



# SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bldg. A, Makati City  
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## Company Information

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**SEC Registration No.:** 0000168560

**Company Name:** SINCERE SECURITIES CORP.

**Industry Classification:** J66930

**Company Type:** Stock Corporation

## Document Information

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**Document ID:** OST10430202583236387

**Document Type:** Annual Audited Financial Report

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**Period Covered:** December 31, 2024

**Submission Type:** Annual

**Remarks:** None

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

# COVER SHEET

for  
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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## COMPANY NAME

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D	E	V	E	L	O	P	M	E	N	T		C	O	R	P	O	R	A	T	I	O	N	)						

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

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Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A	
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## COMPANY INFORMATION

<b>Company's Email Address</b> sinceresec.corp@yahoo.com	<b>Company's Telephone Number/s</b> 638-3549	<b>Mobile Number</b> NA
<b>No. of Stockholders</b> 9	<b>Annual Meeting Month/Day</b> FIRST TUESDAY OF FEBRUARY	<b>Fiscal Year Month/Day</b> DECEMBER 31

## CONTACT PERSON INFORMATION

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

<b>Name of the Contact Person</b> TERESITA OCAMPO	<b>Email Address</b> tlocampo@yahoo.com	<b>Telephone Number</b> 638-3549	<b>Mobile Number</b> NA
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## CONTACT PERSON'S ADDRESS

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

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

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Transaction Code: **AFS-0-2TV2Q4ZW0BEFK9LGBQZ32N4XP03V VW32VN**

Submission Date/Time: **Apr 30, 2025 09:15 AM**

Company TIN: **000-338-426**

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# Sincere Securities Corporation

Member: Philippine Stock Exchange

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

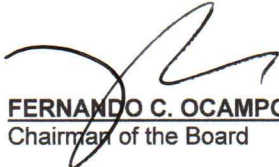
The Management of **Sincere Securities Corporation** is responsible for the preparation and fair presentation of financial statements, including the schedules attached therein, as of and for the years ended December 31, 2024 and 2023 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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


**RAMON F. GARCIA AND CO., CPAs**, the independent auditors appointed by the shareholders, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the shareholders, have expressed their opinion on the fairness of presentation upon completion of such audit.



**FERNANDO C. OCAMPO**  
Chairman of the Board



**FERNANDO C. OCAMPO**  
President



**TERESITA L. OCAMPO**  
Treasurer

Signed this day of: April 28, 2025

## **SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR**

The Shareholders and Board of Directors  
**SINCERE SECURITIES CORPORATION**  
Unit 1203 East Tower, PSE Centre,  
Exchange Road, Ortigas Center,  
Pasig City

We have examined the financial statements of **SINCERE SECURITIES CORPORATION** for the years ended December 31, 2024 and 2023, on which we have rendered the attached report, dated April 28, 2025.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the said Company has a total number of two (2) shareholder owning one hundred (100) or more shares each.

**RAMON F. GARCIA & COMPANY, CPAs**

By:

  
**HONORATA L. PAGUIO**  
Partner

CPA Certificate No. 0078850

PTR No. 10490129, January 21, 2025, Makati City

TIN 105-540-683-000

BOA/PRC Accreditation No.0207 (April 9, 2023 to October 5, 2025)

Partner's SEC Accreditation No. 78850-SEC -Category A, Valid for audit of 2019 to 2023 financial statements extended to 2025 financial statements

Firm's BIR Accreditation No. 08-001759-000-2023 (March 13, 2023 to March 12, 2026)

Firm's SEC Accreditation No. 0207- SEC Group A, Valid for audit of 2021 to 2025 financial statements

April 28, 2025  
Makati City

HLP-AR-SINC-SC25-44



# Sincere Securities Corporation

Member: Philippine Stock Exchange

**SINCERE SECURITIES CORPORATION**  
**SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION**  
**December 31, 2024**

**Audit And Non-Audit Fees of the Company and its Consolidated Related Entities**

	Current Year	Prior Year
<b>Total Audit Fees</b>	<b>85,000</b>	<b>85,000</b>
Non-audit services fees:	-	-
Other assurance services	-	-
Tax services	-	-
All other services	-	-
<b>Total Non-audit Fees</b>	<b>85,000</b>	<b>85,000</b>
<b>Total audit and non-audit fees</b>	<b>85,000</b>	<b>85,000</b>

**Audit and Non-audit Fees of Other Related Entities**

	Current Year	Prior Year
Audit fees	-	-
Non-audit services fees:	-	-
Other assurance services	-	-
Tax services	-	-
All other services	-	-
<b>Total audit and non-audit fees of other related entities</b>	<b>-</b>	<b>-</b>

## INDEPENDENT AUDITORS' REPORT

The Shareholders and Board of Directors  
**SINCERE SECURITIES CORPORATION**  
Unit 1203 East Tower, PSE Centre,  
Exchange Road, Ortigas Center,  
Pasig City

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of **SINCERE SECURITIES CORPORATION** ("the Company"), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

#### *Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 2.a (2) on non-full adoption of PAS 19 - *Employee Benefits*. The Company has six (6) employees and provided accrual of retirement based on the provision of RA 7641. Management believes that it has no material impact to the Company and that with their number of employees, using RA 7641 as the basis of computing retirement obligations and benefits approximates actual liability.

#### *Basis for Opinion*

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

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

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

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

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

#### *Auditors' Responsibilities for the Audit of Financial Statements*

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

HLP-AR-SINC-SC25-44

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

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

#### **Report on Other Legal and Regulatory Requirements**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees in Note 24 to the Financial Statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

#### **RAMON F. GARCIA & COMPANY, CPAs**

By:



**HONORATA L. PAGUIO**  
Partner

CPA Certificate No. 0078850

PTR No. 10490129, January 21, 2025, Makati City

TIN 105-540-683-000

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Firm's SEC Accreditation No. 0207- SEC Group A, Valid for audit of 2021 to 2025 financial statements

April 28, 2025  
Makati City

HLP-AR-SINC-SC25-44

Ramon F. Garcia and Company, CPAs is a member of Crowe Global rendering Audit, Tax & Advisory Services. Crowe Global is a leading international network of separate and independent accounting and consulting firms that are licensed to use Crowe in connection with the provision of professional services to their clients. Crowe Global itself is a non-practicing entity and does not provide professional services to clients. Services are provided by the member firms. Crowe Global and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

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**SINCERE SECURITIES CORPORATION**  
**(A Subsidiary of Alon Development Corporation)**  
**Statements of Financial Position**  
As at December 31, 2024 and 2023  
(in Philippine Peso)

			2024			2023	
	Notes	Money Balance	Security Valuation		Money Balance	Security Valuation	
			Long	Short		Long	Short
ASSETS							
Current Assets							
Cash on hand and in banks	2c, 4	5,726,764			9,232,690		
Receivables:							
Customers, net	2c, 5	8,759,736	109,249,165		8,991,047	106,537,149	
Receivable from other brokers	2c	1,327,940			-		
Advances to related parties	2c, 2q, 19	11,614,876			10,714,244		
Prepaid income tax	18	577,846			565,476		
Prepayments and other current assets		377,286			385,175		
Total		28,384,448			29,888,632		
Non-Current Assets							
Financial asset at fair value through other comprehensive income	2c, 6	39,360,000	39,360,000		40,800,000	40,800,000	
Property and equipment, net	2e, 2i, 7	16,830			14,428		
Right-of-use asset	2f, 2n, 8	-			206,979		
Trading right	2h, 9	1,462,500			1,462,500		
Total		40,839,330			42,483,907		
TOTAL ASSETS		69,223,778			72,372,539		
Securities in Box, Transfer Offices and with Philippine Depository and Trust Corp.							
				148,609,165			362,574,650
LIABILITIES AND SHAREHOLDERS' EQUITY							
LIABILITIES							
Current Liabilities							
Payables:							
Customers	2c, 10	48,437	266,148,308		36,612	215,237,501	
Accrued expenses and other payables	2c, 2i, 11	774,785			985,825		
Advances from related party	2q, 19	1,375,861			1,375,861		
Lease liability	2n, 12	-			152,607		
Deposit for future subscription	2j, 19	2,500,000			2,500,000		
Total		4,699,083			5,050,905		
Non-Current Liabilities							
Accrued retirement liability	2o, 17	1,157,171			577,431		
Deferred tax liability, net	2p, 18	6,613,645			7,112,504		
Total		7,770,816			7,689,935		
TOTAL LIABILITIES		12,469,899			12,740,840		
SHAREHOLDERS' EQUITY							
Authorized - 500,000 shares @ P100 par value per share		50,000,000			50,000,000		
Share capital	2k, 13	50,000,000			50,000,000		
Accumulated losses	2k, 13	(23,434,121)			(21,708,301)		
Revaluation	2k, 13	-			-		
Reserves	2k, 13	30,188,000			31,340,000		
TOTAL SHAREHOLDERS' EQUITY		56,753,879			59,631,699		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		69,223,778	414,757,473	414,757,473	72,372,539	362,574,650	362,574,650

