



RAROCO INSURANCE BROKERS, INC.

ROOM 608, FERROS BEL AIR TOWER
30 POLARIS ST. BEL-AIR, MAKATI CITY 1209

ANNUAL REPORT 2025

Covered Year 2024

<https://www.rarocoinsurance.ph/>

info@rarocoinsurance.ph

+63 2 88960497

+63 917 7062428

+63 998 5570252

2 Corporate Profile

Brief company background



RAMON A. ROCO, FOUNDER

Ramon A. Roco had humble beginnings as an Insurance Agent in 1980 with a vision of helping the Filipino people secure their health and future. After graduating from Ateneo de Manila, Monchito landed the Top 10 passers from the Insurance Commission test and in 1982, he was an Awardee of the Ten Most Outstanding Philippine Salesmen. Monchito dedicated himself to learn the ins and outs of the industry and prepared for something much bigger. He then established a company that will allow him to cater to more clients, that said company is now RAROCO Insurance Brokers, Inc.

Come 1983, Monchito had a concrete desire to broaden the company's offerings by including non-life insurance products such as fire, motorcar, marine and the likes. The desire to reach more clients is off the charts that the company also created US Dollar-Denominated policies which include life, medical and travel insurance.

Given the technology the world is offering us,

RAROCO Insurance Broker, Inc. has been handling the needs of its clients electronically to keep the promise of convenience and promptness. The company is now targeting to have a platform which allows clients to purchase insurance products directly from its website.

Given our formidable synergy with our principal insurance partners, Monchito keeps himself and his team abreast with the new trends in the insurance industry to stay ahead of the fast-growing needs of the Filipino people. In many ways, he has created a niche in insurance marketing by carefully matching and positioning various products to the ever-changing needs of our clients. "Excellent service at a reasonable price," the trademark of RAROCO Insurance Brokers, Inc.



Type of license (Life / Non-Life / Composite / Reinsurance)

- Accident Insurance
- Bonds Insurance
- Comprehensive General Liability (CGL)
- Compulsory Third Party Liability (CTPL)
- Contractor's All Risks Insurance
- Cyber Insurance
- Electronic Equipment Insurance
- Fire Insurance
- Floater Insurance
- Golf Insurance
- Health Insurance (HMO)
- Life Insurance
- Marine Insurance
- Medical Insurance
- Memorial Plans
- Money Security Payroll Robbery Insurance (MSPR)
- Motor Insurance
- Pet Insurance
- Professional Liability Insurance
- Retirement Insurance
- Travel Insurance

Vision

RAROCO Insurance Brokers, Inc. envisions to be “THE” top of the mind insurance broker of choice for all life and non-life insurance needs of every individual, family, and company in the Philippines.

Mision

RAROCO Insurance Brokers, Inc. aims to provide swift service and easy access to all our clients' insurance needs both life and non-life. We accomplish this by employing the industry's best and finest in order to offer high-quality insurance products for each individual, family and corporation

CORE VALUES

- **Accountable** – takes responsibility for actions or inaction on all levels, understands and has ownership of his/her roles, duties and functions
- **Competent** – is fully aware of his/her roles, duties and functions and has the necessary skill set to fulfill all tasks, is knowledgeable on all subject matters related to his/her role, duties and functions
- **Time Efficient** – maximizes time by having an orderly and organized system of carrying out day-to-day tasks, knows how to multi-task and is punctual in reporting to work and in work submissions
- **Exceeds Expectation** – fulfills the required task, but also provides more than what is asked for, has the foresight to act on forthcoming requirements and has the ability to take pertinent actions ahead of time that gives client satisfaction
- **Commitment to Excellence** – strives to do the best that he/she can in every aspect of his/her capacity
- **Proactive and Innovative Mindset** – has the initiative to improve circumstances and situations at hand and is also concerned with finding solutions to foreseeable problems even before problems arise
- **Cultivates Harmonious Culture** – knows how to mingle and socialize with people from all walks of life, not only clients but especially fellow co-workers in order to foster a deeper connections and develop better more supportive relationships
- **Service with a Smile** – regardless of his/her personal predicament, he/she aims to please through service with a heart
- **Firm and Fair, yet Compassionate Management** – superiors and company management treat all subordinates reasonably while taking into consideration other factors that make an employee valuable

