

**F C Godinez and Company, CPAs**

**GUEVENT INSURANCE BROKER, CORP.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**

**AND**

**REPORT OF INDEPENDENT AUDITOR**

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**(IN PHILIPPINE PESO)**

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# F C Godinez and Company, CPAs

## REPORT OF INDEPENDENT AUDITOR TO ACCOMPANY INCOME TAX RETURN

F C Godinez and Company, CPAs  
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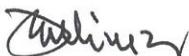
The Board of Directors  
Guevent Insurance Brokers, Corp.  
No. 52 Domingo M. Guevarra st., Highway Hills  
Mandaluyong City

We have audited the financial statements of **Guevent Insurance Brokers, Corp.** for the year ended December 31, 2023 on which we have rendered the attached report dated March 21, 2024.

In compliance with Revenue Regulation V-20, we are stating the following:

1. The taxes paid or accrued by the above company for the year ended December 31, 2023 are shown in the Schedule of Taxes and Licenses attached to the Annual Income Tax Return;
2. We are not related by consanguinity or affinity to the president, manager or member of the Board of Directors.

## F C GODINEZ AND COMPANY CPAs



Francisca C. Godinez CPA, MBA  
Managing Partner  
CPA Cert. of Registration No. 0041278  
PRC ID valid until December 03, 2025  
PTR No. MUN 10521667 April 03, 2024, Muntinlupa City  
Taxpayer Identification Number (TIN) 116-256-845-000  
BOA CERT. No. 0779 valid until December 03, 2025  
CDA Accreditation no. CEA 0003 Renewal valid until April 25, 2026  
BIR AN-08-003576-001-2022 valid until February 24, 2025  
SEC Accreditation no. 41278-IC for Category B valid for audit year 2021 to 2025

March 21, 2024  
Muntinlupa City

# F C Godinez and Company, CPAs

F C Godinez and Company, CPAs  
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## REPORT ON THE RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

Member of  
**Alas Oplas Alliance Firms**  
credibility and honor defined.

The Board of Directors and Stockholders  
Guevent Insurance Broker, Corp.  
No. 52 Domingo M. Guevarra st. Highway Hills  
Mandaluyong City

We have issued our report dated March 21, 2024 on the basic financial statements of **Guevent Insurance Broker, Corp.** as of and for the period December 31, 2023. Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Guevent Insurance Broker, Corp. taken as a whole. The information in the reconciliation of retained earnings available for dividend declaration, which is not a required part of the financial statements, is required to be filed by the Securities and Exchange Commission (SEC). Such information is the responsibility of the Management of Guevent Insurance Broker, Corp. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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March 21, 2024  
Muntinlupa City

# F C Godinez and Company, CPAs

## REPORT OF THE INDEPENDENT AUDITOR TO ACCOMPANY SUPPLEMENTARY INFORMATION FOR FILING WITH THE INSURANCE COMMISSION

The Board of Directors and Stockholders  
Guevent Insurance Brokers, Corp.  
No. 52 Domingo M. Guevarra st, Highway Hills,  
Mandaluyong City

We have audited in accordance with the Philippine Standards in auditing the financial statements of **Guevent Insurance Brokers, Corp.**, as at and for the year ended December 31, 2023. Our audit was made for the purpose of forming an opinion on the financial statements of the Company taken as a whole. The minimum information attached is the responsibility of the Company's management and is presented for the purposes of complying with the Insurance Commission Circular letter No. 2021-65 and is not a requirement as part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the Company's financial statements and in our opinion is fairly stated in all material respects in relation to the financial statements taken as a whole.

### F C GODINEZ AND COMPANY CPAs

  
Francisca C. Godinez CPA, MBA

Managing Partner

CPA Reg. No. 0041278

PRC ID valid until December 03, 2025

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March 21, 2024  
Muntinlupa City

**GUEVENT INSURANCE BROKERS CORP.**

**ATTACHEMENT TO THE SUPPLEMENTARY OPINION**

**CLIENTS MONEY**

As at December 31, 2023 the Company's clients money amounts to **Php5,333,532**. The Company's clients money is included in the Cash in Bank balance in the audited financial statements. The Company's personnel maintains a separate file to monitor the movement of the client's money account.

**NET WORTH COMPLIANCE**

The Company is required to comply with the minimum requirement for an Insurance Broker amounting to Php10,000,000 per IC Circular Letter no. 2018-52

As at December 31, 2023, the Company's net worth is compliant with the minimum net worth requirement set forth by the Insurance Commission.

# F C Godinez and Company, CPAs

## SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITOR

The Board of Directors  
Guevent Insurance Broker, Corp.  
No. 52 Domingo M. Guevarra st., Highway Hills  
Mandaluyong City

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Email fressie\_godinez@yahoo.com  
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We have examined the financial statements of **Guevent Insurance Broker, Corp.** for the year ended December 31, 2023 on which we have rendered the attached report dated March 21, 2024.

In compliance with Securities Regulation Code Rule 68, we have performed audit procedures to determine the total number of stockholders of the Company owning 100 or more shares each. We were able to obtain a certification from the Company's Corporate Secretary indicating that the Company has a total number of twenty six (26) stockholders owning one hundred (100) or more shares as of December 31, 2023.

### F C GODINEZ AND COMPANY CPAs

  
Francisca E. Godinez CPA, MBA

Managing Partner

CPA Reg. No. 0041278

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March 21, 2024  
Muntinlupa City

# F C Godinez and Company, CPAs

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Guevent Insurance Broker, Corp.  
No. 52 Domingo M. Guevarra st., Highway Hills  
Mandaluyong City

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### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **Guevent Insurance Broker, Corp.** which comprise the statements of financial position as at December 31, 2023 and 2022, 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, 2023 and 2022, 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 audits in accordance with Philippine Standards on Auditing (PSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. 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.

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

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

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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



# F C Godinez and Company, CPAs

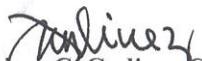
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting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

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

## Report on Other 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 on taxes and licenses in the notes to the financial statements is presented for the purposes of filing with the Bureau of Internal Revenue and is not required part of the basic financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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Managing Partner

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March 21, 2024  
Muntinlupa City



