



SECURITIES AND EXCHANGE COMMISSION

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Company Information

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Company Name: PLATINUM SECURITIES INC.

Industry Classification: J66930

Company Type: Stock Corporation

Document Information

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Remarks: None

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

Your BIR AFS eSubmission uploads were received

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Hi PLATINUM SECURITIES, INC.,

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Company TIN: **000-532-022**

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COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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Company Name

[illegible]

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

[illegible]

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

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COMPANY INFORMATION

Company's Email Address

platinumsec223@gmail.com

Company's Telephone Number/s

8252-8017

Mobile Number

0968-396-8900

No. of Stockholders

7

Annual Meeting (Month/Day)

Every First Monday of May

Fiscal Year (Month/Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Elaine J. Nora

Email Address

plasec223@yahoo.com

Telephone Number/s8245-2635

Mobile Number

0920-879-4872

CONTACT PERSON'S ADDRESS

UNIT 1805 PSE TOWER, 5TH AVE., COR. 28TH ST., FORT BONIFACIO, TAGUIG CITY

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

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

Platinum Securities, Inc.

Member: Philippine Stock Exchange Inc.
Philippine Stock Exchange Tower – BGC Taguig City
Unit 1805 PSE Tower 5th Ave. Corner 28th St., BGC Taguig City
Trading Floor Tel.: (02) 839-0570 to 71
Office Tel.: (02) 252-8017; (02) 252-7490
Tele Fax No.: (02) 245-2635

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

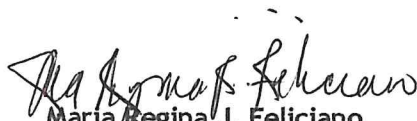
The management of **Platinum Securities, Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, 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 basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

AMC & Associates, the independent auditor appointed by the stockholders has audited the financial statements of the Company in accordance with Philippine Standards on Auditing and in its reports to the stockholders, have expressed its opinion on the fairness of presentation upon completion of such audit.


Maria Regina J. Feliciano
Chairman and President


Dawn J. Feliciano
Treasurer

Signed this 31st day of March, 2025



Financial Statements

PLATINUM SECURITIES, INC.

December 31, 2024 and 2023



Aquino, Mata, Calica & Associates
Certified Public Accountants
Suite 1805 - 1807 Cityland Condominium 10 Tower 2
H.V. Dela Costa St., Makati City, 1227 Philippines
T +63 2 8841 0462 • +63 2 8893 0287

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Platinum Securities, Inc.
Unit 1805 PSE Tower, 5th Ave., 28th St.
Fort Bonifacio, Taguig City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Platinum Securities, Inc.**, (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 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.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS 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 of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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


We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our 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 for the year ended December 31, 2024 by the Bureau of Internal Revenue (BIR) as disclosed in Note 23 of the financial statements is presented for purposes of additional analyses, and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. Such supplementary information is the responsibility of the management. The supplementary information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

AMC & ASSOCIATES

By: 
Ariel D. Gonzales
Partner
CPA Cert. No. 89570
TIN 169-688-077-000
PTR No. 10469764, Jan. 7, 2025, Makati City
BIR Accreditation No. 08-002582-003-2024
(issued on Nov. 15, 2024 valid until Nov. 14, 2027)
SEC Accreditation No. 89570 (Group A)
(valid to audit 2021 to 2025 financial statements)
IC Accreditation No. 89570-IC (Group A)
(valid to audit 2020 to 2024 financial statements)
BSP Accreditation No. 89570-BSP (Group B)
(valid to audit 2021 to 2025 financial statements)

March 31, 2025

FIRM ACCREDITATION

Aquino, Mata, Calica & Associates

BOA Accreditation No. 4275 - valid from June 29, 2023 to June 28, 2026
BIR Accreditation No. 08-002582-000-2023 - issued on October 12, 2023 valid until October 11, 2026
SEC Accreditation No. 4275-SEC (Group A) - valid to audit 2023 to 2027 financial statements
IC Accreditation No. 4275-IC (Group A) - valid to audit 2020 to 2024 financial statements
BSP Accreditation No. 4275-BSP (Group B) - valid to audit 2021 to 2025 financial statements
CDA CEA No. 075-AF - valid from January 15, 2025 to January 14, 2030



Aquino, Mata, Calica & Associates
Certified Public Accountants
Suite 1805 - 1807 Cityland Condominium 10 Tower 2
H.V. Dela Costa St., Makati City, 1227 Philippines
T +63 2 8841 0462 • +63 2 8893 0287


SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Platinum Securities, Inc.
Unit 1805 PSE Tower
5th Ave., Cor. 28th St. Fort Bonifacio
Taguig City

We have audited the financial statements of **Platinum Securities, Inc.** for the year ended December 31, 2024, on which we have rendered the attached report dated March 31, 2025.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the Company has five stockholders owning 100 or more shares each of the Company's common stock, as disclosed in Note 17 of the financial statements.

AMC & ASSOCIATES

By: 
Ariel D. Gonzales
Partner
CPA Cert. No. 89570
TIN 169-688-077-000
PTR No. 10469764, Jan. 7, 2025, Makati City
BIR Accreditation No. 08-002582-003-2024
(issued on Nov. 15, 2024 valid until Nov. 14, 2027)
SEC Accreditation No. 89570 (Group A)
(valid to audit 2021 to 2025 financial statements)
IC Accreditation No. 89570-IC (Group A)
(valid to audit 2020 to 2024 financial statements)
BSP Accreditation No. 89570-BSP (Group B)
(valid to audit 2021 to 2025 financial statements)

March 31, 2025

FIRM ACCREDITATION

Aquino, Mata, Calica & Associates

BOA Accreditation No. 4275 - valid from June 29, 2023 to June 28, 2026
BIR Accreditation No. 08-002582-000-2023 - issued on October 12, 2023 valid until October 11, 2026
SEC Accreditation No. 4275-SEC (Group A) - valid to audit 2023 to 2027 financial statements
IC Accreditation No. 4275-IC (Group A) - valid to audit 2020 to 2024 financial statements
BSP Accreditation No. 4275-BSP (Group B) - valid to audit 2021 to 2025 financial statements
CDA CEA No. 075-AF - valid from January 15, 2025 to January 14, 2030



PLATINUM SECURITIES, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Peso)

	2024			2023		
	Money Balance	Security Valuation		Money Balance	Security Valuation	
		Long	Short		Long	Short
<u>A S S E T S</u>						
CURRENT ASSETS						
Cash and cash equivalents (Note 4)	P 34,182,122			P 66,959,085		
Trade receivables (Note 5)	3,871,190	P 115,769,031		23,200,381	P 6,049,926,424	
Financial assets at fair value through profit or loss (FVTPL) (Note 6)	5,822,639	5,822,639		3,342,463	3,342,463	
Prepayments and other current assets (Note 7)	<u>595,449</u>			<u>733,701</u>		
Total Current Assets	<u>44,471,400</u>			<u>94,235,630</u>		
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income (FVOCI) (Note 8)	25,420,000	25,420,000		26,350,000	26,350,000	
Property and equipment (Note 9)	10,076,657			11,223,494		
Intangible assets (Note 10)	1,590,000			1,581,250		
Deferred tax asset (Note 16)	212,347			-		
Other non-current assets (Note 11)	<u>341,289</u>			<u>341,289</u>		
Total Non-Current Assets	<u>37,640,293</u>			<u>39,496,033</u>		
TOTAL ASSETS	<u>P 82,111,693</u>			<u>P 133,731,663</u>		
Securities in Vault, Transfer Offices, and Philippine Depositary and Trust Corporation		P 24,595,729,111			P 9,635,353,308	
<u>LIABILITIES AND EQUITY</u>						
CURRENT LIABILITIES						
Trade payables (Note 12)	P 1,612,565	24,448,717,441		P 22,796,631	3,555,734,421	
Income tax payable	238,054			66,233		
Other current liabilities (Note 12)	<u>2,230,936</u>			<u>33,029,331</u>		
Total Current Liabilities	4,081,555			55,892,195		
NON-CURRENT LIABILITY						
Deferred tax liabilities (Note 16)	<u>-</u>			<u>938,858</u>		
Total Liabilities	<u>4,081,555</u>			<u>56,831,053</u>		
EQUITY						
Capital stock (Note 17)	43,283,000			43,283,000		
Revaluation reserves (Note 17)	8,768,000			8,917,500		
Appropriated retained earnings (Note 17)	8,036,577			7,780,771		
Unappropriated retained earnings (Note 17)	<u>17,942,561</u>			<u>16,919,339</u>		
Total Equity	<u>78,030,138</u>			<u>76,900,610</u>		
TOTAL LIABILITIES AND EQUITY	<u>P 82,111,693</u>	<u>P 24,595,729,111</u>	<u>P 24,595,729,111</u>	<u>P 133,731,663</u>	<u>P 9,635,353,308</u>	<u>P 9,635,353,308</u>

See Notes to Financial Statements.