Principal Lines of Business

- AIG
- AMAPHIL
- APRIL International
- Asia United Insurance, Inc.
- AsianLife
- AXA Philippines
- Charter Ping An
- Cocolife Health
- EASTWEST Healthcare, Inc.
- ETIQA Life
- FPG Insurance Co., Inc
- First Life
- General Assurance Philippines, Inc.
- Great Pacific Life Assurance Corp.
- Insular Life Health Care, Inc
- Intellicare
- Malayan Insurance Co. Inc.
- Manulife

- Mapfre Insular Insurance Corp.
- Mediacard Phils. Inc.
- The Mercantile Insurance Co., Inc.
- Oriental Assurance Corp.
- Pacific Cross Insurance Inc.
- Philcare
- Philamlife
- Phils. First
- Philippine British Assurance Company, Inc.
- Philplans
- PIONEER Insurance (Non-life)
- Prudential Guarantee & Assurance Inc.
- Sunlife
- Standard Insurance
- STARR International Insurance
- Valucare Health Systems, Inc.

3 Message from Leadership



RAMON A. ROCO, FOUNDER

Message of the Chairman

It is my pleasure to share this message with all our stakeholders, partners, and employees. Our company continues to move forward with determination, guided by our commitment to excellence, integrity, and service.

Over the years, we have faced challenges and opportunities alike. Through it all, the strength of our people, the trust of our clients, and the support of our partners have allowed us to grow and remain resilient. I am proud of the dedication and professionalism shown by our team, whose efforts drive the success of our organization every day.

As we look ahead, we remain focused on strengthening our core business, embracing innovation, and creating lasting value for those we serve. We will continue to adapt to changing times while staying true to the principles that define who we are.

On behalf of the Board of Directors, I extend my sincere gratitude to everyone who has contributed to our journey. Together, we will continue to build a stronger and more sustainable future.



**MARIE DENISE ROCO - DE LEON,
PRESIDENT**

President/CEO Report

Year 2024 started with a mighty splash. First, we were alarmed by issues regarding the accounting department. We faced hurdles here and there with the transition of a new accountant, who after 2 months, resigned leaving our existing new senior accountant only one day for turnover. For strengthened data security, we ensured back up in cloud and hard drives. All computers were double-checked for security and protection with the installation of McAfee. April brought in stressful news about three cease and desist orders issued by the IC. These were issued to Medishure Insurance Brokers, and Koinonia Funeral Homes OPC (KFHO) and Oriental Assurance Corporation (OAC). RAROCO has some substantial business with the last aforementioned insurer. We have had to move several accounts out of Oriental, unfortunately some were renewed right before the announcement was released.

Later in November 2024, we were surprised by the early termination of our engagement with legal retainer, RLB Law Office. This is due to the aspirations of Atty. Ronifelle L. Barrios' plans to run for a government seat in Aklan. And, that we wish her all the best.

Annual Financial Report for year 2024

This was presented by Marvelyn B. Nagaño, our new Accounting Senior Officer

- Big drop of medical new biz
- Increase in bank interest and inhouse loan interest
- Decrease in travel new biz
- Increase of almost 2M in medical renewals
- Top 1 increase is in Personal Indemnity at 871%
- Increase of individual / family of 10% of new biz & renewal
- Decrease of 5% in corporate new biz & renewal
- 93% compose of individual / family and corporate for medical

- Salary and wages increase is 1.3M

We had our 2024 AMLA Training for Employees:

- Conducted last June 13, 2024
- Controlled Transactions Report of transaction amounts of 500,000 and up