**GUEVENT INSURANCE BROKERS CORP.**

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2023		Adopted	Not Adopted	Not Applicable
<b>Framework for the Preparation and Presentation of Financial Statements</b>	Conceptual Framework Phase A: Objectives and qualitative characteristics	X		
<b>PFRSs Practice Statement Management Commentary</b>		X		
<b>Philippine Financial Reporting Standards</b>				
<b>PFRS 1 (Revised)</b>	First-time Adoption of Philippine Financial Reporting Standards	X		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			X
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			X
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			X
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			X
	Amendments to PFRS 1: Government Loans			X
<b>PFRS 2</b>	Share-based Payment			X
	Amendments to PFRS 2: Vesting Conditions and Cancellations			X
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			X
<b>PFRS 3 (Revised)</b>	Business Combinations			X
<b>PFRS 4</b>	Insurance Contracts			X
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			X
<b>PFRS 5</b>	Non-current Assets Held for Sale and Discontinued Operations			X
<b>PFRS 6</b>	Exploration for and Evaluation of Mineral Resources			X
<b>PFRS 7</b>	Financial Instruments: Disclosures	X		
	Amendments to PFRS 7: Transition	X		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	X		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	X		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2023		Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	X		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	X		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	X		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	X		
<b>PFRS 8</b>	Operating Segments			X
<b>PFRS 9</b>	Financial Instruments		X	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures		X	
<b>PFRS 10</b>	Consolidated Financial Statements		X	
<b>PFRS 11</b>	Joint Arrangements		X	
<b>PFRS 12</b>	Disclosure of Interests in Other Entities		X	
<b>PFRS 13</b>	Fair Value Measurement		X	
<b>Philippine Accounting Standards</b>				
<b>PAS 1 (Revised)</b>	Presentation of Financial Statements	X		
	Amendment to PAS 1: Capital Disclosures	X		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			X
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income			X
<b>PAS 2</b>	Inventories			X
<b>PAS 7</b>	Statement of Cash Flows		X	
<b>PAS 8</b>	Accounting Policies, Changes in Accounting Estimates and Errors		X	
<b>PAS 10</b>	Events after the Balance Sheet Date		X	
<b>PAS 11</b>	Construction Contracts			X
<b>PAS 12</b>	Income Taxes	X		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	X		
<b>PAS 16</b>	Property, Plant and Equipment	X		
<b>PAS 17</b>	Leases	X		
<b>PAS 18</b>	Revenue	X		
<b>PAS 19</b>	Employee Benefits	X		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	X		
<b>PAS 19 (Amended)</b>	Employee Benefits	X		
<b>PAS 20</b>	Accounting for Government Grants and Disclosure of Government Assistance			X
<b>PAS 21</b>	The Effects of Changes in Foreign Exchange Rates	X		
	Amendment: Net Investment in a Foreign Operation			X
<b>PAS 23 (Revised)</b>	Borrowing Costs	X		
<b>PAS 24 (Revised)</b>	Related Party Disclosures	X		
<b>PAS 26</b>	Accounting and Reporting by Retirement Benefit Plans	X		
<b>PAS 27 (Amended)</b>	Separate Financial Statements			X

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2023		Adopted	Not Adopted	Not Applicable
<b>PAS 28</b> <b>(Amended)</b>	Investments in Associates and Joint Ventures			X
<b>PAS 29</b>	Financial Reporting in Hyperinflationary Economies			X
<b>PAS 31</b>	Interests in Joint Ventures			X
<b>PAS 32</b>	Financial Instruments: Disclosure and Presentation	X		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			X
	Amendment to PAS 32: Classification of Rights Issues			X
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	X		
<b>PAS 33</b>	Earnings per Share			X
<b>PAS 34</b>	Interim Financial Reporting			X
<b>PAS 36</b>	Impairment of Assets	X		
<b>PAS 37</b>	Provisions, Contingent Liabilities and Contingent Assets	X		
<b>PAS 38</b>	Intangible Assets			X
<b>PAS 39</b>	Financial Instruments: Recognition and Measurement	X		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	X		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			X
	Amendments to PAS 39: The Fair Value Option	X		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			X
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	X		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	X		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			X
	Amendment to PAS 39: Eligible Hedged Items			X
<b>PAS 40</b>	Investment Property			X
<b>PAS 41</b>	Agriculture			X
<b>Philippine Interpretations</b>				
<b>IFRIC 1</b>	Changes in Existing Decommissioning, Restoration and Similar Liabilities			X
<b>IFRIC 2</b>	Members' Share in Co-operative Entities and Similar Instruments			X
<b>IFRIC 4</b>	Determining Whether an Arrangement Contains a Lease	X		
<b>IFRIC 5</b>	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			X
<b>IFRIC 6</b>	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			X

<b>IFRIC 7</b>	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			X
<b>IFRIC 8</b>	Scope of PFRS 2			X
<b>IFRIC 9</b>	Reassessment of Embedded Derivatives			X
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			X
<b>IFRIC 10</b>	<i>Interim Financial Reporting and Impairment</i>			X
<b>IFRIC 11</b>	PFRS 2- Group and Treasury Share Transactions			X
<b>IFRIC 12</b>	Service Concession Arrangements			X

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2023		Adopted	Not Adopted	Not Applicable
<b>IFRIC 13</b>	Customer Loyalty Programmes			X
<b>IFRIC 14</b>	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			X
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			X
<b>IFRIC 16</b>	Hedges of a Net Investment in a Foreign Operation			X
<b>IFRIC 17</b>	Distributions of Non-cash Assets to Owners			X
<b>IFRIC 18</b>	Transfers of Assets from Customers			X
<b>IFRIC 19</b>	Extinguishing Financial Liabilities with Equity Instruments			X
<b>IFRIC 20</b>	Stripping Costs in the Production Phase of a Surface Mine			X
<b>SIC-7</b>	Introduction of the Euro			X
<b>SIC-10</b>	Government Assistance - No Specific Relation to Operating Activities			X
<b>SIC-12</b>	Consolidation - Special Purpose Entities			X
	Amendment to SIC - 12: Scope of SIC 12			X
<b>SIC-13</b>	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			X
<b>SIC-15</b>	Operating Leases - Incentives			X
<b>SIC-21</b>	Income Taxes - Recovery of Revalued Non-Depreciable Assets			X
<b>SIC-25</b>	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			X
<b>SIC-27</b>	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			X
<b>SIC-29</b>	Service Concession Arrangements: Disclosures.			X
<b>SIC-31</b>	Revenue - Barter Transactions Involving Advertising Services			X
<b>SIC-32</b>	Intangible Assets - Web Site Costs			X

**GUEVENT INSURANCE BROKER CORP.**

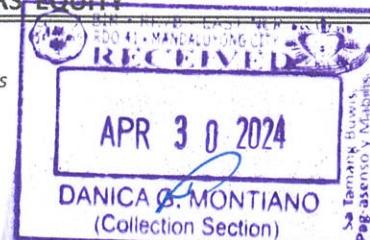
**STATEMENTS OF FINANCIAL POSITION**

**As of December 31, 2023 and 2022**

Amounts in Philippine Peso

	<i>Notes</i>	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	6	<b>39,643,168</b>	22,890,599
Trade and other receivables	7	<b>163,006,396</b>	226,075,539
Financial assets at fair value through profit and loss	8	<b>5,525,706</b>	5,297,952
Other current assets	9	<b>25,231,288</b>	25,363,086
		<b>233,406,559</b>	279,627,175
<b>Non-current Assets</b>			
Investment securities at amortized cost	8	<b>20,811,943</b>	20,811,943
Property and equipment	10	<b>2,017,361</b>	1,576,462
Retirement plan asset - net	18	-	2,789,694
Deferred tax asset	21	<b>1,722,340</b>	905,405
		<b>24,551,644</b>	26,083,504
<b>TOTAL ASSETS</b>		<b>257,958,202</b>	305,710,679
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Trade payables	11	<b>106,064,877</b>	155,394,800
Other current liabilities	12	<b>10,824,629</b>	11,732,097
		<b>116,889,506</b>	167,126,897
<b>Non-current Liabilities</b>			
Retirement plan liability - net	18	<b>3,574,104</b>	-
Deferred tax liability	21	-	670,311
		<b>3,574,104</b>	670,311
<b>TOTAL LIABILITIES</b>		<b>120,463,610</b>	167,797,208
<b>STOCKHOLDERS' EQUITY</b>			
Capital stock	13	<b>50,000,000</b>	50,000,000
Other comprehensive income (loss)	18	<b>206,747</b>	4,571,439
Retained earnings		<b>87,287,845</b>	83,342,032
<b>TOTAL STOCKHOLDERS' EQUITY</b>		<b>137,494,592</b>	137,913,471
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>257,958,202</b>	305,710,679

See accompanying notes to financial statements



GUEVENT INSURANCE BROKER CORP.

