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

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Company Information

SEC Registration No.: 0000171819
Company Name: PLATINUM SECURITIES INC.
Industry Classification: J66930
Company Type: Stock Corporation

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Document Information

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Period Covered: December 31, 2021
Submission Type: Annual
Remarks: None

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

			1	7	1	8	1	9			

Company Name

PLATINUM SECURITIES, INC.

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

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

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
platinumsec223@gmail.com	8252-8017	0920-879-4872

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
7	Every First Monday of May	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Elaine J. Nora	plasec223@yahoo.com	8245-2635	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 Deficiences shall not excuses 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, 2021 and 2020, 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

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Signed this 7th day of April 2022

Financial Statements

PLATINUM SECURITIES, INC.

December 31, 2021

(With Comparative Figures for 2020)

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 statement of financial position as at December 31, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audit 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 audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of Platinum Securities, Inc. for the year ended December 31, 2020 was audited by another auditor who expressed an unmodified opinion on those statements on April 30, 2021.

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

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

AMC & ASSOCIATES

Certified Public Accountants

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.

AMC & ASSOCIATES

Certified Public Accountants

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 audit was 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, 2021 by the Bureau of Internal Revenue (BIR) as disclosed in Note 25 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. Such supplementary information is the responsibility of the management. The supplementary information has been subjected to the auditing procedures applied in the audit 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 Certification No. 89570
TIN 169-688-077-000
PTR No. 8857523, Jan. 6, 2022, Makati City
BIR Accreditation No. 08-003584-1-2021
(valid until Dec. 19, 2024)
SEC Accreditation No. 89570 (Group A)
(valid until Dec. 31, 2025)
IC Accreditation No. 89570-IC (Group A)
(valid until Dec. 31, 2024)
BSP Accreditation No. 89570-BSP (Group B)
(valid until Dec. 31, 2025)

April 8, 2022

AMC & ASSOCIATES

Certified Public Accountants

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, 2021, on which we have rendered the attached report dated April 8, 2022.

In compliance with 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 Certification No. 89570
TIN 169-688-077-000
PTR No. 8857523, Jan. 6, 2022, Makati City
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(valid until Dec. 31, 2024)
BSP Accreditation No. 89570-BSP (Group B)
(valid until Dec. 31, 2025)

April 8, 2022

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FIRM ACCREDITATION
Aquino, Mata, Calica & Associates
BOA Accreditation No. 4275 - valid until June 28, 2023
BIR Accreditation No. 08-002582-001-2020 - valid until October 7, 2023
SEC Accreditation No. 0390-F (Group A) - January 16, 2020 to January 15, 2023
IC Accreditation No. 4275-IC (Group A) - valid until December 31, 2024
BSP Accreditation No. 4275-BSP (Group B) – valid until December 31, 2025
CDA CEA No. 075-AF – June 2, 2021 to June 1, 2024

Suite 1801 - 1807 Cityland Condominium 10 Tower 2, H.V. Dela Costa St., Makati City, Philippines
Tel. No.: (02) 8841.0462 • Fax No.: (02) 8893.0287

PLATINUM SECURITIES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(With Comparative Figures for 2020)
(Amounts in Philippine Peso)