We are planning to prepare case filing against Rudolph Cruz

- Sent 2 demand letters already
- Client's premium was not remitted
- Discussed the procedure in filing case to Rudolph Cruz as per advice by the legal
- Total estimated cost for filing the case is 150,000 more or less

Our Goodwill bonus was released in August 22, 2024

- Sodexo GC releases earlier around July due to the upcoming expiry
- All employees had been given according to their tenure in the company

Presentation of 2024 RAROCO Quarterly Activities

- JC De Leon conducted Urban Awareness and sound healing yoga by Ms. Denise De Leon in Susana Heights for the 1st quarter
- Palarong Pinoy done in Pansol Laguna together with the team building during the 2nd quarter
- Zumba dance activity done during the 3rd quarter activity
- Insurance trivia question during the 4th quarter conducted in the office

2024 Annual Corporate Governance Report (2023 covered year)

- This was submitted to IC 1 week before end of May
- Notarized hard copy to be delivered to IC

We celebrated the **2024 Christmas Party Awardees:**

- Amando II Z. Bobiles (10 years loyalty awardee)
- Hildamarie R. Almocera (10 years loyalty awardee)
- Ruel P. Rovera (5 years loyalty awardee)
- Gabe Hidalgo and Ruel Rovera (Best Employee of the year 2024 for Sales and Admin Department respectively)

Updates on AIBP & the Insurance Industry

- Ms. Denise De Leon Second term as Board of Trustee (March 28)
- Ms. De Leon handling membership/ events committee
- AIBP website Ms. De Leon is spearheading
- Pitching seminar on practical application of AI in the insurance industry (spearheaded by DHR)

Launch of new version of IMS with Digiteer

- Month of May tentative launch once UAT approved by RAROCO
- Trial / hands on per department to check their comments with the new system

Requirement for additional office space due to the expansion and additional manpower

- Lay out presented for the additional unit and new space for the 4 new biz employees
- Lease of contract with Unit 611 has been presented to the board

Creation of RAROCO claims guide video

- Rocky Luis is in the process of finalizing all the claims guide video
- Company decided to create this video as some of the clients are not fond of reading but instead wants to just watch if there is a video

Prevention of unauthorized password change

- IT department is already working on this project since our new IT Supervisor is onboard
- This will cover unauthorized change password of computers, laptop and company phone

Glad to report we have continued AMLA Compliance

- Provisional Certificate has been presented, while Certificate of Registration was received morning of May 8, 2025.

At the end of the year, we celebrated our much-anticipated company Christmas Party at the poolside of The Asia Tower Condominium in Makati. For the first time, RAROCO Insurance was able to afford to offer buffet-catered food to lessen the load on the admin staff. The theme was Royal Ball and everyone surely shined and sparkled with their gowns and formal attire. It was a sight to behold and a great way to cap the year that was quite a challenge.

Looking forward,



Denise Roco - De Leon

4 Financial Highlights (1-2 pages summary)

Line of Business	COMMISSIONS			
	Premiums Remitted During the Year	Received During the Year	Receivables at the End of the Year	Earned for the Year
	1	1	2	(1+2-3)
Aviation	16,286.85	4,886.06		4,886.06
Bonds	504,973.76	171,646.73		171,646.73
Car	8,375,791.60	2,057,524.78		2,057,524.78
CGL	132,641.55	36,552.30		36,552.30
CTPL	84,401.90	14,456.53		14,456.53
Cyber Liability	593,800.00	89,070.00		89,070.00
EEL	565,977.96	125,685.01		125,685.01
Error & Omission	184,448.79	29,094.31		29,094.31
Fire	8,431,525.49	1,406,641.81		1,406,641.81
General Public Liability	1,058.70	317.62		317.62
HMO	66,830,297.07	10,228,517.78	132,594.82	10,095,922.96
Life	785,796.17	115,229.80		115,229.80
Marine	71,073.66	20,858.76		20,858.76
Medical	67,193,520.12	13,377,860.91		13,377,860.91
Personal Accident	1,846,436.79	486,491.03		486,491.03
Pet	2,245.10	449.02		449.02
Professional Indeminty	832,350.00	145,661.25		145,661.25
Professional Liability	125,000.00	18,750.00		18,750.00
Travel	2,819,312.93	996,266.71		996,266.71
TOTAL	159,396,938.44	29,325,960.41	132,594.82	29,193,365.59