STATEMENTS OF COMPREHENSIVE INCOME  
For the years ended December 31, 2023 and 2022

Amounts in Philippine Peso

	Notes	2023	2022
REVENUE	14	70,927,445	81,442,442
DIRECT COST	15	(43,271,068)	(53,972,081)
GROSS PROFIT		27,656,376	27,470,361
OTHER INCOME	16	27,742,307	26,879,052
ADMINISTRATIVE EXPENSES	17	(31,437,264)	(35,516,016)
INCOME BEFORE INCOME TAX		23,961,420	18,833,396
INCOME TAX EXPENSE			
Current		(6,085,252)	(6,101,626)
Deferred		32,349	487,373
	21	(6,052,903)	(5,614,253)
NET INCOME		17,908,517	13,219,143
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Item not to be reclassified to profit or loss -</i>			
Remeasurement gain (loss) on retirement plan	18	206,747	4,571,439
TOTAL COMPREHENSIVE INCOME		18,115,264	17,790,582

See accompanying notes to financial statements



**GUEVENT INSURANCE BROKER CORP.**

**STATEMENTS OF CHANGES IN EQUITY**

For the years ended December 31, 2023 and 2022

*Amounts in Philippine Peso*

	Share Capital (Note 13)	Comprehensive Income (Note 18)	Other Appropriated (Note 13)	Retained Earnings Unappropriated (Note 13)	Total
Balance at January 1, 2022	50,000,000	4,053,000	48,000,000	49,258,373	151,311,373
Stock Dividend Declaration			(12,875,657)	12,875,657	-
Retained earnings appropriation	-	-	-	-	-
Cash dividends	-	-	-	(27,135,484)	(27,135,484)
Comprehensive income:					-
Profit for the year	-	-	-	13,219,143	13,219,143
Other comprehensive income for the year	-	518,439	-	-	518,439
<b>Balance at December 31, 2022</b>	<b>50,000,000</b>	<b>4,571,439</b>	<b>35,124,343</b>	<b>48,217,689</b>	<b>137,913,470</b>
Balance at January 1, 2023	50,000,000	4,571,439	35,124,343	48,217,689	137,913,471
Stock Dividend Declaration	-				-
Retained earnings appropriation	-	-	-	-	-
Cash dividends	-	-	-	(13,962,704)	(13,962,704)
Comprehensive income:					-
Profit for the year	-	-	-	17,908,517	17,908,517
Other comprehensive income for the year	-	(4,364,692)	-	-	(4,364,692)
<b>Balance at December 31, 2023</b>	<b>50,000,000</b>	<b>206,747</b>	<b>35,124,343</b>	<b>52,163,502</b>	<b>137,494,592</b>

*See accompanying notes to financial statements*

**GUEVENT INSURANCE BROKER CORP.**

**STATEMENTS OF CASH FLOWS**

For the years ended December 31, 2023 and 2022

Amounts in Philippine Peso

	Notes	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Net Income before Income tax</b>		<b>23,961,420</b>	18,833,396
Adjustment to reconcile net income to net cash provided by operating activities			
Interest income	6, 8	(10,479)	(44,176)
Dividend income	8, 16	(39,339)	(39,339)
Retirement benefits	18	544,209	682,203
Depreciation	10	581,080	932,838
Fair value loss on financial assets at FVPL	8	(227,754)	1,182,044
Provision for expected credit losses on receivables	7	(187,059)	85,244
<b>Operating cash flows before working capital changes</b>		<b>24,622,078</b>	21,632,210
Decrease (Increase) in:			
Trade and other receivables	7	63,256,201	16,374,055
Other current assets	9	131,798	(9,834,240)
Increase (Decrease) in:			
Trade payables	11	(49,329,923)	(192,095)
Other current liabilities	12	(907,468)	(5,679,559)
<b>Cash used in operations</b>		<b>37,772,686</b>	22,300,371
Income taxes paid	21	(6,085,252)	(6,101,626)
Contributions to retirement plan	18	-	-
<b>Net cash provided by operating activities</b>		<b>31,687,434</b>	16,198,745
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Receipts from financial assets at amortized cost	8	-	16,177,158
Additions to property and equipment	10	(1,021,979)	(1,919,821)
Interest received	6, 8	10,479	44,176
Dividends received	8	39,339	39,339
<b>Net cash provided by investing activities</b>		<b>(972,161)</b>	14,340,852
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of cash dividends	13	(13,962,704)	(27,135,484)
<b>Net cash used in financing activities</b>		<b>(13,962,704)</b>	(27,135,484)
<b>NET INCREASE (DECREASE) IN CASH</b>		<b>16,752,569</b>	3,404,113
<b>CASH BALANCE, Beginning of the year</b>		<b>22,890,599</b>	19,486,486
<b>CASH BALANCE, End of the year</b>	6	<b>39,643,168</b>	22,890,599

See accompanying notes to financial statements

# **GUEVENT INSURANCE BROKER CORP.**

## **NOTES TO FINANCIAL STATEMENTS**

**As of and for the years ended December 31, 2023 and 2022**

(Amounts in Philippine Pesos)

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### **1. GENERAL INFORMATION**

GUEVENT INSURANCE BROKER CORP. (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 10, 1990.

The Company's primary purpose is to carry on the business of an insurance broker in all their branches; to act as a broker or manager for any insurance company, in connection with its or his insurance or underwriting business (wherever the same maybe carried on) or any branch of the same; and to enter into any agreement for such purpose with any insurance company.

The Company is a holder of secondary license from Insurance Commission, authorizing the Company to act as Insurance Broker with License No. IB-20-2022-R issued by the Insurance Commission and valid for the period January 1, 2022 to December 31, 2024.

The Company's registered office address is located at No. 52 Domingo M. Guevarra St., Highway Hills, Mandaluyong City.

The accompanying financial statements of the Company were approved and authorized for issue by the Board of Directors on March 21, 2024

### **2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS**

#### **Statement of Compliance**

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC, including the SEC provisions.

#### **Basis of Preparation**

The financial statements have been prepared on a going concern basis under the historical cost convention, except where a Financial Reporting Standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and change in fair value of the consideration received in exchange for incurring a liability.

The financial statements have been presented in Philippine Peso, which is the functional currency of the Company. All values are rounded to the nearest peso, except when otherwise indicated.

#### **Use of Estimates and Judgments**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

Judgments are made by management in the development, selection and disclosure of the Company's significant accounting policies and estimates and the application of these policies and estimates. The estimates and assumptions are reviewed on an ongoing basis. These are based on management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Changes in accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Current versus Non-current Classification**

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

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

#### **Fair Value Measurement**

The Company measures some of its financial instruments at fair value at each balance sheet date.

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

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

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

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

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

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

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

The Company's management determines the policies and procedures for recurring fair value measurement, such as unquoted financial assets.

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

### **3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS**

#### **Adoption of Amended PFRS**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS.

*Effective for annual periods beginning on or after January 1, 2020:*

- Amendments to References to the Conceptual Framework in PFRS

The amendments include a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance-in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurements uncertainty in financial reporting. The amendments should be applied retrospectively unless retrospective application would be impracticable or involve undue cost or effort.

- Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*.

The amendments clarify the definition of "material" and how it should be applied by companies in making materiality judgments. The amendments ensure that the new definition is consistent across all PFRS standards. Based on the new definition, an information is "material" if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

*Effective for annual periods beginning on or after June 1, 2020:*

- Amendments to PFRS 16, *Leases - Covid-19 Related Rent Concessions*.

The amendments provide practical expedient to lessees from applying the requirements on lease modifications under PFRS 16 for eligible rent concessions that is a direct consequence of COVID-19 pandemic. A lessee may elect not to assess whether eligible rent concessions from a lessor is a lease modification. A lessee that makes this election account for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment. The amendments do not affect lessors. Earlier application of the amendments is permitted.