	2021			2020		
		Security Valuation			Security Valuation	
	Money Balance	Long	Short	Money Balance	Long	Short
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents *(Note 4)*	P 37,213,365			P 20,431,446		
Trade receivables *(Note 5)*	36,610,276	P 565,352,274		92,344,998	P 1,604,798	
Financial assets at fair value through profit or loss (FVTPL) *(Note 6)*	5,310,175	5,310,175		3,524,467	3,524,467	
Prepayments and other current assets *(Note 7)*	863,993			831,311		
Total Current Assets	79,997,809			117,132,222		
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income (FVOCI) *(Note 8)*	33,325,000	33,325,000		23,854,500	23,854,500	
Property and equipment *(Note 9)*	12,108,633			12,879,354		
Intangible assets *(Note 10)*	1,576,042			1,575,000		
Other non-current asset *(Note 11)*	341,289			341,289		
Total Non-Current Assets	47,350,964			38,650,143		
TOTAL ASSETS	P 127,348,773			P 155,782,365		
Securities in Vault, Transfer Offices, and Philippine Depositary and Trust Corporation			P 3,181,348,570			P 2,986,394,416
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Trade payables *(Note 12)*	P 40,182,113	2,577,361,121		P 83,836,153	2,957,410,651	
Other current liabilities *(Note 12)*	5,491,039			979,451		
Total Current Liabilities	45,673,152			84,815,604		
NON-CURRENT LIABILITY						
Deferred tax liabilities *(Note 16)*	3,521,217			495,775		
Total Liabilities	49,194,369			85,311,379		
EQUITY						
Capital stock *(Note 17)*	43,283,000			43,283,000		
Revaluation reserves *(Note 17)*	13,679,025			6,576,150		
Appropriated retained earnings *(Note 17)*	7,079,225			6,963,116		
Unappropriated retained earnings *(Note 17)*	14,113,154			13,648,720		
Total Equity	78,154,404			70,470,986		
TOTAL LIABILITIES AND EQUITY	P 127,348,773	P 3,181,348,570	P 3,181,348,570	P 155,782,365	P 2,986,394,416	P 2,986,394,416

See Notes to Financial Statements.

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PLATINUM SECURITIES, INC.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Figures for 2020)
(Amounts in Philippine Peso)

	2021	2020
REVENUES *(Note 13)*	P 16,462,463	P 10,024,791
COSTS AND OPERATING EXPENSES (INCOME) *(Note 14)*		
Costs of services	5,939,759	5,625,334
Administrative expenses	9,260,725	4,296,621
Other income	(6,214)	(304,197)
	15,194,270	9,617,758
OPERATING PROFIT	1,268,193	407,033
FINANCE INCOME *(Note 4)*	83,732	176,056
PROFIT BEFORE TAX	1,351,925	583,089
TAX EXPENSE *(Note 16)*	771,382	97,614
NET PROFIT	580,543	485,475
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 income (OCI) *(Note 8)*	9,470,500	(3,270,500)
Tax income (expense) in changes in fair value of financial assets at OCI *(Note 8)*	(2,367,625)	981,150
	7,102,875	(2,289,350)
TOTAL COMPREHENSIVE INCOME (LOSS)	P 7,683,418	(P 1,803,875)

See Notes to Financial Statements.

MAY 04 2022

PLATINUM SECURITIES, INC.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Figures for 2020)
(Amounts in Philippine Peso)

	Capital Stock	Revaluation Reserves	Retained Earnings		Total
			Appropriated	Unappropriated	
Balance at January 1, 2021 *(Note 17)*	P 43,283,000	P 6,576,150	P 6,963,116	P 13,648,720	P 70,470,986
Appropriation during the year *(Note 17)*	-	-	116,109	(116,109)	-
Total comprehensive income for the year	-	7,102,875	-	580,543	7,683,418
Balance at December 31, 2021 *(Note 17)*	P 43,283,000	P 13,679,025	P 7,079,225	P 14,113,154	P 78,154,404
Balance at January 1, 2020 *(Note 17)*	P 43,283,000	P 8,865,500	P 6,866,021	P 13,260,340	P 72,274,861
Appropriation during the year *(Note 17)*	-	-	97,095	(97,095)	-
Total comprehensive income (loss) for the year	-	(2,289,350)	-	485,475	(1,803,875)
Balance at December 31, 2020 *(Note 17)*	P 43,283,000	P 6,576,150	P 6,963,116	P 13,648,720	P 70,470,986

See Notes to Financial Statements.

