLOBALINKS SECURITIES & STOCKS, INC.
Statements of Financial Position
December 31, 2023 (With Comparative Figures in 2022)
(In Philippine Peso)

	Notes	2023	Security Position 2023 Long	Security Position 2023 Short	2022	Security Position 2022 Long	Security Position 2022 Short
ASSETS							
Current Assets							
Cash on hand and in banks	4, 6 and 22	53,616,294			68,745,771		
Financial Assets at Fair Value through Profit or Loss	4, 5.2c, 7, 22 and 24	4,207,770	4,207,770		3,946,003	3,946,003	
Receivables - net	4, 5.2d, 8 and 22	11,601,238	910,282,047		57,370,437	654,853,427	
Prepayments and other current assets	4, and 9	1,797,916			414,131		
Prepaid Income Tax	17	1,331,915			1,139,939		
Total		72,555,133			131,616,281		
Non-Current Assets							
Property and equipment - net	4, 5.2a, 5.2b, 10 and 24	59,815,622			63,217,260		
Intangibles - net	4, 5.2b, 5.2f and 11	1,371,095			1,632,095		
Deferred Tax Assets	4, 5.2e and 17	13,545,007			9,932,635		
Total		74,731,724			74,781,990		
TOTAL ASSETS		147,286,857			206,398,271		

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GLOBALINKS SECURITIES & STOCKS, INC.
Statements of Financial Position
December 31, 2023 (With Comparative Figures in 2022)
(In Philippine Peso)

	Notes	2023	Security Position 2023 Long	Security Position 2023 Short	2022	Security Position 2022 Long	Security Position 2022 Short
Philippine Central Depository, Inc.				1,601,047,611			4,486,992,684
LIABILITIES AND EQUITY							
LIABILITIES							
Current Liabilities							
Trade Payables	4, 12 and 22	77,383,521	886,557,794		122,027,120	3,828,193,254	
Other Current Liabilities	4, 14 and 22	999,920			827,131		
Total		78,383,441			122,854,251		
Non-Current Liabilities							
Loans Payable	4, 13 and 22	17,004,885			18,532,550		
Retirement Liability	4 and 5.2g	728,637			728,637		
Deferred tax liabilities	4 and 17	11,284,569			11,829,628		
Total		29,018,091			31,090,815		
TOTAL LIABILITIES		**107,401,532**			**153,945,066**		
EQUITY							
Share Capital	4 and 19.1	50,000,000			50,000,000		
Share Premium	4 and 19.2	15,840,212			15,840,212		
Revaluation Reserves	4 and 19.3	29,126,816			30,615,139		
Accumulated Losses	4 and 19.4	(55,081,703)			(44,002,146)		
TOTAL EQUITY		39,885,325			52,453,205		
TOTAL LIABILITIES AND EQUITY		**147,286,857**	**1,601,047,611**	**1,601,047,611**	**206,398,271**	**4,486,992,684**	**4,486,992,684**

(see notes to financial statements)

GLOBALINKS SECURITIES & STOCKS, INC.
Statements of Comprehensive Income
December 31, 2023 (With Comparative Figures in 2022)
(In Philippine Peso)

	2023	2022
REVENUES		
Broker's Commission (notes 4,11 and 15)	8,175,540	10,982,141
Others:		
Dividend Income (note 7)	220,637	241,416
Interest Income	72,528	82,924
Unrealized foreign exchange gain (loss)	712	(35,807)
Trading gains (losses) - net	194,870	(1,333,830)
Other income	280,354	1,288,000
	8,944,641	11,225,044
COST OF SERVICES		
Personnel costs (note 16)	3,140,796	7,767,501
Commission expense	3,810,483	4,270,742
Stock exchange fees and dues	1,380,987	888,030
	8,332,266	12,926,273
GROSS PROFIT (LOSS)	**612,375**	**(1,701,229)**
OPERATING EXPENSE (OTHER INCOME)		
Depreciation and amortization	3,840,154	3,625,225
Subscriptions and periodicals	1,905,788	2,943,624
Personnel costs	6,190,687	2,589,167
Postage, telephone and telegrams	1,194,194	1,946,256
Professional and notarial fees	1,246,023	1,380,330
Directors' fees	240,000	900,000
Travel and transportation	376,792	324,385
Rent (note 3.1 and 21)	114,885	312,559
Association dues	358,182	284,882
Power, light, and water	253,496	191,624
Taxes, fees and licenses	161,168	180,910
Office supplies, stationery and printing	51,608	126,561
Insurance	76,338	68,821
Repairs and Maintenance	1,113	2,429
Provision for (Reversal of) credit losses (note 7)	180,018	(112,415)
Trainings and Seminars	6,500	0
Entertainment, Amusement and Recreation	44,975	-
Bank Charges	7,332	-
Printing/ Photocopies	8,571	-
Membership Fees	58,929	-
Miscellaneous	195,825	470,664
	16,492,558	15,232,822
INTEREST AND OTHER FINANCING CHARGES	**1,008,035**	**1,155,963**
LOSS BEFORE TAX	**(16,888,218)**	**(18,090,014)**
Income Tax Benefit	3,795,612	1,112,392
LOSS FOR THE YEAR	**(13,092,606)**	**(16,977,622)**
Other Comprehensive Income		
Items that will not be reclassified subsequently to profit or loss		
Income tax effect of realization of revaluation increment	496,108	496,108
Total other comprehensive income - net of tax	496,108	496,108
TOTAL COMPREHENSIVE LOSS	**(12,596,498)**	**(16,481,514)**

(see notes to financial statements)

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GLOBALINKS SECURITIES & STOCKS, INC.
Statements of Changes in Equity
December 31, 2023 (With Comparative Figures in 2022)
(In Philippine Peso)

	Share Capital	Share Premium	Reserves	Accumulated Profits (Losses) Appropriated	Accumulated Profits (Losses) Unappropriated	Total
Balances as of January 1, 2022	50,000,000	15,840,212	32,103,462	6,990,677	(35,999,632)	68,934,719
Total comprehensive loss during the year						
Net Loss					(16,977,622)	(16,977,622)
Realization of revaluation increment - net of tax			(1,488,323)		1,984,431	496,108
Balances as of December 31, 2022	50,000,000	15,840,212	30,615,139	6,990,677	(50,992,823)	52,453,205
Total comprehensive loss during the year						
Net Loss					(13,092,606)	(13,092,606)
Realization of revaluation increment - net of tax			(1,488,323)		1,984,431	496,108
Adjustment for Omitted Beginning Balance of Retained Earnings					28,618	28,618
Balances as of December 31, 2023	**50,000,000**	**15,840,212**	**29,126,816**	**6,990,677**	**(62,072,380)**	**39,885,325**

(see notes to financial statements)

GLOBALINKS SECURITIES & STOCKS, INC.
Statements of Cash Flows
December 31, 2023 (With Comparative Figures in 2022)
(In Philippine Peso)

	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(16,888,218)	(16,090,014)
Adjustments to reconcile loss before tax to net cash provided by (used in) operating activities:			
Depreciation	10	3,579,154	3,364,226
Trading (gain) loss - net	7	(194,870)	1,333,830
Amortization	11	261,000	261,000
Provision for expected credit losses	8	160,018	(112,415)
Unrealized foreign exchange (gain) loss	6	(712)	35,607
Interest expense	13	1,008,035	1,155,963
Interest income	6	(72,528)	(82,924)
Dividend income	7	(220,637)	(241,416)
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES		**(12,368,758)**	**(12,376,143)**
(Increase) Decrease in operating assets			
Receivables	8	45,609,181	(29,548,436)
Financial asset at fair value through profit or loss		(66,897)	19,349
Prepayments and other current assets		(1,027,050)	(62,258)
Prepaid Income Tax		(191,976)	-
Increase (decrease) in operating liabilities			
Trade payables	12	(44,643,599)	15,667,125
Other current liabilities		172,789	(333,468)
CASH USED IN OPERATIONS		**(147,552)**	**(14,257,688)**
Interest Received		72,528	82,924
Dividend Received		220,637	241,416
Income Tax Paid		(193,828)	(192,982)
NET CASH USED IN OPERATING ACTIVITIES		**(12,416,973)**	**(26,502,473)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	10	(177,517)	(255,597)
NET CASH USED IN INVESTING ACTIVITIES		**(177,517)**	**(255,597)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances to related parties		-	5,530,383
Interest paid		(1,008,035)	(1,155,963)
Payments of borrowings		(1,527,665)	(968,814)
NET CASH USED IN FINANCING ACTIVITIES		**(2,535,700)**	**3,405,606**
Effect of exchange rate changes on cash on hand and in banks		712	(35,607)
NET DECREASE IN CASH		**(15,129,478)**	**(23,388,071)**
CASH ON HAND AND IN BANKS AT THE BEGINNING OF YEAR		**68,745,772**	**92,133,843**
CASH ON HAND AND IN BANKS AT THE END OF THE YEAR		**53,616,294**	**68,745,772**

(see notes to financial statements)

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Note 1 – Corporate Information

Globalinks Securities and Stocks, Inc. (the Company) was incorporated under the laws of the Philippines. The Company was registered with the Securities and Exchange Commission (SEC) on October 10, 1991, with SEC Reg. No. AS 091-196688 to principally engage in the business of effecting for the account of others, as broker, transactions relative to stocks, bonds, debentures, other securities or commercial papers of any person, partnership, association, syndicate, corporation or governmental body, agency or instrumentality, local or national, whether such securities or commercial papers be of domestic or foreign origin, or to undertake alone or in conjunction with one or more other persons, entities or syndicated, the sale, distribution, or solicitation of offers for the purchase or sale, of any securities within or without the jurisdiction of the Republic of the Philippines, or to purchase, sell, or otherwise, deal in options, rights or warrants relating to stocks, bonds, debentures and other securities or commercial papers, all in accordance with applicable laws; and incidental thereto.

The Company's principal place of business is at Unit 1801 PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City. The Company has 12 employees as of December 31, 2023 and 2022.

Status of operations

As shown in the Company's financial statements, the Company incurred losses in 2023 and 2022 of ₱12,596,498 and ₱16,481,514, respectively. As of December 31, 2023 and 2022, the Company's accumulated losses amounted to ₱55,081,703 and ₱44,002,146, respectively.

The Company has formulated strategic business plans to ensure continuity of its business. Among its plans include infusion of additional capital from existing stockholders to fund its working capital requirements. On September 25, 2020, the company filed an application with SEC increasing its Authorized Capital Stock from ₱50 Million to ₱100 Million in pursuant to the Company's Board of Directors' approval dated September 4, 2020. To affirm the application made, the Board of Director's issued a Board Resolution on October 24, 2023, re-approving the increase of the said capital. In addition, the company also plans to sell one of its Prime Real Estate properties with a listed selling price of ₱41,658,000, which was appraised by a professional appraiser duly accredited by SEC. Management is hopeful that this will help increase revenue and maintain an effective and efficient operation that will ensure profitability.

The accompanying financial statements of the Company were reviewed and authorized for issue by the Board of Directors (BOD) on December 27, 2024.

Note 2 – Financial Reporting Framework and Basis of Preparation and Presentation

The significant accounting policies that have been used in the preparation of the financial statements are summarized in the succeeding notes. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs) except for certain provision of PAS 19 (Amended and Revised) and the adoption of the valuation procedures for trading securities in accordance with the provision of the Securities Regulation Code (SRC) No. 50 mandating the use of last trade prices instead of PFRS which require the use of current bid prices for the valuation of securities.

PFRSs are adopted by the Financial Reporting Standards Council (FRSC), formerly the Accounting Standards Council, from the pronouncements issued by the International Accounting Standards Board (IASB). PFRSs consist of:

(i) PFRSs – corresponding to International Financial Reporting Standards;

(ii) Philippine Accounting Standards (PASs) – corresponding to International Accounting Standards; and,

(iii) Interpretations to existing standards – representing interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the FRSC and Board of Accountancy (BOA) and adopted by the SEC.

The preparation of financial statements in conformity with PFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

2.2 Basis of preparation

a. Presentation of Financial Statements

In accordance with PAS 1 (Effective 2013), the Company is required to present a third Statement of Financial Position as at the beginning of the preceding period (hereinafter referred to as third Statement of Financial Position) when an entity:

i. Applies an accounting policy retrospectively; or
ii. Makes a retrospective restatement of items in its financial statements; or
iii. Reclassifies items in its financial statements, and
iv. The retrospective application, retrospective restatement or reclassification has a material effect on such third Statement of Financial Position.

Accordingly, no notes are required for this third Statement of Financial Position, except for information required under PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

The financial statements are presented in accordance with PAS 1 (Amended 2011), Presentation of Financial Statements. The Company presents all items of income and expenses in a single statement of profit or loss and comprehensive income.

b. Functional and Presentation Currency

These financial statements are presented in Philippine Peso, the Company's functional and presentation currency, and all values represent absolute amounts, except when otherwise indicated.