Under prevailing circumstances, the adoption of the foregoing amended PFRS did not have a material effect on the financial statements of the Company.

#### **Amended PFRS Issued but Not yet Effective**

Relevant new and amended PFRS, which are not yet effective for the year ended December 31, 2020 and have not been applied in preparing the financial statements, are summarized below.

*Effective beginning on or after January 1, 2022:*

- **Amendments to PAS 16, *Property, Plant and Equipment - Proceeds before Intended Use***

The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.

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

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.

*Effective beginning on or after January 1, 2023*

- **PFRS 17, *Insurance Contracts***

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

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

- A specific adaptation for contracts with direct participation features (the variable fee approach).
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.
- **Amendments to PAS 1, *Classification of Liabilities as Current or Non-current***

The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

*Annual Improvements to PFRS 2018 to 2020 Cycle:*

- Amendments to PFRS 9, *Financial instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*

The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

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

The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

Under prevailing circumstances, the adoption of the foregoing amended PFRS did not have a material effect on the financial statements of the Company. Additional disclosures will be included in the financial statements, as applicable.

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

Principal accounting and financial reporting policies applied by the Company in the preparation of its financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

##### **Financial instruments**

*Date of recognition.* The Company recognizes a financial assets or liabilities in the statement of financial position when the Company becomes a party to the contractual provisions of a financial instrument.

*Initial recognition and measurement.* Financial instruments are recognized initially at fair value of the consideration given (in the case of an asset) or received (in the case of a liability). The initial measurement of all financial instruments, except for financial instruments classified as fair value through profit or loss (FVPL), includes transaction cost.

##### **Financial assets**

In the case of regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

*Classification.* The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at fair value through profit or loss (financial assets at FVPL) and (c) financial assets at fair value through other comprehensive income (financial assets at FVOCI). The classification of financial asset largely depends on the Company's business model and its contractual cash flow characteristics.

*Financial assets at amortized cost.* A financial asset should be measured at amortized cost if both of the following conditions are met:

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

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting year. Otherwise, these are classified as noncurrent assets.

As at December 31, 2023 and 2022, this category includes cash, trade and other receivables, refundable deposits (presented as part of "other current assets), and investment securities at amortized cost.

a) *Cash*

Cash includes cash on hand and cash in banks. Cash on hand includes petty cash fund and other cash items not yet deposited with the banks. Cash in banks include demand deposits which are unrestricted as to withdrawal.

b) *Trade and other receivables*

Trade receivables represent amounts receivable from policyholders/clients for payment of insurance premium to the insurance company.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment.

c) *Refundable deposits*

Refundable deposits represent rental deposits made by the Company for the lease of its office space. This is refundable at the end of the lease term. Deposits are recorded as assets and measured at amortized cost, less provision for impairment.

d) *Investment securities at amortized cost*

Investment securities at amortized cost are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intention and ability to hold to maturity. Investment securities at amortized cost are measured at amortized cost using effective interest method less impairment, with interest income recognized on an effective yield basis.

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

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

This category includes listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

*Financial assets at FVOCI.* Financial assets at FVOCI which pertain to debt instrument, is measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instrument measured at FVOCI are recognized directly in profit or loss. Changes in the fair value of these instruments are recognized in other comprehensive income and accumulated in equity. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

As at December 31, **2023** and 2022, the Company has no financial assets at FVOCI.

***Impairment.*** Under PFRS 9, the Company recognizes an allowance for expected credit loss (ECL) for all debt instruments not measured at FVPL. Expected credit loss is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Company has applied the simplified approach in measuring ECL. Simplified approach requires that ECL should always be based on the lifetime expected credit losses. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as forecast direction of conditions at the reporting date, including time value of money, where appropriate.

***Reclassification.*** The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting year following the change in business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in other comprehensive income, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the financial asset using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss should be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

***Derecognition.*** A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

#### **Financial liabilities**

*Classification.* The Company classifies its financial liabilities at initial recognition under the following categories: (a) financial liabilities at amortized cost or (b) financial liabilities at FVPL.

As at reporting date, the Company does not have financial liabilities measured at FVPL.

*Financial liabilities at amortized cost.* Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

As at December 31, **2023** and 2022, trade and other payables are classified in this category.

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

#### **Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### **Classification of financial instrument between liability and equity**

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

#### **Other current assets**

Other current assets mainly consist of creditable withholding taxes, refundable deposit, and other prepayments. Prepayments are expenses paid in advance and recorded as asset before these are utilized. Prepaid expenses are apportioned over the period covered by the payment and charged to appropriate expense accounts in profit or loss when incurred. Prepaid expenses that are expected to be realized for

no more than 12 months after the financial reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

#### **Property and equipment**

Property and equipment are stated at cost less accumulated depreciation, amortization and any impairment in value.

The initial cost of property and equipment comprises of its purchase price and any directly attributable costs in bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the asset has been put into operations, such as repairs and maintenance, are normally recognized as expense in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have improved the condition of the asset beyond the originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	5 years or lease term, whichever is shorter
Office equipment	3 years
Furniture and fixtures	3 years
Motor vehicle	4 years

The estimated useful lives and depreciation and amortization are reviewed and adjusted, if appropriate, at each reporting date to ensure that such years and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

Fully depreciated assets are retained in the accounts until these are no longer being used and no further depreciation and amortization are credited or charged to profit or loss.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

#### **Impairment of non-financial assets**

At each reporting date, nonfinancial assets are reviewed to determine whether there is any indication that those assets may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset (or group of related assets) is estimated and compared with its carrying amount. An asset's (or group of assets') recoverable amount is the higher of an asset's fair value less cost to sell and its value in use, and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and impairment loss is recognized immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (or group of related assets) in prior year. A reversal of an impairment loss is recognized immediately in profit or loss.

#### **Equity**

*Capital stock and additional paid-in capital.* Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from proceeds, net of tax. The excess of proceeds from the issuance of shares over the par value of shares is credited to additional paid-in capital.

*Other comprehensive income (Loss).* Other comprehensive income (loss) comprise items of income and expenses (including items previously presented under the statement of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS. Other comprehensive income (loss) includes cumulative remeasurement gain (loss) on retirement liability.

*Retained earnings.* Retained earnings represent the cumulative balance of net income or loss, dividend distributions, correction of prior year errors, effects of changes in accounting policy and other capital adjustments.

*Dividend distribution.* Dividend distribution to the Company's stockholders is recognized as a liability and deducted from equity in the year in which the dividends are declared as approved by the Company's BOD. Dividends that are approved after the reporting year are dealt with as an event after the reporting year.

#### **Revenue recognition**

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company performs its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

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

*Commission income.* Commission income or placement fees earned by the Company are earned at point in time when the terms of the insurance policy have been agreed contractually by the insurer and the policyholder and the insurer has a present right to payment from the policyholder (contract date). Contract date is the date the insurance policy incepts or is the effective date of the insurance coverage.

*Interest income.* Revenue is recognized as the interest accrues, taking into account the effective yield of the asset.

*Other income.* Revenue is recognized when there is an incidental economic benefit, other than the usual business operations, that will flow to the Company through an increase in asset or reduction in liability and that can be measured reliably.

#### **Cost and expenses**

Expenses are recognized in the income statement when a decrease in the future economic benefit related to a decrease in asset or an increase of a liability has arisen that can be measured reliably. Cost and expenses are recognized in the following manner.

- On the basis of a direct association between costs incurred and the earning of specific items of income;
- On the basis of a systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and association with income can only be broadly or indirectly determined; or
- Immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset;
- Expense encompasses losses as well as those expenses that arise in the course of the ordinary activities of the Company.