PLATINUM SECURITIES, INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Peso)

	<u>2024</u>	<u>2023</u>
REVENUES (Note 13)	P 18,968,591	P 10,458,136
COSTS AND OPERATING EXPENSES (Note 14)		
Costs of services	5,381,590	3,173,217
Administrative expenses	<u>12,750,070</u>	<u>5,708,097</u>
	<u>18,131,660</u>	<u>8,881,314</u>
OPERATING PROFIT	836,931	1,576,822
FINANCE INCOME (Note 4)	<u>389,742</u>	<u>161,777</u>
PROFIT BEFORE TAX	1,226,673	1,738,599
TAX EXPENSE BENEFIT (Note 16)	(<u>52,355</u>)	<u>149,252</u>
NET PROFIT	1,279,028	1,589,347
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified subsequently to profit or loss		
Changes in fair value on financial assets through other comprehensive (OCI)		
-net of income tax (Note 8)	(<u>149,500</u>)	<u>1,864,725</u>
TOTAL COMPREHENSIVE INCOME	<u>P 1,129,528</u>	<u>P 3,454,072</u>

See Notes to Financial Statements.



PLATINUM SECURITIES, INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Peso)

	Capital Stock (Note 17)	Revaluation Reserves (Note 17)	Retained Earnings		Total
			Appropriated (Note 17)	Unappropriated (Note 17)	
Balance at January 1, 2024	P 43,283,000	P 8,917,500	P 7,780,771	P 16,919,339	P 76,900,610
Appropriations for the year	-	-	255,806	(255,806)	-
Total comprehensive income for the year	-	(149,500)	-	1,279,028	1,129,528
Balance at December 31, 2024	<u>P 43,283,000</u>	<u>P 8,768,000</u>	<u>P 8,036,577</u>	<u>P 17,942,561</u>	<u>P 78,030,138</u>
Balance at January 1, 2023	P 43,283,000	P 7,052,775	P 7,462,902	P 15,647,861	P 73,446,538
Appropriations for the year	-	-	317,869	(317,869)	-
Total comprehensive income for the year	-	1,864,725	-	1,589,347	3,454,072
Balance at December 31, 2023	<u>P 43,283,000</u>	<u>P 8,917,500</u>	<u>P 7,780,771</u>	<u>P 16,919,339</u>	<u>P 76,900,610</u>

See Notes to Financial Statements.



PLATINUM SECURITIES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Peso)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	P 1,226,673	P 1,738,599
Adjustments for:		
Depreciation and amortization (Note 9)	1,146,837	1,243,332
Unrealized loss on financial assets at fair value through profit or loss (FVTPL) (Note 6)	21,970	916,570
Impairment losses (Note 5)	4,692	5,066
Interest income (Note 4)	(389,742)	(161,777)
Gain on sale of FVPTL (Note 6)	(654,954)	(576,493)
Dividend income (Notes 6 and 8)	(1,588,876)	(1,555,234)
Operating profit (loss) before working capital changes	(233,400)	1,610,063
Decrease (increase) in trade receivables	19,324,499	(22,765,355)
Decrease in prepayments and other current assets	138,252	87,943
Increase (decrease) in trade payables	(21,184,066)	19,385,749
Increase (decrease) in other current liabilities	(30,798,395)	30,666,912
Cash from (used in) operations	(32,753,110)	28,985,312
Interest received (Note 4)	389,742	161,777
Cash paid for income taxes (Note 16)	(146,529)	(154,147)
Net Cash From (Used in) Operating Activities	(32,509,897)	28,992,942
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received (Note 6 and 8)	1,588,876	1,555,234
Deductions (additions) to intangible assets (Note 10)	(8,750)	2,292
Proceeds from (additions to) financial assets at FVTPL	(1,847,192)	932,503
Net Cash From (Used in) Investing Activities	(267,066)	2,490,029
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(32,776,963)	31,482,971
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>66,959,085</u>	<u>35,476,114</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	<u><u>P 34,182,122</u></u>	<u><u>P 66,959,085</u></u>

See Notes to Financial Statements.



PLATINUM SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
(Amounts in Philippine Peso)

1. GENERAL INFORMATION

Corporate Information

Platinum Securities, Inc. (the “Company”) was incorporated and registered with the Securities and Exchange Commission (SEC) on December 27, 1989 with registration number 171819. The Company is a licensed broker/dealer in securities with the SEC and both a stockholder and holder of a trading right issued by the Philippine Stock Exchange (PSE).

The Company’s registered office, which is also its principal place of business, is located at Unit 1805 PSE Tower, 5th Ave., Cor. 28th St., Fort Bonifacio, Taguig City.

Approval of Financial Statements

The financial statements of the Company as at and for the year ended December 31, 2024 (including the comparative financial statements as at and for the year ended December 31, 2023) were authorized for issue by the Company's Board of Directors (BOD) on March 31, 2025.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy 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.

Basis of Preparation of Financial Statements

a. Statement of Compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards

The financial statements of the Company have been prepared in accordance with PFRS Accounting Standards. PFRS Accounting Standards is adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board (IASB) and approved by the Philippine Board of Accountancy (BOA).

The financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

Moreover, the financial statements of financial position contain some additional information in line with the requirements of Rule 52.1 of the Implementing Rules and Regulations of the Securities Regulations Code.



b. Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard PAS 1, *Presentation of Financial Statements*. The Company presents all items of income and expenses in a single statement of comprehensive income.

The Company presents the third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that have a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

c. Functional and Presentation Currency

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

Items included in the financial statements of the Company are measured using its functional currency, the currency of the primary economic environment in which the Company operates.

Adoption of New and Amended PFRS Accounting Standards

a. Effective in 2024 that are Relevant to the Company

The Company adopted for the first time the following amendments to PFRS Accounting Standards, which are mandatorily effective for annual periods beginning on or after January 1, 2024:

PAS 1 (Amendments)	: Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants
PAS 7 and PFRS 7 (Amendments)	: Statement of Cash Flow, and Financial Instruments: Disclosures – Supplier Finance Arrangements

Discussed below are the relevant information about these pronouncements.

- i. PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*. The amendments provide guidance on whether a liability should be classified as either current or non-current. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and that the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The application of these amendments had no significant impact on the Company's financial statements.



- ii. PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants*. The amendments specifies that if the right to defer settlement for at least 12 months is subject to an entity complying with conditions after the reporting period, then those conditions would not affect whether the right to defer settlement exists at the end of the reporting period for the purposes of classifying a liability as current or non-current. For non-current liabilities subject to conditions, an entity is required to disclose information about the conditions, whether the entity would comply with the conditions based on its circumstances at the reporting date and whether and how the entity expects to comply with the conditions by the date on which they are contractually required to be tested. The application of these amendments had no significant impact on the Company's financial statements.
- iii. PAS 7 and PFRS 7 (Amendments), *Statement of Cash Flows, Financial Instruments: Disclosures – Supplier Finance Arrangements*. The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The application of these amendments had no significant impact on the Company's financial statements.

b. *Effective in 2024 that is not Relevant to the Company*

Among the amendments to PFRS Accounting Standards, which are mandatorily effective for annual periods beginning on or after January 1, 2024, amendments to PFRS 16 – Lease Liability in a Sale and Leaseback is not relevant to the Company's financial statements.

c. *Effective Subsequent to 2024 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2024, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and unless otherwise indicated, none of these are expected to have significant impact on the Company's financial statements:

- i. PFRS 17, *Insurance Contracts – Insurance Contracts* (effective from January 1, 2025)
- ii. PFRS 17 (Amendments), *Insurance Contracts – Initial Application of PFRS 17 and PFRS 9 – Comparative Information* (effective from January 1, 2025)
- iii. PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)
- iv. *Annual Improvements to PFRS Accounting Standards - Volume 11* (effective from January 1, 2026)
- v. PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026)



- vi. PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The amendments, however, do not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.
- vii. PFRS 19, *Subsidiaries without Public Accountability: Disclosures* (effective from January 1, 2027) The new standard reduces the disclosure requirements prescribed by other standards for subsidiaries without public accountability. It changes disclosure requirements prescribed by other standards as the reporting entity will instead refer to PFRS 19 for required disclosures.
- viii. PFRS 10 and PAS 28 (Amendments), *Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely).

Current versus Non-Current Classification

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

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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

Financial Instruments

a. Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.



The classification and measurement of financial assets are described in the succeeding pages.

i. Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following conditions are met:

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

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses (ECL).

The Company's financial assets at amortized cost are presented in the statement of financial position as Cash and cash equivalents, Trade receivables, and Refundable deposits (presented under Other non-current assets in the statement of financial position).

Financial assets measured at amortized cost are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

For purposes of cash flow reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

ii. Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

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



At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Company for trading or as mandatorily required to be classified as FVTPL. The Company has designated equity instruments as at FVOCI on the initial application of PFRS 9.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of the Revaluation Reserves account in equity.

When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation Reserves account is not reclassified to profit or loss but is reclassified directly to Retained Earnings account, except for those debt securities classified as FVOCI wherein cumulative fair value gains or losses are recycled to profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of comprehensive income as part of Finance Income.

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

The Company's investment in Philippine Stock Exchange (PSE) shares was irrevocably designated as Financial assets at FVOCI as at December 31, 2024 and 2023 (*see Note 8*).

iii. *Financial Assets at Fair Value Through Profit or Loss (FVTPL)*

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of the business model, financial assets whose contractual cash flows are not SPPI are accounted for at FVTPL. Also, equity securities are classified as financial assets at FVTPL, unless the Company designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Company's financial assets at FVTPL include equity securities that are held for trading purposes or designated as at FVTPL.