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (functional currency).

c. Deferral of certain provision of PAS 19

The Company deferred the implementation of certain provisions of PAS 19 (Amended and Revised) particularly on the actuarial valuation of the retirement liability. The Management believes that it has no material impact to the Company except for certain required disclosures of actuarial assumption on defined benefit obligation. The Company has already provided accrual of retirement benefits based on the provisions of Republic Act No. 7641 (known as the Retirement Law). As stated in Note 1, the Company has 12 employees as of December 31, 2023 and 2022, respectively. The Management believes that RA 7641, as the statutory basis, is a reliable and most practical base in computing employees' retirement benefit. The Company has no plan asset and fully recognized retirement obligation based on RA 7641.

d. Basis of measurement

The financial statements have been prepared using the measurement bases specified by PFRSs for each type of asset, liability, income and expense. These financial statements have been prepared on the historical cost basis except for:

- Financial assets through profit or loss measured at fair value;
- Properties measured at revalued amount;
- Accrued retirement benefits measured at present value;

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The measurement bases are more fully described as follow and in.

e. **Current vs. Noncurrent classification**

The Company presents assets and liabilities in the statements of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the 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 noncurrent.

A liability is current when:

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

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities, if any, are classified as noncurrent asset and liability, respectively.

Note 3 – Adoption of New and Revised Accounting Standards

Amendments to PFRSs and New Interpretations that are mandatorily effective for the current year

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have or are not expected to have an impact on the Company's financial statements.

1. **Adoption of New and Revised Accounting Standards Effective in 2022**

i. Amendments to PFRS 16, *COVID-19-related Rent Concessions beyond June 30, 2021*

On May 28, 2020, the Board issued COVID-19-Related Rent Concessions - Amendment to PFRS 16, Leases. The amendments provide relief to lessees from applying PFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under PFRS 16, if the change were not a lease modification.

The amendment was intended to apply until June 30, 2021, but as the impact of the COVID-19 pandemic is continuing, on March 31, 2021, the Board extended the period of the application of the practical expedient to June 30, 2022.

The amendment applies to annual reporting periods beginning on or after April 1, 2021.

The Management of the Company has assessed that the amendments have no impact on the Company's financial statements.

ii. Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, Provisions, Contingent Liabilities and Contingent Assets or Philippine-IFRIC 21, Levies, if incurred separately.

At the same time, the amendments added a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

iii. Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

The adoption of these amendments has no significant impact on the Company's financial statements since the Company does did not enter into onerous contracts during the year.

iv. *Amendments to PAS 16, Property, Plant and Equipment - Proceeds Before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The adoption of these amendments has no significant impact on the Company's financial statements since the Company does not have any property, plant and equipment with proceeds from selling items produced before intended use.

v. *Annual Improvements to PFRS Standards 2018-2020 Cycle*

- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter.*

  The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities.*

  The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- Amendments to PFRS 16, *Leases, Lease Incentives*

  The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

The amendments to PFRS 1, PFRS 9, and PAS 41 are all effective for annual periods beginning on or after January 1, 2022. Early application is permitted. The amendment to PFRS 16 only regards an illustrative example, so no effective date is stated.

The adoption of these amendments has no significant impact on the Company's financial statements since the Company has no transactions related to any of the above amendments.

2. New Accounting Standards Effective after the Reporting Period Ended December 31, 2022

Effective beginning on or after January 1, 2023

i. Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

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

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

The Management of the Company does not expect significant impact upon the adoption of these new amendments.

ii. Amendments to PAS 8, *Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted.

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

iii. Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

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

The adoption of these amendments is not expected to have significant impact on the Company's notes disclosures upon effectivity.

Q&A No. 2022-02, *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)*

This Q & A discusses how does a Philippine entity apply the amendments to IAS 1 and IFRS Practice Statement 2 with regards to disclosure of accounting policies. It also discusses other examples of disclosures of material accounting policies that illustrate the application of the amendments to IAS 1 and the four-step materiality process to accounting policy information, in addition to the examples (Examples S and T) provided in IFRS Practice Statement 2, Making Materiality Judgements.

The above Q & A was issued by PIC in February 18, 2022 and approved by FSRSC in March 11, 2022.

The adoption of these amendments is not expected to have significant impact on the Company's notes disclosures upon effectivity of the amendments.

Effective beginning on or after January 1, 2024

i. 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.

The Management of the Company is still evaluating the impact the amendments will have on current practice.

ii. Amendments to PFRS 16, Lease Liability in a Sale and Leaseback

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

The amendment is not expected to have a significant impact on the Company as it is not involved in sale and leaseback transactions.

Effective beginning on or after January 1, 2025

i. PFRS 17, *Insurance Contracts*

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

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

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

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

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted. The adoption of the new standard does not have an impact on the Company for it is not an issuer of insurance contracts.

Deferred effectivity

i. Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures. The amendments will apply in future transactions of the Company. The Management has yet to assess the impact of this amendments should there be any applicable transactions and adopted when it is effective.

3. Other PIC Q&As Issued in 2022

i. Q&A No. 2022-01, *Use of Going Concern Basis by an Absorbed Entity in a Merger Transaction (PAS 1, Presentation of Financial Statements)*

This Q & A issued by PIC discusses about an entity that will be absorbed in a merger transaction where the use of going concern basis in preparing its financial statements will still remain appropriate. The Committee presented 2 fact patterns:

1. Annual financial statements before the merger approval
In January 20X1, the merger of Entity A and Entity B was approved by their respective Board of Directors (BOD) and Shareholders. In February 20X1, the Philippine Securities and Exchange Commission (SEC) approved the Articles and Plan of Merger. Entity A shall cease to exist, but its operations shall continue under Entity B.

(in Philippine Peso)

2. Short-period financial statements before the merger approval

   Assume the same fact pattern in (1.) above except that the merger of Entities A and B was approved by their respective BOD and Shareholders in July 20x1, and by the SEC in August 20x1.

In the fact pattern described above, Entity A's existence will cease following the stipulations of the Articles and Plan of Merger but its operations shall continue under the merged/surviving entity (Entity B). The assets and liabilities of Entity A will not be liquidated but instead transferred to Entity B to continue the business. Accordingly, the financial statements of Entity A for the year ended December 31, 20X0 shall be prepared using the going concern basis.

Entity A shall disclose all the relevant information about the planned merger, including the fact that it shall cease to exist, but its operations shall continue under Entity B. For the short-period financial statements, it shall also comply with the disclosure on comparatives required under PAS 1.

The above Q&A was issued by PIC in February 16, 2022 and approved by the FSRSC in March 11, 2022.

The above Q&A has no impact on the Company's financial statements during the year.

ii. Q&A No. 2022-03, *Conforming Changes to PIC Q&As – Cycle 2022*

This Q&A No. 2022-03 sets out the changes (i.e., amendments or withdrawal) to certain PIC Q&As. These changes are made as a consequence of the issuance of new Philippine Financial Reporting Standards (PFRSs) that become effective starting January 1, 2022 and other relevant developments. The consequential amendments are set out in the same section as the amended PIC Q&As attached to this Q&A No. 2022-03. In addition, a marked-up copy of the amended PIC Q&A showing the changes made (i.e., new text is underlined and deleted text is struck through) is attached as an appendix to the amended PIC Q&A.

The effective date of the amendments is included in the affected Q&As.

PIC Q& A Amended	Amendment
Q&A No. 2012 - 02: Cost of a new building constructed on the site of a previous building	Reference to PAS 16, paragraph 17(e) has been updated as a result of the Amendments to PAS 16, Property, Plant and Equipment – Proceeds before Intended Use.

This Q&A was issued by PIC in June 30, 2022 and was approved by FSRSC in July 8, 2022.

Note 4 – Summary of significant accounting policies

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. The policies have been consistently applied to all years presented, unless otherwise stated.

4.1 Securities transactions

Securities transactions (and the related commission income and expenses) are recorded on a transaction date basis.

4.2 Securities valuation

Securities are valued using the latest closing price at the end of the year for securities with trading transactions at the stock exchanges or in the absence thereof, the latest bid or ask price. When current bid and ask price are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been significant change in economic circumstances since the time of the transaction.

4.3 Financial instruments

(i) Financial assets

Financial assets include cash and financial instruments.

Cash are defined as cash on hand and demand deposits.

Initial Recognition and Measurement

Financial assets are classified at fair value at initial recognition and subsequently measured at amortized cost, fair value through OCI, and fair value through profit or loss.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured at the amount recognized at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and any loss allowance. Interest income is calculated using the effective interest method (EIR) and is recognized in profit and loss. Changes in fair value are recognized in profit and loss when the asset is derecognized or reclassified. Sale of asset, if any, are incidentally made in response to increase in asset's credit risk or to manage concentrations of credit risk.

The Company has bank deposits repayable on demand and receivables requiring payment only of fixed amounts on fixed dates and are included in this category as of December 31, 2023 and 2022.

Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company has no designated debt instruments at fair value through OCI as at December 31, 2023 and 2022.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company has no designated equity instruments at fair value through OCI as at December 31, 2023 and 2022.

Financial assets at fair value through profit or loss (FAFVPL)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognized in the statements of comprehensive income.

This category includes derivative instruments and listed equity investments.

The Company's financial assets at fair value through profit or loss as of December 31, 2023 and 2022 consists of listed equity securities.

However, the Company may make the following irrevocable election/designation at initial recognition of a financial asset on an asset-by-asset basis:

a. the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which PFRS 3 applies, in OCI; and

b. financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income (FVTOCI).

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI.

For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

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).

For cash in banks, the Company applies a general approach in calculating ECLs. The Company recognizes a loss allowance based on ether 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash since initial recognition.

For due from customers and non-customers, the Company calculates ECL (Specific and General Provisions) for overdue accounts on all non-performing customer accounts in accordance with the mandatory guidelines provided under SEC Memorandum Circular 16-2004 for which the Company assessed that adequately considers ECL.

Specific provisions for expected credit loss are made for contra losses, overdue purchase contracts and margin accounts classified as "Doubtful" or "Loss" depending on the default period each respectively has. Specific provision is computed by getting, for each "Doubtful" account, an amount equivalent to 50% of the amount outstanding, net of collateral and 100% of the amount outstanding, net of collateral, for each "Loss" account. The basis of the computation would be the individual accounts. Also, a general provision is established equivalent to 2% of the Company's total trade receivable net of the balance of the specific reserve for overdue accounts. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Significant increase in credit risk

The Company monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

For trade receivables, non-trade receivables, advances to officers and employees, refundable deposits and other receivables recognizing ECL applying simplified approach, the Company does not track changes in credit risk, but instead recognizes loss allowance based on lifetime ECL at each reporting date.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment including forward-looking information.

Default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

a. when there is a breach of financial covenants by the debtor; or
b. information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 30 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

When assessing if the borrower is unlikely to pay its credit obligation, the Company takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending.

Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Company uses a variety of sources of information to assess default which are either developed internally or obtained from external sources.

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal and external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flow.

Write-off

Financial assets are written off when the Company has no reasonable expectations of recovering the financial asset either in its entirety or a portion of it. This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statements of financial position) when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement.

In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, borrowings, due to related parties and other non-current liabilities (excluding local and other taxes and payable to government agencies).

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below.

- *Financial liabilities at FVPL.* Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition at FVPL. Financial liabilities are held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of income. Financial liabilities designated upon initial recognition at FVPL are designated at the initial recognition date, and only if the criteria in PFRS 9 are satisfied.

  The Company has not designated any financial liability at FVPL.

- *Other financial liabilities.* This is the category most relevant to the Company. This category pertains to financial liabilities that are not held for trading or not designated as at FVTPL upon the inception of the liability. These include liabilities arising from operations and borrowings.

  After initial measurement, other financial liabilities are measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the acquisition and fees or costs that are an integral part of the EIR. Gains and losses are recognized in profit or loss when other financial liabilities are derecognized, as well as through the EIR amortization process.

  This category applies to the Company's borrowings, payables to customers and non-customers, accrued expenses and other payables (excluding advances from customers/unearned revenues, statutory and taxes payables).

"Day 1" difference

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique which variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the statement of comprehensive income unless it qualifies for recognition as some other type of asset or liability. In cases where data used are not observable, the difference between the transaction price and model value is only recognized in our statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, we determine the appropriate method of recognizing the "Day 1" difference amount.

Derecognition

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

(iii) Reclassification of financial instruments

The Company reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Company and any previously recognized gains, losses or interest shall not be restated. The Company does not reclassify its financial liabilities.

(iv) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

4.4 Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the statements of financial position as current assets when the cost of goods or services related to these are expected to be incurred within one (1) year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

4.5 Other asset

Other asset pertains to the resources controlled by the entity as a result of past transactions and events and from which future economic benefits are expected to flow to the entity.

4.6 Property and equipment

Property and equipment are initially measured at cost. The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the future costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Expenditures for repairs and maintenance are charged to expense as incurred, significant renewals and improvements are capitalized. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in income for the period.