RAROCO INSURANCE BROKERS, INC.
SUPPLEMENTARY SCHEDULE IN COMPLIANCE WITH THE
REVISED SRC RULE 68
FINANCIAL SOUNDNESS INDICATORS
For The Years Ended December 31, 2024 and 2023

Current Ratio

	2024	2023
Total current assets	P 36,110,160	P 31,048,203
Total current liabilities	11,149,906	13,423,738
Current ratio	3.239:1	2.313:1

Quick Ratio

	2024	2023
Total liquid asset	P 6,820,621	P 3,768,700
Total current liabilities	11,149,906	13,423,738
Liquidity ratio	0.612:1	0.281:1

Working Capital to Total Asset

	2024	2023
Working capital	P 24,960,254	P 17,624,465
Total liabilities	12,637,140	14,555,166
Working capital ratio	1.975:1	1.211:1

Solvency Ratio

	2024	2023
Total assets	P 39,721,972	P 32,823,081
Total liabilities	12,637,140	14,555,166
Solvency ratio	3.143:1	2.284:1

Debt-to-equity Ratio

	2024	2023
Total liabilities	P 12,637,140	P 14,555,166
Total equity	27,084,832	18,267,915
Debt-to-equity ratio	0.467:1	0.797:1

RAROCO INSURANCE BROKERS, INC.
SUPPLEMENTARY SCHEDULE IN COMPLIANCE WITH THE
REVISED SRC RULE 68
FINANCIAL SOUNDNESS INDICATORS
For The Years Ended December 31, 2024 and 2023

Asset-to-equity Ratio

	<u>2024</u>	<u>2023</u>
Total assets	P 39,721,972	P 32,823,081
Total equity	27,084,832	18,267,915
Asset to equity ratio	<u>1.467:1</u>	<u>1.779:1</u>

Interest Rate Coverage Ratio

	<u>2024</u>	<u>2023</u>
Pre-tax profit (loss) before interest	P 5,471,740	P 4,178,821
Interest expense	158,669	249,765
Interest rate ratio	<u>34.485:1</u>	<u>16.731:1</u>

Profitability Ratio

	<u>2024</u>	<u>2023</u>
Net profit (loss) after tax	P 3,816,917	P 3,259,872
Total equity	27,084,832	18,267,915
	<u>0.141:1</u>	<u>0.178:1</u>

a.) Return on asset ratio

	<u>2024</u>	<u>2023</u>
Net income (loss) after tax	P 3,816,917	P 3,259,872
Average assets	22,676,374	30,470,942
	<u>0.105:1</u>	<u>0.107:1</u>

b.) Return on equity ratio

	<u>2024</u>	<u>2023</u>
Net profit (loss) after tax	P 3,816,917	P 3,259,872
Average equity	22,676,374	26,171,937
	<u>0.105:1</u>	<u>0.125:1</u>

RAROCO INSURANCE BROKERS, INC.
SUPPLEMENTARY SCHEDULE IN COMPLIANCE WITH THE
REVISED SRC RULE 68
FINANCIAL SOUNDNESS INDICATORS
For The Years Ended December 31, 2024 and 2023

c.) Gross Profit Margin Ratio

	2024	2023
Net profit (loss) before tax	P 5,489,935	P 4,092,230
Gross profit	11,103,033	9,696,427
	0.494:1	0.422:1

d.) Profit margin

	2024	2023
Net profit (loss) after tax	P 3,816,917	P 3,259,872
Revenue	29,876,970	27,970,537
	0.128:1	0.117:1

5 Business Performance Review

For the year 2024, RAROCO's **best performance line lies in the field of medical insurance** with total collections of **Php 67.2 million** worth of gross premiums.