#### **Related party relationship and transactions**

Related party transactions consist of transfers of resources, services or obligations between the Company and its related parties.

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. This includes: (a)

individuals who, by owning directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and, (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.

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

#### Employee benefits

*Short-term employee benefits.* The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the year. A liability is also recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

*Retirement benefits.* Retirement benefit costs are actuarially determined using the projected unit credit method, which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income in profit or loss. Net interest is calculated by applying the discount rate to the net retirement liability or asset.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring-related costs.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit obligation) are recognized immediately in other comprehensive income in the year in which these arise. Remeasurements are not reclassified to profit or loss in subsequent year.

The retirement liability or asset is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets out of which the obligations are to be settled directly. The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

#### Leases

##### *The Company as Lessee*

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

#### Income taxes

*Current Tax.* Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at end of the reporting year.

**Deferred Tax.** Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

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

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

#### **Value-added tax**

Revenue, expenses and assets are recognized, net of the amount of VAT, except:

- where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; or
- receivables and payables that are stated with the amount of tax included.

The net amount of VAT payable to the taxation authority is included as part of "Other current liabilities" account in the statement of financial position.

#### **Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

#### **Contingencies**

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

#### **Events after the reporting date**

Events after the reporting date that provide additional information about the Company's financial position at the end of the reporting year (adjusting events) are reflected in the financial statements when material. Events after the reporting date that are non-adjusting events are disclosed in the notes to financial statements when material.

#### **5. SIGNIFICANT ACCOUNTING JUDGMENT AND ESTIMATES**

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

##### **Judgments**

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

##### *Determining the classification of financial instruments*

Classification of financial assets depends on the results of the business model test and sole payment of principal and interest (SPPI) test performed by the Company.

The Company exercises judgment in determining the business model to be used in managing its financial instruments to achieve its business objectives. Below are the key factors considered by the Company in its business model assessment:

- Specific business objectives in holding the financial assets,
- Policies in managing the risks of the financial assets,
- Expected frequency, value and timing of sales, and
- Key performance indicators of the financial assets.

The Company also determines whether the contractual terms of debt instruments classified and measured as financial assets at amortized cost give rise to specified dates to cash flows that are solely payments for principal and interest, with interest representing time value of money and credit risk associated with the outstanding principal amount. Any other contractual term that changes the timing or amount of cash flows does not meet the SPPI test.

##### *Revenue from contracts with customers*

The Company applied the following judgments that significantly affect the determination of the amount and timing of revenue from contract with customers.

###### *a) Identifying contracts with customer*

Brokerage contracts entered into by the Company consist of a mixture of different types of contractual arrangements depending on the type of coverage and terms of business arrangements among others.

###### *b) Identifying performance obligation in the contract*

The brokerage services provided by the Company resulting in the placement of the policy are considered by the Company as a single performance obligation, in consideration of a placement fee or commission income.

###### *c) Determining the transaction price*

Commissions are ranging from 25-27% of insurance premium depending on the type of coverage or risk, and on the location of the insured property or person. Example of the type of risk are own damage, theft, acts of god and personal accident. These percentages are provided in a letter from the Insurer to the Company.

*d) Allocation of the transaction price*

Due to the mixture of different types of contractual arrangements with clients such as placement of a single policy or multiple policies, the Company allocates the consideration of such arrangements to the individual performance obligations based on the relative selling prices which represent their relative fair value.

*e) Recognizing revenue*

Commission income or placement fees earned by the Company are earned at a point in time when the terms of the insurance policy have been agreed contractually by the insurer and the policy holder and the insurer has the present right to payment from the policyholder (contract date). The contract date is the date the insurance policy incepts or is the effective date of the insurance policy.

**Estimates and assumptions**

The key estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances of the financial statements. Actual results could differ from those estimates. Presented below are the relevant significant estimates performed by management in preparing the financial statements.

*Assessing expected credit losses on trade and other receivables*

Expected credit losses are provided for potentially uncollectible receivables. An evaluation of receivables, designed to identify potential charges to the allowance, is performed on a continuous basis throughout the year. The Company maintains allowance for credit losses accounts at a level based on the result of the individual assessment. Under the individual assessment, the Company considers the payment history, past due status and term. Further, the Company takes into consideration the inability to collect from the counterparty based on the contractual terms of the receivables. Receivables as such are accounts from inactive customers. In order to determine the amount of ECL to be recognized in the financial statements, the Company has set up a provision matrix based on its historical observed default rates which is adjusted forward-looking estimates and establishes an allowance for ECL.

Management generally analyzes accounts receivables and analyzes historical bas debt, client concentrations, client creditworthiness, current economic trends and changes in client payment terms when evaluating the adequacy of the ECL. To the extent that it is feasible, impairment and collectability is determined individually for each item.

The Insurer will assess the credit risk from policyholders with past-due accounts by considering the individual characteristics of each policyholder such as creditworthiness and payment history. After considering credit risk above, the Insurer will therefore inform the Company as to the total amount of expected credit loss from each policyholder then the Company will determine the portion of the commission related to expected credit loss that will be treated as allowance which is also based on the commission percentage of the Company.

The carrying amount of trade and other receivables amounted to **₱163,006,396** and **₱226,075,539** as at **December 31, 2023** and 2022, respectively.

*Determining fair value of financial instruments*

The Company carries the financial asset at fair value, which requires the use of accounting estimates and judgment, in cases when active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument. The amount of changes in fair value would differ if the Company utilized different valuation methods and assumptions. Any change in fair value of these financial assets would affect profit or loss and equity.

*Estimating useful lives of property and equipment*

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

addition, the estimation of the useful lives is based on the Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets.

The carrying amount of property and equipment amounted to **₱2,017,361** and **₱1,576,462** as at **December 31, 2023** and 2022, respectively.

*Determining retirement liability*

The determination of the obligation and cost of retirement benefits is dependent on the assumptions determined by management and used by the actuary in calculating such amounts. These assumptions include, among others, discount rate and salary increase rate. Actual results that differ from the Company's assumptions are accumulated and recognized in other comprehensive income, therefore, generally affect the recognized expense and recorded obligation in such future periods.

Net retirement asset amounted to **₱0.00** as at **December 31, 2023** and net retirement liability amounted to **₱3,574,104**.

*Assessing realizability of deferred tax assets*

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

The Company's deferred tax assets amounted to **₱1,722,340** and **₱905,405** and deferred tax liability amounted to **₱0.00** and **₱670,311** as at **December 31, 2023** and 2022, respectively.

## 6. CASH

	2023	2022
Cash on hand	₱ 30,000	₱ 30,000
Cash in banks	₱ 39,613,168	₱ 22,860,599
	<b>₱ 39,643,168</b>	<b>₱ 22,890,599</b>

Cash in banks represent savings and current deposits in reputable local banks and earn interest at prevailing bank deposit rates. Interest income earned, net of final taxes, from cash deposits amounted to **₱10,479** and **₱44,176** in **2023** and 2022, respectively.

## 7. TRADE AND OTHER RECEIVABLES

	2023	2022
Receivable from insurance companies' clients	₱ 162,358,397	₱ 226,038,448
Commission receivable from insurance companies	-0-	-0-
Advances to officers and employees	716,574	292,725
Others	-0-	-0-
	<b>163,074,971</b>	<b>226,331,173</b>
Allowance for expected credit losses	(68,575)	(255,634)
	<b>₱ 163,006,396</b>	<b>₱ 226,075,539</b>

Receivable from insurance companies' clients represents amounts receivable from policyholders/clients for payment of insurance premium to the insurance company.