(see notes to financial statements)

**SINCERE SECURITIES CORPORATION**  
**(A Subsidiary of Alon Development Corporation)**  
**Statements of Comprehensive Income**  
For the years ended December 31, 2024 and 2023  
(in Philippine Peso)

	Notes	2024	2023
Commission income	2l, 14	554,137	420,958
Dividend income	2l, 14	2,400,000	2,400,000
Cost of services	2m, 15	(2,356,253)	(2,697,976)
Gross profit		597,884	122,982
General and administrative expenses	2m, 16	(2,086,690)	(1,844,334)
Loss from operations		(1,488,806)	(1,721,352)
Other income (charges), net	2l, 14	(447,872)	(376,358)
Loss before tax		(1,936,678)	(2,097,710)
Income tax benefit (expense)	2p, 18		
Current		657,413	770,419
Deferred		(446,555)	(640,868)
Total		210,858	129,551
Net loss		(1,725,820)	(1,968,159)
Other comprehensive loss			
Fair value gain (loss)	6	(1,440,000)	2,880,000
Deferred tax benefit on fair value loss (gain)	18	288,000	(576,000)
Other comprehensive loss, net of tax		(1,152,000)	2,304,000
<b>Total comprehensive income (loss)</b>		<b>(2,877,820)</b>	<b>335,841</b>

(see notes to financial statements)

**SINCERE SECURITIES CORPORATION**  
**(A Subsidiary of Alon Development Corporation)**  
**Statements of Changes in Equity**  
For the years ended December 31, 2024 and 2023  
(in Philippine Peso)

	SHARE CAPITAL Note 13	RESERVES	ACCUMULATED LOSSES	TOTAL
Balances at December 31, 2022	50,000,000	29,036,000	(19,740,142)	59,295,858
Total comprehensive loss for the year	-	2,304,000	(1,968,159)	335,841
Balances at December 31, 2023	50,000,000	31,340,000	(21,708,301)	59,631,699
Total comprehensive loss for the year	-	(1,152,000)	(1,725,820)	(2,877,820)
<b>Balances at December 31, 2024</b>	<b>50,000,000</b>	<b>30,188,000</b>	<b>(23,434,121)</b>	<b>56,753,879</b>

(see notes to financial statements)

**SINCERE SECURITIES CORPORATION**  
**(A Subsidiary of Alon Development Corporation)**  
**Statements of Cash Flows**  
For the years ended December 31, 2024 and 2023  
(in Philippine Peso)

	Notes	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before income tax		(1,936,678)	(2,097,710)
Adjustments to reconcile loss before tax to net cash used in operating activities			
Depreciation - property and equipment	7	6,705	6,375
Depreciation - right-of-use assets	8	-	604,372
Interest income	4	(4,677)	(4,184)
Retirement expense	17	579,740	51,010
Loss on reversal of ROU	14, 18	54,370	-
Interest expense	12	-	33,615
Provision for credit losses	5	420,179	662,685
Dividend income	14	(2,400,000)	(2,400,000)
<b>OPERATING LOSS BEFORE WORKING CAPITAL CHANGES</b>		<b>(3,280,361)</b>	<b>(3,143,837)</b>
<b>Increase in Current Assets</b>			
Receivables		(1,516,807)	706,345
Prepayments and other current assets		(4,481)	(56,763)
<b>Decrease in Current Liabilities</b>			
Accrued expenses and other payables		(199,215)	(854,634)
<b>CASH USED IN OPERATIONS</b>		<b>(5,000,864)</b>	<b>(3,348,889)</b>
Interest received		4,677	4,184
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		<b>(4,996,187)</b>	<b>(3,344,705)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property and equipment	7	(9,107)	-
Dividends received	14	2,400,000	2,400,000
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>		<b>2,390,893</b>	<b>2,400,000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Advances from related party		-	1,375,861
Advances from shareholders		(900,632)	(2,526,629)
Deposit for future subscription	19	-	2,500,000
Repayment of leasing liability	13, 19	-	(703,928)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		<b>(900,632)</b>	<b>645,304</b>
<b>NET DECREASE IN CASH ON HAND AND IN BANKS</b>		<b>(3,505,926)</b>	<b>(299,401)</b>
<b>CASH ON HAND AND IN BANKS AT THE BEGINNING OF YEAR</b>		<b>9,232,690</b>	<b>9,532,091</b>
<b>CASH ON HAND AND IN BANKS AT THE END OF YEAR</b>	4	<b>5,726,764</b>	<b>9,232,690</b>

(see notes to financial statements)

**SINCERE SECURITIES CORPORATION**  
**(A Subsidiary of Alon Development Corporation)**

**Notes to Financial Statements**

As at and for the years ended December 31, 2024 and 2023  
(in Philippine Peso)

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**Note 1 – Corporate Information**

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Sincere Securities Corporation (the Company) was registered with the Philippine Securities and Exchange Commission (SEC) on September 19, 1989 under SEC Reg. no. 168560 primarily to engage in the business of trading of stocks, bonds, debentures and other financial securities.

The major shareholders of the Company are Alon Development Corporation and Sincere Holdings Corporation, which owns 70.44% and 29.56% of the Company, respectively. Alon Development Corporation is a diversified commercial company while Sincere Holdings Corporation is a domestic holding corporation.

Alon Development Corporation is primarily engaged in property development and was organized and registered with the Philippine SEC on June 03, 1983 under SEC registration number CS113202

The registered office address of the Company is at Unit 1203 East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City.

The financial statements of the Company for the year ended December 31, 2024 (including the comparatives for the year ended December 31, 2023) were authorized and approved for issue by the Board of Directors (BOD) on April 28, 2025.

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**Note 2 – Summary of Material Accounting Policies Information**

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

**a. Basis of preparation**

**1. Statement of compliance with Philippine Financial Reporting Standards (PFRS)**

The financial statements of the Company have been prepared in accordance with PFRS Accounting Standards, which includes all applicable PFRSs, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Philippine Financial and Sustainability Reporting Standards Council or FSRSC (formerly Financial Reporting Standards Council or FRSC) and Board of Accountancy (BOA) and adopted by the SEC.

**2. Basis of measurement**

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. These financial statements have been prepared on the historical cost basis, except for the financial assets at fair value through other comprehensive income (FVOCI) that have been measured at fair value, retirement obligation presented at present value and lease liability which is presented based on present value of remaining lease payments, discounted using the Company's incremental borrowing rate.

The Company is a holder of a secondary license issued by SEC, thus the Company is considered as a publicly accountable company and is required to adopt fully the PFRS in its preparation of financial statements except for the use of closing prices for the valuation of equity securities as required by the Securities Regulation Code (SRC). PFRS requires the use of current bid prices for valuation of equity securities held. The difference between the last trade price and the current bid price is P 72,000 - (2023 – P 1,680,000). There is no impact on the Company's equity other than those already affecting the statement of comprehensive income.

Deferral of certain provisions of PAS 19

The Company deferred the implementation of certain provisions of PAS 19 (Revised) particularly on the actuarial valuation of retirement liability. However, the Company is computing its defined benefit obligation using the provisions of the Republic Act No. 7641 (known as the Retirement Law).

**SINCERE SECURITIES CORPORATION**  
**(A Subsidiary of Alon Development Corporation)**  
**Notes to Financial Statements**

As at and for the years ended December 31, 2024 and 2023  
(in Philippine Peso)

The management believes that the effect of the deferral of certain provisions of PAS 19 has no material effect on the financial statements of the Company. The Company has 7 and 8 employees as at December 31, 2024 and 2023, respectively.

Other measurement bases are more fully described in the accounting policies that follow.

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

**b. Adoption of new and revised accounting standards and pronouncements**

**1. Adoption of new and revised accounting standards effective in 2024**

The accounting policies adopted are consistent with those of the previous financial year except that the Company has adopted the following amended standard as at January 1, 2024. 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.

- Amendments to PAS 1, *non-current liabilities with covenants*

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The amendments are effective for reporting periods beginning on or after January 1, 2024. The amendments are applied retrospectively in accordance with PAS 8 and earlier application is permitted.

- Amendments to PAS 7 and PFRS 7, *supplier finance arrangements*

The amendments introduced new disclosure requirements to enhance the transparency and, thus, the usefulness of the information provided by entities about supplier finance arrangements, as follows:

- the terms and conditions;
- the amount of the liabilities that are part of the arrangements, breaking out the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities sit on the balance sheet;
- ranges of payment due dates; and
- liquidity risk information.