PLATINUM SECURITIES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Figures for 2020)
(Amounts in Philippine Peso)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	P 1,351,925	P 583,089
Adjustments for:		
Depreciation and amortization *(Notes 9 and 10)*	776,970	1,107,239
Unrealized loss (gain) on financial assets at fair value through profit or loss	480,677	(107,723)
Interest income *(Note 4)*	(83,732)	(176,056)
Dividend income	(1,327,665)	(78,730)
Provision for impairment losses	-	5,911
Operating profit before working capital changes	1,198,175	1,333,730
Decrease (increase) in trade receivables	55,734,722	(92,085,228)
Decrease (increase) in prepayments and other current assets	(32,682)	444,180
Increase in other non-current asset	-	(325,626)
Increase (decrease) in trade payables	(43,654,040)	77,524,535
Increase (decrease) in other current liabilities	4,511,588	(102,098)
Cash generated from (used in) operations	17,757,763	(13,210,507)
Interest received	83,732	176,056
Cash paid for income taxes *(Note 16)*	(113,565)	(90,344)
Net Cash From (Used in) Operating Activities	17,727,930	(13,124,795)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received *(Note 6)*	1,327,665	78,730
Additions to intangible assets *(Note 10)*	(1,042)	(60,000)
Acquisitions of property and equipment *(Note 9)*	(6,249)	(9,495)
Proceeds from (addtions to) financial assets at FVTPL	(2,266,385)	63,837
Net Cash From (Used in) Investing Activities	(946,011)	73,072
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,781,919	(13,051,723)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	20,431,446	33,483,169
CASH AND CASH EQUIVALENTS AT END OF YEAR *(Note 4)*	P 37,213,365	P 20,431,446

See Notes to Financial Statements.

PLATINUM SECURITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(With Comparative Figures for 2020)
(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, 2021 (including the comparative financial statements as at and for the year ended December 31, 2020) were authorized for issue by the Company's Board of Directors (BOD) on April 8, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies 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

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS is adopted by the Financial Reporting Standards Council (FRSC) 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 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

Effective Subsequent to 2021 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2021, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have a significant impact on the Company's financial statements.

i. PFRS 3 (Amendments), Business Combination - *Reference to the Conceptual Framework* (effective from January 1, 2022). The amendments update an outdated reference to the Conceptual Framework in PFRS 3 without significantly changing the requirements in the standard.

ii. PAS 16 (Amendments), *Property, Plant and Equipment - Proceeds Before Intended Use* (effective from January 1, 2022). The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

iii. PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fufillling a Contract* (effective January 1, 2022). The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

iv. Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are relevant to the Company:

- PFRS 9 (Amendments), *Financial Instruments - Fees in the '10 percent' Test for Derecognition of Liabilities.* The improvements clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

- Illustrative Examples Accompanying PFRS 16, *Leases - Lease Incentives.* The improvement merely removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives.

v. PAS 1 (Amendments), *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current* (effective January 1, 2023). The amendments aim to promote consistency in applying the requirements by helping entities determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

vi. PFRS 10 (Amendments), *Consolidated Financial Statements, and PAS 28 (Amendments), Investments in Associates and Joint Ventures - Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3 between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sales or contributions of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

vii. PFRS 17, Insurance Contracts (effective January 1, 2023). The new standard will eventually replace PFRS 4, Insurance Contracts. The Insurance Commission (IC), through its Circular Letter 2018-69, has deferred the implementation of PFRS 17 for the life insurance and non-life insurance industry. PFRS 17 will set out the principles for the recognition, measurement, presentation and disclosure of insurance contracts within its scope.

This new standard requires a current measurement model where estimates are remeasured in each reporting period. Moreover, contracts are measured using the building blocks of:

- discounted probability-weighted cash flows;
- an explicit risk adjustment; and,
- a contractual service margin (CSM) representing the unearned profit of the contract which is recognized as revenue over the coverage period.

PFRS 17 further allows a choice between recognizing changes in discount rates either in the statement of income or directly in other comprehensive income. The choice is likely to reflect how insurers account for financial assets under PFRS 9.

In addition, the standard provides an optional, simplified premium allocation approach for the liability for the remaining coverage for short-duration contracts, which are often written by non-life insurers.

A modification of the general measurement model called the variable fee approach is also introduced by PFRS 17 for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.

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 t) 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 Exchage (PSE) shares was irrevocably designated as Financial assets at FVOCI as at December 31, 2021 and 2020.