This is **followed by the HMO** line of Insurance, which has reached a total of **Php 66.8 million** gross premiums. In **third place**, it would be **fire insurance** at **Php 8.431 million** gross premiums. Our **fourth** highest production is in car insurance at a total of **Php 8.375 million** gross premiums. Coming in the **fifth** place for highest production is the travel insurance at **Php 2.82 million** gross premiums.

Line of Business	Collected During the Year
Aviation	16,286.85
Bonds	504,973.76
Car	8,375,791.60
CGL	132,641.55
CTPL	84,401.90
Cyber Liability	593,800.00
EEL	565,977.96
Error & Omission	184,448.79
Fire	8,431,525.49
General Public Liability	1,058.70
HMO	66,830,297.07
Life	785,796.17
Marine	71,073.66
Medical	67,193,520.12
Personal Accident	1,846,436.79
Pet	2,245.10
Professional Indeminty	832,350.00
Professional Liability	125,000.00
Travel	2,819,312.93
TOTAL	159,396,938.44

6 Operations Report

CLAIMS ENGAGEMENT IMPROVEMENTS

To insure client satisfaction and operational efficiency, the Company implemented:

- Streamlined claims documentation procedures
- Faster coordination with insurance partners
- Dedicated claims officers for major accounts
- Improved turnaround time monitoring

These initiatives resulted in more efficient claims resolutions and improved client experience.

IT SYSTEM UPGRADE

RAROCO InsuranceBrokers Inc. strengthened its digital infrastructure through:

- Upgrade internal database systems
- Enhanced data security and backup protocols
- Improved email and communication systems
- Launch of new version of IMS

The upgrades support operational efficiency, data integrity, and cybersecurity compliance

RISK MANAGEMENT INITIATIVES

The Company reinforced its risk governance framework by:

- Conducting regular internal process reviews
- Strengthening compliance monitoring mechanism
- Implementing data protection measures
- Reviewing operational risk exposure

These efforts align with corporate governance standards and ensure sustainable and responsible operations

7 Corporate Governance

Board of Directors

- RAMON A. ROCO - Chairman
- MARIE DENISE ROCO-DE LEON - President
- RAMON M. HIDALGO - Vice President
- ANGELINA H. ROCO - Treasurer
- ERNA ROVERA – SANTIAGO - Corporate Secretary
- REGINA ROSARIO P. GARRUCHO - Independent Director
- RUSSELL YARRA LORENZO - Independent Director

Key Officers



- RAMON A. ROCO - Chairman
- MARIE DENISE ROCO-DE LEON - President
- RAMON M. HIDALGO - Vice President
- ERNA ROVERA – SANTIAGO - Corporate Secretary

Committees (Audit, Risk, etc.)

A. Audit Committee

- Chairman: Erna R. Santiago
- Members:
 - Russell Yarra Lorenzo
 - Regina Rosario P. Garrucho

B. Corporate Governance Committee

- Chairman: Russell Yarra Lorenzo
- Members:
 - Regina Rosario P. Garrucho
 - Mikaela Andrea H. Sison

C. Related Party Transaction (RPT) Committee


- Chairman: Regina Rosario P. Garrucho
- Members:
 - Russell Yarra Lorenzo
 - Lorenzo Angelo H. Roco

D. Board Risk Oversight Committee (BROC)

- Chairman: Marie Denise R. De Leon
- Members:
 - Lorenzo Angelo H. Roco
 - Mikaela Andrea H. Sison

8 Compliance & Regulatory Matters

Mayors Permit



REPUBLIC OF THE PHILIPPINES
CITY OF MAKATI
BUSINESS PERMITS OFFICE AND LICENSING OFFICE

PERMIT NO. **11973**
11973

PAHINTULOT SA PANGANGALAKAL (BUSINESS PERMIT)