The amendments will be effective for annual reporting periods beginning on or after January 1, 2024, with early application permitted.

- Amendments to PFRS 16, *lease liability in a sale and leaseback*

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines lease payments and revised lease payments in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

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A seller-lessee applies the amendments retrospectively in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, to sale and leaseback transactions entered into after the date of initial application.

2. New accounting standards effective after the reporting period ended December 31, 2024

*Effective beginning on or after January 1, 2025*

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

*Effective beginning on or after January 1, 2026*

- Amendments to PFRS 7 and 9, *Amendments to the Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 1
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, Lessee Derecognition of Lease Liabilities and Transaction Price
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

*Effective beginning on or after January 1, 2027*

- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

*Deferred*

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

3. Other PIC Q&As Issued in 2024

- Q&A No. 2024-01, *Accounting for Experience Refund or No-claim Bonus*
- Q&A No. 2024-02, *Conforming Changes to PIC Q&As – Cycle 2024*
- Q&A No. 2024-03, *Allocation of Transaction Price for Bundled Contracts under PFRS 15*

**c. Financial instruments**

Financial assets

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 using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's cash on hand and in banks, receivables and advances to related party are included in this category as at December 31, 2024 and 2023.

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

The Company's investment in 240,000 PSE shares with fair value of P 39,360,000 (2023 – P 40,800,000) is classified as equity instrument designated at fair value through OCI as at December 31, 2024 and 2023.

*Impairment of financial assets*

The Company recognizes an expected credit losses (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 either 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 trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. 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.

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

**Financial liabilities**

*Classification and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

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 or borrowings.

The Company's payable and other liabilities (excluding statutory payables and contract liabilities) are classified under this category as at December 31, 2024 and 2023.

*Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position 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 assets and settle the liabilities 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.

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**d. Determination and measurement of fair value**

The Company measures financial instruments 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:

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

The principal or the most advantageous market must be accessible to 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 nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

For assets and liabilities that are recognized in the 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 date.

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

**e. Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and amortization and any accumulated impairment losses. The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Such cost includes the cost of replacing component parts of the property and equipment when the cost is incurred, if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, these parts are recognized as individual assets with specific useful life and depreciate them accordingly. The present value of the expected cost for the decommissioning of the asset after use is included in the cost of the asset if the recognition criteria for a provision are met.

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Depreciation of property and equipment is provided on the straight line basis to write off the cost or valuation of each asset to its residual value over their estimated useful life as follows:

	<b>Estimated Useful Life</b>
Office Equipment	5 years

Depreciation begins when property and equipment is available for use and to continue depreciating until it is derecognized, even if in that period those items are idle.

The depreciation method and useful life 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.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

The cost of repairs and maintenance is charged to statement of comprehensive income as incurred and significant renewals and improvements are capitalized. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income of such period. The carrying amount of a part of an item of property and equipment is derecognized if that part has been replaced and included the cost of the replacement in the carrying amount of the item.

Property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of these assets is the greater of net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however, not to an amount higher than the carrying amount that would have been determined (net of any depreciation and amortization) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is credited to current operations.

**f. Right-of-use asset**

The right-of-use asset is recognized at the commencement date of the lease. This is initially measured at cost which includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and any estimated dismantling and restoration costs which may be incurred at commencement date or as a consequence of having used the underlying asset during the lease term.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the Company shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

After the commencement date, the right-of-use asset shall be measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities.

Depreciation of right-of-use assets are computed using the straight-line method over the lease term. The lease terms are as follows:

<b>Category</b>	<b>Number of Years</b>
Office unit	5

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**g. Trading right**

Trading right was a result of the Philippine Stock Exchange (PSE) conversion plan to preserve the access of stockbrokerage to the trading facilities and continue to transact business in PSE. The exchange trading right is an intangible asset that is regarded as having an indefinite useful life as there is no foreseeable limit to the period over which this asset is expected to generate net cash inflows for the Company. The assessment of indefinite life is reviewed annually to determine whether the indefinite useful life continues to be supportable. If not, the change is useful life from indefinite to finite is made on a prospective basis.

Trading right is carried at the amount allocated from the original cost of the exchange membership seat less any allowance for impairment loss. The carrying value of the trading right is reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. Impairment is recognized for the amount which is calculated at the higher of the asset's value in use or its fair value less cost to sell.

**h. Impairment of non-financial assets**

The Company's property and equipment and right-of-use asset are subject to impairment testing. All other individual assets or cash generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**i. 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 end of the reporting period, including the risks and uncertainties associated with the present obligation. 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. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

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In those cases, where the possible outflow of economic resource 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. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

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

**j. Deposit for future subscription**

Deposit for future stock subscription represents the amount received that will be applied as payment in exchange for a fixed number of the Company's own equity instruments. It is classified as an equity item if there is sufficient unissued authorized capital stock, or if in case the unissued authorized capital stock is insufficient to cover the amount of deposit, (a) the BOD and stockholders have approved a proposed increase in authorized capital stock for which a deposit was received, and (b) the proposed increase was filed with the SEC as of financial reporting date; otherwise, the deposit is classified as a liability.

**k. Equity**

Share capital is determined using the nominal value of shares that have been issued.

Revaluation reserve comprises of gains and losses due to revaluation of financial assets at FVOCI.

Accumulated losses include all current and prior period results as disclosed in the statement of comprehensive income.

**l. Revenue from contracts with customers**

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Company has concluded that it is the principal in all of its revenue arrangements except for its brokerage transactions.

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

1. *Commission* – The Company engages in stock brokerage wherein 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. 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 customer. Commissions are computed for every trade transaction based on the percentage of the amount of trading transaction.

Securities are valued using the latest closing price at period end for securities with trading transactions at the stock exchange or in the absence thereof, the closing price nearest the year-end and if there has been no trading for quite a while, the latest bid or asked price of the securities.

2. *Interest income* - Revenue is recognized on time proportion basis, taking into account the principal, when it is determined that such revenue will accrue to the Company and presented net of applicable final tax.
3. *Dividend and other income* - Dividend and other income are recognized in the statement of comprehensive income when the Company's right to receive payment is established.

**m. Cost and expense recognition**

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

1. *Cost of services (COS)*. Cost of services is recognized as expense when the related revenue is recognized.

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2. *Operating expense.* Operating expenses constitute cost of administering the business. These are expensed as incurred.

**n. Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. Control over the use of an identified asset for a period of time is conveyed when, the customer has both of the following throughout the period of use:

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

In identifying the leases, lease and some non-lease components shall be accounted separately under applicable standards.

Company as a lessee

The Company recognizes a right-of-use assets and a lease liability at the lease commencement date. The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site in which it is located, less any lease incentives received.

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use assets reflect that the Company will exercise a purchase option. In that case, the right-of-use assets will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liabilities comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liabilities are measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of cars and printers. The Company recognizes the lease payments associated with these leases as an expense.

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**o. Employee benefits**

**1. Short-term benefits**

These are measured at an undiscounted rate and recognized as services are rendered. Other costs, such as annual leave, are recognized as the related services are rendered if the costs accumulate, otherwise the cost is expensed when the leave is taken or used. Bonus payments are only recognized when an obligation exists and the amount can be reliably estimated.

**2. Termination benefits**

These 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 benefits 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.

**3. Post-employment benefits**

The Company has no formal retirement plan for the benefit of its qualified employees. The Company, however, is subject to the provision of Republic Act No. 7641 (Retirement Law). The law requires that in the absence of a retirement plan agreement providing for retirement benefits of employees in private sector, an employee upon reaching the age of 60 years or more but not beyond 65 years who served at least 5 years in private company may retire and shall be entitled to retirement pay equivalent to at least 21.82 days for every year of service, or a fraction of at least 6 months being considered as one (1) whole year.

**p. Income taxes**

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

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

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

1. Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
2. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences and the excess of minimum corporate income tax (MCIT) over regular corporate income tax, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and MCIT can be utilized, except:

1. Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction, affects neither the accounting profit nor taxable profit or loss; and
2. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax asset is also recognized for Net Operating Loss carry over (NOLCO).

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Section 34 (D) (3) define NOLCO as the net operating loss of the enterprise for any taxable year immediately preceding the current year, which had not been previously offset as deduction from gross income shall be carried over as deduction from gross income for the next three (3) consecutive taxable years immediately following the year of loss.

The carrying amount of deferred income tax assets is reviewed at each reporting period and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Deferred income tax assets and liabilities are measured at the tax rate that is 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.

A valuation allowance is provided when it is more likely that some portion or all of the deferred income tax assets will not be realized. Any change in the valuation allowance on deferred income tax assets is also included in the computation of the provision for deferred income tax for the year.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting period.