Financial assets at FVTPL are measured at fair value with gains or losses recognized in profit or loss as part of Finance Income in the statement of comprehensive income. The fair values of these financial assets are determined by reference to active market transactions or using a valuation technique where no active market exists.



Interest earned on these investments is included in the net fair value gains (losses) on these assets presented as part of Finance Income in the statement of comprehensive income.

The Company can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Company is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Company's business model will take effect only at the beginning of the next reporting period following the change in the business model.

As at December 31, 2024 and 2023, the Company's Financial Assets at Fair Value Through Profit or Loss (FVTPL) pertains to quoted securities (*see Note 6*).

b. Impairment of Financial Assets

The Company assesses its ECL on a forward-looking basis associated with its financial assets carried at amortized cost and debt instruments measured at FVOCI. Recognition of credit losses is no longer dependent on the Company's identification of a credit loss event. Instead, the Company considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the collectability of the future cash flows of the financial assets.

The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables and contract assets. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Company uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Company also assesses the impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due. For debt instruments measured at FVOCI and amortized cost, the allowance for credit losses is based on the ECL associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since the origination of the financial asset, in such case, a lifetime ECL for a purchased or originated credit-impaired, the allowance for credit losses is based on the change in the ECL over the life of the asset. The Company recognized a loss allowance for such losses at each reporting date.

The key elements used in the calculation of ECL are as follows:

- i. *Probability of default* – It is an estimate of the likelihood of default over a given time horizon.



- ii. *Loss given default* – It is an estimate of loss arising in the case where default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral.
- iii. *Exposure at default* – It represents the gross carrying amount of the financial instruments subject to the impairment calculation.
- *Forward-looking information*- It involves identifying relevant macro-economic factors and incorporating them into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

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.

c. Items of Income and Expense Related to Financial Assets

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Interest Income or Interest Expense, Impairment Losses, Gain on Disposal of Financial Assets, Dividend Income and Recoveries from Accounts Written-off (presented as part of Other income) in the profit or loss.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets are measured.

d. Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.



e. Financial Liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

Financial liabilities, which include Trade payables and other current liabilities [except output value-added tax (VAT) and other taxes payable], are recognized when the Company becomes a party to the contractual terms of the instrument.

Trade payables and other current liabilities are recognized initially at fair value and subsequently measured at amortized cost, using the effective interest method for maturities beyond one year, less settlement payments.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

e. Offsetting Financial Instruments

Financial assets and liabilities are set-offs and the resulting net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on a future event. It must also be enforceable in the normal course of business, in the event of default, and the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

Prepayments and Other Assets

Prepayments and other assets pertain to other resources controlled by the Company as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.



Prepayments and other current assets include tax credits which represent the input value-added tax (VAT) for the current period and other prepaid expenses of the Company. Prepayments and other current assets are recognized and measured at transaction costs or the amount of cash paid. Subsequently, these are charged to income as they are consumed in operations or expire over time.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Company beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as non-current assets.

Property and Equipment

Items of property and equipment are measured at cost less accumulated depreciation and any impairment losses.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements, and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Depreciation on property and equipment is calculated using the straight-line method over their estimated useful lives. The useful lives of the depreciable assets are as follows:

Office condominium unit	20 years
Furniture, fixtures and equipment	1 - 3 years
Transportation equipment	5 years

If there is an indication that there has been a significant change in the useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

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

An item of property and equipment, including the related accumulated depreciation and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

Intangible Asset

Intangible asset consists of exchange trading right and computer software costs which are initially carried at cost. An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.



Exchange trading right is an intangible asset with an indefinite useful life and is tested for impairment annually. Exchange trading right is not amortized but is carried at cost less accumulated impairment losses, if any. The assumption that the exchange trading right remains to be an intangible asset with an indefinite life is reviewed annually to determine whether this continues to be supportable as such. If not, the carrying amount of the asset is amortized over its remaining useful life on a straight-line basis unless a more appropriate amortization method is warranted. Any impairment losses determined are recognized in profit or loss.

Costs related to computer software purchased by the Company for use in operations are amortized on a straight-line basis over 5 years. The amortization period and the amortization method for software cost are reviewed periodically to be consistent with the changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset. The amortization expense on software costs is recognized in the statement of comprehensive income.

The carrying values of the intangible asset with definite useful life are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amounts.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

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 obligation 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 the time value of money is material, long-term provisions are discounted to their present values using a pre-tax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that does not yet meet the recognition criteria of an asset are considered contingent assets, hence, they 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.



Revenue and Expense Recognition

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised services to the customer. A contract with a customer that results in a recognized financial instrument in the Company's financial statements may be partially within the scope of PFRS 9 and partially within the scope of PFRS 15. In such a case, the Company first applies PFRS 9 to separate and measure the part of the contract that is within the scope of PFRS 9 and then applies PFRS 15 to the residual part of the contract.

To determine whether to recognize revenue, the Company follows a five-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as a performance obligation(s) are satisfied.

For Step 1 to be achieved, the following five gating criteria must be present:

- i. the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
- ii. each party's rights regarding the goods or services to be transferred or performed can be identified;
- iii. the payment terms for the goods or services to be transferred or performed can be identified;
- iv. the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
- v. collection of the consideration in exchange for the goods and services is probable.

Revenue is recognized either at a point in time or overtime, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- i. the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- ii. the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- iii. the Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

In addition, the following specific recognition criteria must also be met before revenue is recognized.

- a. *Commissions* - Revenue is recognized when stock brokerage services are rendered to customers and trade deals are confirmed, computed on a flat rate for every trade transactions.
- b. *Storage income* - This is recognized as the brokerage satisfies its performance obligation to hold and safeguard securities for its customers in accordance to the terms and conditions.



- c. *Trading gains or losses on financial assets at FVTPL* – This includes all gains and losses from the disposal of financial assets at FVTPL. Gains or losses from the sale of financial assets at FVTPL are recognized in profit or loss upon confirmation of trade deals.
- d. *Unrealized gains or losses on financial assets at FVTPL* – This includes all gains and losses from changes in fair value. Unrealized gains or losses are recognized in profit or loss upon remeasurement of the financial assets at FVTPL at each reporting date.
- e. *Interest income* – This is recognized as the interest accrues taking into account the effective yield on the asset;
- f. *Dividend income* – This is recognized when the Company's right to receive payment is established, which is generally when the Board of Directors approves the dividend declaration; and,
- g. *Other income* – This is recognized when earned during the year.

Cost and expenses are recognized in profit or loss upon utilization of goods or services or at the date, they are incurred. All finance costs are reported in profit or loss on an accrual basis.

Impairment of Non- financial Assets

All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.



Employee Benefits

The Company provides short-term benefits and post-employment benefits to employees through a defined benefit plan, as well as various defined contribution plans.

a. Short-term Benefits

Wages, salaries and bonuses are recognized as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave is recognized when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave is recognized when the absences occur.

b. Defined Benefit Plan

The Company has not yet established a formal post-employment plan nor accrues the estimated cost of post-employment benefits under a defined benefit plan required by the provisions of the Republic Act (R.A.) No. 7641, *The Retirement Pay Law*, in as much as such the estimated retirement benefits is not material to the financial statements. The Company will recognize these benefits as an expense as they fall due.

c. Defined Contribution Plan

A defined-contribution plan under which the Company pays fixed contributions to an independent entity such as Social Security System (SSS), Philhealth and Pag-ibig. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

d. Termination Benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of when or can no longer withdraw the offer of such benefits and when it recognized costs for a restructuring that is within the scope of PAS 37 and it involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Income Taxes

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

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of 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 tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of each reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted, that is, when the investment property is depreciable and is held within the business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

Equity

Capital stock represents the nominal value of shares that have been issued.

Revaluation reserves pertain to cumulative unrealized gains or losses on financial assets at FVOCI and are not to be reclassified to profit or loss in subsequent periods.

Appropriated retained earnings pertain to a restricted portion that is intended for the reserve fund.

Unappropriated retained earnings represent all current and prior period results of operations as reported in the profit or loss section of the statements of comprehensive income.



Related Party Relationships and Transactions

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual; and, (d) the Company's funded retirement plan.

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

Events after the End of the Reporting Period

Any post-year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when they are material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

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 has the most significant effect on the amounts recognized in the financial statements:

a. Determination of ECL on Trade Receivables

The Company uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments 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).

The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Based on management assessment, the Company has no provision for ECL in both years.



b. Evaluation of Business Model Applied in Managing Financial Instruments

The Company developed business models that reflect how it manages its portfolio of financial instruments. The Company's business models need not be assessed at the entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., a group of financial instruments that are managed together by the Company) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of the individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Company evaluates in which business model a financial instrument or a portfolio of financial instruments belong to, taking into consideration the objectives of each business model established by the Company (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relating to the Company's investment and trading strategies.

c. Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model

In determining the classification of financial assets under PFRS 9, the Company assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing the time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents the time value of money and credit risk) does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as the modified time value of money, the Company assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of the money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Company considers the effect of the modified time value of the money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, PFRS 9 emphasizes that if more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Company considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Company can explain the reasons for those sales and why those sales do not reflect a change in the Company's objective for the business model.

d. Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2 and disclosures on relevant provisions and contingencies are presented in Note 19.