MATALASTAS NG LAHAT:
(KNOW ALL MEN BY THESE PRESENTS)

NA SI / ANG:
(THAT)

RAROCO INSURANCE BROKERS INC.
na matatagpuan at may pahatirang sulat sa
(with postal address at)

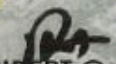
R-609 FERROS BEL-AIR TOWER 30 POLARIS ST., POBLACION
na itinag nang may buong karapatan at umiiral sa ilalim ng mga batas ng
(duly recognized and existing under the laws of the)
Republika ng Pilipinas, ay pinagkalooban ng pahintulot na mangalakal bilang
(Republic of the Philippines, is hereby granted the permit to operate as)


SEO

ngayong ika- 26 ng January 2024
(on this) (day of)

Ang pahintulot na ito ay matatapos sa ika- 31 of December 2024
(This permit expires on)

Malibang ito'y maagang bawiin at pawalang bisa.
(unless sooner revoked)


ATTY. MARIBERT Q. PAGENTE
HEAD, BUSINESS PERMITS AND LICENSING OFFICE


HON. MAR-LEN ABIGAIL S. BINAY
PUNONG PANGLUNSOD
(CITY MAYOR)

TAX YEAR :	2024	QUARTER :	1
O.R. NO. :	47544088V	O.R. DATE :	01/24/2024
O.R. AMOUNT :	89,426.32		

MAYOR'S PERMIT FEE	4,000.00
JUS NECESSITATIS	52,921.32
SECURITY PERMIT FEE	300.00
GARBAGE FEE	1,000.00
SIGNBOARD FEE	200.00
ENGINEERING FEE	0.00
INDIVIDUAL MF FEE	1,050.00
INDIVIDUAL MC FEE	1,680.00
MEAT INSPECTION FEE	0.00
FSI FEE	1,275.00
BARANGAY CLEARANCE FEE	7,000.00
OTHER FEES / PENALTY / INTEREST	0.00
TOTAL	69,426.32

IMPORTANT

Failure to renew this Business Permit within the prescribed period shall subject the taxpayer to a twenty-five percent (25%) surcharge and two percent (2%) penalty per month. Upon closure of business, surrender this permit to City Treasurer's Office on or before the twentieth (20th) day of the month following the quarter to avoid penalty.

200400526

ITO AY DAPAT IPASKIL SA HAYAG NA POOK NG KALAKALAN AT DAPAT IPAKITA SA SANDALING HINGIN NG MGA KINAUUKULANG MAYKAPANGYARIHAN.

THIS MUST BE POSTED ON CONSPICUOUS PLACE AND BE PRESENTED UPON DEMAND BY PROPER AUTHORITIES.

Insurance Brokers License

License No. IB-42-2025-R



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION

INSURANCE BROKER'S LICENSE

(Under Chapter IV, Titles 1 & 8 of the Insurance Code)

The undersigned Insurance Commissioner hereby authorizes **RAROCO INSURANCE BROKERS, INC.**, with office address located at **Rm. 608 Ferros Bel-Air Tower, 30 Polaris Street, Bel-Air, Makati City.** to act as **Insurance Broker** by and through the following Soliciting Official/s:

RAMON A. ROCO

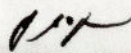
(Life & Non-Life)

This license shall remain valid until **31 December 2027**, unless sooner revoked or suspended for cause.

In Witness Whereof, I have hereunto subscribed my name and caused my official seal to be affixed at the City of Manila, Philippines.

This becomes effective on **01 January 2025**.




REYNALDO A. REGALADO
Insurance Commissioner

Amount: Pnp 90,900.00
OR No.: 1073213
Date: 08 November 2024

Anti-Money Laundering Council



DPA Compliance: NATIONAL PRIVACY COMMISSION (NPC) CERTIFICATE OF REGISTRATION



NPC Registration No.
PIC-000-190-2023

This is to certify that
**RAROCO INSURANCE
BROKERS, INC.**

with business address at **ROOM 608 FERROS BEL AIR TOWER 30
POLARIS ST. MAKATI CITY, MAKATI CITY, METRO MANILA**

has duly complied with the registration requirements of the Data Privacy Act of 2012, its Implementing Rules and Regulations, and all related issuances. This certificate was issued under the seal of the Commission and serves only as proof of registration and not a verification of the contents of any document submitted in relation thereto.