**q. Related party transaction and relationships**

Related party relationships exist when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party 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.

In considering each possible related party relationship attention is directed to the substance of the relationships and not merely legal form.

**r. Value-added tax (VAT)**

Revenues, expenses and assets are recognized, net of the amount of VAT, except when VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "other current assets" or "accrued expenses and other payables" in the statement of financial position.

**s. Events after the reporting period**

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

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**Note 3 – Significant Accounting Judgments, Estimates and Assumptions**

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The Company's financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect the amounts reported in the financial statements and the notes to financial statements. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these estimates.

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**a. Critical management judgments in applying accounting policies**

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

**1. Fair value of financial instruments**

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation technique 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.

**2. Classification of financial instruments**

The Company classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument.

The substance of a financial instrument, rather than its legal form generally governs its classification in the statement of financial position.

**3. Identification of performance obligations**

The Company identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Company's promise to transfer the good or service to the customer is separately identifiable from the promises in the contract.

The Company provides stock broker services to its customers on a commission basis. The Company has no other services or any bundled goods, and variable consideration incidental in rendering its services, and therefore, brokerage services rendered is treated as a single performance obligation for each contract.

**4. Principal versus agent considerations**

The Company determines if it is a principal or agent in its transactions with customers. A principal controls the promised goods or service before the transfer of goods or service to customers. An agent's performance obligation is to arrange for the provision of goods or services by another party. When an agent satisfies a performance obligation, it recognizes revenue in the amount of any fee or commission it expects to be entitled in exchange for arranging for the other party to provide its goods or service.

In assessing the principal-agent considerations, the Company applies the necessary indicators as stated in PFRS 15. For 2024 and 2023, the Company concluded that it is a principal in its revenue arrangements except brokerage services.

**b. Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**1. Provision for ECL**

*Assessment for ECL on trade receivables.* The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

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The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

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

In relation to impact of ECL on the Company's receivables, since the Company is a stock broker with secondary license, it is required to maintain an impairment loss consistent with the policy of its governing body, Capital Markets Integrity Corporation (CMIC), and hence, the management deemed that the impairment loss recognized by the Company under the CMIC policy is sufficient and that impact of assessed ECL is not material. Accordingly, no additional provision for receivables was recognized for 2024 and 2023.

The carrying value of receivables from customers amounted to P 8,759,736 and P 8,991,047 as at December 31, 2024 and 2023, respectively. Allowance for Impairment losses on receivables from customers, as also shown in Note 5, amounted to P 3,509,603 in 2024 and P 3,089,424 in 2023.

The carrying value of receivables from clearing house amounted to nil for both years. No impairment loss was recognized for both years presented.

*Assessment for ECL on other financial assets at amortized cost.*

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

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

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

The Company has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable banks and companies with good credit standing and relatively low risk of defaults.

Other financial assets of the Company include cash in banks, non-trade receivables and advances to related parties.

**2. Valuation of financial assets other than receivables**

The Company carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. 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 or loss and other comprehensive income.

Fair value loss on financial assets at FVOCI in 2024 amounted to P 1,440,000, (fair value gain 2023 - P 2,880,000) (Note 6).

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3. Impairment of non-financial assets other than trading rights

PFRS 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 Note 2h. 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.

There is no impairment loss recognized on non-financial assets as at December 31, 2024 and 2023.

4. Impairment of trading rights

Trading rights which are carried at cost less any allowance for impairment loss. Impairment is recognized for the amount which is calculated at the higher of the asset's value in use or its fair value less cost to sell. Exchange trading rights are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired. 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.

There is no impairment loss recognized on trading rights as at December 31, 2024 and 2023.

5. Retirement benefits

The Company's retirement benefit cost is reviewed at every reporting date to reflect proper estimate based on the existing number of qualified employees and in accordance with R.A. 7641, otherwise known as *The Retirement Pay Law*.

Under PAS 19, *Employee Benefits*, the cost of defined retirement benefits, including those mandated under R.A. 7641, should be determined using an accrued benefit actuarial valuation method or a projected unit credit actuarial valuation method.

Management believes that the effect on the financial statements of the difference between the retirement benefit cost recognized by the Company and the retirement benefit cost that could be determined using the projected unit credit actuarial valuation method is not significant.

Accrued retirement benefits as at December 31, 2024 and 2023 amounted to P 1,157,171 and P 577,431, respectively (Note 17).

6. Realizable amount of deferred income tax assets

The carrying amount of deferred income tax asset is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient deductible loss will be available to allow or part of the net deferred tax liability to be utilized.

The carrying value of deferred income tax assets is P 933,355 and P 763,892 as at December 31, 2024 and 2023, respectively (Note 18).

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**Note 4 – Cash on Hand and in Banks**

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This account consists of:

	2024	2023
Cash on hand	25,210	25,210
Cash in banks	5,701,554	9,207,480
<b>Total</b>	<b>5,726,764</b>	<b>9,232,690</b>

Cash in banks earn interest based on the banks' average deposit rates. Interest income earned in 2024 and 2023 amounted to P 4,677 and P 4,184, respectively.

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**Note 5 – Receivable from Customers, net**

This account consists of:

	2024			2023		
	Money Balance	Security Valuation		Money Balance	Security Valuation	
		Long	Short		Long	Short
Cash and fully secured accounts						
More than 250%	2,191,215	89,921,975	-	2,190,354	96,394,737	-
Between 200% and 250%	-	-	-	-	-	-
Between 150% and 200%	180	311	-	180	327	-
Between 100% and 150%	184,200	194,497	-	9,886,277	10,142,085	-
Cash and unsecured accounts						
Less than 100%	9,887,742	19,132,382	-	-	-	-
Unsecured	6,002	-	-	3,660	-	-
<b>Total</b>	<b>12,269,339</b>	<b>109,249,165</b>	<b>-</b>	<b>12,080,471</b>	<b>106,537,149</b>	<b>-</b>
Less: Provision for credit losses	(3,509,603)	-	-	(3,089,424)	-	-
<b>Total</b>	<b>8,759,736</b>	<b>109,249,165</b>	<b>-</b>	<b>8,991,047</b>	<b>106,537,149</b>	<b>-</b>

This account pertains to the amount due from customers resulting from brokerage services rendered, including value of securities bought in behalf of customers, commission, and other charges on cash accounts.

The Company's receivables from customers were reviewed for indications of impairment. Provision for credit losses were recorded accordingly.

Details of movement of allowance for impairment:

	2024	2023
January 1	3,089,424	2,426,740
Provision during the year (Note 14)	420,179	662,684
<b>Total</b>	<b>3,509,603</b>	<b>3,089,424</b>

In 2013, a change in an accounting estimate on the provision for credit losses was made to effect the computation of Specific and General Provisions for overdue account in accordance with Schedule for Part 4 of SEC Memorandum 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 net of collateral
Beyond 30 days	-Considered as losses
	-100% of unsecured accounts net of collateral

Provision for credit losses on receivables 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. 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.

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**Note 6 – Financial Asset at Fair Value through Other Comprehensive Income (FVOCI)**

This consists of the following:

	2024	2023
Investment in shares of stock, at cost	1,650,000	1,650,000
Accumulated fair value gain	37,710,000	39,150,000
<b>Total</b>	<b>39,360,000</b>	<b>40,800,000</b>

The following are the movements of the investment in shares of stock:

	2024	2023
January 1	40,800,000	37,920,000
Increase (Decrease) in market value	(1,440,000)	2,880,000
<b>December 31</b>	<b>39,360,000</b>	<b>40,800,000</b>

Equity security mainly consists of investment in the 240,000 shares of Philippine Stock Exchange (PSE). The fair value has been determined directly by reference to published last traded price in active markets amounting to P 164 per share in 2024 and P 170 per share in 2023.

Total fair value loss net of tax recognized in the statements of comprehensive income for 2024 and fair value gain on 2023 amounted to P 1,152,000 and P 2,304,000 respectively (Note 13).

**Note 7 – Property and Equipment, net**

This account consists of:

	2024	2023
<b>Cost</b>		
Beginning	320,958	320,958
Additions	9,107	-
Disposals/retirements/adjustments	-	-
Ending	330,065	320,958
<b>Accumulated Depreciation</b>		
Beginning	306,530	300,155
Depreciation for the year	6,705	6,375
Disposals/retirements/adjustments	-	-
Ending	313,235	306,530
<b>Carrying Value</b>	<b>16,830</b>	<b>14,428</b>

Additions were made amounting to P 9,107 (2023 – nil). Total depreciation recognized by the Company from its property and equipment amounted to P 6,705 (2023 - P 6,375), charged entirely to admin expense. (Note 16)

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**Note 8 – Right-of-Use (ROU) Assets**

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This account consists of:

	2024	2023
<b>Cost</b>		
Beginning balance, as adjusted	3,222,216	3,222,216
Termination of contract	(3,222,216)	-
Ending	-	3,222,216
<b>Accumulated Depreciation</b>		
Beginning	3,015,237	2,410,865
Provision	-	604,372
Termination of contract	(3,015,237)	-
Ending	-	3,015,237
<b>Carrying Value</b>	-	206,979

Right-of-use asset pertains to capitalized office unit rented by the Company from its parent company.

This lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Lease contain an option to extend for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. At the end of the lease term, all improvements shall transfer to the lessor in accordance with the agreements

In 2024, the Company have terminated its contract with Alon Development Corporation, incurring loss amounting to P 54,370.

Total depreciation for the year recognized by the Company from its ROU assets amounted to nil for 2024 while P 604,372 for 2023 of which P 423,061 was charged to cost of sales and P 181,311 was charged to admin expense.

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**Note 9 – Trading Right**

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This account represents the Exchange trading right of the Company with carrying value of P 1,462,500 for 2024 and 2023. The market value of the trading right is P 8,500,000 as of December 31, 2024 and 2023.

Effect of the PSE Demutualization on the Accounting Treatment of the Investment in PSE Shares of Stocks and the PSE Trading Right

Under the PSE rules, all exchange membership seats are pledged at its full value to the PSE to secure the payment of all debts due to the other members of the exchange arising out of or in connection with the present or future members' contracts. Accordingly, the PSE maintains a Trade Guarantee Fund to ensure the performance of its members.

The demutualization of the PSE, which was approved by the SEC in August 2001, has resulted in the conversion of the Company's PSE membership seat into 50,000 shares of PSE common stock (with P 1 par value), as well as a PSE trading right. The Company's ownership of the PSE shares of stock is deemed legally separate from its ownership of the PSE trading right. Accordingly, the PSE shares of stock can be transferred independently of the PSE trading rights without any restriction.

On April 1, 2004, the Philippine Stock Exchange, Inc. prepared guidelines for consistency and uniformity on the values to use for the purpose of cost allocation of carried over investment in the Exchange from Membership Seat to Trading Rights and PSE shares by Trading Participants after the demutualization of the PSE.

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The account exchange membership seat in the books of the Company was reclassified and changed to the new account titles "Trading Right" and "Available-for-Sale Equity Securities", under non-current assets in the statements of financial position. Below is the allocation basis:

- Investments (under financial assets of fair value through OCI) – 53%
- Trading right – 47%

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**Note 10 – Payable to Customers**

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This account consists of:

	2024			2023		
	Money Balance	Security Valuation Long	Short	Money Balance	Security Valuation Long	Short
With money balances	48,437	14,495,678	-	36,612	16,388,376	-
No money balances	-	251,652,630	-	-	198,849,125	-
<b>Total</b>	<b>48,437</b>	<b>266,148,308</b>	<b>-</b>	<b>36,612</b>	<b>215,237,501</b>	<b>-</b>

Payable to customers represents the amount due to customers arising from brokerage services rendered, including value of securities sold in behalf of customers, commission, and other charges.

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**Note 11 – Accrued Expenses and Other Payables**

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This consists of:

	2024	2023
Accrued expenses and others	701,724	913,295
Payable to government agencies	73,061	72,530
<b>Total</b>	<b>774,785</b>	<b>985,825</b>

Included in accrued expenses and others are dividend payable to customers, accruals and other liabilities. Accrued expense represents accruals for communication, transportation, utilities and professional fees incurred but unpaid as at year end which are expected to be paid within twelve (12) months after the reporting date.

Payable to government agencies includes payables for withholding taxes, SSS and HDMF loan and contributions, and PHIC contributions.

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**Note 12 – Lease Liabilities**

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Movement of lease liabilities is as follows:

Particulars	2024	2023
Beginning balance	152,607	822,920
Addition	-	-
Accretion of interest	-	33,615
Payments	-	(703,928)
Adjustment	(152,607)	
<b>Ending balance</b>	<b>-</b>	<b>152,607</b>

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Lease liabilities are presented in the statements of financial position as follows:

	2024	2023
Current	-	152,607
Non-current	-	-
<b>Total</b>	<b>-</b>	<b>152,607</b>

Maturity analysis:

Particulars	2024	2023
Not later than 1 year	-	152,607
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
<b>Total</b>	<b>-</b>	<b>152,607</b>

Payment of the lease liability in 2024 and 2023 amounted to nil and P 703,928. Finance cost on lease liability recognized by the Company in its statements of comprehensive income amounted to nil (2023 - P 33,615) (Note14).

**Note 13 – Equity**

a. Authorized and subscribed share capital as at 2024 and 2023:

	No. of Shares		Amount	
	2024	2023	2024	2023
Authorized share capital				
Common shares @ P 100 par value	500,000	500,000	50,000,000	50,000,000
<b>Total</b>	<b>500,000</b>	<b>500,000</b>	<b>50,000,000</b>	<b>50,000,000</b>

	No. of Shares		Paid-up Capital	
	2024	2023	2024	2023
Subscribed shares and paid-up capital				
Balance at the beginning of year	500,000	500,000	50,000,000	50,000,000
Shares subscribed and amount paid during the year	-	-	-	-
<b>Balance at the end of year</b>	<b>500,000</b>	<b>500,000</b>	<b>50,000,000</b>	<b>50,000,000</b>

b. As at December 31, 2024 and 2023, the Company has two (2) shareholders owning 100 or more shares each of the Company's share capital.

c. Accumulated losses

SRC Rule 49.1 Reserve Fund under SEC Memo 16 - 2004 states that every broker dealer shall annually appropriate a certain minimum percentage of its audited profit after tax and transfer the same to the appropriated accumulated profits 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%

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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 Accumulated Profits 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 Accumulated Profits 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

No appropriation was made as the Company has an accumulated losses balance amounting to P 23,434,121 and P 21,708,301 as at December 31, 2024 and 2023, respectively.

d. Reserves on investments under financial assets at FVOCI

Balance at December 31, 2022	<b>29,036,000</b>
Movements	
Fair value gain – 2023	<b>2,880,000</b>
Related deferred tax at 20%	<b>(576,000)</b>
Subtotal	<b>2,304,000</b>
Balance at December 31, 2023	<b>31,340,000</b>
Movements	
Fair value loss – 2024	<b>(1,440,000)</b>
Related deferred tax at 20%	<b>288,000</b>
Subtotal	<b>(1,152,000)</b>
<b>Balance at December 31, 2024</b>	<b>30,188,000</b>

**Note 14 – Commission Income and Other Income (Loss), net**

This account consists of:

	<b>2024</b>	<b>2023</b>
<b>Revenue</b>		
Commission Income	<b>554,137</b>	420,958
<b>Other income (charges), net</b>		
Provision for credit losses (Note 5)	<b>(420,179)</b>	(662,684)
Interest expense from lease liability (Note 12)		(33,615)
Interest income (Note 4)	<b>4,677</b>	4,184
Other income	<b>22,000</b>	315,757
Loss on reversal of ROU	<b>(54,370)</b>	
Other non-operating expenses (Note 18)	-	(662,684)
Subtotal	<b>(447,872)</b>	(376,358)
<b>Total</b>	<b>106,265</b>	44,600

Commission income came from the Company's stock brokerage services. This is accounted under PFRS 15.

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For 2023, net against the other income accounts is the other non-operating expenses which pertains to expired NOLCO and MCIT during the year (Note 18).

Interest expense pertains to amortization of lease liability.

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, 2024 and 2023:

	Services transferred at a point in time	Revenues outside the scope of PFRS 15	<b>2024 Total</b>
Commission income	554,137	-	<b>554,137</b>
Dividend income	2,400,000	-	<b>2,400,000</b>
Interest income	-	4,677	<b>4,677</b>
<b>Total</b>	<b>2,954,137</b>	<b>4,677</b>	<b>2,958,814</b>

	Services transferred at a point in time	Revenues outside the scope of PFRS 15	<b>2023 Total</b>
Commission income	420,958	-	420,958
Dividend income	2,400,000	-	2,400,000
Interest income	-	4,184	4,184
<b>Total</b>	<b>2,820,958</b>	<b>4,184</b>	<b>2,825,142</b>

**Note 15 – Cost of Services**

This account consists of:

	<b>2024</b>	<b>2023</b>
Salaries, wages and other employee benefits	<b>1,819,853</b>	1,784,229
SSS, Medicare and Pag-ibig	<b>128,933</b>	149,622
Communication expense	<b>33,740</b>	34,090
Transportation and travel	<b>17,095</b>	14,328
Depreciation - ROU asset (Note 8)	-	423,061
Others	<b>356,632</b>	292,646
<b>Total</b>	<b>2,356,253</b>	<b>2,697,976</b>

Commission expense represents the amount paid, aside from the regular basic salary, to an authorized agent who is an employee of the Company.