At the end of each reporting period, item of property and equipment measured using the cost model are carried at cost less any subsequent accumulated depreciation and impairment losses.

Following initial recognition at cost, condominium units are carried at revalued amounts which are the fair values at the date of the revaluation, as determined by independent appraisers, less subsequent accumulated depreciation and any accumulated impairment losses. Revalued amounts are fair market values determined in appraisals by external professional valuers unless market-based factors indicate impairment risk. Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. The appraisal report is made by the appraisers every 3 years. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

When an item of property such as building is revalued, the accumulated depreciation is eliminated against the carrying amount of the asset.

Any revaluation increase arising on the revaluation of condominium units is credited to revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such condominium units is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation and amortization are computed on the straight – line basis over the estimated useful lives of the properties, as follows:

Asset Category	Estimated Useful Lives
At revaluation	
Condominium units	30-40 years
At cost	
Transportation equipment	5 years
Office equipment	5 years
Furniture and fixtures	3-5 years
Computer hardware	3-5 years

Leasehold improvements, if any, are recorded at cost and are being amortized over the term of the lease or the estimated useful lives of the assets, whichever is shorter.

Depreciating an item begins when property and equipment is available for use and continues until it is derecognized, even if in that period that item is idle.

The depreciation method and useful lives are reviewed periodically to ensure that the method and periods of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment. The effect of any changes in estimate are being accounted on a prospective basis.

Depreciation on revalued properties is recognized in profit or loss. The revaluation surplus is transferred by the Company to retained earnings as the assets are used by the entity. The amount of the surplus transferred is the difference between the depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost. Transfers from revaluation surplus to retained earnings are not made through profit or loss.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount of the assets. The cost and related accumulated depreciation of assets sold/disposed of or retired are removed from the property and equipment accounts and any resulting gain or loss is credited or charged to other operating income.

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 asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognized.

4.7 Intangible assets

An intangible asset shall be recognized if the following conditions are present:

a) It is probable that future economic benefits attributable to the assets will flow to the entity.

b) The cost of the intangible asset can be measured reliably.

Intangibles are carried at cost less accumulated amortization and impairment loss. The cost of the asset is the amount of cash or cash equivalents paid or the fair value of the other considerations given up to acquire an asset at the time of its acquisition. Capitalized costs are amortized on a straight-line basis over the estimated useful lives, except for intangible assets that are deemed to have an indefinite useful life.

Intangible assets with indefinite useful life will not be amortized but shall be reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for the assets. Intangibles are reviewed for impairment annually or more frequently if events or changes in circumstances that the carrying values maybe impaired.

The Company's intangible assets include acquired PSE trading rights and computer software which are accounted for under the cost model.

Trading rights

Trading rights represents the value from the conversion of former exchange seat to 50,000 PSE shares and rights after demutualization of the exchange in August 2001 and the listing of PSE shares on December 2003 which allows the Company to trade in the Philippine Stock Exchange (PSE). This asset is classified as having an indefinite useful life and shall not be amortized. The useful life of this asset is reviewed every period to determine whether events and circumstances continue to support an indefinite useful life assessment.

The Company recognized its trading right initially at cost. After initial recognition, the trading right is carried at cost less 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 the asset is expected to generate net cash inflows for the Company. The Company does not intend to sell the exchange trading right in the near future.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Trading right is tested annually for impairment and carried at cost less allowance for impairment. The Company reverses the impairment loss up to the trading right's recoverable amount based on the following:

1) that the Company assesses whether there is an indication that an impairment loss recognized in prior periods may no longer exist or may have decreased;
2) that the Company, at a minimum, considers external and internal sources of information in its assessment such as the trading right's market value, significant effect in the market, economic or legal environment or significant changes with favorable effect on the Company have taken place during the period, among others;
3) that an impairment loss recognized in prior periods is reversed only when there is a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

Software

The Company is using SFI-window based system for its accounting. Software is carried at cost less any accumulated amortization and any accumulated impairment losses.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Costs associated with maintaining computer software are expensed as incurred. The amortization period and the amortization method are reviewed at least at each financial year-end. Software cost is regarded as a finite intangible asset and is amortized on a straight-line basis for a period of 3 years. Software cost is subject to impairment testing annually.

4.8 Impairment of non-financial assets

The Company's property and equipment and intangible assets are subject to impairment testing.

At each reporting date, the Company assesses whether there is any indication that its non-financial assets may be impaired. The factors that the Company considers important which could trigger an impairment review include the following:

External sources
- market value declines;
- negative changes in technology, markets, economy or laws;
- increase in market interest rates
- net assets of the Company higher than the market capitalization

Internal sources

- obsolescence or physical damage;
- asset is idle, part of a restructuring or held for disposal;
- worse economic performance than expected;

When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Company makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's or cash – generating unit's fair value less costs to sell and its value in use and is determined for an individual asset or, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case the recoverable amount is assessed as part of the cash – generating unit to which it belongs. Where the carrying amount of an asset exceeds its recoverable amount, the 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 asset.

An impairment loss is charged against operations in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset, if any.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. 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 and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized for the asset in prior years. Such reversal is recognized in the statement of income. After such a reversal, the depreciation and amortization 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.

4.9 Provisions and contingencies

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

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

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

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

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

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

4.10 Fair value measurement

Financial instruments, such as, financial assets through profit or loss and non-financial assets such as condominium units are measured at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (i) in the principal market for the asset or liability, or (ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, 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: (i) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities; (ii) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and (iii) 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 financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company determines the policies and procedures for both recurring fair value measurement, such as property and equipment. External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided upon annually. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. At each reporting date, the movements in values of assets and liabilities which are required to be re-measured or re-assessed are analyzed.

4.11 Revenue and cost recognition

Revenue recognition

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 based on a five-step model:

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

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 because it typically controls the goods or services before transferring them to customers except for its brokerage transactions. The following specific recognition criteria must also be met before revenue is recognized:

Broker's Commissions

The Company engages in stock brokerage where revenue is recognized on a commission basis. Commission revenue are generally recognized when control of the goods/services transferred to the customer. In the case of the Company, the control typically transfers at the trade date upon confirmation of trade deals – upon confirmation by the customer of the buying and selling of securities executed on their behalf and documented by an invoice.

Trade date is the time that the Company, as a broker, was able to buy (in a buying transaction) or sell (in a selling transaction) the shares in behalf of the Company's clients. Commissions earned are based on the customers' trading volume. Performance obligation is to transfer the trade execution service (not the delivery of the security or the sales proceeds). Control is transferred on the trade date, i.e., the date when the Company (broker-dealer) has fulfilled its performance obligations, which are filling out the customer's order and entering into a trade contract on behalf of that customer. Settlement is within three (3) days from the trade date.

Revenues outside the scope of PFRS 15

a. Gain (loss) on:

   Trading gains or losses – represents gain or loss arising from trading activities including all gain and losses from changes in fair values of financial assets at FVPL and gains and losses from disposal of investment securities at FVPL.

   - Sale of securities – represents results arising from trading activities.
   - Fair value of financial assets – includes gains or losses from changes in fair value of financial assets at fair value through profit or loss

b. Interest income – is recognized as the interest accrues taking into account the effective yield on the asset. For all financial instruments measured at amortized cost and interest-bearing financial instruments classified as investment securities at FVOCI (if any), interest income is recognized at the EIR, which is the rate that effectively discounts estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument, including any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR. The adjusted carrying amount is calculated based on the original EIR. The change in carrying amount is recorded as "interest income".

   Under PFRS 9, when a financial asset becomes credit-impaired, the Company calculates interest income by applying the EIR to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis. Under PAS 39, once the recorded value of a financial asset or group of similar financial assets carried at amortized cost has been reduced due to an impairment loss, interest income continues to be recognized using the original EIR applied to the new carrying amount.

c. Dividend income is recognized when the right to receive the payment is established, which is the date of declaration.

d. Recovery of allowance is recognized upon re-evaluation of previously doubtful account to be collectible.

e. Other income is income generated outside the normal course of business and is recognized as earned and when it is probable that the economic benefits will flow to the Company and it can be measured reliably.

Revenue is measured by reference to the fair value if consideration received or receivable by the Company for services provided, excluding value-added tax (VAT) and trade discounts.

Cost and expense recognition

Costs and expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in liability has arisen that can be measured reliably. Expenses are recognized in profit or loss on the basis of a direct association between the costs incurred and the earning of specific terms of income.

on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with the income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Expenses in the statements of comprehensive income are presented using the function of expense method. Cost of services pertain to the cost of fulfilling the contract based on the following criteria:

- the costs relate directly to a contract (or a specific anticipated contract);
- the costs generate or enhance resources of the entity that will be used in satisfying performance obligations in the future; and
- the costs are expected to be recovered.

Costs of services include costs such as manpower cost of personnel assigned at the trading floor and other direct personnel, commission expenses, stock exchange dues and fees and central depository fees that relate directly to the contract.

The majority of the operating expenses incurred by the Company such as indirect personnel costs, professional fees, and other operating expenses are overhead in nature and are recognized with regularity as the Company continues its operations.

4.12 Leases

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favor of the Company if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognized where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate.

The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortized over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognized in profit or loss.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognized in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of- use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

As of December 31, 2023 and 2022, the Company applied the recognition exemption and accounted for lease payments as an expense on a straight-line basis over the lease term.

4.13 Foreign currency transactions

Transactions and Balances

The accounting records of the Company are maintained in Philippine Peso. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of comprehensive income.

4.14 Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior period, that are uncollected or unpaid at the reporting period. They are calculated using the tax rates and tax laws applicable to the periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred income tax asset to be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

At each reporting date, the management re-assesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

4.15 Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issued costs.

Share capital is determined using the nominal value of shares that have been issued. Ordinary shares carry one vote per share and carry a right to dividends.

Share premium includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits. Treasury shares are stated at the cost of reacquiring such shares.

Deposit for future subscription represents fund received by the Company from its stockholders with a view of applying the same as payment for future additional issuance of shares of stock or increase in stock.

Revaluation reserves comprise gains and losses due to the revaluation of property and equipment and certain financial assets that have been taken directly to the equity net of related tax.

Accumulated profits (losses) include all current and prior period results of the Company's operations as presented in the statements of comprehensive income.

Unappropriated retained earnings represent the free portion of the accumulated profits of the Company. Appropriation of retained earnings is made in accordance with SRC Rule 49.1 (B) Reserve Fund, of SEC Memorandum Circular No. 16-2004.

4.16 Related party transactions

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

A person or a close member of that person's family is related to the Company if that person:

- has control or joint control over the Company or;
- has significant influence over the Company or;
- is a member of the key management personnel of the reporting entity or of a parent of the Company.

An entity is related to the Company if any of the following conditions apply:

- the entity and the Company are members of the same group which means that each parent, subsidiary and fellow subsidiary is related to the others;
- one entity is an associate or joint venture of the other entity or an associate or joint venture of a member of a group of which the other entity is a member;

- both entities are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- the entity is controlled or jointly controlled by a person who is a related party as identified above; and
- a person that has control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity.

4.17 Employee benefits

Short-term benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses, and other non- monetary benefits, if any.

Statutory benefits

In accordance with the provisions of the Labor Code, the Company provides 13th month pay and memberships in the Social Security System (SSS), Home Development Mutual Fund (HDMF) and Philippine Health Insurance Corporation (PHIC) to all employees.

Post-employment benefits

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefit when it is demonstrably committed to either: (a) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or (b) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than12 months after the reporting date are discounted to present value.

Retirement benefits

The Company has yet to adopt a formal retirement plan for the benefit of its qualified employees.

The Company, however, is subject to the provisions of Republic Act (RA) No. 7641 (known as the Retirement Law). This law requires that in the absence of a retirement plan or agreement providing for retirement benefits of employees in the private sector, an employee upon reaching the age of 60 years or more, but not beyond 65 years, who has served at least 5 years in a private company, may retire and shall be entitled to retirement pay equivalent to at least ½ month salary for every year of service, a fraction of at least 6 months being considered as 1 whole year. The current service cost is the present value of benefits, which accrue during the year.

4.18 VAT

Revenues, expenses and assets are recognized net of the amount of VAT except: (1) where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or a part of the expense item as applicable; and (2) where receivables and payables are stated with the amount of VAT included.

4.19 Events after reporting date

The Company identifies events after the end of each reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. The financial statements of the Company are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the financial statements when material.