Key Sources of Estimation Uncertainty

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

a. Estimation of Allowance for ECL

Credit losses are the difference between all contractual cash flows the Company is due and the cash flows that it expects to receive. An expected credit loss is the probability-weighted estimate of credit losses that requires the Company's judgment. The expected credit losses are discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g. likelihood of customers defaulting and the resulting losses).

b. Fair Value Measurement for Financial Instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

The carrying values of the Company's financial assets are disclosed in Note 21.

c. Estimation of Useful Lives of Property and Equipment and Intangible Asset

The Company estimates the useful lives of property and equipment and intangible asset based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment and intangible asset are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of property and equipment and intangible asset are analyzed in Notes 9 and 10, respectively. Based on management's assessment as at December 31, 2024 and 2023 there is no change in the estimated useful lives of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.



d. *Impairment of Non-financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. 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 those 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.

Management assessed that no impairment losses are required to be recognized on the Company's non-financial assets in 2024 and 2023.

4. CASH AND CASH EQUIVALENTS

This account is composed of the following:

	<u>2024</u>	<u>2023</u>
Cash on hand	P 7,000	P 87,739
Cash in banks	26,175,122	58,783,812
Short-term placements	<u>8,000,000</u>	<u>8,087,534</u>
	<u>P 34,182,122</u>	<u>P 66,959,085</u>

Cash in banks generally earns interest at prevailing bank deposit rates. Short-term placements are made for varying periods of three months depending on the Company's immediate cash requirements and earn interest at the respective short-term placement rates of 0.75% per annum. Interest income earned from cash in banks and short-term placements amounted to P389,742 and P161,777 in 2024 and 2023, respectively, and are presented as Finance income in the statements of comprehensive income.

In compliance with SRC Rule 49.2 covering customer protection and custody of securities, the Company maintains a special reserve bank account for the exclusive benefit of its customers amounting to P8,392,063 and P12,412,432 as at December 31, 2024 and 2023, respectively. The Company's reserve requirement is determined weekly based on the SEC's prescribed computation.

As at December 31, 2024 and 2023, the Company's reserve accounts are adequate to cover its reserve requirements.



5. TRADE RECEIVABLES

This account consists of the following:

	<u>2024</u>		<u>2023</u>
Receivables from:			
Customers	783,701	P	664,115
Clearing house	<u>3,097,380</u>		<u>22,541,465</u>
	3,881,081		23,205,580
Allowance for impairment losses	(<u>9,891</u> )	(	( <u>5,199</u>)
	<u>P 3,871,190</u>	P	<u>23,200,381</u>

Receivables from customers consist of amounts due within one (1) year from the reporting date as follows:

	<u>2024</u>		<u>2023</u>	
	Money Balance	Security Valuation - Long	Money Balance	Security Valuation - Long
Cash and fully secured accounts				
More than 250%	P 781,897	P 115,767,795	P 663,735	P 6,049,926,092
Between 200% - 250%	-	-	-	-
Between 150% - 200%	-	-	-	-
Between 100% - 150%	-	-	-	-
Below 100%	1,804	1,236	380	332
Partially secured accounts	-	-	-	-
Unsecured accounts	-	-	-	-
	<u>783,701</u>	<u>115,769,031</u>	<u>664,115</u>	<u>P 6,049,926,424</u>
Allowance for impairment losses	(<u>9,891</u>)		(<u>5,199</u>)	-
	<u>P 773,810</u>	<u>P 115,769,031</u>	<u>P 658,916</u>	<u>P 6,049,926,424</u>

Allowance for impairment losses pertains to specific and general provisions on past due receivables from customers. Movement in this account is as follows:

	<u>2024</u>	<u>2023</u>
Balance at the beginning of year	P 5,199	P 133
Impairment during the year	<u>4,692</u>	<u>5,066</u>
	<u>P 9,891</u>	<u>P 5,199</u>

Trade receivables from the clearing house are due and collectible after two (2) in 2024 and three (3) days in 2023 from the transaction date. Accordingly, balances as at December 31, 2024 and 2023 were fully collected in January 2025 and 2024, respectively.

Collaterals on trade receivables from customers and other brokers pertain to listed equity securities amounting to P115,769,031 and P6,049,926,424 as at December 31, 2024 and 2023, respectively. The fair values of these securities are based on prevailing quoted market prices, which are usually the closing prices from active markets as at reporting date.



6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The Company's financial assets at FVTPL consist of quoted equity securities amounting to P5,822,639 and P3,342,463 as at December 31, 2024 and 2023, respectively.

Net trading gains (loss) recognized on financial assets at FVTPL are as follows:

	2024	2023
Realized gain on sale (see Note 13)	P 654,954	P 576,493
Unrealized loss on fair value changes (see Note 13)	(P 21,970)	(916,570)
	<u>P 632,984</u>	<u>(P 340,077)</u>

The dividend received from this investment, which are included as part of dividend income in the statements of comprehensive income, amounted to P38,876 and P5,234 in 2024 and 2023, respectively, (see Note 13).

The Company's financial assets at FVTPL as at December 31, 2024 and 2023 are carried at fair values based on sources classified under the Level 1 category. The fair values of financial assets are based on quoted market price or bidding dealer price quotations from the active market as at the reporting date (see Note 21).

7. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of prepayments and other current assets are as follows:

	2024	2023
Advances to officers and employees	P 388,000	P 478,000
Deferred input VAT	136,070	189,641
Prepaid expenses	<u>71,379</u>	<u>66,060</u>
	<u>P 595,449</u>	<u>P 733,701</u>

Advances to officers and employees pertain to short-term non-interest-bearing cash advances made for personal and business purposes. Advances for personal expenses are generally settled through salary deduction within 30 to 60 days, while advances for business purposes are generally liquidated within 30 to 60 days from the date the advances were made.

Deferred input VAT pertains to calculated VAT on purchases that are not yet due and are normally expected to be applied against output VAT within 12 months after the end of the financial reporting period.

Prepaid expenses include prepaid insurance, and taxes and licenses which are expected to be amortized within 12 months after the end of the financial reporting period.

No provision for impairment losses on prepayments and other current assets was recognized in 2024 and 2023.



8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

Financial assets at fair value through other comprehensive income represent an investment in PSE shares held by the Company amounting to P25,420,000 and P26,350,000 as at December 31, 2024 and 2023, respectively.

The Company has 155,000 PSE shares as at December 31, 2024 and 2023. The market value per share of PSE amounted to P164 and P170 as at December 31, 2024 and 2023, respectively.

The balances and movements in the cumulative unrealized losses on fair value changes of financial assets at FVOCI as at December 31 are as follows:

	2024		
	Cumulative Unrealized Gain	Deferred Tax	Net
Balance at beginning of year	P 11,890,000	(P 2,972,500)	P 8,917,500
Unrealized gain on fair value changes of financial assets at FVOCI	(930,000)	780,500	(149,500)
Balance at end of year	<u>P 10,960,000</u>	<u>(P 2,192,000)</u>	<u>P 8,768,000</u>
	2023		
	Cumulative Unrealized Gain	Deferred Tax	Net
Balance at beginning of year	P 10,030,000	(P 2,977,225)	P 7,052,775
Unrealized loss on fair value changes of financial assets at FVOCI	1,860,000	4,725	1,864,725
Balances at end of year	<u>P 11,890,000</u>	<u>(P 2,972,500)</u>	<u>P 8,917,500</u>

The fair value of financial assets at FVOCI as at December 31, 2024 and 2023 are based on quoted market prices of bidding dealer price quotations from active markets as at reporting date. The fair value measurement is based on sources classified under the Level 1 category (see Note 21).

The dividend received from this investment, which are included as part of dividend income in the statements of comprehensive income, amounted to P1,550,000 in 2024 and 2023 (see Note 13).



9. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2024 and 2023 are shown below:

	<u>Office Condominium</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Transportation Equipment</u>	<u>Total</u>
December 31, 2024				
Cost	P 14,588,893	P 1,460,140	P 4,192,071	P 20,241,104
Accumulated depreciation	(4,681,231)	(1,291,144)	(4,192,071)	(10,164,446)
Carrying amount as at December 31, 2024	<u>P 9,907,662</u>	<u>P 168,996</u>	<u>P -</u>	<u>P 10,076,657</u>
December 31, 2023				
Cost	P 14,588,893	P 1,460,140	P 4,192,071	P 20,241,104
Accumulated depreciation	(3,951,787)	(1,225,144)	(3,840,679)	(9,017,610)
Carrying amount as at December 31, 2023	<u>P 10,637,106</u>	<u>P 234,996</u>	<u>P 351,392</u>	<u>P 11,223,494</u>

A reconciliation of the carrying amounts at the beginning and end of 2024 and 2023, of property and equipment is shown as follows:

	<u>Office Condominium</u>	<u>Furniture, Fixtures and Equipment</u>	<u>Transportation Equipment</u>	<u>Total</u>
Balance at January 1, 2024, net of accumulated depreciation and amortization	P 10,637,106	P 235,996	P 351,392	P 11,223,494
Additions	-	-	-	-
Depreciation and amortization for the year (see Note 14)	(729,445)	(66,000)	(351,392)	(1,146,837)
Balance at December 31, 2024, net of accumulated depreciation and amortization	<u>P 9,907,661</u>	<u>P 169,996</u>	<u>P -</u>	<u>P 10,076,657</u>
Balance at January 1, 2023, net of accumulated depreciation and amortization	P 11,366,551	P 302,954	P 797,321	P 12,466,826
Additions	-	-	-	-
Adjustments	-	(500)	500	-
Depreciation and amortization for the year (see Note 14)	(729,445)	(67,458)	(446,429)	(1,243,332)
Balance at December 31, 2023, net of accumulated depreciation and amortization	<u>P 10,637,106</u>	<u>P 234,996</u>	<u>P 351,392</u>	<u>P 11,223,494</u>



The Company has fully depreciated property and equipment that are still in use with an original cost amounting to P4,192,071 and P3,616,287, respectively as at December 31, 2024 and 2023.