Other costs include stock exchange dues and fees, Philippine Depository and Trust Corp. (PDTC) fees, and Securities Clearing Corporation of the Philippines (SCCP) expenses.

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**Note 16 – General and Administrative Expenses**

This account consists of:

	2024	2023
Salaries, wages and other employee benefits	702,366	689,598
Retirement expense (Note 17)	579,740	51,010
Membership, association dues and other fees	221,340	221,340
Communication, light and water	195,914	180,367
Taxes and licenses	86,467	90,301
SSS, Medicare and Pag-ibig	55,257	64,124
Insurance expense	39,372	39,372
Office supplies	21,308	62,679
Transportation and travel	7,326	6,140
Depreciation - property equipment (Note 7)	6,705	6,375
Repair and maintenance	6,500	29,500
Bank charges	1,000	1,300
Depreciation - ROU asset (Note 8)	-	181,311
Professional fees	-	136,000
Other expenses	163,395	84,917
<b>Total</b>	<b>2,086,690</b>	<b>1,844,334</b>

Other expenses include petty cash reimbursements, stock exchange dues and fees, PCD fees and various penalties paid to CMIC and SEC.

**Note 17 – Accrued Retirement Liability**

The Company has no formal retirement benefit plan. The Company accrues all the retirement benefits of its employee in accordance with the provision of R.A. No. 7641.

R.A No. 7641 mandates all private employers to provide retirement benefits to employees who upon reaching the age of sixty years (60) or more, but not beyond sixty-five (65) years, have served at least five (5) years in the said establishment.

The amount of retirement was defined as "...At least one-half (1/2) month salary for every year of service, a fraction of at least six (6) months being considered as one whole year". The one-half month salary" was further defined to include the following:

- Fifteen (15) days salary of the employee based on his latest salary rate;
- Cash equivalent of five (5) days of service incentive leave;
- One-twelfth (1/12) of the 13<sup>th</sup> month pay due to the employee, and
- All other benefits that the employers and the employee may agree upon that should be included in the computation of the employee's retirement pay.

In compliance with RA 7641, the Company provides retirement liability as follows:

	2024	2023
Retirement liability – January 1	577,431	526,421
Accrual during the year	579,740	51,010
<b>Retirement liability – December 31</b>	<b>1,157,171</b>	<b>577,431</b>

Additional accrued retirement during the year amounted to P 579,740 (P 51,010 – 2023) which are reported under general and administrative expense (Note 16).

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**Note 18 – Income Taxes**

**a. Income Tax Benefit**

The components of tax benefit as reported in the statements of comprehensive income:

Reported in profit or loss

	2024	2023
<u>Current income tax</u>		
Taxable loss at 20%	657,413	770,419
<u>Deferred income tax</u>		
Reversal of provision for bad debts	84,036	132,537
Excess of lease payments over depreciation and interest expense	10,874	(13,188)
Accrual of retirement liability	115,948	10,202
Set up of valuation allowance for NOLCO	(657,413)	(770,419)
Subtotal	(446,555)	(640,868)
<b>Total</b>	<b>210,858</b>	<b>129,551</b>

Reported in other comprehensive income

	2024	2023
Deferred tax (expense) benefit relating to:		
Unrealized (gain) loss on financial assets at FVOCI	(288,000)	(576,000)

A reconciliation of tax computed at the applicable statutory rates to tax expense reported in the statements of comprehensive income is as follows:

	2024	2023
Tax on pretax loss at 20%	387,336	419,542
Tax effect of:		
Non-deductible expenses	-	(409)
Non-taxable income	480,000	480,837
Set up of valuation allowance	(657,413)	(770,419)
Other adjustment	(935)	-
<b>Total</b>	<b>210,858</b>	<b>129,551</b>

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**b. Net Deferred Tax Liabilities**

The net deferred tax liabilities relate to the following as at December 31:

	<b>Statements of Financial Position</b>		<b>Statements of Comprehensive Income</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Deferred tax assets				
Provision for credit loss	<b>701,921</b>	617,885	<b>84,036</b>	132,537
Retirement benefits	<b>231,434</b>	115,486	<b>115,948</b>	10,202
NOLCO – 2024	<b>657,413</b>	-	<b>657,413</b>	-
NOLCO – 2023	<b>770,419</b>	770,419	-	770,419
NOLCO – 2022	<b>719,551</b>	719,551	-	-
NOLCO – 2021	<b>454,435</b>	454,435	-	-
NOLCO – 2020	<b>485,392</b>	485,392	-	-
Excess of lease payments over PFRS 16,net	-	30,521	<b>10,874</b>	(13,188)
Valuation allowance	<b>(2,153,855)</b>	(2,429,797)	<b>(657,413)</b>	(770,419)
Subtotal	<b>933,355</b>	763,892	<b>210,858</b>	129,551
Deferred tax liability				
Impact of PFRS 16 (DTL)	-	(41,396)	-	-
Unrealized loss on financial assets at FVOCI	<b>(7,547,000)</b>	(7,835,000)	-	-
Subtotal	<b>(7,547,000)</b>	(7,876,396)	-	-
<b>Net deferred tax liability</b>	<b>(6,613,645)</b>	(7,112,504)		-

During the year, DTA on NOLCO for 2024 amounted to P 657,413. 2021 NOLCO will expire on 2026; 2020 in 2025.

Under Republic Act No. 8424, “An Act Amending the National Internal Revenue Code, As Amended, and for Other Purposes”, the net operating loss of a business for any taxable year immediately preceding the current taxable year, which had not been previously offset as deduction from gross income shall be carried over as a deduction from gross income for the next three (3) consecutive taxable years immediately following the year of such loss. However, pursuant to Revenue Regulation 25-2020 “Bayanihan to Recover as One Act”, NOLCO incurred in taxable year 2020 and 2021 can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years.

Valuation allowance for NOLCO was provided effective for year 2020. Management assess that the Company may not be able to utilize the NOLCO.

**c. Optional standard deduction**

Effective July 2008, Republic Act (RA) 9504 was approved giving 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 2024 and 2023 the Company opted to claim itemized deductions.

**d. Enactment of Ease of Paying Taxes (EOPT) Act**

On January 5, 2024, the President of the Philippines signed into law the Ease of Paying Taxes (EOPT) Act as Republic Act (RA) No. 11976 – which aims to simplify tax filings, particularly for those classified by small and micro taxpayers. This became effective on January 22, 2024, which is 15 days after its publication.

The salient features of the EOPT Act include new classification of taxpayers, reduced fines and penalties for small and micro taxpayers, removal of annual registration fee, file and pay taxes anywhere, simplified VAT documentation using sales invoice both for seller of goods and services, simplified timing of withholding of taxes, repealed non-withholding of taxes requirement for deductibility of expenses, output VAT on uncollected receivables, and risk-based classification of VAT refund.

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Revenue Regulation (RR) 3-2024 outlines the implementing rules and regulations (IRR) to implement the amendments on VAT and percentage tax pursuant to RA No. 11976. Salient provisions relevant to the Company is as follows:

- adoption of accrual basis of recognizing sales for both sales of goods and services in declaration of gross sales
- mandates the use of "invoice" as single document for both sales of goods and services
- uncollected receivables on services rendered prior to the effectivity of the IRR shall be declared in the VAT return when the collection was made
- output VAT credit on uncollected receivables may be deducted from its output VAT on the next quarter, after lapse of the agreed period to pay

This IRR was issued on April 12, 2024 and became effective on April 27, 2024.

e. Enactment of CREATE MORE Act

CREATE MORE (Maximize Opportunities for Reinvigorating the Economy) Act has been signed into law by the President of the Philippines on November 11, 2024 as RA No. 12066 which seeks to enhance and broaden incentives to help boost economic recovery, support enterprises, and attract foreign investment. This Act became effective on November 28, 2024.