Note 5 – Significant accounting judgements and estimates

The preparation of financial statements in conformity with PFRSs requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes to financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

5.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgment apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:
Judgment

a. Fair value of financial instruments

   Where the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include consideration of liquidity and model inputs such as correlation and volatility.

b. Financial assets not quoted in an active market

   The Company classifies financial assets by evaluating among others, whether the asset is quoted or not in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transaction on an arm's length basis.

c. Determination of functional currency

   Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Peso. The Peso is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the revenue, costs, and expenses of the Company.

d. Business model assessment

   Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

   The Company's management exercised judgment in classifying its cash and due from customers as financial assets at amortized cost based on a business model whose objective is to collect contractual cash flows and its investment in PSE shares and its marketable securities as FVPL because it is held for trading and not designated as FVOCI. Its due to customers and loans payable will remain as financial liabilities at amortized cost.

e. Leases

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

f. Determination of significant influence

Management exercises its judgment in determining whether the Company has control over another entity by evaluating the substance of relationship that indicates the significant influence over its associates. The recognition and measurement of the Company's investment over these entities will depend on the result of the judgment made.

Based on the assessment made by the Management, the Company has no associate where it has significant influence.

g. Provisions and contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision are discussed in Note 4.9.

h. Revenue from contracts with customers

Determination of timing of revenue recognition

Revenue from contracts with customers include commission income. Significant judgment is required to determine whether performance obligation is satisfied at point in time or over time. The Company buys and sells securities on behalf of its customers. Each time a customer enters into a buy or sell transaction, the Company charges a commission. Commissions and related clearing expenses are recorded on the trade date (the date that the Company fills the trade order by finding and contracting with a counterparty and confirms the trade with the customer). The Company believes that the performance obligation is satisfied on the trade date because that is when the underlying financial instrument or purchaser is identified, the pricing is agreed upon and the risks and rewards of ownership have been transferred to/from the customer. On the trade date, the customer has obtained control of the service because it can direct the use of, and obtain substantially all of the remaining benefits from, the asset that comes from the trade execution service.

i. Significant increase in credit risk

ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. PFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

j. Disclosure on related party transactions

The Company determines the level of detail to be disclosed, in accordance with the requirements of the Philippine Financial Reporting Standards, in order to provide information in sufficient detail to the users of the financial statements to understand the effects of related party transactions on its financial statements:

i. The nature and amount of each individually significant transaction; and
ii. A qualitative or quantitative indication of the extent of transactions that are collectively, but not individually, significant.

In arriving at this judgment, the Company considers the closeness of the related party relationship and other factors relevant in establishing the level of significance of the trarsactions.

k. Determining ability to continue as going concern

The management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Company is not aware of any material uncertainties that may cast significant doubts upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

l. Recognition of deferred tax asset

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

5.2 Key Sources of Estimation Uncertainty

The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances of the Company's financial statements. Actual results could differ from those estimates. The following are the relevant estimates performed by management on its December 31, 2023 and 2022 financial statements:

a. Estimating useful lives of property and equipment and intangible assets

The Company estimates the useful lives of property and equipment and intangible assets based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment and intangible assets is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment and intangible assets would increase recorded operating expenses and decrease non-current assets.

Property and equipment, net of accumulated depreciation and amortization amounted to ₱59,815,622 and ₱63,217,260 as of December 31, 2023 and 2022, respectively (see note 10).

b. Impairment of non-financial assets

PFRSs requires that an impairment review be performed when certain impairment indicators are present. The Company's policy on estimating the impairment of non-financial assets is discussed in detail in Note 4.8. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

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

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for all business; and
- significant negative industry or economic trends.

The Company recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value in use approach. Recoverable amounts are estimated for individual assets.

c. Determining the fair value of financial instruments

The Company carries some of its financial assets at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, i.e., foreign exchange rates, interest rates, volatility rates, the amount of changes in fair value would differ if the Company utilized different valuation methodology. Any changes in fair value of these financial assets and liabilities would affect profit or loss and equity.

In determining the fair value of the Company's financial assets at fair value, management evaluates the presence of significant and prolonged decline in the fair value of share price below its cost, the normal volatility in the share price, the financial health of the investee and the industry and sector performance like changes in operation and financial cash flows. Any indication of deterioration in these factors can have a negative impact on their fair value. In cases when active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument. The amount of changes in fair value would differ if the Company utilized different valuation methods and assumptions. Any change in fair value of these financial assets and liabilities would affect profit and loss and equity.

Financial assets at FVPL

In determining the fair value of the Company's financial assets through profit or loss, the valuation procedures for trading securities in accordance with the provision of the Securities Regulation Code (SRC) No. 50 was adopted which mandates the use of last trade prices instead of PFRSs which require the use of current bid prices for the valuation of securities. The last trade prices were determined from the Quotation Reports as issued by the Philippine Stock Exchange.

As of December 31, 2023 and 2022, carrying amounts of financial assets carried at fair value subsequent to initial recognition amounted to ₱4,207,770 and ₱3,946,003 respectively (see note 7).

d. Allowance for expected credit losses on receivables

Allowance is made for specific and groups of accounts, where objective evidence of impairment exists. The Company evaluates these accounts based on available facts and circumstances, including, but not limited to, the length of the Company's relationship with the customers. The customers' current credit status based on third party credit reports and known market forces, average age of accounts, collection experience and historical loss experience.

The Company reviews its receivables to assess impairment at least on an annual basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the receivables.

Allowance for expected credit losses on receivables amounted to ₱1,097,409 and ₱2,582,213 as of December 31, 2023 and 2022, respectively (see note 8).

e. Realizable amount of deferred tax asset

The Company reviews its deferred tax asset at each report date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax asset amounted to ₱13,545,007 and ₱9,932,635 as of December 31, 2023 and 2022, respectively (see note 17).

f. Impairment of intangibles and useful life

The Company carries trading right and computer software.

In assessing whether there is any indication that the trading right may be impaired, the Company considered external and internal sources of information. External information includes the last transacted price of the trading right reported by the Philippine Stock Exchange. The carrying amount of the trading right is ₱1,122,000 for both years 2022 and 2021. The last transacted price of the trading right is ₱8,000,000 as of December 31, 2022 (2021 - ₱9,000,000) as approved by the PSE Board of Directors on November 16, 2022 (2021 - September 22, 2021). Considering that the market value is more than the carrying amount, no impairment loss shall be recognized.

The exchange trading rights are deemed to have indefinite useful life as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company.

Intangibles of the Company amounted to ₱1,371,095 and ₱1,632,095 as of December 31, 2023 and 2022, respectively (see note 11).

(in Philippine Peso)

g. Retirement benefits

Philippine Accounting Standard Number 19 applies to all employee benefits including a retirement benefit plan. It also applies to enterprises where retirement benefit is mandated by law.

The Company, however, is subject to the provisions of Republic Act No. 7641 (known as the Retirement Law). This law requires that in the absence of a retirement plan of agreement providing for retirement benefits of employees in the private sector, an employee upon reaching the age of 60 years or more, but not beyond 65 years, who has served at least 5 years in a private company, may retire and shall be entitled to retirement pay equivalent to at least ½ month salary for every year of service, fraction of at least 6 months being considered as 1 whole year. The current service cost is the present value of benefits, which accrue during the year.

Under the present Internal Revenue laws, only contribution to retirement funds or accrual of retirement expense under duly approved Retirement Plan can be deductible for tax purposes. In the absence of an approved plan, accrual of retirement expenses can only be deducted for tax purpose upon actual retirement of employees in accordance with the provision of RA No. 7641.

Accrued retirement obligation amounted to ₱728,637 as of December 31, 2023 and 2022, respectively. Based on the factors considered including the determination of present value of the accrued retirement benefits, the amount of accrued retirement obligation is deemed sufficient by management.

Note 6 – Cash on hand and in banks

The account at December 31 consists of:

	2023	2022
Reserve bank accounts	42,527,714	62,246,164
Cash in banks	11,068,580	6,479,607
Cash on hand	20,000	20,000
Total	**53,616,294**	**68,745,771**

Cash accounts with the banks generally earn interest at rates based on daily bank deposit rates. Interest rates on the reserve bank account range from 2% to 3% per annum. Interest income earned on bank accounts amounted to ₱72,528 and ₱82,294 for the years ended December 31, 2023 and 2022, respectively.

Included in cash in banks are USD-denominated deposits amounting to ₱524,767 and ₱353,058 as of December 31, 2023 and 2022, respectively. Unrealized foreign exchange gain amounted to ₱712 in 2023 and unrealized foreign exchange loss amounted to ₱35,607 in 2022.

In compliance with SRC Rule 49.2 covering customer protection and custody of securities, the Company maintains special reserve bank accounts for its customers amounting to ₱42,527,714 and ₱62,246,164 as of December 31, 2023 and 2022, respectively. The Company's reserve requirement is determined based on the SEC's prescribed computations. As of December 31, 2023 and 2022, the Company's reserve accounts are adequate to cover its reserve requirements.

Note 7 – Financial assets at fair value through profit or loss (FAFVPL)

This account is broken down as follows:

	2023	2022
Equities in PHISIX	124,160	94,693
Other Equities outside PHISIX	4,083,610	3,851,310
Total	**4,207,770**	**3,946,003**

This account consists of financial assets which are listed equity securities in the Philippines.

All amounts presented have been determined directly by reference to published prices quoted in an active market using last trade price.

(in Philippine Peso)

The Company's trading gains (losses) is as follow:

	2023	2022
Unrealized gain (loss) on FAFVPL	195,089	(1,653,667)
Gain (loss) on sale on FAFVPL	(219)	319,837
Total	**194,870**	**(1,333,830)**

Dividend income of the Company amounted to ₱220,637 and ₱241,416 in 2023 and 2022, respectively.

PSE shares

The demutualization of the Exchange in August 2001 and the listing of the PSE shares on December 15, 2003 have resulted to the conversion of the former Exchange Seat to 50,000 PSE shares and Trading Right. On October 22, 2008, the Philippine Stock Exchange, Inc. in its Memorandum No. 2008-0505 dated October 21, 2008 declared a 100% stock dividend to the stockholders of record as of September 26, 2008. Another stock dividend was declared on May 25, 2011 for stockholders of record as of May 30, 2011.

Any listing and trading of the shares may commence only upon written confirmation by the Securities and Exchange Commission that the transaction is exempt from the registration and only after approval of the listing application has been issued by the SEC. The Company has 20,000 PSE shares as of December 31, 2023 and 2022.

Market value of the PSE shares amounted to ₱170 and ₱158 per share as of December 31, 2023 and 2022, respectively.

The Philippine Stock Exchange had not declared cash dividend in both years 2023 and 2022. Dividend income from PSE shares, if any is presented as part of other income in the statements of comprehensive income.

The roll-forward analysis of the Company's PSE shares is shown as follows:

As of December 31, 2023

	Number of shares	Cost	Unrealized Gain / Loss	Total Market Value
Beginning	20,000	102,320	3,057,680	3,160,000
Sales	-			
Market value adjustment	-		240,000	240,000
Ending	20,0000	102,320	3,297,680	3,400,000

As of December 31, 2022

	Number of shares	Cost	Unrealized Gain / Loss	Total Market Value
Beginning	20,000	102,320	4,197,680	4,300,000
Sales	-			
Market value adjustment	-		(1,140,000)	(1,140,000)
Ending	20,0000	102,320	3,057,680	3,160,000

(in Philippine Peso)

Note 8 – Receivables - net

The Company's receivables are summarized as follows:

	2023	2022
Due from customers		
Receivable from customer - cash (note 8.1)	1,213,638	59,046,830
Allowance for expected credit losses - cash (note 8.2)	(244,490)	(1,729,294)
	969,148	57,317,536
Receivable from clearing house (note 8.3)	8,628,900	-
	9,598,048	57,317,536
Receivable from customer - margin (note 8.4)	852,919	852,919
Allowance for expected credit losses – margin (note 8.2)	(852,919)	(852,919)
	9,598,048	57,317,536
Other receivables		
Other receivables	2,003,190	52,901
	2,003,190	52,901
Total receivables	**11,601,238**	**57,370,437**

All of the Company's receivables have been reviewed for indication of impairment. Certain receivables from customers were impaired, and provisions have been recorded accordingly.

None of the receivables above have been pledged as collateral to any loan.

8.1 Due from customers

	2023		2022	
	Balance	**Collateral Valuation**	**Balance**	**Collateral Valuation**
Over 250%	656,302	909,816,048	57,184,034	654,664,931
Between 200% - 250%	4,087	9,796	-	-
Between 150% - 200%	365	706	365	728
Between 100% - 150%	51,788	64,497	1,069	1,226
Below 100%	473,083	391,000	1,844,042	188,542
Unsecured accounts	28,013	-	17,320	-
	1,213,638	**910,282,047**	**59,046,830**	**654,855,427**

This account represents amount due from customers resulting from brokerage services rendered, including value of securities bought in behalf of customers, commissions, and other charges thereon. These securities will serve as collateral for the receivables.

Based on credit evaluations made, management believes that there were no significant concentrations of credit risk on the above short-term financial assets for the years 2023 and 2022.