All of the Company's property and equipment have been reviewed for indicators of impairment. Based on management's evaluation, no impairment losses on property and equipment need to be recognized in 2024 and 2023. There were no property and equipment pledged as collateral as at December 31, 2024 and 2023.

10. INTANGIBLE ASSETS

This account consists of:

	2024	2023
Exchange trading right	P 1,550,000	P 1,550,000
Computer software	40,000	31,250
	<u>P 1,590,000</u>	<u>P 1,581,250</u>

Exchange Trading Right

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

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

As a result of the conversion plan and on the basis of the relative fair values of the PSE shares and the exchange trading right as of the time of the demutualization, the Company's membership in the PSE, originally amounting to P1,000,000 was bifurcated equally into (a) investment in PSE shares (classified as financial assets at FVOCI) (*see Note 8*) and (b) exchange trading right.

As at December 31, the carrying amount of the investment in PSE shares and the exchange trading rights is as follows:

	2024	2023
Investment in PSE shares (<i>see Note 8</i>)	P 25,420,000	P 26,350,000
Exchange trading right	1,550,000	1,550,000
	<u>P 26,970,000</u>	<u>P 27,900,000</u>

As at December 31, 2024 and 2023, the latest transacted price of the exchange trading right, as provided by the PSE, is P8,000,000.



Computer Software

The balance and movements of the computer software as at and for the years ended December 31 are as follows:

	2024	2023
Cost		
Balance at the beginning of year	P 121,250	P 123,542
Additions	8,750	-
Disposals	-	(2,292)
Balance at end of year	<u>130,000</u>	<u>121,250</u>
Accumulated amortization		
Balance at beginning of year	90,000	90,000
Amortization for the year	-	-
Balance at end of year	<u>90,000</u>	<u>90,000</u>
Carrying amount at the end of year	<u>P 40,000</u>	<u>P 31,250</u>

No impairment loss was recognized on intangible assets in 2024 and 2023.

11. OTHER NON-CURRENT ASSETS

This account consists of refundable deposits from:

	2024	2023
Clearing and Trade Guarantee Fund (CTGF)	P 325,626	P 325,626
Rental and utility	<u>15,663</u>	<u>15,663</u>
	<u>P 341,289</u>	<u>P 341,289</u>

Refundable deposit from CTGF pertains to the monthly contributions paid by the Company, as a Clearing Member, to the CTGF maintained by the Securities Clearing Corporation of the Philippines (SCCP). The monthly contribution is equivalent to 1/500 of 1% applied to the Clearing Member's total monthly turnover value less block sales and cross transactions of the same flag. The deposit is refundable upon the cessation of the business and/or termination of the membership with the SCCP, provided that all liabilities owing to the SCCP at the time of termination, whether actual or contingent, shall have been satisfied or paid in full.

The recognition of CTGF amounting to P325,626 in 2024 and 2023 is considered noncash financial information excluded from the statement of cash flows.



12. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Trade Payables

This account pertains to payable to customers amounting to P1,612,565 and P22,796,631 as at December 31, 2024 and 2023, respectively. The breakdown is presented below:

	2024		2023	
	Money Balance	Security Valuation - Long	Money Balance	Security Valuation - Long
Payable to customers:				
With money balance	P 1,612,565	P 84,986,324	P 22,796,631	P 495,068,026
Without money balance	-	24,363,731,117	-	3,060,666,395
	-	24,448,717,441	22,796,631	3,555,734,421
Due to clearing house	-	-	-	-
	<u>P 1,612,565</u>	<u>24,448,717,441</u>	<u>P 22,796,631</u>	<u>P 3,555,734,421</u>

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

Other Current Liabilities

This account consists of the following:

	2024	2023
Accounts payable	P 848,684	P 29,853,355
Dividends payable	886,815	1,597,719
Withholding taxes payable	261,506	205,126
Central depository payable	75,193	-
Accrued expenses	61,200	1,051,200
Statutory payables	47,720	44,344
Output VAT (<i>see Note 23</i>)	39,184	239,669
Transaction fees payable	3,158	10,958
Others	7,476	26,960
	<u>P 2,230,936</u>	<u>P 33,029,331</u>

Accounts payable are non-interest bearing and are normally within 30 days to 120 days term. Accounts payable arise from the purchase of items other than inventory items or availments of services. These are generally paid within 3 to 12 months after the end of the financial reporting period.

Accrued expenses include accruals of management bonuses. These are expected to be settled within one to three months from the end of the financial reporting period.

Output VAT represents the indirect taxes passed on to the Company's customers resulting from the sale of goods and other income, as applicable. Output VAT is presented net of input VAT.

Withholding taxes payable pertains to statutory payables to BIR which are remitted at an average term of 15 days after the end of the financial reporting period.



Statutory payables pertains to SSS, Philhealth and HDMF payable to other government agencies which are remitted at an average of 15 days after the end of the financial reporting period.

Others include transfer fees payables which are remitted at an average term of 30 days after the end of the financial reporting period.

13. REVENUES

The details of this account are presented below:

	2024	2023
Commissions	P 15,664,971	P 7,958,177
Dividend income (<i>see Notes 6 and 8</i>)	1,588,876	1,555,234
Storage income	1,081,760	1,284,802
Trading gains on financial assets at FVTPL (<i>see Note 6</i>)	654,954	576,493
Unrealized loss on fair value changes of financial assets at FVTPL (<i>see Note 6</i>)	(21,970)	(916,570)
	<u>P 18,968,591</u>	<u>P 10,458,136</u>

14. COST AND OPERATING EXPENSES

The details of cost and operating expenses are shown below:

	2024	2023
Director's fees (<i>see Note 18</i>)	P 8,400,000	P 1,100,000
Salaries, wages and benefits (<i>see Note 15</i>)	3,828,522	3,498,987
Commissions	1,623,133	636,951
Depreciation and amortization (<i>see Notes 9 and 10</i>)	1,146,837	1,243,332
Taxes and licenses (<i>see Note 23</i>)	544,680	111,929
Stock exchange dues and fees	517,126	317,092
Central depository fees	310,833	317,119
Business conference	260,598	355,748
Association dues	239,141	267,869
Utilities	202,785	129,627
Professional fees	181,500	320,600
Office supplies	152,644	76,935
Repairs and maintenance	111,810	147,423
Transportation and travel	100,837	91,463
Communication	77,968	83,021
Fines and penalties	55,187	-
Insurance	44,735	69,668
Fuel and oil	28,550	27,900
Bank charges	13,070	7,765
Impairment losses (<i>see Note 5</i>)	4,692	5,066
Miscellaneous	287,012	72,819
	<u>P 18,131,660</u>	<u>P 8,881,314</u>



These expenses are presented in the statements of comprehensive income as follows:

	<u>2024</u>	<u>2023</u>
Cost of services	P 5,381,590	P 3,173,217
Administrative expenses	<u>12,750,070</u>	<u>5,708,097</u>
	<u>P 18,131,660</u>	<u>P 8,881,314</u>

15. PERSONNEL COSTS

Salaries and Employee Benefits

Expenses recognized for salaries and employee benefits are presented below:

	<u>2024</u>	<u>2023</u>
Salaries and wages	P 3,596,442	P 3,260,021
Other employees benefits	<u>232,080</u>	<u>238,966</u>
	<u>P 3,828,522</u>	<u>P 3,498,987</u>

Post-Employment Benefits

The Company does not have a formal post-employment retirement plan; hence, it does not make any contribution to any such plan. Further, the Company did not recognize the retirement benefits in accordance with Republic Act (RA) No. 7641 otherwise known as the *Retirement Pay Law*, and PAS 19 *Employee Benefits*, in as much as the estimated retirement benefits are not material to the financial statements considering that the Company has less than ten regular employees as at December 31, 2024 and 2023.