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, 2021 and 2020, the Company Financial Assets at Fair Value Through Profit or Loss (FVTPL) pertains to quoted securities.

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.

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 AFS 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 Current Assets

Prepayments and other current 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.

Gains and losses on disposals are recognized as part of Other income in the profit or loss.

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. *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.

b. *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.

c. *Interest income* – This is recognized as the interest accrues taking into account the effective yield on the asset;

d. *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,

e. *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.

Leases

For any new contracts entered into, the Company considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;

- the Company has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,

- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At the lease commencement date, the Company recognizes a right-of-use asset and a lease liability in the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

On the other hand, the Company measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, variable lease payments based on an index or rate', amounts expected to be payable under a residual value guarantee", and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to the initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset, and a lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

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 potion 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 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 Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

The factors that are normally the most relevant are (a) if there are significant penalties should the Company pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Company is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is exercised or not exercised or the Company becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

b. *Determination of ECL on Trade and Other Receivables*

The Company uses a provision matrix to calculate ECL for 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.

c. *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.

d. *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.

e. *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.)

   No allowance for impairment was recognized in both years.

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, 2021 and 2020 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 2021 and 2020.

e. Valuation of Retirement Benefits and Other Retirement Benefits

The defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service, and salary. As at December 31, 2021 and 2020, the Company does not have a formal post-employment benefit 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 are not material to the financial statements. The Bank will recognize these benefits as an expense as they fall due.

4. CASH AND CASH EQUIVALENTS

This account is composed of the following:

	2021	2020
Cash on hand	P 4,900	P 14,503
Cash in banks	29,208,465	7,069,975
Short-term placements	8,000,000	13,346,968
	P 37,213,365	P 20,431,446

Cash in banks generally earns interest at prevailing bank deposit rates. Short-term placements are made for varying periods up to three months depending on the Company's immediate cash requirements and earn interest at the respective short-term placement rates ranging from 0.375% to 3.25% in 2021 and 6.25% to 6.39% in 2020. Interest income earned from cash in banks and short-term placements amounted to P83,732 and P176,056 in 2021 and 2020, 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 P11,895,209 and P11,368,234 as at December 31, 2021 and 2020, respectively. The Company's reserve requirement is determined weekly based on the SEC's prescribed computation.

As at December 31, 2021 and 2020, the Company's reserve accounts are adequate to cover its reserve requirements.

5. TRADE RECEIVABLES

This account consists of the following:

	2021	2020
Receivables from:		
Customers	P 36,584,223	P 526,771
Clearing house	-	91,749,744
Other brokers	29,424	77,374
	36,613,647	92,353,889
Allowance for impairment losses	(3,371)	(8,891)
	P 36,610,276	P 92,344,998

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

	2021		2020	
	Money Balance	Security Valuation - Long	Money Balance	Security Valuation - Long
Cash and fully secured accounts:				
More than 250%	P 36,583,843	P 540,153,220	P 100,012	P 1,138,638
Between 200% - 250%	303	-	-	-
Between 150% - 200%	77	25,198,534	-	-
Between 100% - 150%	-	520	-	-
Partially secured accounts	-	-	504,133	466,160
Unsecured accounts	-	-	-	
	36,584,223	565,352,274	604,145	1,604,798
Allowance for impairment losses	(3,371)	-	(8,891)	-
	P 36,580,852	P 565,352,274	P 595,254	P 1,604,798

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

	2021	2020
Balance at the beginning of year	P 8,891	P 2,980
Reversal of impairment losses	(5,520)	-
Provision for impairment losses	-	5,911
	P 3,371	P 8,891

Trade receivables from the clearing house are due and collectible after three (3) days from the transaction date. Accordingly, balances as at December 31, 2021 and 2020 were fully collected in January 2022 and 2021, respectively.

Other receivables are normally settled within one (1) year.

Collaterals on trade receivables from customers and other brokers pertain to listed equity securities amounting to P735,913,518 and P1,604,798 as at December 31, 2021 and 2020, 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 P5,310,175 and P3,524,467 as at December 31, 2021 and 2020, respectively.