The information on this certificate has been made part of the records of the Commission.

Effective until **05 April 2024**

John Henry Du Naga
ATTY. JOHN HENRY DU NAGA
Privacy Commissioner and Chairman

NPC DATA PROTECTION OFFICER REGISTRATION



NPC Form 01-2022

Republic of the Philippines
 NATIONAL PRIVACY COMMISSION
 DATA PROTECTION OFFICER REGISTRATION

Note: The personal information submitted herein shall be used for your registration with the National Privacy Commission. Supporting documents should be attached with this form, which shall be validated by the Commission. You may find the list of supporting documents in our guidelines posted on our website.

All the information submitted herein shall be used for the purpose stated above and other legitimate interests of NPC as mandated by law. Information that are matters of public interest may be disclosed to the public. Rest assured that security controls are implemented to protect all the information in this document.

PERSONAL INFORMATION CONTROLLER/PERSONAL INFORMATION PROCESSOR

NAME OF THE ORGANIZATION RAROCCO INSURANCE BROKERS, INC.

WEBSITE (URL)

EMAIL ADDRESS

dpo@raroccoinsurance.ph

COMPANY ADDRESS
 ROOM 808 FERROS BEL AIR TOWER 30 POLARIS ST. MAKATI CITY, MAKATI CITY, METRO MANILA

CONTACT NO. 09173226991

SECTOR
 INSURANCE, REINSURANCE AND PENSION FUNDING

SUB-SECTOR

HEAD OF THE ORGANIZATION

LAST NAME DE LEON

EMAIL ADDRESS

denise@raroccoinsurance.ph

FIRST NAME MARIE DENISE

CONTACT NO. 09178196405

MIDDLE INITIAL R

OFFICIAL DESIGNATION PRESIDENT

DATA PROTECTION OFFICER

LAST NAME SANTIAGO

EMAIL ADDRESS

dpo@raroccoinsurance.ph

FIRST NAME ERNA

CONTACT NO.

MIDDLE INITIAL R

MOBILE NO. 09173226991

OFFICIAL DESIGNATION
 DATA PROTECTION OFFICER

DATE OF DESIGNATION AS DPO.
 2019-03-13

SWORN STATEMENT

I declare under oath that this Registration Form is accomplished by Data Protection Officer, and is a true, correct and complete statement and pursuant to the provision of the pertinent laws, rules and regulations of the Republic of the Philippines. I also authorize the National Privacy Commission to verify/validate the contents stated herein.


 MARIE DENISE R DE LEON
 Head of Organization
 (Signature over Printed Name)


 ERNA R SANTIAGO
 Data Protection Officer
 (Signature over Printed Name)

SUBSCRIBE and SWORN to before me, this _____ issued at _____

MAR 13 2024


who exhibited to me _____ on _____


 ATTY. JOE S. FERRER FLORES
 Notary Public for Makati City
 Until December 31, 2024
 Appointment No. M-115(2023-2024)
 Roll of Attorney No. 77376
 MCLE Compliance VII NO. 0001393-
 Jan. 03, 2023 Until Apr. 14, 2028
 PTR No. 10073945/ Jan. 02, 2024/Makati City
 BFP No. 330740/ Jan. 02, 2024/Pasig City
 1107 D Bonoso St., Guadalupe Nuevo, Makati City