16. INCOME TAXES

The Company's tax expense as reported in the statements of comprehensive income are presented below:

	<u>2024</u>	<u>2023</u>
Reported in profit or loss		
Regular corporate income tax (RCIT) at 25%	P -	P 235,806
Final tax at 20%	77,948	32,356
Deferred income tax relating to origination and reversal of temporary differences	(<u>130,303</u>)	(<u>118,910</u>)
	<u>(P 52,355)</u>	<u>P 149,252</u>
Reported in other comprehensive income		
Deferred income tax relating to origination and reversal of temporary differences (see Note 8)	<u>P 780,500</u>	<u>P 4,725</u>



The reconciliation of income tax on pretax income computed at the applicable statutory tax rates, to tax expense are shown below:

	2024		2023	
Tax on pretax income at 25%	P	245,335	P	434,650
Tax effects of:				
Income subject to final tax		-	(	8,089)
Unrealized market loss		4,394		229,143
Dividend income	(	317,775)	(	388,808)
Deferred income tax relating to origination and reversal of temporary differences		-	(	118,910)
Non-deductible expenses		11,975		1,266
Change in tax rate		3,716		-
	(P	52,355)	P	149,252

The net deferred tax asset (liabilities) as of December 31 relate to the following:

	Statements of Financial Position		Statements of Profit or Loss		Other Comprehensive Income	
	2024	2023	2024	2023	2024	2023
Deferred tax assets:						
Minimum Corporate Income Tax (MCIT)	P 240,402	P -	P -	P 28,538	P -	P -
Net-operating Loss Carry-over (NOLCO)	134,019		(134,019)			
Changes in fair value of financial assets at FVTPL	2,027,948	2,032,342	4,394	(146,181)	-	-
Allowance for impairment	1,978	1,300	(678)	(1,267)	-	-
Deferred tax liability:					-	-
Changes in fair value of financial assets at FVOCI	(2,192,000)	(2,972,500)	-	-	780,500	4,725
	P 212,347	(P 938,858)	(P 130,303)	(P 118,910)	P 780,500	P 4,725

The Company's NOLCO in 2024 amounted to P670,097 can be availed until 2027.

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Act was approved and signed into law. Under the CREATE Act, the RCIT of domestic corporations are taxed at 25% or 20% depending on the amount of total assets and total amount of taxable income. In addition, the MCIT was reduced from 2% to 1% of gross income until June 30, 2023.

The Company is subject to the minimum corporate income tax (MCIT) of 2% in 2024 and 1.5% in 2023 of gross income as defined under the tax regulations and will be paid at the end of the year whenever the regular corporate income tax (RCIT) is lower than the MCIT. Any MCIT can be applied against the RCIT within the next three years after the year it was paid. The details of the Company's MCIT and the respective availment period are presented below:

Year Incurred	Amount	Applied	RCIT	Excess of MCIT over RCIT	Valid Until
2024	P 240,402	P -	P -	P -	2027

In 2024 and 2023, the Company claims itemized deductions for income tax purposes.



17. EQUITY

Capital Stock

The details of capital stock are shown below:

	Shares		Amount	
	2024	2023	2024	2023
Common stock - P100 par value:				
Authorized	<u>500,000</u>	<u>500,000</u>	P <u>50,000,000</u>	P <u>50,000,000</u>
Subscribed	<u>500,000</u>	<u>500,000</u>	P <u>50,000,000</u>	P <u>50,000,000</u>
Less subscription receivables			<u>6,717,000</u>	<u>6,717,000</u>
			P <u>43,283,000</u>	P <u>43,283,000</u>

As at December 31, 2024 and 2023, the Company has five stockholders owning 100 or more shares each of the Company's common stock.

Revaluation Reserves

This account consists of revaluation on change in fair value adjustments of financial assets at FVOCI (see Note 8). The movement of this account is as follows:

	2024	2023
Balance at beginning of year	P 8,917,500	P 7,052,775
Fair value adjustment	(<u>149,500</u>)	<u>1,864,725</u>
Balance at end of year	<u>P 8,768,000</u>	<u>P 8,917,500</u>

Appropriation for Reserve Fund

The Company shall annually appropriate a certain minimum percentage of its audited profit after tax and transfer the same to Appropriated retained earnings. Minimum appropriation of 30%, 20%, and 10% of profit after tax for brokers/ dealers with unimpaired paid-up capital of between P10 million to P30 million, between P30 million to P50 million, and more than P50 million, respectively, are prescribed by SRC Rule 49.1 (B).

The Company has appropriated an additional reserve fund from its unappropriated retained earnings amounting to P255,806 in 2024 and P317,869 in 2023, which is equivalent to 20% of profit after tax given that the Company's unimpaired capital is between P30 million to P50 million. Accordingly, the total amount of appropriated retained earnings amounted to P8,036,577 and P7,780,771 as at December 31, 2024 and 2023, respectively.



18. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control (i.e., affiliates) or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to non-related parties.

The summary of the Company's transaction and outstanding balances with its related parties follows:

	2024		2023		Terms and Condition
	Amount of Transactions	Outstanding Balance	Amount of Transactions	Outstanding Balance	
Key Management Personnel					
Trading of securities	<u>P 2,937,850</u>	<u>P 15,560</u>	<u>P 18,113,411</u>	<u>P 202,555</u>	3-day, secured, non interest-bearing and generally settled in cash
Compensation	<u>P 1,178,696</u>	<u>P -</u>	<u>P 974,000</u>	<u>P -</u>	
Professional fees	<u>P 64,500</u>	<u>P -</u>	<u>P 320,600</u>	<u>P -</u>	
Director's fees	<u>P 8,400,000</u>	<u>P -</u>	<u>P 1,100,000</u>	<u>P -</u>	

Key Management Personnel Compensation

The key management personnel includes transaction with the President and Vice President of the Company.

19. COMMITMENTS AND CONTINGENCIES

There are commitments and contingent liabilities that arise in the normal course of the Company's operation that is not reflected in the accompanying financial statements. Management believes that losses, if any, from these events and conditions will not have material effects on the Company's financial statements.

20. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 21. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated with the Board of Directors and focuses on actively securing the Company's short- to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below.



Market Risk

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

Market risk originates from securities held as a principal, or in a proprietary or dealer account. In accordance with RBCA requirements, limits are imposed for all equity, debt and foreign exchange positions.

The Company's risk management committee is responsible for managing the market risk. It aims to ensure that the Company's market risk position conforms to the corporate policies and risk limits of the Company.

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

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

The table below set forth the impact of changes in PSE All Shares Index in the Company's unrealized gain or loss on its financial assets at FVTPL and FVOCI for the years ended December 31:

	2024				2023			
	1.22%		(1.22%)		1.77%		(1.77%)	
Changes on PSE All Shares Index:								
Financial assets at FVTPL	P	30,258	(P	30,258)	(P	22,441)	P	22,441
Financial assets at FVOCI		<u>11,346</u>	(	<u>11,346</u>)	(	<u>32,922</u>)		<u>32,922</u>
	<u>P</u>	<u>41,604</u>	(	<u>P</u> 41,604 )	(	<u>P</u> 55,363)	<u>P</u>	<u>55,363</u>

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

Credit Risk

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

The Company limits its exposure to credit risk by depositing its cash with highly reputable and pre-approved financial institutions. In addition, customers are initially assessed for creditworthiness based on their profile (i.e., financial capacity, reputation, collateral).



The Company mitigates its credit risk by transacting with recognized and creditworthy counterparties. The Company also monitors receivables balances regularly. In accordance with the Risk-Based Capital Adequacy (RBCA) requirement, limits are imposed to avoid large exposure to a single client or counterparty and single equity relative to a particular issuer company or group of companies. Furthermore, credit exposures are minimized by collateral held in the form of securities purchased.

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

	2024	2023
Cash in banks and equivalents	P 34,175,122	P 66,871,346
Trade receivables – net	3,871,190	23,200,381
Other non-current asset	341,289	341,289
	<u>P 38,387,601</u>	<u>P 90,413,016</u>

The table below shows the credit quality by class of financial assets as at December 31:

	2024					
	Neither Past Due Nor Impaired			Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade	Substandard Grade			
Cash and cash equivalents	P 34,175,122	P -	P -	P -	P -	P 34,175,122
Trade receivables	-	3,871,190	-	-	9,891	3,881,081
Other non-current asset	-	341,289	-	-	-	341,289
	<u>P 34,175,122</u>	<u>P 4,212,479</u>	<u>P -</u>	<u>P -</u>	<u>9,891</u>	<u>P 38,397,492</u>
	2023					
	Neither Past Due Nor Impaired			Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade	Substandard Grade			
Cash and cash equivalents	P 66,871,346	P -	P -	P -	P -	P 66,871,346
Trade receivables	-	23,200,381	-	-	5,199	23,205,580
Other non-current asset	-	341,289	-	-	-	341,289
	<u>P 66,871,346</u>	<u>P 23,541,670</u>	<u>P -</u>	<u>P -</u>	<u>P 5,199</u>	<u>P 90,418,215</u>

Cash and Cash Equivalents

Cash is considered high grade as management deals only with top banks in the Philippines. All other financial assets were assessed by management as standard grade as these are realized within the normal terms.

Trade Receivables

In respect of trade receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.



The Company applies the PFRS 9 simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all receivables. The provision rate is based on days past due for groupings of various customer segments analyze by customer type, credit term and the number of days outstanding. The Company adjusts historical default rates to forward-looking default rates by determining the closely economic factor affecting each customer segment (i.e., PSE index). At each date, the observed historical default rates are changes in the forward-looking estimates analyzed.