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

	2021	2020
Realized gain on sale	P 189,855	P 604,895
Unrealized gain (loss) on fair value changes	(480,677)	107,723
	(P 290,822)	P 712,618

Dividend Income

This account is derived from the following:

	2021	2020
Financial assets at FVTPL	P 87,665	P 78,730
Financial assets at FVOCI	1,240,000	-
	P 1,327,665	P 78,730

The Company's financial assets at FVTPL as at December 31, 2021 and 2020 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:

	2021	2020
Advances to officers and employees	P 413,000	P 375,000
Prepaid income tax	311,636	155,376
Prepaid expenses	71,349	106,443
Creditable withholding taxes	45,000	-
Input VAT	23,008	194,492
	P 863,993	P 831,311

Advances to officers and employees pertaining 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.

Prepaid income tax relates to creditable withholding tax, which is claimed against income tax due, are carried over in the succeeding period for the same purpose.

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.

CWTs, which are claimed against income tax due, is carried over in the succeeding period for the same purpose.

Input VAT represents the indirect taxes passed on to the Company resulting from purchases of goods and payment of services. Input VAT is presented net of output VAT.

No provision for impairment losses on prepayments and other current assets was recognized in 2021 and 2020.

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 P33,325,000 and P23,854,500 as at December 31, 2021 and 2020, respectively.

The Company has 155,000 PSE shares as at December 31, 2021 and 2020. The market value per share of PSE amounted to P215 and P153.9 as at December 31, 2021 and 2020, respectively.

The balances and movements in the cumulative unrealized losses on fair value changes of financial assets at FVOCI as at December 31, 2021 and 2020 are as follows:

	2021		
	Cumulative Unrealized Gain	Deferred Tax	Net
Balances at beginning of year	P 9,394,500	(P 2,818,350)	P 6,576,150
Unrealized gain on fair value changes of financial assets at FVOCI	9,470,500	(2,367,625)	7,102,875
Balances at end of year	P 18,865,000	(P 5,185,975)	P 13,679,025

	2020		
	Cumulative Unrealized Gain	Deferred Tax	Net
Balances at beginning of year	P 12,665,000	(P 3,799,500)	P 8,865,500
Unrealized losses on fair value changes of financial assets at FVOCI	(3,270,500)	981,150	(2,289,350)
Balances at end of year	P 9,394,500	(P 2,818,350)	P 6,576,150

The fair value of financial assets at FVOCI as at December 31, 2021 and 2020 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)*.

9. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2021 and 2020 are shown below:

	Office Condominium	Furniture, Fixtures and Equipment	Transportation Equipment	Total
December 31, 2021				
Cost	P 14,588,893	P 1,130,140	P 3,059,929	P 18,778,962
Accumulated depreciation	(2,492,897)	(1,118,003)	(3,059,429)	(6,670,329)
Carrying amount as at December 31, 2021	P 12,095,996	P 12,137	P 500	P 12,108,633
December 31, 2020				
Cost	P 14,588,893	P 1,124,891	P 3,058,929	P 18,772,713
Accumulated depreciation	(1,763,453)	(1,070,977)	(3,058,929)	(5,893,359)
Carrying amount as at December 31, 2020	P 12,825,440	P 53,914	P -	P 12,879,354

A reconciliation of the carrying amounts at the beginning and end of 2021 and 2020, of property and equipment is shown as follows:

	Office Condominium	Furniture, Fixtures and Equipment	Transportation Equipment	Total
Balance at January 1, 2021, net of accumulated depreciation	P 12,825,440	P 53,914	P -	P 12,879,354
Additions	-	6,249	-	6,249
Depreciation for the year *(see Note 14)*	(729,444)	(47,526)	-	(776,970)
Balance at December 31, 2021, net of accumulated depreciation	P 12,095,996	P 12,637	P -	P 12,108,633
Balance at January 1, 2020, net of accumulated depreciation	P 13,554,885	P 155,665	P 206,548	P 13,917,098
Additions	-	9,495	-	9,495
Depreciation for the year *(see Note 14)*	(729,445)	(111,246)	(206,548)	(1,047,239)
Balance at December 31, 2020, net of accumulated depreciation	P 12,825,440	P 53,914	P -	P 12,879,354

The Company has fully depreciated property and equipment that are still in use with an original cost amounting to P2,400,000 as at December 31, 2021 and 2020.