Commission receivable from insurance companies represents commissions earned but not yet received from insurance companies, as a result of insurance transaction.

Advances to officers and employees are noninterest-bearing advances and are normally settled through salary deduction.

## 8. INVESTMENTS

### Financial assets at FVPL

Financial assets at FVPL with carrying amounts of **₱5,525,706** and ₱5,297,952 as at **December 31, 2023** and 2022, respectively, represent investments in publicly traded equity securities of prime Philippine companies in the Philippine Stock Exchange (PSE). These investments represent opportunities for returns through dividends and trading gains.

Dividend income from these investments amounted to **₱39,339** and ₱39,339 in **2023** and 2022, respectively. Fair value Gain/(Loss) amounted to **₱227,754** and (₱1,182,043) in **2023** and 2022, respectively.

### Investment securities at amortized cost

Financial assets at amortized cost amounting to **₱20,811,943** and ₱20,811,943 as at **December 31, 2023** and 2022, respectively, represent notes receivables from related entities. These securities bear interest ranging from 7% to 8% per annum with tenors of one to two years.

Interest income earned from these investments amounted to **₱1,498,359** and ₱2,250,747 in **2023** and 2022, respectively.

## 9. OTHER CURRENT ASSETS

	2023	2022
Creditable withholding tax	₱ 24,309,727	₱ 24,483,663
Refundable deposits	698,320	698,320
Office supplies	136,102	136,102
Accrued interest	20,122	--0--
Prepaid rent	67,017	45,000
Advances to Officers & Employees	--0--	--0--
	<b>₱ 25,231,288</b>	<b>₱ 25,363,086</b>

Creditable withholding tax are taxes withheld by insurance companies from the commissions earned by the Company to be used against income tax liabilities.

Refundable deposits pertain to deposits on leased office spaces.

Accrued Interest receivables pertain to interest on Short Term Investment to Affiliated Companies

Advances to officers and employees are noninterest-bearing advances and are normally settled through salary deduction.

## 10. PROPERTY AND EQUIPMENT

2023	Office equipment	Furniture and fixtures	Leasehold improvement	Motor vehicle	Total
<b>Cost:</b>					
Balance at January 1	8,144,390	1,878,445	206,387	1,800,000	12,029,222
Additions	1,021,979	-	-	-	1,021,979
<b>Balance at December 31</b>	<b>9,166,369</b>	<b>1,878,445</b>	<b>206,387</b>	<b>1,800,000</b>	<b>13,051,201</b>
<b>Accumulated depreciation:</b>					
Balance at January 1	6,609,595	1,878,445	206,387	1,758,334	10,452,761
Depreciation	539,414	-	-	41,666	581,080
<b>Balance at December 31</b>	<b>7,149,009</b>	<b>1,878,445</b>	<b>206,387</b>	<b>1,800,000</b>	<b>11,030,841</b>
<b>Carrying value</b>	<b>2,017,361</b>	-	-	-	<b>2,017,361</b>

2022	Office equipment	Furniture and fixtures	Leasehold improvement	Motor vehicle	Total
<b>Cost:</b>					
Balance at January 1	6,224,569	1,878,445	206,387	1,800,000	10,109,401
Additions	1,919,821	-	-	-	1,919,821
Balance at December 31	8,144,390	1,878,445	206,387	1,800,000	12,029,222
<b>Accumulated depreciation:</b>					
Balance at January 1	5,893,717	1,861,485	206,387	1,558,334	9,519,923
Depreciation	715,878	16,960	-0-	200,000	932,838
Balance at December 31	6,606,595	1,878,445	206,387	1,758,334	10,452,761
Carrying value	1,534,796	-0-	-0-	41,666	1,576,462

The Company carried out a review of the recoverable amounts of its property and equipment. The Company has determined that there is no indication that an impairment has occurred on its property and equipment.

## 11. TRADE AND OTHER PAYABLES

	2023	2022
Payable to insurance companies	₱ 105,411,897	₱ 154,738,338
Accounts payable - others	652,980	656,462
	₱ 106,064,877	₱ 155,394,800

Payable to insurance companies represent insurance premiums payable by the Company from policyholders which shall be remitted to insurers and recorded at net of commissions receivable.

Accounts payable - others are short-term loans of employees from third parties under the name of the Company and other charges to employees like personal insurance. The Company is directly charging these payables to employees against their salary. The loans accommodated to employees are amortized based on its term, the amortized portion is recognized as accounts payable - others. Also included in this account are the incentives to employees of the external division of the Company.

## 12. OTHER CURRENT LIABILITIES

	2023	2022
Accrued expenses	₱ 4,881,672	₱ 5,752,345
Output VAT	2,331,253	601,181
Deferred output VAT	2,628,835	3,757,389
Due to government agencies	982,869	1,621,182
	₱ 10,824,629	₱ 11,732,097

Accrued expenses pertain to accrual of professional fees, utilities and various payables incurred but remained unpaid as of the financial reporting date.

Output VAT refers to VAT on actual collections.

Deferred output VAT pertains to VAT on commission that the Company have not yet collected based on gross receipts or gross collection.

Due to government agencies include withholding taxes payable and premiums contributions to SSS, PHIC and HDMF.

### 13. EQUITY

	2023		2022	
	Shares	Amount	Shares	Amount
Authorized at ₦100 par value per share	1,000,000	₦ 100,000,000	1,000,000	₦ 100,000,000
Issued and outstanding	500,000	₦ 50,000,000	500,000	₦ 50,000,000

Ordinary shares carry one vote per share and carry right to dividends.

The Company declared and paid the following cash dividends in **2023** and 2022:

Board approval date	Amount
November 24, 2023	₦ 13,962,704
	₦ 13,962,704

Board approval date	Amount
January 21, 2022	₦ 7,648,845
May 24, 2022	₦ 4,226,812
August 26, 2022	₦ 6,500,000
November 25, 2022	₦ 8,759,827
	₦ 27,135,484

On Board of Directors (BOD) Minutes of meeting last November 24, 2023, an amount of ₦13,962,704 were set aside for cash dividends out of unappropriated retained earnings .

The BOD declared stock dividend on its' meeting last December 20, 2022 amounting to ₦12,000,000 out of the undivided profits or unrestricted retained earnings of the Corporation. Also, on meeting last December 22, 2022, the BOD revoked the appropriated stock dividend last December 21, 2021 amounting to ₦24,875,657 and revert back to Unappropriated Retained Earnings.

### 14. REVENUE

An analysis of the Company's commission income:

	2023	2022
Related parties	₦ 69,241,694	₦ 79,324,345
Outside parties	₦ 1,685,751	₦ 2,118,097
	₦ 70,927,445	₦ 81,442,442

### 15. DIRECT COST

	2023	2022
Incentives	₦ 40,665,774	₦ 47,770,250
Travel and transportation	₦ 2,364,562	₦ 2,559,696
Representation	₦ 240,732	₦ 3,642,135
	₦ 43,271,068	₦ 53,972,081

### 16. OTHER INCOME

	2023	2022
Interest income		
Investment securities at amortized cost	₦ 1,498,359	₦ 2,250,747
Interest on Bank Savings Account	₦ 10,479	₦ 44,176
Other interest income	₦ 26,989	₦ 11,218
	₦ 1,535,827	₦ 2,306,141

Miscellaneous Income	15,000	-0-
Dividend income	39,339	39,339
Other operating income	26,152,141	24,533,572
	<b>₽ 27,742,307</b>	<b>₽ 26,879,052</b>

Other interest income pertains to interest on overdue accounts receivable.

Other operating income refers to incentives from insurance companies based on the performance of the Company.