The aging analysis of the Company' receivable from customers as at December 31, 2024 and 2023 is as follows:

Days from Transaction of Couterparty	2024		
	Amount	Colateral (Net of Haircut)	Counterparty Exposure
0 to 1 days	P 95,694	(P 64,112,217)	(P 64,016,523)
2 to 12 days	444,678	(7,669,706)	(7,225,028)
13 to 30 days	15,391	(4,346,361)	(4,330,970)
31 to 365 days	227,938	(3,570,982)	(3,343,044)
	<u>P 783,701</u>	<u>(P 79,699,266)</u>	<u>(P 78,915,565)</u>
Days from Transaction of Couterparty	2023		
	Amount	Colateral (Net of Haircut)	Counterparty Exposure
1 to 2 days	P 225,218	(P 58,840,097)	(P 58,614,879)
3 to 13 days	251,788	(3,880,122,608)	(3,879,870,820)
14 to 30 days	69,093	(69,093)	-
31 to 365 days	118,016	(275,516)	(157,500)
	<u>P 664,115</u>	<u>(P 3,939,307,314)</u>	<u>(P 3,938,643,199)</u>

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

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

As of December 31, 2024 and 2023, trade receivables from brokering transactions amounting to P783,701 and P664,115 respectively, are secured by collateral comprising quoted equity securities with a total market value of P79,699,266 and P3,939,307,314, respectively (see Note 5).

The allowance for impairment losses on receivables from customers amounted to P9,891 and P5,199 as at December 31, 2024 and 2023, respectively, was provided on trade receivables (see Note 5).



Other Financial Assets at Amortized Cost

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

Liquidity Risk

The Company's exposure to liquidity risk pertains to difficulty in raising funds to meet obligations associated with its financial liabilities.

The Company's objective is to maintain a balance between continuity and flexibility through the use of internally generated funds and those sourced from banks. The Company regularly evaluates its projected and actual cash flow information and continuously assesses conditions in the financial markets.

The following table shows the maturity profile of the financial assets and liabilities, based on the Company's management of its liquidity structure:

		2024			
		On Demand	Less than 3 Months	3 to 12 Months	Beyond 1 Year
					Total
Financial assets:					
Cash in banks and equivalents	P	34,175,122	P -	P -	P -
Trade receivables		-	3,871,190	-	-
Financial assets at FVTPL		5,822,639	-	-	-
Financial asset at FVOCI		-	-	-	25,420,000
Other non-current asset		-	-	-	341,289
		<u>39,997,761</u>	<u>3,871,190</u>	<u>-</u>	<u>25,761,289</u>
					<u>69,630,240</u>
Financial liabilities:					
Trade payables		-	1,612,565	-	-
Other current liabilities		-	848,684	-	-
		<u>-</u>	<u>2,461,249</u>	<u>-</u>	<u>-</u>
					<u>2,461,249</u>
Cumulative total gap	P	<u>39,997,761</u>	P <u>1,409,941</u>	P <u>-</u>	P <u>25,761,289</u>
					P <u>67,168,991</u>
		2023			
		On Demand	Less than 3 Months	3 to 12 Months	Beyond 1 Year
					Total
Financial assets:					
Cash in banks and equivalents	P	66,959,085	P -	P -	P -
Trade receivables		5,199	23,200,381	-	-
Financial assets at FVTPL		3,342,463	-	-	-
Financial asset at FVOCI		-	-	-	26,350,000
Other non-current asset		-	-	-	341,289
		<u>70,306,747</u>	<u>23,200,381</u>	<u>-</u>	<u>26,691,289</u>
					<u>120,198,417</u>
Financial liabilities:					
Trade payables		-	22,796,631	-	-
Other current liabilities		-	29,853,355	-	-
		<u>-</u>	<u>52,649,986</u>	<u>-</u>	<u>-</u>
					<u>52,649,986</u>
Cumulative total gap	P	<u>70,306,747</u>	(P <u>29,449,605</u>)	P <u>-</u>	P <u>26,691,289</u>
					P <u>67,548,431</u>



The management measures the maximum funding requirement that the Company may need to support its maturing obligations. To ensure that the Company maintains a prudent and manageable level of the cumulative negative gap, the Company maintains a pool of highly liquid assets in the form of deposits with banks. In addition, the majority of the stockholders have committed their financial support in the event of immediate funding requirements for its operations.

Operational Risk

Operational risks are risks arising from the potential inadequate information systems, operations or transactional problems (relating to service or product delivery), breaches in internal controls and fraud or unforeseen catastrophes that may result in unexpected loss. Operational risks include the risk of loss arising from various types of human or technical error, settlement or payment failures, business interruption, administrative and legal risks, and the risk arising from systems not performing adequately.

The Company has established measures to mitigate the effects of risks related to operations through its senior management. These policies and measures are integrated into the Company's day-to-day operations. At year-end, the Company also ensures that disclosures are made in the financial statements for any significant accounts, if any, which may have been affected by such risk.

Regulatory Risks

Regulatory risk refers to the potential risk for the Company to suffer financial loss due to changes in the laws or monetary, tax, or other governmental regulations of a country. The Company monitors compliance with these regulations, as well as the study of the potential impact of new laws and regulations.

21. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

As of December 31, the carrying amounts of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below:

	2024		2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<i>Financial Assets</i>				
Cash and cash equivalent	P 34,182,122	P 34,182,122	P 66,959,085	P 66,959,085
Trade receivables	3,881,299	3,871,190	23,200,381	23,205,580
Financial assets at FVTPL	5,822,639	5,822,639	3,342,463	3,342,463
Financial asset at FVOCI	25,420,000	25,420,000	26,350,000	26,350,000
Other non-current assets	341,289	341,289	341,289	341,289
	<u>P 69,627,349</u>	<u>P 69,637,240</u>	<u>P 120,193,218</u>	<u>P 120,198,417</u>
<i>Financial Liabilities</i>				
Trade payables	P 1,612,565	P 1,612,565	P 22,796,631	P 22,796,631
Other current liabilities	848,684	848,684	29,853,355	29,853,355
	<u>P 2,461,249</u>	<u>P 2,461,249</u>	<u>P 52,649,986</u>	<u>P 52,649,986</u>



The methods and assumptions used by the Company in estimating the fair value of the financial instruments are as follows:

i. Cash and Cash Equivalents

The carrying amounts approximate fair values given the short-term nature of the instruments.

ii. Trade Receivables

The estimated fair value of Trade receivables represents the discounted amount of estimated future cash flows expected to be received. Fair value of these receivables approximates their carrying values.

iii. Financial Assets at FVPTL and Financial Assets at FVOCI

The estimated fair value of financial assets at FVPTL and financial assets at FVOCI is based on their market quoted price.

iv. Refundable Deposit (Presented as Other Non-current Assets)

Refundable deposit consists of a monthly contributions of the Company as a clearing member. The carrying amounts approximate the fair values of the instruments.

v. Trade Payables and Other Current Liabilities

Trade payables are recognized initially at their fair value and subsequently measured at the amounts to which they are to be paid. Fair value of these short-term liabilities approximates their carrying values given their short-term duration.

Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and financial liabilities and non-financial assets are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS Accounting Standards, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the resource or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.



For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For financial assets and liabilities which do not have quoted market price, the fair value is determined by using generally accepted pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Company uses valuation techniques, it maximizes the use of observable market data where it is available and relies as little as possible on entity-specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

The financial assets at FVTPL and FVOCI are categorized as Level 1. This comprises of equity securities which were value based on their market prices quoted in the Philippine Stock Exchange.

The Company has no financial liabilities measured at fair value as of December 31, 2024 and 2023.

There have been no significant transfers among Levels 1, 2 and 3 in the reporting periods.

Fair Value Measurement for Non-financial Assets

There were no non-financial assets measured at fair value as at December 31, 2024 and 2023.

22. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

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

Required Capitalization for Brokers/Dealers

In compliance with SRC Rule 28 of 2015, *Implementing Rules and Regulations of SRC*, trading participants are required to have an unimpaired paid-up capital of P100 million for those who will be participating in a registered clearing agency. However, other brokers/dealers not meeting the P100 million capitalization and note seeking authorization to engage in market-making transaction shall maintain a P30 million unimpaired capital and file a surety bond not less than P10 million for brokers and not less than P2 million for dealers.



Unimpaired paid-up capital pertains to the Company's paid-up capital less any deficit. The unimpaired paid-up capital of the Company amounted to P43,283,000 in 2024 and 2023, respectively. The Company's surety bond amounted to P12,000,000 as at December 31, 2024 and 2023, respectively.

The details of the Company capital stock are shown in Note 17.

Reserve Fund

The Company shall annually appropriate a certain minimum percentage of its audited profit after tax and transfer the same to Appropriated retained earnings. Minimum appropriation of 30%, 20%, and 10% of profit after tax for brokers/dealers with unimpaired paid-up capital of between P10 million to P30 million, between P30 million to P50 million, and more than P50 million, respectively, are prescribed by SRC Rule 49.1 (B).

The Company has appropriated an additional reserve fund from its unappropriated retained earnings amounting to P255,806 in 2024 and P317,869 in 2023, which is equivalent to 20% of profit after tax given that the Company's unimpaired capital is between P30 million to P50 million. Accordingly, the total amount of appropriated retained earnings amounted to P8,036,577 and P7,780,771 as at December 31, 2024 and 2023, respectively (see Note 17).

Net Liquid Capital (NLC)

The Company is required, at all times, to have and maintain an NLC of P5,000,000 or 5% of its Aggregate Indebtedness (AI), whichever is higher.

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

- (a) Equity per book;
- (b) Liabilities subordinated to the claims of creditors in conformity with the SRC Rule 49.1 in accordance with a prescribed schedule; and
- (c) Deposits for future stock subscription for which an application for increase in capital stock or request for registration exemption has been filed with the SEC.