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 2021 and 2020. There were no property and equipment pledged as collateral as at December 31, 2021 and 2020.

10. INTANGIBLE ASSETS

This account consists of:

		2021		2020
Exchange trading right	P	1,550,000	P	1,550,000
Computer Software		26,042		25,000
	P	1,576,042	P	1,575,000

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, 2021 and 2020, the carrying amount of the investment in PSE shares and the exchange trading rights is as follows:

		2021		2020
Investment in PSE shares (*see Note 8*)	P	33,325,000	P	23,854,500
Exchange trading right		1,550,000		1,550,000
	P	34,575,000	P	25,404,500

As at December 31, 2021 and 2020, the latest transacted price of the exchange trading right, as provided by the PSE, is P9,000,000 and P8,500,000, respectively.

Computer Software

The balance and movements of the computer software as at and for the years ended December 31, 2021 and 2020 are as follows:

		2021		2020
Cost				
Balance at the beginning of year	P	115,000	P	55,000
Additions		1,042		60,000
Balance at end of year	P	116,042	P	115,000
Accumulated amortization				
Balance at the beginning of year	P	90,000	P	30,000
Amortization during the year		-		60,000
Balance at end of year	P	90,000	P	90,000
Carrying amount at the end of year	P	26,042	P	25,000

No impairment loss was recognized on intangible assets in 2021 and 2020.

11. OTHER NON-CURRENT ASSET

This account consists of:

		2021		2020
Refundable deposits from:				
Clearing and Trade Guarantee Fund (CTGF)	P	325,626	P	325,626
Rental and utility		15,663		15,663
	P	341,289	P	341,289

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 2021 and 2020 is considered noncash financial information excluded from the statement of cash flows.

12. TRADE AND OTHER PAYABLES

Trade Payables

The details of this account are presented below:

	2021	2020
Payable to:		
Customers	P 11,353,330	P 83,836,153
Clearing house	28,828,783	-
	P 40,182,113	P 83,836,153

Payable to customers

This account consists of:

	2021		2020	
	Money Balance	Security Valuation - Long	Money Balance	Security Valuation - Long
Payable to customers:				
With money balance	P 11,353,330	P 84,912,083	P 83,836,153	P 143,453,255
Without money balance	-	2,492,449,038	-	2,813,957,396
	11,353,330	2,577,361,121	83,836,153	2,957,410,651
Due to clearing house	28,828,783	-	-	-
	P 40,182,113	P 2,577,361,121	P 83,836,153	P 2,957,410,651

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:

	2021	2020
Accrued expenses	P 3,070,000	P 65,000
Accounts payable	889,024	558,873
Withholding taxes payable	644,777	-
Dividends payable	268,309	-
Central depository fees payable	219,567	62,362
Output VAT *(see Note 25)*	119,376	-
Transaction fees payable	86,527	75,360
Statutory payables	47,731	109,570
Others	145,728	108,286
	P 5,491,039	P 979,451

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.

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.

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.

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.

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 and SCCP 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:

	2021	2020
Commissions	P 14,608,656	P 8,714,792
Trading gains on financial assets at FVTPL *(see Note 6)*	189,855	604,895
Storage income	816,964	518,651
Unrealized gain (loss) on fair value changes of financial assets at FVTPL *(see Note 6)*	(480,677)	107,723
Dividend income *(see Note 6)*	1,327,665	78,730
	P 16,462,463	P 10,024,791

14. COST AND OPERATING EXPENSES (INCOME)

The details of cost and operating expenses are shown below:

		2021		2020
Director's fees	P	5,620,000	P	-
Salaries, wages and benefits *(see Note 15)*		3,709,895		4,604,982
Commissions		1,879,271		1,068,274
Depreciation and amortization *(see Notes 9 and 10)*		776,970		1,107,239
Central depository fees		400,315		536,578
Stock exchange dues and fees		322,896		-
Medical		315,642		-
Transportation and travel		307,803		300,428
Association dues		267,869		357,908
Business conference		252,637		279,214
Taxes and licenses *(see Note 25)*		248,415		578,592
Repairs and maintenance		152,861		32,733
Office supplies		151,791		94,002
Communication		140,852		118,379
Professional fees		127,500		606,143
Utilities		125,970		115,486
Fuel and oil		71,610		-
Insurance		70,533		62,954
Bank charges		16,025		-
Rentals *(see Note 19)*		12,000		24,000
Provision for impairment losses		-		5,911
Miscellaneous		229,629		29,132
	P	15,200,484	P	9,921,955

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

		2021		2020
Cost of services	P	5,939,759	P	5,625,334
Administrative expenses		9,260,725		4,296,621
	P	15,200,484	P	9,921,955

Other Income

The details of this account are as follows:

		2021		2020
Recovery of charged-off assets *(see Note 5)*	P	5,520	P	-
Others		694		304,197
	P	6,214	P	304,197

15. PERSONNEL COSTS

Salaries and Employee Benefits

Expenses recognized for salaries and employee benefits are presented below:

	2021	2020
Salaries and wages	P 2,754,000	P 3,628,500
Other employee benefits	955,895	976,482
	P 3,709,895	P 4,604,982

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, 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, 2021 and 2020.

16. INCOME TAXES

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

	2021	2020
Reported in profit or loss		
Minimum corporate income tax (MCIT) at 1% in 2021 and 1.5% in 2020	P -	P 90,823
Final tax at 20%	16,746	7,270
Deferred income tax relating to origination and reversal of temporary differences	754,636	(479)
	P 771,382	P 97,614
Reported in other comprehensive income		
Deferred income tax relating to origination and reversal of temporary differences	(P 2,367,625)	P 981,150

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

	2021	2020
Tax on pretax income at 25% in 2021 and 27.5% in 2020	P 337,981	P 160,349
Tax effects of:		
Income subject to final tax	(4,187)	(13,204)
Unrealized market loss (gain)	120,169	(29,624)
Dividend income	(331,916)	(21,651)
Provision for impairment losses	-	1,626
Deferred income tax relating to origination and reversal of temporary differences	(773,833)	-
Change in tax rate	1,423,168	118
	P 771,382	P 97,614

The net deferred tax liabilities as of December 31, 2021 and 2020 relate to the following:

	Statements of Financial Position 2021	Statements of Financial Position 2020	Statements of Profit or Loss 2021	Statements of Profit or Loss 2020	Other Comprehensive Income 2021	Other Comprehensive Income 2020
Deferred tax assets:						
Net Operating Loss Carry-over (NOLCO)	P -	P 578,546	(P 578,746)	P -	P -	P -
Minimum Corporate Income Tax (MCIT)	125,357	322,773	(188,946)	98,093	-	-
Changes in fair value of financial assets at FVTPL	1,538,558	1,418,389	120,169	(32,317)	-	-
Allowance for impairment	843	2,667	(1,824)	1,773	-	-
Change in tax rate	-	-	122,035	30,065	-	-
Deferred tax liability:						
Changes in fair value of financial assets at FVOCI	(5,185,975)	(2,818,350)	-	-	(2,367,625)	981,150
	(P 3,521,217)	(P 495,775)	P 771,382	P 97,614	(P 2,367,625)	P 981,150

The details of the Company's NOLCO and the respective availment period are presented below:

Year Incurred	Amount	Applied	Expired	Valid Until
2018	P 578,546	P 421,205	P 157,341	2021

The Company is subject to the minimum corporate income tax (MCIT) of 1% in 2021 and 1.5% in 2020 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	Expired	RCIT	Excess of MCIT over RCIT	Valid Until
2021	P 96,819	P -	P -	P 96,819	2023
2020	90,823	-	62,285	28,538	2022
2018	300,376	300,376	-	-	2021
	P 488,018	P 300,376	P 62,285	P 125,357	

In 2021 and 2020, the Company claims itemized deductions for income tax purposes.