Interest income on Investment securities represents income from lending to Affiliated Companies with an interest rate ranging from 7% - 8% per annum.

## 17. ADMINISTRATIVE EXPENSES

	2023	2022
Salaries, wages and benefits	₽ 19,101,244	19,876,536
Rent (Note 19)	2,346,999	2,238,551
Retirement (Note 18)	544,209	682,203
Professional fees	1,232,360	1,814,157
Taxes and licenses (Note 23)	881,929	846,284
SSS, PHIC, HDMF contributions	1,380,380	1,102,762
Directors' fees	1,649,033	1,608,447
Communication	743,084	818,579
Depreciation (Note 10)	581,080	932,838
Insurance	472,744	348,321
Office supplies	375,133	387,913
Dues and subscriptions	521,816	366,264
Administrative Expenses	533,818	528,460
Power, light and water	327,632	304,892
Marketing expense	481,349	186,158
Provision for expected credit losses (Note 7)	(187,059)	85,244
Gifts and donations	--0--	140,000
Advertising and promotion	165,321	309,663
Trainings and seminars	147,899	124,411
Repairs and maintenance	33,482	71,219
Unrealized (Gain) Loss in Value of Marketable Securities	(227,754)	1,182,043
Miscellaneous expense	332,565	1,561,072
	<b>₽ 31,437,264</b>	<b>₽ 35,516,016</b>

## 18. RETIREMENT PLAN

The Company has a non-contributory funded retirement plan covering all its regular employees. The plan provides a normal retirement benefit equal to 100% of one-month's pay per year of service for normal retirement date at age 60, or, at the option of the Company after completing 20 years of service regardless of age. Early retirement benefits are given to employees opting to retire at age 50, or, at the option of the Company after 10 years of service regardless of age.

Actuarial valuations are made periodically to update the retirement benefit liability and the amount of contributions. The latest actuarial valuation report was dated as at December 31, 2023.

Details of the retirement benefits are as follows:

	2023	2022
Current service cost	₽ 745,067	824,016
Interest expense	889,573	592,927
Expected interest income	(1,090,431)	(734,740)


The cumulative remeasurement gain recognized in other comprehensive income follows:

2023				
Cumulative remeasurement gain (loss)				
		Deferred tax		Net
Balance at beginning of year	₽ 6,134,864	₽ 1,563,325	₽	4,571,439
Actuarial gain (loss)	(5,819,589)	(1,454,897)		4,364,692
Balance at end of year	₽ 315,275	₽ 108,428	₽	206,747

2022				
Cumulative remeasurement gain (loss)				
		Deferred tax		Net
Balance at beginning of year	₽ 5,443,612	₽ 1,390,612	₽	4,053,000
Actuarial gain (loss)	691,252	172,713		518,439
Balance at end of year	₽ 6,134,864	₽ 1,563,325	₽	4,571,439

The amounts of net retirement asset (liability) recognized in the statements of financial position follows:

	2023	2022
Present value of retirement benefit obligation	₽ (19,367,058)	₽ (12,355,175)
Fair value of plan assets	15,792,954	15,144,869
	₽ (3,574,104)	₽ 2,784,694

The changes in the present value of the defined benefit obligation are as follows:

	2023	2022
Balance at beginning of year	₽ 12,355,175	₽ 11,626,016
Interest expense	889,573	592,927
Current service cost	745,067	824,016
Actuarial (gain) loss	5,625,924	(687,784)
Benefits paid	(248,681)	-0-
Balance at end of year	₽ 19,367,058	₽ 12,355,175

The changes in the fair value of plan assets are as follows:

	2023	2022
Balance at beginning of year	₽ 15,144,869	₽ 14,406,661
Expected interest income	1,090,431	734,740
Contributions	-0-	-0-
Actuarial gain (loss)	(193,665)	3,468
Benefits paid	(248,681)	-0-
Balance at end of year	₽ 15,792,954	₽ 15,144,869

Details of plan assets are as follows:

	2023	2022
Cash	25.90%	20.90%
Fixed income	.0%	.0%
Investment	73.83%	.28%
Others	.27%	78.82%

The principal actuarial assumptions used to determine the retirement liability are as follows:

	2023	2022
Discount rate	6.20%	7.20%
Salary increase rate	8.00%	4.00%

## 19. LEASES

### *The Company as Lessee*

The Company has lease contracts with Guevent Investments Development Corporation for the use of office units with lease terms of one-year renewable annually. The lease agreements are considered short-term and did not warrant the recognition of right-of use assets. Rent expense are recognized in profit or loss on a straight-line basis.

Security deposits amounting to **P698,320** and P698,320 as at December 31, 2023 and 2022 (see Note 9).

Rent expense charged to operations amounted to **P2,346,999** and P2,238,551 in 2023 and 2022, respectively. (see note 17)

## 20. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one of the party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial and operating decisions. Parties are also considered to be related if they are subjected to common control or common significant influence. Related parties may be individuals or corporate entities.

In the ordinary course of business, the Company transacts with its affiliates, and with certain directors, officers, stockholders, and other related interests. These transactions are made substantially on the same terms and conditions as transactions with other individuals and businesses of comparable risks.

The significant transactions and outstanding balances of the Company with the related parties follows:

Related Party	Nature of transaction	Year	Outstanding Balance			Terms and conditions
			Commission Income	Receivable	Payable	
Affiliate Companies	Insurance premiums	2023	P69,241,694	P157,734,692	—	Unsecured, non-interest bearing
Parent Company	Rent	2022	P79,324,345	P222,788,685	—	Unsecured, non-interest bearing
		2023	<b>P2,246,999</b>	—	—	Unsecured, non-interest bearing
		2022	P 2,238,551	—	—	Unsecured, non-interest bearing

The Company's commission income amounting to **P69,241,694** and P79,324,345 in 2023 and 2022, respectively, were earned from its sales of insurance policies to affiliated companies.

### Key management personnel compensation

Compensation of key management personnel by benefit type, are as follows:

	2023	2022
<i>Short-term benefits</i>		
Salaries and wages	P 2,653,445	P 2,323,132
Director's fees	1,649,034	1,608,447
13 <sup>th</sup> month pay and other benefits	1,847,860	1,734,973
	<b>6,150,339</b>	5,666,552
<i>Retirement benefits</i>	—	—
	<b>P 6,150,339</b>	P 5,666,552

## 21. INCOME TAXES

Components of income tax expense follows:

	2023	2022
Current tax expense	P 6,085,252	P 6,101,626
Deferred tax expense	(32,349)	(487,373)
	<b>P 6,052,903</b>	P 5,614,253

The reconciliation between income tax expense at statutory tax rate and as presented in the statements of comprehensive income is as follows:

		2023	2022
Income tax expense at statutory rate	₱	5,990,355	₱ 4,708,349
Income tax effects of:			
Interest income subjected to final tax		(2,620)	(11,044)
Dividend income subjected to final tax		(9,835)	(9,835)
Income tax effects of non-deductible expenses			
Representation and Entertainment		-0--	645,566
Miscellaneous Expenses (BIR Penalties)		75,003	281,217
	₱	<b>6,052,903</b>	₱ <b>5,614,253</b>

Net deferred tax assets relate to the tax effect of the temporary differences as follows:

		2023	2022
Deferred tax assets:			
Retirement liability	₱	877,503	₱ -
Excess of contribution over normal cost		789,405	803,209
Allowance for impairment on receivables		55,432	102,196
	₱	<b>1,722,340</b>	₱ <b>905,405</b>
Deferred tax liability:			
Retirement asset	₱	-0-	737,154
Unrealized gain on investment		-0-	(66,843)
	₱	-0-	₱ <b>670,311</b>

On March 26, 2021, the Republic Act (RA) 11534, known as "The Corporate Recovery or Tax incentives for Enterprises Act" (Create Act), was passed into law. The salient provisions of the Create Act applicable to the Company are as follows:

1. Effective July 1, 2020, the corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5,000,000 and with total assets not exceeding P100,000,000, excluding land on which the particular business entity's office, plant, and equipment are situated during the taxable year for which the tax is imposed at 20%. All other domestic corporations and resident foreign corporations will be subject to 25% income tax;
2. Minimum corporate income tax (MCIT) rate reduced from 2% to 1% effective July 1, 2020, to June 20, 2023;
3. Percentage tax reduced from 3% to 1% effective July 1, 2020, to June 30, 2023; and
4. The imposition of improperly accumulated earnings is repealed.