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

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

- (a) Adding unrealized gains (or deducting unrealized losses) in the accounts of the Company;
- (b) Deducting fixed assets and assets which cannot be readily converted into cash (less any AI in accordance with SRC Rule 49.1);
- (c) Deducting general guarantees and indemnities for loans and indebtedness other than those incurred by the Company, unless otherwise permitted by SEC; and
- (d) Deducting long and short securities differences.



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

The NLC of the Company met the minimum prescribed amounts as at December 31 as shown below:

	<u>2024</u>	<u>2023</u>
NLC:		
Equity eligible for net liquid capital	P 69,049,791	P 68,921,968
Ineligible assets	(38,023,395)	(40,229,734)
	<u>P 31,026,396</u>	<u>P 28,692,234</u>
Required NLC:		
Higher of:		
5% of aggregate indebtedness	P 204,558	P 2,794,610
Minimum amount	<u>5,000,000</u>	<u>5,000,000</u>
	<u>P 5,000,000</u>	<u>P 5,000,000</u>
Net risk-based capital excess	<u>P 26,026,396</u>	<u>P 23,692,234</u>

Ratio of Aggregate Indebtedness (AI) to Net Liquid Capital

The Company shall not permit its AI to all other persons to exceed 2000% of its NLC.

The Company's AI consisted of 195% and 21% of its NLC as at December 31, 2024 and 2023, respectively.

RBCA Requirement/Ratio

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

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

The TRCR is the sum of:

- (a) Operational Risk Requirement (ORR);
- (b) Credit Risk Requirement which includes requirements for Counterparty Risk, Settlement Risk, Large Exposure Risk, and Margin Lending / Financing Risk; and
- (c) Position or Market Risk Requirement.



The ratio of RBCA is shown below:

	2024	2023
NLC	P 31,026,396	P 28,692,234
TRCR:		
Operational risk	3,303,204	3,146,309
Position risk	1,660,185	1,061,697
Credit risk	-	-
Large exposure risk	-	-
	P 4,963,389	P 4,208,006
RBCA ratio	625%	682%

As at December 31, 2024 and 2023, the Company complies with the required RBCA ratio.

Ratio of Core Equity to Operational Risk Requirement (ORR)

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

Core equity refers to the sum of paid-up common stock, common stock dividends distributable, additional paid-in capital, surplus reserves excluding revaluation reserves or appraisal capital, and opening retained earnings adjusted for all current year movements. Core equity shall exclude treasury shares and unrecorded valuation reserves and other capital adjustments, such as unrealized gain or loss in fair value changes.

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

	2024	2023
Common stock	P 43,283,000	P 43,283,000
Retained earnings at beginning of year	24,700,110	23,110,763
Core equity	67,983,110	66,393,763
Operational risk	3,303,204	3,146,309
Ratio of Core Equity to Operational Risk	2,058%	2,110%

23. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below is the supplementary information which is required by the Bureau of Internal Revenue (BIR) under its existing revenue regulations to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS Accounting Standards.



Requirements under Revenue Regulations (RR) 15-2010

The information on taxes, duties and license fees paid or accrued during the taxable period required under RR 15-2010 are as follows:

a. Output Value-Added Tax (VAT)

In 2024, the Company declared output VAT amounting P2,053,268 based on receipts from services amounting to P 17,110,566. The tax base for revenues are based on the Company's gross receipts for the year, hence may not be the same as the amounts of revenues reported in the 2024 statement of comprehensive income.

The Company's outstanding output VAT as at December 31, 2024 amounted to P39,184 and was presented as part of Other current liabilities in the statements of financial position (see Note 12).

b. Input VAT

The movements of input VAT as of December 31, 2024 are summarized below:

Balance at beginning of year	P	-
Capital goods exceeding P1 million		53,571
Domestic purchase of services		52,613
Others		73,801
Applied against output VAT	(	<u>179,985)</u>
Balance at end of year	P	<u>-</u>

c. Tax on Importation

The Company has no tax on importation during the year.

d. Excise Tax

The Company does not have an excise tax during the year.

e. Documentary Stamp Taxes (DST)

The Company did not incur documentary stamp tax the year.

f. Taxes and Licenses

An analysis of the Company's taxes, licenses and permit fees paid or accrued during the year is as follows:

Business permit	P	44,893
Licenses and permits		34,845
Realty property tax		24,714
Others		<u>440,228</u>
	P	<u>544,680</u>



g. *Withholding Taxes*

The details of total withholding taxes for the year ended December 31, 2024 are shown below:

Final tax	P	12,522,388
Expanded		1,179,093
Compensation		<u>322,677</u>
	P	<u>14,024,158</u>

h. *Deficiency Tax Assessments and Tax Cases*

As of December 31, 2024, the Company neither has any deficiency tax assessment with the BIR nor tax case outstanding nor pending in courts or bodies outside the BIR in any of the open years.

Requirements under Revenue Regulations (RR) 34-2020

On December 18, 2020, the BIR issued RR 34-2020 which prescribes the guidelines and procedures for the submission of BIR Form No. 1709, *Transfer Pricing Documentation (TPD)* and other supporting documents. As at December 31, 2024, the Company is not covered by the requirements and procedures for related party transactions provided under this RR.



Aquino, Mata, Calica & Associates
Certified Public Accountants
Suite 1805 - 1807 Cityland Condominium 10 Tower 2
H.V. Dela Costa St., Makati City, 1227 Philippines
T +63 2 8841 0462 • +63 2 8893 0287


**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SEC SCHEDULES FILED SEPARATELY
FROM THE BASIC FINANCIAL STATEMENTS**

The Board of Directors and Stockholders
Platinum Securities, Inc.
Unit 1805 PSE Tower
5th Ave., Cor. 28th St. Fort Bonifacio
Taguig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **Platinum Securities, Inc.** for the year ended December 31, 2024, on which we have rendered our report dated March 31, 2025. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Annex 68-E – Schedule of Soundness Ratio Indicators as of and for the year ended December 31, 2024 are presented for purposes of additional analysis in compliance with the requirements of Revised Securities Regulation Code Rule 68, and are not required parts of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Such supplementary information is the responsibility of management. The supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

AMC & ASSOCIATES

By: 
Ariel D. Gonzales
Partner
CPA Cert. No. 89570
TIN 169-688-077-000
PTR No. 10469764, Jan. 7, 2025, Makati City
BIR Accreditation No. 08-002582-003-2024
(issued on Nov. 15, 2024 valid until Nov. 14, 2027)
SEC Accreditation No. 89570 (Group A)
(valid to audit 2021 to 2025 financial statements)
IC Accreditation No. 89570-IC (Group A)
(valid to audit 2020 to 2024 financial statements)
BSP Accreditation No. 89570-BSP (Group B)
(valid to audit 2021 to 2025 financial statements)

March 31, 2025

FIRM ACCREDITATION

Aquino, Mata, Calica & Associates

BOA Accreditation No. 4275 - valid from June 29, 2023 to June 28, 2026

BIR Accreditation No. 08-002582-000-2023 - issued on October 12, 2023 valid until October 11, 2026

SEC Accreditation No. 4275-SEC (Group A) - valid to audit 2023 to 2027 financial statements

IC Accreditation No. 4275-IC (Group A) - valid to audit 2020 to 2024 financial statements

BSP Accreditation No. 4275-BSP (Group B) - valid to audit 2021 to 2025 financial statements

CDA CEA No. 075-AF - valid from January 15, 2025 to January 14, 2030



ANNEX 68 - E

SCHEDULE OF SOUNDNESS RATIO INDICATORS

PLATINUM SECURITIES, INC.

As of December 31, 2024 and 2023

Ratio	Formula	Current Year		Prior Year	
Current Ratio	Current asset	44,471,400	10.90:1.00	94,235,630	1.69:1.00
	Current Liabilities	4,081,555		55,892,195	
Acid Ratio	<u>Current Assets except Prepayment</u>	43,875,951	10.75:1.00	93,501,929	1.65:1.00
	Current Liabilities	4,081,555		56,831,053	
Solvency Ratios	Total Assets	82,121,300	20.12:1.00	133,731,663	2.35:1.00
	Total Liabilities	4,081,555		56,831,053	
Debt-to-equity ratio	Total Liabilities	4,081,555	0.05:1.00	56,831,053	0.74:1.00
	Total Stockholders' equity	78,030,138		76,900,610	
Asset-to-equity ratio	Total Assets	82,111,693	1.05:1.00	133,731,663	1.74:1.00
	Total Equity	78,030,138		76,900,610	
Interest rate coverage ratio	<u>Earnings before interest and taxes</u>	836,931	2.15:1.00	1,576,822	9.75:1.00
	Interest	389,742		161,777	
Return on equity	Net Profit (Loss)	1,279,028	0.02:1.00	1,589,347	0.02:1.00
	Shareholders's Equity	78,030,138		76,900,610	
Return on assets	Net Profit (Loss)	1,279,028	0.02:1.00	1,589,347	0.01:1.00
	Total Assets	82,111,693		133,731,663	
Net profit margin	Net profit (Loss)	1,279,028	0.07:1.00	1,589,347	0.15:1.00
	Revenue	18,968,591		10,458,136	