8.2 Allowance for expected credit losses

The roll forward analysis of the allowance for expected credit losses for due from customers:

	2023	2022
Beginning of the year	2,582,213	2,633,233
Provision for the year	160,018	-
Reversal for the year	(1,644,822)	(51,020)
Balance at the end of the year	**1,097,409**	**2,582,213**

(in Philippine Peso)

Provision was made for the doubtful accounts based on the guidelines provided by SEC Memo 16 – 2004 as follows:

Current (T+3 – T+13)	-General provision of 2% of the total receivables – current
Past Due (T+14 – T+30)	-Accounts within this period are considered as "Doubtful" -50% of unsecured accounts, less collateral (net of haircut)
Beyond 30 days	-Accounts within this period are considered as "Losses" -100% of unsecured accounts, less collateral (net of haircut)

Specific provisions for ECL shall be made for customer accounts qualifying as non-performing accounts (contra losses, overdue purchase accounts, and margin accounts). These accounts are classified as Doubtful or Loss depending on the default period each respectively has as follows:

Type of account	Criteria for classification of account as non-performing	Date for classification	Period when account is overdue	Classification
1. Contra losses	When the account remains unpaid starting from T + 4 or more from the date of contra transaction	T + 4	a) T+4 to 30 calendar days	a) Doubtful
			b) over 30 calendar days	b) Loss
2. Overdue purchase accounts	When the account remains unpaid starting from T + 14	T + 14 or when the broker exercises its right of mandatory close out over the securities serving as collateral	a) T+4 to 30 calendar days	a) Doubtful
			b) over 30 calendar days	b) Loss
3. Margin accounts	When, upon making a margin call, the period to put up equity to meet the margin deficiency has expired	Upon expiration of period	When the equity has fallen below the required margin maintenance and the margin deficiency is more than ₱10,000	Loss

Allowance for expected credit losses on due from customers is being computed on a per customer or individual accounts.

The collateral for the secured accounts represents the equivalent market value of shares pledged to secure the amount of securities and other property purchased or held by the Company for its customers. The Company is authorized to pledge, repledge or loan, either to itself or to others, from time to time and without need of notice to its customers for any liability which may exist in favor of it. It is further authorized at its own discretion and at any time to sell all or part of such securities and property without prior notice to the customers whenever in its judgment the liabilities are adequately secured.

Consideration is also given if the shares are inside or outside PSE index. PSE index is composed of top largest 30 corporations that are most active in trading. This is to give a snap shot of the result of PSE activity. When a share of stock is within PSE index, the allowable collateral is equivalent to 75% of the total market value of a share of stock. However, if the stock is outside PSE index, the allowable collateral is only 65% of the market value of the stock. Providing haircut for the market value of shares is for the protection for the exposure of the brokers.

8.3 Clearing house account

This account represents the net amount receivable or payable on the sales and purchases of securities made on the trading floor of the Philippine Stock Exchange, Inc. Collections and payments are made within three trading days after the consummation of the transactions.

As of December 31, 2023 and 2022, the amount "due from" clearing house amounted to ₱6,626,900 and nil, respectively.

The carrying amount of these short-term financial assets is a reasonable approximation of their fair values.

(in Philippine Peso)

8.4 Receivable from customer – margin

These are long outstanding receivables from customer accounts amounting to ₱852,919 representing penalties and charges. The Company fully provided an allowance for doubtful accounts.

8.5 Other receivables

Other receivables include advances to officers and employees of the Company. A reconciliation of the allowance for expected credit losses for other receivables at the beginning and end of 2023 and 2022 is shown below:

	2023	2022
Beginning of the year	-	61,394
Provision (Reversal) for the year	-	(61,394)
Balance at the end of the year	-	-

Note 9 – Prepayments and Other Assets

The account at December 31 consists of:

	2023	2022
Current		
Prepayments		
Prepaid expenses	1,416,144	-
Other current assets		
Deferred input VAT – current	-	132,778
Input Tax	-	93,409
Creditable withholding taxes	381,772	187,944
Total	**1,797,916**	**414,131**

In compliance with the provisions stated in Revenue Regulation No. 16-2005 specifically Sec. 4.110-3 (b) "Claim for input tax on depreciable assets" which states that, where a VAT registered person purchases or imports capital goods, which are depreciable assets for income tax purposes, the aggregate acquisition cost of which (exclusive of VAT) in a calendar month exceeds one million pesos (₱1,000,000) regardless of the acquisition for each capital good, shall be claimed as credit as against the output tax in the following manner: (b) if the estimated useful life of a capital good is less than 5 years – the input tax shall be spread evenly on a monthly basis by dividing the input tax by the actual number of months comprising the estimated useful life of the capital good, the Company recognized deferred input tax.

Based on the provisions of the TRAIN Law, the amortization shall only be until December 31, 2021. The input VAT on goods purchased on or after January 1, 2022 shall be fully recognized outright and may be claimed as input tax credits against output tax and the remaining unutilized be applied the same as scheduled until fully utilized.

(in Philippine Peso)

Note 10 – Property and equipment - net

Reconciliation of the cost, accumulated depreciation and carrying amounts at the beginning and end of 2023 and 2022 of property and equipment are shown in the next page.

	Condominium offices and improvements	Furniture and Equipment	Transportation Equipment	Computer equipment	Total
Cost or valuation					
As of December 31, 2021	67,139,000	1,300,002	1,412,964	4,089,545	73,941,511
Additions	-	208,280	-	47,318	255,598
Increase in fair value	-	-	-	-	-
Disposals	-	-	-	-	-
As of December 31, 2022	67,139,000	1,508,282	1,412,964	4,136,863	74,197,109
Additions	-	-	-	177,517	177,517
Increase in fair value	-	-	-	-	-
Disposals	-	-	-	-	-
As of December 31, 2023	**67,139,000**	**1,508,282**	**1,412,964**	**4,314,380**	**74,374,626**

Comprising:

	Condominium offices and improvements	Furniture and Equipment	Transportation Equipment	Computer equipment	Total
December 31, 2023					
At cost	-	1,508,282	1,412,964	4,314,380	7,235,626
At valuation	67,139,000	-	-	-	67,139,000
	67,139,000	**1,508,282**	**1,412,964**	**4,314,380**	**74,374,626**
December 31, 2022					
At cost	-	1,508,282	1,412,964	4,136,863	7,058,109
At valuation	67,139,000	-	-	-	67,139,000
	67,139,000	1,508,282	1,412,964	4,136,863	74,197,109

	Condominium offices and improvements	Furniture and Equipment	Transportation Equipment	Computer equipment	Total
Accumulated depreciation and impairment					
As of December 31, 2021	2,628,321	1,116,674	1,412,964	2,457,665	7,615,624
Depreciation charge for the year	2,628,321	123,908	-	611,996	3,364,225
Eliminated on revaluation	-	-	-	-	-
Disposal/retirement	-	-	-	-	-
As of December 31, 2022	5,256,642	1,240,582	1,412,964	3,069,661	10,979,849
Depreciation charge for the year	2,843,251	123,908	-	611,996	3,579,155
Eliminated on revaluation	-	-	-	-	-
Disposal/retirement	-	-	-	-	-
As of December 31, 2023	**8,099,893**	**1,364,490**	**1,412,964**	**3,681,657**	**14,559,004**
Carrying amounts					
As of December 31, 2023	**59,039,107**	**143,792**	**-**	**632,723**	**59,815,622**
As of December 31, 2022	61,882,358	267,700	-	1,067,202	63,217,260

(in Philippine Peso)

The Company's loans payable is collateralized by the Company's condominium unit located at PSE One Bonifacio High Street, Fort Bonifacio Global City, Taguig (note 13).

Impairment

Property and equipment are subject to annual impairment testing and whenever there is an indication of impairment. No impairment losses were recognized in 2023 and 2022 as the carrying values of property and equipment are lower than their recoverable amounts (notes 4.8 and 5.2b).

Revaluation

The Company's condominium units are restated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The revaluation of the Company's condominium unit was made on February 6, 2020 by Asian Appraiser Company Inc. that is duly accredited with the SEC. The fair value of the condominium units was arrived at using the Market Approach based on sales and listings of comparable properties registered within the vicinity. This was done by establishing the differences between the subject property and those actual sales and listings regarded as comparable. Comparison was premised on the factors of floor level location, size of the unit, parking space allocation, facilities offered, and the time element involved. Fair market value of the condominium units was estimated at ₱67,139,000 as of revaluation date. As a result of the revaluation, the Company recognized an increase in fair value in 2020 amounting to ₱23,147,794 with corresponding increases in revaluation increment net of tax amounting to ₱17,692,877 presented in Other Comprehensive Income and part of Revaluation Reserves in the statements of changes in equity.

The carrying amount that would have been recognized had the condominium been carried under the cost model amounts to ₱15,946,727 and ₱17,438,843 as of December 31, 2023 and 2022, respectively and shown as follows:

	2023	2022
Cost		
At January 1	23,963,510	23,963,510
Additions / Reclassification	-	-
At December 31	23,963,510	23,963,510
Accumulated Depreciation		
At January 1	6,524,667	5,456,664
Depreciation for the year	1,492,116	1,068,003
At December 31	8,016,783	6,524,667
Carrying amount	**15,946,727**	**17,438,843**

The distribution of the depreciation expense between the cost and revaluation reserves on the condominium is shown below:

	2023	2022
Cost	1,492,116	1,068,003
Revaluation reserves	1,136,205	1,560,318
Total	**2,628,321**	**2,628,321**

The Company has no transaction involving contractual commitments for the acquisition of property and equipment.

Note 11 – Intangible assets - net

The intangible assets of the Company consist of trading right and unamortized computer software and is presented as follows:

	2023	2022
Trading rights	1,122,000	1,122,000
Computer software-net	249,095	510,095
Total	**1,371,095**	**1,632,095**

(in Philippine Peso)

11.1 Trading rights

This represents the Company's privilege in trading securities in the PSE floor. In compliance with Section 8, Article [II of the Amended By Laws of the Exchange, the Company's trading right (previously the exchange membership seat) is pledged at its full value to the PSE to secure the payment of all debts due to the Exchange and to Other trading participants of the Exchange arising out of or in connection with the present or future contracts relating to securities and in Compliance With Section 7, Article II of the Rules Governing Trading Rights and Trading Participants, to secure the payment of all debts and claims due to the clients of the Company, the Government, the Exchange and the other trading participant of the Exchange and to the Securities Clearing Corporation of the Philippines.

The trading right is regarded as having an indefinite useful life when it was acquired because it is expected to generate net cash inflows indefinitely. Because it is regarded as having an indefinite useful life, the trading right would not be amortized but would be tested for impairment annually and whenever there is an indication that it may be impaired.

The carrying amount of trading rights is ₱1,122,000 for the years ending December 31, 2023 and 2022. The market value of the trading right as of December 31, 2023 and 2022 is ₱8,000,000. The market value is based on the certification issued by PSE subject of the most recent sale approved by the PSE Board of Directors on November 16, 2022. Considering that the market value is more than the carrying amount, no impairment loss is deemed necessary by Management.

11.2 Computer software-net

Roll forward of Computer Software is presented as follows:

	2023	2022
Beginning balance	510,095	771,095
Additions	-	-
Amortization	(261,000)	(261,000)
Ending balance	**249,095**	**510,095**

Computer software are subject to annual impairment testing and whenever there is an indication of impairment. Based on management's judgement, no impairment losses were recognized in 2023 and 2022. There are no restrictions to the title of the Company's computer software and or not used as collateral to any indebtedness. The Company has no transaction involving contractual commitments for the acquisition of intangible assets.

Note 12 – Trade payables

The Company's trade and other payables are summarized as follows:

	2023	2022
Payable to customers	62,903,656	57,034,187
Payable to clearing house	-	52,983,616
Payable to non-customers	14,222,791	11,777,148
Dividends payable	255,532	232,169
Subscription Payable	1,542	-
Total	**77,383,521**	**122,027,120**

Details of the Company's payable to customers are shown below:

	2023		2022	
	Credit Balance	Security Valuation	Credit Balance	Security Valuation
With money balance	62,903,656	325,544,189	57,034,187	822,564,508
Without money balance	-	361,013,605	-	3,005,628,746
	62,903,656	**686,557,794**	**57,034,187**	**3,828,193,254**

Payable to customers represents amounts due to customers arising from brokerage services rendered, including value of securities sold in behalf of customer, commission and other charges. This is non-interest bearing and are normally settled within three (3) days after trading date.

(in Philippine Peso)

Payable to clearing house represents cash settlement obligations of the Company to clearing house to facilitate the settlement of "clearing house-eligible trades". Every transaction date, all transactions of a broker will be summarized, if the buying transactions exceeds the selling transactions this means that the buyer has larger obligations to SCCP than the amount he will get resulting to a 'due clearing'. All equity transactions have a settlement period of T+3 (trading day + 3 working days) following the settlement convention of the Philippines' clearing house. As of December 31, 2022, payable to clearing amounted to ₱52,983,616 that were fully paid during the first three trading days on January 2023.

Payable to non- customers comprised mainly stale and/or postdated checks issued arising from payment of trade payables which subsequently charged back to liabilities.

Due to their short duration, the carrying amounts of trade and other payables represent a reasonable approximation of their fair values.