Salient provisions relevant to the Company is as follows:

- Reduced 20% Income Tax Rate for Registered Business Enterprise (RBE) under the Enhanced Deduction Regime (EDR).
- Additional and increased deductions are granted under the EDR – (1) increase in power expenses to 100% from 50% (2) additional 50% deduction on expenses relating to exhibitions, trade missions or trade fairs.
- Expands the allowable deduction for reinvestment allowance to the tourism industry which was previously limited to the manufacturing industry.
- Amended the allowable period to claim net operating loss carry-over (NOLCO) under the EDR to five (5) years following the last year of availing of the Income Tax Holiday (ITH)
- Clarification that the 5% Special Corporate Income Tax (SCIT) is in lieu of all national and local taxes including local fees and charges.
- SCIT and EDR incentives, initially capped at a maximum of 10 years, are extended to a period of up to 17 or 27 years
- RBEs may immediately avail themselves of SCIT or EDR upon the start of commercial operations
- Section 294 (F) of the Tax Code is added which allows a local government unit to impose a local tax against an RBE at a rate not exceeding 2% of gross income, which shall be in lieu of all local taxes, fees, and charges during the ITH or EDR
- Flexible work arrangements for employees of RBEs which permits the coverage of not more than 50% of the total workforce
- Clarifies VAT incentives of Registered Export Enterprise (REE) and High-Value Domestic Market Enterprises (HVDME) which cover importations and local purchases which are directly attributable to their registered activity including janitorial, security, financial, consultancy, marketing and promotion services, and services rendered for administrative operations such as human resources, legal, and accounting.
- Clarifies that input tax paid on local purchases attributable to VAT-exempt sales shall be deductible from the gross income of the RBE.

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**Note 19 – Related Party Disclosures**

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

a. Key Management Personnel

2024	Nature of Transactions	Amount of Transactions	Outstanding Balance	Remarks
Officers / Directors	Commission income from directors	300,000	-	3 business days after trade date

2023	Nature of Transactions	Amount of Transactions	Outstanding Balance	Remarks
Officers / Directors	Commission income from directors	300,000	-	3 business days after trade date

b. Alon Development Corporation (Parent company)

Nature of Transactions	2024		2023		Remarks
	Amount of Transactions	Outstanding Balance	Amount of Transactions	Outstanding Balance	
Advances made (Non-trade receivables)	-	3,607,582	-	3,607,582	Unsecured; Non-interest bearing, to be settled in cash
Advances from (Other payables)	-	(1,375,861)	(703,928)	(1,375,861)	Unsecured; Non-interest bearing, to be settled in cash
Deposit for future subscription	-	2,500,000	2,500,000	2,500,000	

Deposit for future stock subscription

In 2023, a deposit for future subscription received by the Company from Alon Development Corporation amounting to P 2,500,000. The company has yet to submit its application for increase in authorized capital stock to the SEC; hence the deposit remains as part of liabilities.

c. Shareholders with significant influence over the Company

Nature of Transactions	2024		2023		Remarks
	Amount of Transactions	Outstanding Balance	Amount of Transactions	Outstanding Balance	
Advances made (Non-trade receivables)	900,632	8,007,294	2,526,629	7,106,662	Unsecured; Non-interest bearing, to be settled in cash

The Management believes that all of the receivables are collectible, thus, no provision for impairment was recognized.

The outstanding balances of receivables from related parties disclosed above are non-interest bearing and no fixed term. No asset was used as collateral.

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**Note 20 – Financial Risk Management Objectives and Policies**

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The Company is exposed to a variety of financial risks such as market risks, credit risk and liquidity risk. The Company's policies and objective in managing these risks are summarized below:

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's profit or the value of its holdings of financial instruments. The Company focuses on two market risk areas such as price risk and interest rate risk. The objective and management of these risks are discussed below.

- a. Price risk – The Company is exposed to equity securities' price risk because of investments it holds at fair value. The Company's policy is not to engage in proprietary trading which is considered to be riskier and leads to more volatile profits.
- b. Interest rate risk – refers to risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed in significant interest rate risk as its investments are non-interest sensitive, except for the bank deposits which are mainly short-term in nature and at market interest rates. Furthermore, the Company has no short-term borrowings which are subject to variable interest rates.

Credit risk

Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to perform its obligations. This includes risk of non-payment by clients arising from their business operations, by employees of their loans and by related parties of their outstanding account balance.

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

In accordance with the industry practice, client trades are settled generally three (3) business days after trade date. Should either the client or the counterparty fail to perform, the Company may be required to complete the transaction at prevailing market prices. Individual clients maintain their securities position with the Company in its scripless form and are usually sufficient to cover debit balances. The Company monitors concentration of credit risks and limits the risk through consideration of factors which includes the credit worthiness of the client, its financial strength, and the size of its position or commitments. The Company provides margin financing facility to customer's subject to credit approval and is monitored regularly for compliance with margin limit and collateral requirement.

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

	2024	2023
Cash in banks	5,701,554	9,207,480
Receivables, net	21,702,552	19,705,291
Total	27,404,106	28,912,771

With respect to credit risks from other financial assets of the Company, which mainly comprise of cash and receivables from related companies, the exposure of the Company to credit risks arises from default of counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Company did not have any significant concentration of credit risk.

The Company has no significant exposure to foreign currency risk as most transactions are denominated in Philippine Peso, its functional and presentation currency.

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*Credit quality per class of financial asset*

The credit quality of financial assets is being managed by the Company by grouping its financial assets into two: (a) High grade financial assets are those that are current and collectible; (b) Standard grade financial assets need to be consistently followed up but are still collectible.

The table below shows the credit quality by class of financial asset based on the Company's credit rating system. A financial asset is past due when a counter-party has failed to make payment when contractually due.

	Neither past due nor impaired		Past due or Individually Impaired	2024 Total
	High grade	Standard grade		
Cash in banks	5,701,554	-	-	5,701,554
Receivable from customers	695,761	8,063,975	3,509,603	12,269,339
Receivable from other brokers	1,327,940	-	-	1,327,940
Advances to related parties	-	11,614,876	-	11,614,876
<b>Total</b>	<b>7,725,255</b>	<b>19,678,851</b>	<b>3,509,603</b>	<b>30,913,709</b>

	Neither past due nor impaired		Past due or Individually Impaired	2023 Total
	High grade	Standard grade		
Cash in banks	9,207,480	-	-	9,207,480
Receivable from customers	64,432	8,926,615	3,089,424	12,080,471
Advances to related parties	-	10,714,244	-	10,714,244
<b>Total</b>	<b>9,271,912</b>	<b>19,640,859</b>	<b>3,089,424</b>	<b>32,002,195</b>

The table below shows the aging analysis of receivables per class as at December 31, 2024 and 2023.

	T to T+2	T+3 to T+13	T+14 to T+30	Beyond T+31	2024
Receivable from customers	184,279	511,482	1,972,499	9,601,079	12,269,339
Receivable from other brokers	1,327,940	-	-	-	1,327,940
<b>Total</b>	<b>1,512,219</b>	<b>511,482</b>	<b>1,972,499</b>	<b>9,601,079</b>	<b>13,597,279</b>

	T to T+2	T+3 to T+13	T+14 to T+30	Beyond T+31	2023
Receivable from customers	64,432	-	139,520	11,876,519	12,080,471

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

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's objective of managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year period are identified monthly.

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The table below analyzes assets and liabilities of the Company into their relevant monitoring authority; monitors compliance with liquidity risk policy and maturity groups based on the remaining period at the end of the reporting period to their contractual maturities or expected repayment dates.

	On demand or less than 1 year	1-5 years	Total 2024
Cash on hand and in banks	5,726,764	-	<b>5,726,764</b>
Receivable from customers and other brokers	3,996,200	6,091,476	<b>10,087,676</b>
Advances to related parties	-	11,614,876	<b>11,614,876</b>
Payables to customers	(48,437)	-	<b>(48,437)</b>
Accrued expenses and other payables*	(701,724)	-	<b>(701,724)</b>
Advances from related party	(1,375,861)	-	<b>(1,375,861)</b>
<b>Net</b>	<b>7,596,942</b>	<b>17,706,352</b>	<b>25,303,294</b>

\*Payable to government agencies were excluded from the balance above because they are non-financial liabilities, which amounted to P 72,061.

	On demand or less than 1 year	1-5 years	Total 2023
Cash on hand and in banks	9,232,690	-	9,232,690
Receivable from customers and other brokers	203,952	8,787,095	8,991,047
Advances to related parties	-	10,714,244	10,714,244
Payables to customers	(36,612)	-	(36,612)
Accrued expenses and other payables*	(913,295)	-	(913,295)
Advances from related party	(1,375,861)	-	(1,375,861)
Lease liability	(152,607)	-	(152,607)
<b>Net</b>	<b>7,062,988</b>	<b>19,501,339</b>	<b>26,564,327</b>

\*Payable to government agencies were excluded from the balance above because they are non-financial liabilities, which amounted to P 72,530.

The Company did not have any significant concentration of liquidity risk.