## 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial instruments consist of cash, trade receivables, investments in stocks, notes receivables and treasury bills, refundable deposits and trade and other payables. The main purpose of these financial instruments is to fund the Company's operations.

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated with the Board of Directors (BOD) and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial market.

The main financial risks arising from the financial instruments are credit risk, and liquidity risk, and interest rate risk. The BOD regularly reviews and approves the appropriate policies for managing these financial risks, as summarized below:

### *Credit risk*

Credit risk is the risk that the Company will incur a loss because its counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by doing business only with

recognized, creditworthy third parties. Receivables are monitored on an on-going basis with the result that the Company's exposure to possible losses is not significant.

With respect to credit risk arising from cash, the Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to its carrying amount. Cash in bank is deposited with reputable commercial banks duly approved by management and is available for withdrawal.

Maximum credit risk is equal to the gross amount of these instruments as follows:

	2023	2022
Cash in banks	₹ 39,643,168	₹ 22,890,599
Trade receivables	163,006,396	226,075,539
Financial assets at FVPL	5,525,706	5,297,952
Investment securities at amortized cost	20,811,943	20,811,943
Refundable deposits	698,320	698,320
	<b>₹ 229,685,533</b>	<b>₹ 275,774,353</b>

The table below summarizes the Company's financial assets based on aging:

	Neither past due nor impaired	Past due but not impaired – Less than one year	Past due and impaired	Total
Cash and cash equivalents	39,643,168	–	–	39,643,168
Trade receivables	96,451,740	66,554,656	–	163,006,396
Financial assets at FVPL	5,525,706	–	–	5,525,706
Investment securities at amortized cost	20,811,943	–	–	20,811,943
Refundable deposits	698,320	–	–	698,320
	<b>163,130,877</b>	<b>66,554,656</b>	<b>–</b>	<b>229,685,533</b>

#### *Liquidity risk*

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

The Company monitors and maintains a level of cash deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

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

2023	Within 1 year	1-5 years	Over 5 years	Total
Accounts payables	105,411,897	–	–	105,411,897
Accrued expenses	4,881,672	–	–	4,861,550
	<b>110,293,569</b>	<b>–</b>	<b>–</b>	<b>110,293,569</b>
2022	Within 1 year	1-5 years	Over 5 years	Total
Accounts payables	154,738,338	–	–	154,738,338
Accrued expenses	5,752,345	–	–	5,752,345
	<b>160,490,683</b>	<b>–</b>	<b>–</b>	<b>160,490,683</b>

#### *Interest rate risk*

Interest rate risk pertains to the fluctuations in interest of investment securities at amortized cost. These investments are earning interest ranging from 7% to 8% per annum. The Company regularly monitors interest rate movements and on the basis of current and projected economic and monetary data, decides on the best alternative to take.

The primary measure of the Company's interest rate risk is the duration of its financial assets. It quantifies the effect of changes in interest rates in the value of fixed income securities. The longer the duration, the more sensitive it should be to changes in interest rates.

#### Capital Management

The Company's risk management function has developed and implemented certain minimum stress and scenario test for identifying the risk to which the Company is exposed, quantifying their impact on the volatility of economic capital. The results of these tests, particularly, the anticipated impact on the realistic balance sheet and revenue account, are reported to the Company's risk management function. The risk management function then considers the aggregate impact of the overall capital requirement revealed by the stress testing to assess how much capital is needed to mitigate the risk of insolvency to a selected remote level.

The operations of the Company are also subject to the regulatory requirements of Securities and Exchange Commission (SEC) and Insurance Commission (IC). Such regulations not only prescribed approval and monitoring of activities but also impose certain restrictive provisions.

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The debt-to-equity ratio is as follows:

	2023	2022
Total debt	₽ 116,889,506	₽ 167,126,897
Total equity	₽ 137,494,592	₽ 133,342,032
Debt-to-equity ratio	.85 : 1	1.25 : 1

The Company is required under Insurance Commissions (IC) regulations to maintain a net worth of at least ₽20,000,000 which the Company is compliant.

The Company is also required to comply with the fiduciary ratio requirement per IC CL No. 2021-65. The fiduciary ratio is a measure to assess the Company's conduct of handling premiums from the policyholder, given that a broker is expected to be acting on a fiduciary capacity.

The fiduciary ratio is computed by dividing the total fiduciary assets (either cash or receivables being held by an insurance and/or reinsurance broker, over the total fiduciary liabilities). The fiduciary ratio to be maintained shall be 1:1. Amounts used are gross of the commissions, allowances for impairment, taxes, fees and other charges.

#### Fiduciary Ratio Computation:

As of 31 December 2023, the Company's fiduciary ratio is computed as follows:

FIDUCIARY ASSETS:	2023	2022
Clients' Money	₽ 5,333,532	₽ 4,079,775
Accounts Receivable - Assured	₽ 162,358,397	₽ 226,038,447
Less: Commissions Receivable	(62,280,031)	(75,379,884)
Total Fiduciary Assets	<u>105,411,898</u>	<u>154,738,338</u>
FIDUCIARY LIABILITIES:		
Accounts Payable - Principal	₽ 105,411,898	₽ 154,738,338
FIDUCIARY RATIO	1 : 1	1 : 1

The Accounts Receivable – Assured account were recorded at gross of commissions receivable from the Insurer (Principal) and the Accounts Payable – Principal were recorded net of commissions.

Based on the computation, the Company is compliant with the requirement per IC CL No. 2021-65

### **23. SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATION NO. 15-2010**

In compliance with Bureau of Internal Revenue (BIR) Regulations No. 15-2010 issued on November 25, 2010, summarized below are the taxes and licenses paid by the Company in the years presented:

	<b>2023</b>	<b>2022</b>
Business permits and licenses	₱ 724,819	₱ 780,134
IC fees	156,610	65,650
BIR annual registration fee	500	500
	<b>₱ 881,929</b>	<b>₱ 846,284</b>

Details of the Company's withholding taxes during the year are as follows:

	<b>2023</b>	<b>2022</b>
Expanded withholding tax	₱ 6,767,141	₱ 7,867,467
Withholding tax on compensation	972,683	1,070,307
Final withholding taxes	794,253	2,380,867
	<b>₱ 8,534,347</b>	<b>₱ 11,318,641</b>

Details on the Company's VAT declared during the year are as follows:

	<b>2023</b>	<b>2022</b>
Output VAT	₱ 12,783,143	₱ 12,271,658
Input VAT	1,245,246	1,689,573
Net VAT remitted	₱ 11,537,897	₱ 10,582,085

### **24. EVENTS AFTER THE REPORTING PERIOD**

On January 25, 2024 Minutes of Board Of Directors (BOD) meeting, it was decided to declare a cash dividend amounting to ₱4,759,389, out of unrestricted Retained Earning and payable on January 31, 2024.