Note 13 – Loans payable

The Company currently has an outstanding loan obtained from a local bank amounting to ₱17,004,885 and ₱18,532,550 as of December 31, 2023 and 2022 respectively. The loan bears an annual interest rate of 6% and is due and payable on April 5, 2032. There are no repayments made during the year.

The loans payable is collateralized by the Company's condominium unit located at PSE One Bonifacio High Street, Fort Bonifacio Global City, Taguig.

Total interest expense and other bank charges in 2023 and 2022 amounted to ₱1,008,035 and ₱1,155,963, respectively and is included under "Interest and other financing charges" in the statements of comprehensive income.

Note 14 – Other current liabilities

This account consists of the following:

	2023	2022
Accrued expenses	502,267	444,559
Payable to government agencies	497,653	382,572
Total	**999,920**	**827,131**

Payable to government agencies include payables to SSS, PHIC, HDMF for the mandatory government contributions, and payables to BIR for stock transaction taxes, withholding taxes and VAT payable.

Accrued expenses pertain to expenses incurred but not yet paid as of reporting date.

The fair values of other payables have not been individually disclosed as, due to their short duration, management considers the carrying amounts recognized in the balance sheets to be a reasonable approximation of their fair values.

Note 15 – Revenues

Revenues consist of:

	2023	2022
Broker's commission	8,175,540	10,982,141
Dividend income	220,637	241,416
Interest income	72,528	82,924
Unrealized forex gain (loss)	712	(35,607)
Trading gains (losses) – net	194,870	(1,333,830)
Other income	280,354	1,288,000
Total	**8,944,641**	**11,225,044**

(in Philippine Peso)

Disaggregated revenue information

Set out below is the disaggregation of the Company's revenues from contracts with customers and revenues not covered under PFRS 15 for the year ended December 31, 2023:

	Services transferred at a point in time	Revenues outside the scope of PFRS 15	Total
Broker's commission	8,175,540	-	8,175,540
Interest income	-	72,528	72,528
Trading gains – net	-	194,870	194,870
Dividend income	-	220,637	220,637
Unrealized forex gain	-	712	712
Other income	-	280,354	280,354
Total	**8,175,540**	**769,101**	**8,944,641**

Set out below is the disaggregation of the Company's revenues from contracts with customers and revenues not covered under PFRS 15 for the year ended December 31, 2022:

	Services transferred at a point in time	Revenues outside the scope of PFRS 15	Total
Broker's commission	10,982,141	-	10,982,141
Interest income	-	82,924	82,924
Trading gains – net	-	(1,333,830)	(1,333,830)
Dividend income	-	241,416	241,416
Unrealized forex gain	-	(35,607)	(35,607)
Other income	-	1,288,000	1,288,000
Total	**10,982,141**	**242,903**	**11,225,044**

Note 16 – Personnel costs

The account consists of:

	2023	2022
Salaries and wages	7,197,257	7,945,566
13th month and other benefits	1,818,504	1,672,944
SSS, Philhealth and Pag-ibig contributions	315,722	738,158
Total	**9,331,483**	**10,356,668**

The above accounts were distributed as follows:

	2023	2022
Cost of service	3,140,796	7,767,501
Operating expenses	6,190,687	2,589,167
Total	**9,331,483**	**10,356,668**

Note 17 – Income tax and deferred tax

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

	2023	2022
Deferred tax	3,810,118	1,131,052
Final tax	(14,506)	(18,660)
Current tax	-	-
Income tax benefit	**3,795,612**	**1,112,392**

(in Philippine Peso)

The reconciliation of tax on pretax income computed at the applicable statutory rates to income tax (expense) benefit attributable to continuing operations is as follows:

	2023	2022
Loss before tax	(16,888,218)	(18,090,014)
At statutory rate	4,222,055	4,522,504
Tax effect of the following:		
Dividend income	55,159	60,354
Interest income net of final tax	18,132	2,071
Non-deductible expenses	(499,734)	(536,155)
Expired MCIT	-	-
Effect of change in tax rate per CREATE Act	-	-
Expired NOLCO	-	(2,936,382)
Income tax benefit	**3,795,612**	**1,112,392**

Section 27 of the Tax Code provides that a minimum corporate income tax (MCIT) of two percent (2%) of the gross income as of the end of the taxable year is imposed on a taxable Corporation on the fourth taxable year immediately following the year in which such Corporation commenced its business operations, when the MCIT is greater than the normal corporate income tax for the taxable year. The CREATE Act reduced the MCIT rate to one percent (1%) for the period July 1, 2020 to June 30, 2023.

Effective July 2008, Republic Act 9504 was approved giving the corporate taxpayers an option to claim itemized deduction or Optional Standard Deduction (OSD) equivalent to 40% of gross income. Once the option to use OSD is made, it shall be irrevocable for the taxable year for which the option was made.

In 2023 and 2022, the Company opted to claim itemized deductions.

As of December 31, 2023 and 2022, the amount of prepaid income tax amounted to ₱1,331,915 and ₱1,139,939, respectively.

The Company's deferred tax assets are broken down as follow:

	2023	2022
NOLCO	12,840,856	9,036,298
Doubtful accounts	685,558	645,552
Retirement benefits	182,159	182,159
MCIT	59,136	57,285
Others	(222,702)	11,341
Total	**13,545,007**	**9,932,635**

The deferred tax assets are the effects of expected future income tax benefits relating to:

- Retirement benefits – which will not be deducted until the benefits are actually paid but has already been recognized as an expense in measuring the Company's performance for the year.
- Doubtful accounts – which will be deducted upon reversal of the amount of receivable and compliance with the documentary requirements of the tax regulations.
- MCIT – this will be used as tax credit against tax due for the next three (3) years following the incurrence of MCIT.
- NOLCO – this will be deductible only from taxable income for the next three (3) years following the incurrence of loss.

Realization of the future tax benefits related to the deferred tax asset is dependent on many factors, including the Company's ability to generate taxable income. Management has considered these factors in reaching a conclusion as to the amount of deferred tax assets recognized as of December 31, 2023 and 2022.

The Company's deferred tax liability arise from the recognition of revaluation surplus on properties, unrealized gain on FAFVPL, and the unrealized gain on forex.

(in Philippine Peso)

The following shows the breakdown of deferred tax liabilities for years 2023 and 2022:

	2023	2022
Revaluation surplus	10,508,742	11,004,850
Unrealized gain on FAFVPL	776,005	824,778
Unrealized forex gain	(178)	
Total	**11,284,569**	**11,829,628**

- Revaluation surplus – this will be taxable or deductible upon sale of the properties.
- Unrealized gain or loss on financial assets – this will be taxable or deductible upon disposal of financial assets.

The carry forward benefits of MCIT and NOLCO that can be offset against regular corporate income tax due and taxable income, respectively, are as follow:

Year	Year of	2022		Additions (deductions) during the year		2023	
Incurred	Expiration	MCIT	NOLCO	MCIT	NOLCO	MCIT	NOLCO
2020	2023-2025	19,145	11,751,594	-	-	19,145	11,751,594
2021	2024-2026	38,140	9,700,722	-	-	38,140	9,700,722
2022	2025-2027	-	14,692,877	-	-	-	14,692,877
2023	2026	-		1,851	15,218,231	1,851	15,218,231
Total		**57,285**	**36,145,193**	**1,851**	**15,218,231**	**59,136**	**51,363,424**
Deferred tax asset		**57,285**	**9,036,298**	**-**	**3,804,558**	**59,136**	**12,840,856**
DTA – recognized		**57,285**	**9,036,298**	**-**	**3,804,558**	**59,136**	**12,840,856**
DTA – unrecognized		-	-	-	-	-	-

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.

Republic Act No. 12066 (RA 12066)

The President has signed the Republic Act (R.A.) No. 12066 or the Corporate Recovery and Tax Incentives for Enterprises to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act on November 11, 2024.

The law was passed to address ambiguities and expand coverage of VAT and duty incentive availment, to improve the ease of doing business, reduce the cost of doing business, enhance tax incentive competitiveness and respond to emerging global developments, and establish clear rules for transitioning Registered Business Enterprises (RBEs).

Among the salient highlights include:

a. Liberalizes qualification of goods and services for VAT and duty incentives by shifting from 'directly and exclusively used" to "directly attributable" and explicitly including items in BIR's negative list (BIR RR No. 3-2023)
b. Extends VAT-exemption on importation and VAT-zero rating on local purchases
c. Allows High-Value Domestic Market Enterprises, with investment capital exceeding Php 15B and are import-substituting, or with annual export sales of at least USD 100M, to avail of VAT incentives
d. Extends the period of availment of VAT and duty incentives to the entire registration period as an RBEs
e. Simplifies and increases transparency in the VAT & Excise Tax Refund Process

Republic Act No. 11534 (RA 11534)

The Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) Law or Republic Act (RA) 11534 was signed into law by the President last March 26, 2021. The law shall take effect 15 days following the completion of the publication of the Official Gazette or newspaper of general circulation unless it is otherwise provided. Some salient provisions included in the Act are:

(in Philippine Peso)

a. Reduction to 25% corporate income tax starting July 1, 2020, for domestic and resident foreign corporations.
b. Reduction to 20% corporate income tax starting July 1, 2020, for domestic corporations with:
   1. Net taxable income not exceeding P 5 Million; and
   2. With total assets not exceeding P 100 Million (excluding land on which the business entity's office, plant and equipment are situated).
c. Reduction of minimum corporate income tax from 2% to 1% starting July 1, 2020.
d. Effective January 1, 2021, non-resident foreign corporations shall be subject to 25% income tax based on gross income.
e. Percentage tax is reduced from 3% to 1% effective July 1, 2020.
f. Imposition of Improperly Accumulated Earnings Tax (IAET) has been repealed

Republic Act No. 10963 (RA 10963)

"Tax Reform for Acceleration and Inclusion" otherwise known as TRAIN Law became effective on January 1, 2018. The reform includes rates on fringe benefit tax, compensation income package, de minimis benefits, donors tax and estate tax, documentary stamp tax, excise tax and income payments subject to expanded withholding tax. Vat exempt and zero rate transactions have been re-defined and revenue ceiling subject to percentage tax was changed from P 1,919,500 to P 3,000,000.

Note 18 – Related party transactions

Related party relationships exist when one party has the ability to control, directly, or indirectly through one or more intermediaries or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholders. Transactions between related parties are accounted for at arms' length prices or on terms similar to those offered to non-related entities in economically comparable market except for the non-interest bearing advances to a related party or personnel.

Included in the financial statements are various transactions of the Company with its directors, officers, stockholders and related interest (DOSRI). These transactions usually arise from normal trading activities such as buying and selling of shares of stock, investment advisory and management, services arrangements and advances. Buying and selling transactions of the DOSRI are made in the same manner as with regular customers.

The summary and nature of accounts with related parties as of December 31, 2023, and 2022 and for the years then ended are the following:

2023	Nature of Transactions	Amount of Transactions	Outstanding Balance	Impairment	Allowance for Impairment	Terms	Condition
Directors, Officers, Stockholders and Related Interest	Buying Transaction	423,062	292,600	-	-	Settlement period is 3 days, non-interest bearing	Secured
	Selling Transaction	91,372,627	3,697,284	-	-	Settlement period is 3 days, non-interest bearing	Secured

2022	Nature of Transactions	Amount of Transactions	Outstanding Balance	Impairment	Allowance for Impairment	Terms	Condition
Directors, Officers, Stockholders and Related Interest	Buying Transaction	1,112,301,168	58,243,995	-	-	Settlement period is 3 days, non-interest bearing	Secured
	Selling Transaction	1,148,517,440	4,868,845	-	-	Settlement period is 3 days, non-interest bearing	Secured

(in Philippine Peso)

The buying and selling transactions of the directors, officers, stockholders, and related interest are made in the same manner as with regular customers. The outstanding balances are presented in receivables from / payable to customers in the statements of financial position.

The amount of key management compensation pertains to short-term employee benefits including salaries and bonuses. As of December 31, 2023, no accrued retirement has been set up, whereas in 2022, it amounted to ₱385,227 for key management. There are no other post-employment benefits, other long-term benefits and termination benefits received by key management personnel.

Note 19 - Equity

19.1 Share capital

This is broken down as follows:

	2023	2022
Authorized share capital	50,000,000	50,000,000
Number of shares	50,000	50,000
Par value	1,000	1,000
Subscribed share capital	50,000,000	50,000,000
Paid up capital	**50,000,000**	**50,000,000**

	2023	2022
Issued shares		
Balance at the beginning of the year	50,000	50,000
Issued during the year	-	-
Balance at the end of the year	**50,000**	**50,000**

In a special board meeting held last May 30,2018, the board of directors approved the increase in authorized capital stock from ₱35,000,000 divided into 35,000 common shares at par value ₱1,000 to ₱50,000,000 divided into 50,000 common shares with a par value of ₱1,000. The Company received cash infusion amounting to ₱8,000,000 for the increase in capital stock. On February 28, 2019, the Company approved the application for increase. Subsequently, the Company made the capital call for ₱7Million to fully subscribe pay-up its ₱50 million capital.