Financial soundness indicators

The following are the Company's financial soundness ratio indicators:

	2024	2023
a. Current ratio	<b>6.04</b>	5.92
b. Debt-to-equity ratio	<b>0.22</b>	0.21
c. Asset-to-equity ratio	<b>1.22</b>	1.21

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**Note 21 – Categories and Fair Values of Financial Assets and Liabilities**

a. Comparison of carrying amounts and fair values

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

	2024		2023	
	Carrying value	Fair value	Carrying value	Fair value
Cash on hand and in banks (Note 4)	5,726,764	5,726,764	9,232,690	9,232,690
Receivables, net	21,702,552	21,702,552	19,705,291	19,705,291
Financial assets at FVOCI (Note 7)	39,360,000	39,360,000	40,800,000	40,800,000
<b>Total</b>	<b>66,789,316</b>	<b>66,789,316</b>	<b>69,737,981</b>	<b>69,737,981</b>
Payables*	2,126,022	2,126,022	2,325,768	2,325,768

\*Payable to government agencies were excluded from the balance above because they are non-financial liabilities, which amounted to P 73,061 and P 72,530 as of 2024 and 2023, respectively.

The fair values of the financial assets and liabilities are approximately equal to their carrying amounts except for available-for-sale financial assets which changes due to fluctuation in investments quoted price.

b. Fair value hierarchy

The table below presents the hierarchy of fair value measurements used by the Company.

	Level 1	Level 2	Level 3	Total
<b>December 31, 2024</b>				
Cash on hand and in banks	5,726,764	-	-	5,726,764
Financial assets at FVOCI	39,360,000	-	-	39,360,000
<b>Total</b>	<b>45,086,764</b>	<b>-</b>	<b>-</b>	<b>45,086,764</b>
<b>December 31, 2023</b>				
Cash on hand and in banks	9,232,690	-	-	9,232,690
Financial assets at FVOCI	40,800,000	-	-	40,800,000
<b>Total</b>	<b>50,032,690</b>	<b>-</b>	<b>-</b>	<b>50,032,690</b>

The different levels have been defined as follows:

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : Other techniques for which 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 : Technique on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Note 22 – Capital Management Objectives, Policies and Procedures**

The Company manages its capital to ensure compliance with regulatory requirements and adequately sustain its business operations.

The Company's compliance with regulatory capital requirement is monitored through the Risk-Based Capital Adequacy (RBCA) report which mandates the minimum capital level after considering the risk requirements associated with its business operations.

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The Amended Implementing Rules and Regulations of the SRC effective March 6, 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 P 2.5 million 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 P 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; P 10 million plus a surety bond for existing broker dealers not engaged in market making transactions; and P 2.5 million for broker dealers dealing only in proprietary shares and not holding securities.

Further, 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 shareholder should not exceed two thousand percent (2,000%) of its NLC and at all times shall have and maintain NLC of at least P 5 million or five percent of the AI, whichever is higher.

The Company's RBCA ratio as at December 31, 2024 and 2023, comply with the required RBCA ratio of 110% as shown in the table below:

	<b>2024</b>	<b>2023</b>
Equity eligible for net liquid capital	<b>65,867,523</b>	61,367,806
Less: Ineligible assets	<b>52,758,636</b>	52,772,940
Net Liquid Capital (NLC)	<b>13,108,887</b>	8,594,866
Operational risk requirement	<b>661,147</b>	755,402
Position risk requirement	-	-
Counterparty risk requirement	<b>112,653</b>	39,912
Total Risk Capital Requirement (TRCR)	<b>773,800</b>	795,314
Net RBCA Margin (NLC-TRCR)	<b>12,335,087</b>	7,904,272
Liabilities	<b>10,231,323</b>	9,628,871
Less: Adjustment to aggregate indebtedness	<b>7,547,000</b>	7,876,395
Aggregate Indebtedness (AI)	<b>2,684,323</b>	1,752,475
5% of AI	<b>134,216</b>	87,624
Required net liquid capital (> of 5% of AI or P5M)	<b>5,000,000</b>	5,000,000
Net risk-based capital excess/(deficiency)	<b>8,108,887</b>	3,594,866
Ratio of AI to net liquid capital	<b>20%</b>	20%
RBCA Ratio (NLC/TRCR)	<b>1694%</b>	1081%

Net Liquid Capital (NLC) represents the Equity Eligible for NLC of a Trading Participant, adjusted for non-allowable current and non-current assets.

Operational risk requirement pertains to 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

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systems which include, among others, risks of fraud, operational or settlement failure and shortage of liquid resources, or from external events.

Counterparty risk requirement means the amount necessary to accommodate a given level of its counterparty risk. Counterparty risk is the risk of a counterparty defaulting on its financial obligation to a trading participant.

Aggregate Indebtedness (AI) is the total money liabilities of a trading participant 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' account having short positions in securities, except those mentioned in SEC Memorandum Circular 16, Series of 2004.

On May 28, 2009, the SEC approved the PSE's Rules Governing Trading Rights and Trading Participants, which supersede the Membership Rules of the PSE. Section 8(c) of Article III of the said rules requires trading participants to have a minimum unimpaired paid-up capital, as defined by the SEC, of P 20 million effective December 31, 2009 and P 30 million effective December 31, 2011 and onwards. In 2018 and 2017, the Company is compliant with this capital requirement.

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide adequate return to shareholders by pricing services commensurate with level of risks.

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

	<b>2024</b>	<b>2023</b>
Total liabilities	<b>12,469,899</b>	12,740,840
Total equity	<b>56,753,879</b>	59,631,699
Debt-to-equity ratio	<b>0.22</b>	0.21

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 risks characteristics of the underlying assets.

No changes were made in the objectives, policies and procedures for both years.

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**Note 23 – Significant Contract Commitment**

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The Company house its operation on a leased space from its parent company, Alon Development Corporation. Lease agreement has an irrevocable term of 10 (ten) years from May 16, 2014 to May 15, 2024. Under this agreement, the Company shall pay the lessor an amount equivalent to P 62,714 per month, inclusive of taxes. The rent due to the lessor shall be subject to an annual review two months before anniversary of the lease and the increase or decrease in rent is no more than 10% from the previous year's rental charges subject to mutual agreement of both parties. At the end of the lease contract, any and all permanent improvements introduced by the Company into the leased premises shall pertain in ownership to the lessor and shall for part of the lessor's property without the need of any reimbursement.

In 2024, the company terminate its lease contract with the Alon Development Corporation.

Rentals paid in 2024 and 2023 amounted to nil and P 703,928 respectively.

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**Notes to Financial Statements**

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**Note 24 – Supplementary Information Required by Bureau of Internal Revenue's (BIR) Revenue Regulations (RR)**

a. RR 15-2020

In compliance with the issued BIR RR No. 15-2010 (issued last November 25, 2010) "Amending Certain Provisions of RR No. 21-2002, As Amended, Implementing Section 6 (H) of the Tax Code of 1997, Authorizing the Commissioner of Internal Revenue to Prescribe Additional Procedural and/or Documentary Requirements in connection with the preparation and submission of financial statements accompanying the tax returns", the following were the taxes, duties and licenses paid or accrued during the taxable year:

1. Output Vat declared in the Company's VAT returns for years 2024 and 2023 are summarized below:

	2024		2023	
	Tax base	Output tax	Tax base	Output tax
<b>Vatable gross receipts</b>	<b>554,138</b>	<b>66,497</b>	597,379	71,685

Difference in receipts per financial statements and per VAT returns were due to the difference in recognition of sales of services. Sale of services per VAT returns was based on collection.

2. Input tax claimed during the year

	2024		2023	
Beginning balance		209,055		209,314
Current purchases:				
Goods other than for resale		-		-
Services lodged under other accounts	554,138	58,607	509,297	61,116
Adjustments:				
Total output VAT closed against input VAT		(66,497)		(71,685)
Total VAT payments during the year		27,811		10,310
<b>Balance at the end of the year</b>		<b>228,976</b>		<b>209,055</b>

3. Taxes on importations

The Company does not have importations in 2024 and 2023.

4. Excise tax

The Company does not have excise tax in 2024 and 2023.

5. Taxes and licenses

	2024	2023
Business license fees	56,612	56,946
SEC	32,855	32,855
BIR annual registration fees	-	500
<b>Total</b>	<b>86,467</b>	<b>90,301</b>

6. Withholding taxes

	2024	2023
Withholding taxes on compensation and benefits	31,511	18,287
Expanded withholding taxes	8,695	10,483
<b>Total</b>	<b>40,206</b>	<b>28,770</b>

7. Deficiency tax assessment and tax cases

The Company does not have any deficiency tax assessment or any other tax cases outstanding or pending in any open years.

**SINCERE SECURITIES CORPORATION**  
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b. RR 34-2020

In compliance with BIR RR 34-2020 (issued last December 8, 2020) in prescribing Guidelines and Procedures for the Submission of BIR Form 1709, Transfer Pricing Documentation (TPD) and offer supporting documents to allow the BIR to verify that taxpayers are reporting their related party transactions at arm's length prices, the Company is not required to submit BIR Form 1709 based on the criteria set under the said revenue regulation.