Corporate Recovery and Tax Incentives for Enterprises Act (CREATE Act)

On March 26, 2021, Republic Act No. 11534, otherwise known as "Corporate Recovery and Tax Incentives for Enterprises Act" or CREATE Act was signed into law amending certain provisions of the National Internal Revenue Code of 1997.

The key amendments in the Tax Code under the CREATE Act include, but are not limited to, the following:

a. Adoption of graduated Corporate Income Tax (CIT) rate effective July 1, 2020:

- 20% CIT for domestic corporations with total assets of not exceeding P100 million (excluding land on which the particular business entity's office is situated), and with net taxable income not exceeding P5 million.

- 25% CIT for other domestic corporations

b. 25% CIT for non-foreign corporations effective January 1, 2021.

c. Reduction of minimum corporate income tax (MCIT) from 2% to 1% from July 1, 2020 to June 30, 2023.

d. Reduction of CIT for proprietary, non-profit educational institutions and hospitals from 10% to 1% from July 1, 2020 to June 30, 2023.

e. Tax exemption of foreign-sourced dividends of domestic corporations subject to certain conditions

f. Clarification on the types of reorganizations covered by tax-free exchanges under Section 40(C)(2) of the Tax Code.

g. Repeal of improperly accumulated earnings tax (IAET).

h. Repeal of 10% special income tax rate on regional operating headquarters (ROHQ) starting January 1, 2022.

17. EQUITY

Capital Stock

The details of capital stock are shown below:

	Shares		Amount	
	2021	2020	2021	2020
Common stock - P100 par value				
Authorized	500,000	500,000	P 50,000,000	P 50,000,000
Subscribed	500,000	500,000	P 50,000,000	P 50,000,000
Less subscription receivables:			6,717,000	6,717,000
			P 43,283,000	P 43,283,000

As at December 31, 2021 and 2020, 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. The movement of this account is as follows:

	2021	2020
Balance at beginning of year	P 6,576,150	P 8,865,500
Fair value adjustment	7,102,875	(2,289,350)
Balance at end of year	P 13,679,025	P 6,576,150

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 a reserve fund from its unappropriated retained earnings amounting to P116,109 and P97,095 in 2021 and 2020, respectively, 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 P7,079,225 and P6,963,116 as at December 31, 2021 and 2020, 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:

	2021		2020		
	Amount of Transactions	Outstanding Balance	Amount of Transactions	Outstanding Balance	Terms and Condition
Key Management Personnel					
Trading of securities	P 141,405,675	P 811,433	P 59,590	P 558,873	3-day, secured, noninterest-bearing and generally settled in cash
Professional fees	P 127,500	P 127,500	P 550,000	P 550,000	
Director's fees	P 5,620,000	P -	P 550,000	P 550,000	
Compensation	P 1,000,000	P -	P 1,760,343	P -	

Key Management Personnel Compensation

The compensation of key management personnel includes the Treasurer and President of the Company.

19. COMMITMENTS AND CONTINGENCIES

Lease Commitment

The Company entered into a lease agreement for the trading booth for the conduct of the Company's operations. The lease has a term of 3 years renewable at the expiration of the contract as mutually agreed by the lessor. Total rentals from this operating lease amounted to P12,000 and P24,000 in 2021 and 2020, respectively *(see Note 14)*.

Others

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 16. 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, 2021 and 2020:

	2021		2020	
	10.64%	(10.64%)	8.11%	(8.11%)
Changes on PSE All Shares Index:				
Financial assets at FVTPL	(P 51,144)	P 51,144	P 8,736	(P 8,736)
Financial assets at FVOCI	755,746	(755,746)	(185,666)	185,666
	P 704,602	(P 704,602)	(P 176,930)	P 176,930

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.