The Company is subject to the Revised Securities Act (RSA) Rule 24(a)-1, which requires the maintenance of a minimum net capital of ₱5 million and requires that the percentage of aggregate indebtedness to net capital, as defined shall not exceed 2,000 percent of its net capital. Net capital and related percentage of aggregate indebtedness to net capital, as defined may fluctuate on a daily basis.

Memorandum 2010-0316 of the Philippine Stock Exchange dated June 18, 2010 requires all Trading Participants to have a minimum unimpaired paid up capital, as defined by SEC, of ₱20,000,000 effective December 31, 2010. Further, effective December 31, 2010 onwards, the minimum unimpaired capital shall be ₱30,000,000 (Article III, Sec. 8 of Rules Governing Trading Rights and Trading Participants).

As of December 31, 2023, the Company has unimpaired capital of ₱ 31,132,373 (2022 - ₱ 21,838,066). This is presented for comparative purposes following the method used in the previous year. Alternatively, audited figures can be applied to determine the unimpaired capital.

As a result of the slow business condition affecting the whole industry, the Company fell short of the required Unimpaired Capital. On October 24, 2023, the BOD approved the increase in Authorized Capital of ₱100 million and additional capital infusion that will comply with the required capital levels.

(in Philippine Peso)

19.2 Share Premium

The Company's share premium from the issued shares amounted to ₱15,840,212 as of December 31, 2023 and 2022. In a special meeting of the Board of Directors during the last quarter of 2021, an additional share premium was approved received by the Company from shareholders amounting to ₱7,354,812.

In a special meeting held by the Board of Directors on December 31, 2020, an additional share premium was approved received by the Company from shareholders amounting to ₱7,700,000.

19.3 Reserves

Analysis of reserves in is presented as follows:

	Properties Revaluation Reserve	Cumulative Actuarial Gains / Losses on Retirement	Total
As of January 1, 2023	30,615,139	-	30,615,139
Other Comprehensive Income for the year – net of tax	-		-
Realization of revaluation increment – net of tax	(1,488,323)	-	(1,488,323)
As of December 31, 2023	**29,126,816**	**-**	**29,126,816**

	Properties Revaluation Reserve	Cumulative Actuarial Gains / Losses on Retirement	Total
As of January 1, 2022	32,103,462	-	32,103,462
Other Comprehensive Income for the year – net of tax	-		-
Realization of revaluation increment – net of tax	(1,488,323)	-	(1,488,323)
As of December 31, 2022	**30,615,139**	**-**	**30,615,139**

The properties revaluation reserve is not available for distribution to the Company's shareholders.

19.4 Accumulated Losses

The movements in the Company's accumulated losses are as follow:

	2023	**2022**
Balance at the beginning of the year	(44,002,146)	(29,008,955)
Net loss during the year	(13,092,606)	(16,977,622)
Realization of revaluation increment transferred to accumulated losses	1,984,431	1,984,431
Adjustment for Omitted Beginning Balance of Retained Earnings	28,618	
Balance at the end of the year	**55,081,703**	**44,002,146**

Accumulated losses is broken down as follows:

	2023	**2022**
Appropriated	6,990,677	6,990,677
Unappropriated	(62,072,380)	(50,992,823)
Balance at the end of the year	**(55,081,703)**	**(44,002,146)**

(in Philippine Peso)

The movement in the Company's appropriated retained earnings is as follows:

	2023	2022
Balance at the beginning of the year	6,990,677	6,990,677
Appropriation during the year	-	-
Reversal of appropriation during the year	-	-
Balance at the end of the year	**6,990,677**	**6,990,677**

Although total Retained Earnings has deficit of ₱55,081,703 as of December 31, 2023 (2022 - ₱44,002,146) SRC Rule 49.1 Reserve Fund under SEC Memo 16 - 2004 requires that every broker dealer shall annually appropriate a certain minimum percentage of its audited profit after tax and transfer the same to the Appropriated Retained Earnings account in accordance with the following schedule:

Unimpaired Paid Up Capital	Minimum percentage or profit after tax to be placed in the Appropriated Retained Earnings
Between 10 million to 30 million	30%
Between 30 million to 50 million	20%
More than 50 million	10%

The rule further states that:

- The amount appropriated shall not be available for payment of dividends.
- Where in any financial year the Broker Dealer's paid up capital is impaired, the Broker Dealer is required to transfer from the 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.
- Consistent with the general usage under SRC Rule 28.1 (E) (v), the term "Unimpaired Paid Up Capital" shall refer to the firm's Total Paid Up Capital less any deficiency in the Retained Earnings account.
- A Broker Dealer may submit to the Commission for approval its own capital build-up plan in lieu of the requirements of this provision.
- Notwithstanding the requirements of this section, the Commission may prescribe a different capital build- up plan for all Broker Dealers, specifically those incurring net losses during the period, which may include the programmed infusion of fresh capital.

The balance of appropriated retained earnings of ₱6,990,677 was the result of appropriations made from previous years when the Company registered net taxable income. In both years, the Company's operations resulted to net loss, hence, no appropriations were made.

Note 20 – Minimum Capital Requirements

Minimum Capital Requirement

In 2000, the SEC passed the implementing Rules and Regulations of the new SRC effective January 2, 2001 which include the guidelines on the segregation of broker and dealer functions within a brokerage firm and maintenance of a required minimum paid up capital of ₱100 million, except for: (a) non-exchange members who deal only in proprietary shares, which should have a minimum capital of ₱5 million and, (b) brokers and dealers not engaged in market-making transactions and with paid up capital below the required minimum amount which should file surety bonds at not less than ₱5 million for brokers and ₱1 million for dealers.

On September 24, 2008, the Board of Directors of the Philippine Stock Exchange (PSE) approved Resolution No. 186, Series of 2008 the increase in the required minimum unimpaired paid up capital for all brokers from ₱10 million to ₱20 million by December 31, 2010 and from ₱20 million to ₱30 million by December 31, 2011. On May 28, 2010 this resolution is subsequently approved by the Securities and Exchange Commission (SEC).

In compliance with Section 2 of D, Article VII of the amended Market Regulation Rules, which was approved by the Securities and Exchange Commission on 8 September 2010, effective 1 November 2010, the surety bond, shall be Ten Million Pesos (₱10,000,000) for Brokers and Two Million Pesos (₱2,000,000) for Dealers.

In a meeting held on October 21, 2010, the SEC issued SEC Resolution No. 489 and 492 granting the deferment of the ₱30 million unimpaired paid up capital requirement of the trading participants effective January I, 2010 until November 30, 2010 provided that trading participants with unimpaired paid up capital falling below ₱30 million shall post a surety bond amounting to ₱10 million on top of the surety bond of ₱12 million in compliance with SRC Rule 28.1 for the same period until securities held and controlled by the trading participants shall be recorded in the name of the individual clients in the books Of the transfer agents or the sub-account with the Philippine Depository and Trust Corporation at the option of the client. Compliance with the requirements is a condition for the renewal of the Broker-Dealer License for the period covering 1 January 2014 to 31 December 2016.

In Compliance with Section 2 of D, Article VII of the amended Market Regulation Rules, which was approved by the Securities and Exchange Commission on 8 September 2009, effective 1 November 2009, the surety bond, shall be Ten Million Pesos (₱10,000,000) for Brokers and Two Million Pesos (₱2,000,000) for Dealers.

On October 19, 2021, the Company renewed its surety bond coverage for the period January 1, 2022 to December 31, 2022 in the amount of ₱12 million.

Note 21 – Commitments and Contingencies

The Company makes various commitments and incurs certain contingent liabilities that are not given recognition in the accompanying financial statements. The Company's management is of the opinion that losses, if any, that may arise from these commitments and contingencies will not have a material effect on the Company's financial statements.

21.1 Operating Lease Commitments — Company as Lessee

The Company entered into one-year agreements for the lease of various parking spaces in its Ayala and BGC offices. Rent expense recognized for these lease agreements amount to ₱114,865 for the year ended December 31, 2023 (2022 - ₱312,559).

21.2 Legal Claims

As of December 31, 2023, there are no pending claims and legal actions against or involving the Company other than those arising from the normal course of business.

Note 22 – Financial risk management objectives and policies

The Company is exposed to a variety of financial risks which results from both operating and investing activities. The Company's risks management is handled by the CEO with the Board of Directors, and focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets.

a. Market risk analysis

Equity price risk

Price risk is the risk that movements in the level or volatility of market prices will adversely affect the Company's financial conditions.

b. Credit risk analysis

Credit risk refers to the risk that the borrower or issuer or counterparty may fail to perform its obligation to pay in a timely manner, or that its ability to perform such obligation may get impaired before delivery date. Credit risk is not limited to lending activities only but arises whenever funds are extended, committed, invested, or otherwise exposed through actual or implied contractual agreements, whether on or off books.

In order to mitigate credit risk, it is the policy of the Company that it deals only with: (a) reputable and creditworthy obligors and counterparties; (b) establishes prudent credit limits for each obligor and counterparty; (c) monitors usage of credit limits to ensure that those limits are complied with. The Company has significant concentration of credit risk relating to the loans and receivables from individuals and institutional counterparties arising from the normal business of the Company.

In the Company's normal course of business, the activities include trade execution for its clients which may expose the Company to risk arising from price volatility which can reduce the clients' ability to meet their obligations. To the extent clients are unable to meet their commitments to the Company, we may be required to purchase or sell financial instruments at prevailing market prices in order to fulfill the client's obligations.

In accordance with industry practice, client trades are settled generally three (3) business days after trade date. Should either the client or the counterparty fail to settle its obligation on the settlement date, the Company may be required to complete the transaction at prevailing market prices.

The Company monitors concentration of credit risk on both individual and institutional counterparties by considering its credit worthiness, financial strength, and the size of its positions or commitments. Where considered necessary, the Company requires a deposit of additional collateral or a reduction of securities position from the counterparty.

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

	2023	2022
Cash in banks	53,616,294	68,725,771
Receivables	11,601,238	57,370,437
Total	**65,217,532**	**126,096,208**

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

The Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments, net of the value of collaterals, if any.

For cash in banks, the Company transacts only to banks with investment grade credit rating. This information is supplied by independent rating agencies. The Company uses other publicly available information to monitor the financial statuses of the banks. The Company assesses the current and forecast information of the banking industry and other macro-economic factors such as GDP, interest rate, inflation and foreign exchange rates (USD/PHP).

(in Philippine Peso)

Cash in banks are considered of good quality, the credit risk is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

For due from customers, the Company is expected to provide an allowance for doubtful accounts in accordance with SRC Rule 52.1 and as the guidelines provided by SEC Memo 16-2004 as described in Note 8.2. Under PFRS 9, the Company shifts from a 'loss incurred approach' to an 'expected loss' model in determining the allowance for credit losses. However, the Company's management is of the opinion that the impairment allowances are not materially affected in as much as the credit term is only 3 days and that beyond 31 days a 100% provision is already provided. The same table of provision as described in Note 8.2 is, therefore, used. Due to and from customers are covered by securities. Those accounts with counterparty risks are subject to provision for allowance for credit losses based on the table. Those counterparty risks within 14 to 30 days overdue are subject to 50% allowance and security values are likewise subjected to a 25% haircut. The provisions as required by SEC Memo 16-2004 are considered stringent.

The table below is an analysis of the due from customers – cash as of December 31:

2023	Balance	Collateral (net of haircut)	Counterparty exposure (after collateral)	Allowance for expected credit losses	Net exposure
T to T+2 of counterparty	598,419	318,175,495	(317,577,076)	-	-
T+3 to T+13 of counterparty	100,228	7,511,498	(7,411,270)	2,005	-
Beyond T+13 of counterparty	514,991	275,182,328	(274,667,337)	125,210	48,646
	1,213,638	**600,869,321**	**599,655,683**	**127,215**	**48,646**

2022	Balance	Collateral (net of haircut)	Counterparty exposure (after collateral)	Allowance for expected credit losses	Net exposure
T to T+2 of counterparty	56,449,474	118,539,101	(62,089,627)	-	-
T+3 to T+13 of counterparty	81,426	3,359,292	(3,277,866)	1,629	-
Beyond T+13 of counterparty	2,515,930	305,611,256	(303,095,327)	1,700,313	-
	59,046,830	**427,509,649**	**368,462,820**	**1,701,942**	**-**

Allowance for credit losses for due from customers as of December 31, 2023 amounted to ₱1,097,409 (2022 – ₱2,582,213).

Management believes that the quality of its unimpaired receivables is high.

For other receivables and due from related parties, expected credit losses are measured using the liquidity approach. Management determines possible impairment based on the counterparties' ability to repay receivables upon demand at the reporting date taking into consideration the historical defaults from the counterparties.

The Company does not consider any significant risks from the receivables provided to related parties since the Company's credit risk for liquid funds are considered negligible.

Allowance for credit losses for other receivables as of December 31, 2023 and 2022 amounted to nil.

c. Liquidity risk analysis

Liquidity risk is the risk of being unable to meet payment obligations as they become due without incurring unacceptable losses due to disruption in funding sources and/or inability to liquidate assets quickly due to changes in market conditions, and/or unplanned utilization of cash resources.

Management of liquidity is the responsibility of the top management of the Company. Given the nature of the Company's business, mitigation of liquidity risk involves in the first instance forecasting liquidity requirements and ensuring sufficient balance of cash on hand and in banks maintained to meet immediate needs.

(in Philippine Peso)

The maturity dates of financial assets and liabilities are matched. The liability to customers, brokers and/or clearing house are matched by a corresponding receivable from customers/clearing house. Liquidity risk would arise if all loans and receivables are not settled in the usual T+3 settlement period.

The Company's current ratios are 0.92 and 1.07 in 2023 and 2022, respectively.

The following tables show the maturity profile of the Company's other financial liabilities (based on contractual undiscounted payments) as well as the undiscounted cash flows from loans and receivables used for liquidity management.

As of December 31, 2023

	On demand	Less than 1 year	1-3 years	More than 3 years	Total
Financial assets					
Cash in banks	53,616,294	-	-	-	53,616,294
Receivables	-	11,601,238	-	-	11,601,238
	53,616,294	11,601,238	-	-	65,217,532
Financial liabilities					
Payables	-	77,383,521	-	-	77,383,521
Other current liabilities*	-	502,267	-	-	502,267
Borrowings	-	-	-	17,004,885	17,004,885
	-	77,885,788	-	17,004,885	94,890,673
Liquidity position	**53,616,294**	**(66,284,550)**		**(17,004,885)**	**(29,673,141)**

As of December 31, 2022

	On demand	Less than 1 year	1-3 years	More than 3 years	Total
Financial assets					
Cash in banks	68,725,771	-	-	-	68,725,771
Receivables	-	57,370,437	-	-	57,370,437
	68,725,771	57,370,437	-	-	126,096,208
Financial liabilities					
Payables	-	122,027,120	-	-	122,027,120
Other current liabilities*	-	444,560	-	-	444,560
Borrowings	-	-	-	18,532,550	18,532,550
	-	122,471,680	-	18,532,550	141,004,230
Liquidity position	**68,725,771**	**(65,101,243)**		**(18,532,550)**	**(14,897,697)**

**The amount of payables is net of deferred revenue and government payables which are not considered as financial liabilities.*

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

Note 23 – Capital management objectives, policies and procedures

The primary objective of the Company's capital management is to ensure compliance with the externally imposed capital requirements and maintain sufficient cash in banks to meet its daily settlement requirements.

The adequacy of the Company's capital is monitored using among other measures the rules and ratios established by the SEC for stockbrokers and dealers. The Company's compliance with regulatory capital requirement is monitored through the RBCA report which mandates the minimum capital level after considering the risk requirements associated with its business operations.

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 the registration and subsequent renewal of license applicable to both exchange trading participants and non – exchange broker dealer as follows: (a) to allow a net capital of ₱2.5 million

(in Philippine Peso)

or 2.5% 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 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 million plus a surety bond for existing broker dealers not engaged in market making transactions; and
₱2.5 million for broker dealers dealing only in proprietary shares and not holding securities.

Based on SEC Memorandum Circular No. 16 dated November 11, 2004, starting December 31, 2005, every broker dealer is expected to comply with all the requirements of the RBCA rules. As of December 31, 2005, the RBCA report is prepared based on the guidelines which cover the following risks: (a) position or market risk, (b) credit risks such as counterparty, settlement, large exposure (LER), and margin financing risks, and (c) operational risk.

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%. NLC and TRCR are computed based on the existing SRC. NLC consists of total equity less allowance for credit losses, subordinated liabilities, deferred tax assets, revaluation reserves, deposits for future subscription, minority interest, if any, contingencies and guarantees, and the total ineligible assets. Also, the Aggregate Indebtedness (AI) of every stockholder should not exceed two thousand percent (2,000%) of its NLC and at all times shall have and maintain NLC of at least ₱5 million of five percent of the AI, whichever is higher. If the minimum RBCA ratio of 110% or the minimum NLC is breached, such broker dealer shall immediately cease doing business as broker dealer.

Limitations on Withdrawal of Core Equity

No equity capital of a broker dealer may be withdrawn by action of a shareholder or a partner or by redemption or repurchase of shares of stock or through the payment of dividends or any similar distribution, nor may any unsecured advance or loan be made to a shareholder, partner, sole proprietor, employee or affiliate, if after giving effect thereto and to any other such withdrawals, advances or loans and any payments under satisfactory subordination agreements in conformity with SRC Rule 49.1 which are scheduled to occur within 180 days following such withdrawal, advance or loan:

- The broker dealer's NLC would be less than 120% or the minimum amount which is at least ₱5 million or 5% of its AI whichever is higher; or
- The AI of the broker dealer exceeds one thousand five hundred percent (1,500%) if its net capital.

Any transaction between a broker dealer and a shareholder, partner, sole proprietor, employee or affiliate that results in a diminution of the broker dealer's net capital shall be deemed to be an advance or loan of net capital.

The RBCA of the Company as reported to SEC as of December 31, 2023 and 2022 are shown in the table below:

	2023	2022
Equity eligible for NLC	21,294,782	11,905,431
Less: Ineligible Assets	13,786,355	4,875,031
Net Liquid Capital (NLC)	**7,508,427**	**7,030,399**
Operational risk	2,686,915	2,686,915
Position risk	1,485,161	1,395,930
Counterparty risk	24,323	-
Large Exposure Risk (LERR) 3 to a single issuer and group of companies	210,369	-
Total Risk Capital Requirement (TRCR)	**4,406,768**	**4,082,845**
Aggregate Indebtedness (AI)	**68,217,935**	**123,845,917**

	2023	2022
5% of AI	3,410,897	6,192,296
Required NLC	5,000,000	6,192,296
Net Risk-based Capital Excess	2,508,428	838,104
Ratio of AI to NLC	909%	1762%
RBCA ratio	170%	172%

The above table is presented for comparative purposes following the method used in the previous year. Alternatively, audited figures can be applied to compute the RBCA Ratio.

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

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

Operational Risk Requirement. This is the amount 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 and arising from securities held by it as a principal or in its proprietary or dealer account.

Counterparty Risk Requirement. This amount is necessary to accommodate a given level of counterparty risk. Counterparty risk is the risk of a counterparty defaulting on its financial obligation to a broker dealer.

Aggregate Indebtedness. 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.

Large Exposure Risk. It is a risk to which a broker dealer is exposed to a single equity security or single issuer group. This is the maximum permissible large exposure and calculated as a percentage of core equity.

The Company's capital management objectives are:

- To ensure the Company's ability to continue as going concern; and
- To provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the financial position. Capital for the periods under review is summarized as follows:

	2023	2022
Total liabilities	107,401,532	153,945,066
Total equity	39,885,325	52,481,205
Debt to equity ratio	**2.69:1**	**2.93:1**

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt.

The Company has complied with its covenant obligations, including maintaining the required debt-to-equity ratio for both years.

Note 24 – Fair value information

Assets and liabilities measured at fair value

The following table gives information about how the fair values of the Company's assets and liabilities, which are measured at fair value at the end of each reporting period, are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at December 31 2023	2022	Fair value hierarchy	Valuation techniques	Significant unobservable input	Relationship of unobservable inputs to fair value
Financial assets at fair value through profit or loss	4,207,770	3,946,003	Level 1	Quoted last traded prices in an active market (See a)	Not applicable	Not applicable
Condominium units under property, plant and equipment	67,139,000	67,139,000	Level 2	Market comparable approach (See b)	Prices per square meter, Premium (discount) on the quality of property	The estimated fair value increases the higher are premiums for higher quality properties

a) The fair value of the Company's financial assets through profit or loss was measured based on the last traded price provided by the Philippine Stock Exchange as of reporting date.

b) The fair value of the Company's condominium units under property, plant and equipment were determined based on Level 2 using appraisal methods performed by SEC accredited appraisers. The fair values were determined based on the market comparable approach that reflects recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

Details of each fair value level are discussed below:

- Level 1: Fair value measurements under this level are those that are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements under this level are those that are derived from valuation techniques that include inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements under this level are those that are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers to other levels during the period.

(in Philippine Peso)

Financial assets and liabilities

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

	2023		2022	
	Carrying values	**Fair values**	**Carrying values**	**Fair values**
Financial Assets				
Cash on hand and in banks	53,616,294	53,616,294	68,745,771	68,745,771
Financial assets at fair value through profit or loss	4,207,770	4,207,770	3,946,003	3,946,003
Receivables	11,601,238	11,601,238	57,370,437	57,370,437
	69,425,302	**69,425,302**	**130,062,211**	**130,062,211**
Financial Liabilities				
Trade payables*	77,885,788	77,885,788	122,471,680	122,471,680
Loans payable	17,004,885	17,004,885	18,532,550	18,532,550
	94,890,673	**94,890,673**	**141,004,230**	**141,004,230**

**The amount of payables is net of deferred revenue and government payables which are not considered as financial liabilities.*

The fair value of loans receivable and loans payable is determined based on the discounted cash flow analysis using interest rates for similar type of instruments.

Due to the short-term maturities of cash on hand and in banks, trade and other receivables, and trade and other payables, their carrying amounts approximate their fair values.

Note 25 – Notes to cash flows statements

a. Property and equipment

Acquisitions of property and equipment during the year amounted to ₱177,517 (2022 – ₱255,598).

b. Reconciliation of liabilities arising from financing activities

The tables below details changes in the Company's liability arising from financing activities, including both cash and non-cash changes in 2023 and 2022.

2023	January 1, 2023	Financing cash flows (i)	Non-cash changes	December 31, 2023
Loans payable	18,532,550	(1,527,665)	-	17,004,885
Total	**18,532,550**	**(1,527,665)**	-	**17,004,885**

2022	January 1, 2022	Financing cash flows (i)	Non-cash changes	December 31, 2022
Loans payable	19,501,364	(968,814)	-	18,532,550
Total	**19,501,364**	**(968,814)**	-	**18,532,550**

c. Cash on hand and in banks

	2023	**2022**
Reserve bank accounts	42,527,714	62,246,164
Cash in banks	11,068,580	6,479,607
Cash on hand	20,000	20,000
Total	**53,616,294**	**68,745,771**

Cash accounts with the banks generally earn interest at rates based on daily bank deposit rates. Interest income for the year amounted to ₱72,528 (2022 – ₱82,924).

(in Philippine Peso)

Note 26 – Other Matters

Continuing COVID-19 pandemic

The implementation of community quarantine by the government as a precautionary measure to contain COVID- 19, which started in the earlier part of 2020, has negatively impacted the Philippine economy. Nevertheless, as Metro Manila has downgraded to Alert Level 1 in March 1, 2022 and with a massive vaccination campaign which resulted to increasing rate of vaccinated individuals, it is expected that the country will be able to recover from the economic losses brought about by the COVID-19 pandemic in the succeeding years to come.

The Management has implemented sustainability measures as well as efficiency and cost cutting programs to be able to withstand the negative effect should the said pandemic may continue to evolve. Management is likewise optimistic that the Company would be able to meet its maturing obligations and continue as a going concern as the country is slowly recovering from the effects of the pandemic. The Company continues to monitor the situation.

Note 27 – Supplementary information required by the Bureau of Internal Revenue under Revenue Regulation Nos. 15 – 2010 and 34 – 2020

The following supplementary information are presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

Revenue Regulation 15 - 2010

I. Output and Input VAT declared in the Company's VAT returns

	2023
Vatable Sales	8,222,958
VAT Rate	12%
Output VAT	**986,755**
Purchases	4,000,781
Input VAT	480,094
Excess Input VAT	-
Total Input VAT	480,094
Net VAT Payable	506,661
VAT Payments (1st to 3rd Quarter)	503,305
VAT Payable	**3,356**

II. Information on the Company's importation

The Company does not engage in transactions involving importation of goods.

III. Other taxes and licenses

Business permits and licenses	89,352
Real property tax	70,909
Annual registration	500
Others	407
	161,168

(in Philippine Peso)

IV. Withholding taxes

Details of the Company's withholding taxes paid or accrued in 2023 are as follows:

Withholding taxes on compensation	853,257
Expanded withholding taxes	205,764
	1,059,021

Revenue Regulation 34-2020

Revenue Regulation 34-2020 prescribes the guidelines and procedures for the submission of BIR Form 1709, transfer pricing documentation (TPD) and other supporting documents for the purpose of allowing the BIR to verify that taxpayers are reporting their related party transactions at arm's length prices.

The Company is not covered by the requirements and procedures for related party transactions provided under Revenue Regulation 34-2020.