Doc. No. _____
 Page No. _____
 Book No. _____
 Series of _____

DOLE Compliance

Control No. 128881

 Republic of the Philippines DEPARTMENT OF LABOR AND EMPLOYMENT Regional Office No. NCR		Regional Office Address: 967 Malligaya Street, Malate, Manila Tel. No.: 400-6242			
NOTICE OF RESULTS	NAME OF OWNER/PRESIDENT/MANAGER MARIE DENISE DE LEON	NATURE OF BUSINESS INSURANCE BROKER	DATE OF INSPECTION MARCH 12, 2024	DATE OF LAST INSPECTION	AUTHORITY TO INSPECT NO. NCR-2024-02-MVFD -LI-0454
NAME OF ESTABLISHMENT RAROCCO INSURANCE BROKERS, INC.		ADDRESS OF ESTABLISHMENT 608, FERDUS BEL-AIR TOWER, 30 PULARIS ST., BEL-AIR, MAKATI CITY			
<p><u>ON GENERAL LABOR STANDARDS (GLS):</u></p> <p>- COMPLIANT</p> <p><u>ON OCCUPATIONAL SAFETY AND HEALTH STANDARDS (OSHS):</u></p> <p>- COMPLIANT</p>					
<p>Any questions on the above findings shall be submitted to this Office within five (5) days and correction thereof shall be done within ten (10) days for GLS violations and within the maximum period of three (3) months for OSHS violations from receipt of this Notice. This Notice shall be posted in the conspicuous area of the workplace. Unauthorized removal of this Notice by any person shall be dealt with labor laws. Further, making any false statement, report or record filed or kept pursuant to the provisions of the Labor Code is considered unlawful and therefore punishable with fine or imprisonment under Art. 303 of the Renumbered Labor Code.</p>					
(Workers' Representative) EXPLAINED TO AND RECEIVED BY:		(Employer's Representative) EXPLAINED AND RECEIVED BY:			
Signature <u>[Signature]</u> Date <u>3/12/2024</u> Printed Name <u>ERLYANE MARANG</u> Position/Designation <u>SPECIAL CLAIMS OFFICER</u>		Signature <u>[Signature]</u> Date <u>MAR 12, 2024</u> Printed Name <u>ER PARR SANTIAGO</u> Position/Designation <u>VP OF ADMIN/HR & SALES</u>			
		Employer's Statement: <input type="checkbox"/> I will correct the above violation not later than _____ <input type="checkbox"/> I cannot correct violation for the following reasons: _____			
INSPECTION CONDUCTED BY:					
Signature <u>[Signature]</u> Labor Inspector <u>FREDERICK S. WAWAY</u> Date <u>MARCH 12, 2024</u>					

Documents Attached:

- Affidavit of employee/s interviewed
- Computation sheet for wages due
No. of sheets _____
- Restitution Payroll

- Payrolls
- Daily Time Records
- Employment Contracts
- Others, specify DOLE/EA COETS/FSLC

9 Corporate Social Responsibility (CSR)

Making Learning Fun



“Education is the most powerful weapon with which you can change the world,” states the former President of South Africa and Nobel Peace Prize Awardee, Nelson Mandela. But sometimes in classrooms where education is supposed to thrive, especially in impoverished areas, learning adequately becomes a concern due to the challenges of existing facilities, lack of faculty members, etc. RAROCO Insurance Brokers reached out to Teacher Rayla Allertsen (co-founder and president of I Am SAM Foundation), who was actually the pre-school teacher of RAROCO’S president. She remains to this day as inspiring, charismatic, and absolutely passionate about teaching as she was from decades ago. Teacher Rayla coordinated our visit to Cupang Elementary School Annex, near the West Service Road last November 22, 20224, where she reports some children up to grade 4 still cannot read or and have difficulty in reading.



When learning is fun at an early age, it empowers the children to learn more, especially through reading. That's why for our company's CSR this 2024, we aimed to spread the love of learning by reading through these beautiful educational books (Alpabeto ng Kalikasan and Alpabeto ng Kalikasan – activity book) that we have pre-purchased for children aged 4 – 9 years old who may appreciate this. The books were created by Filipino authors, published by an independent local publisher (ANK Publishing), which promotes environmental preservation as well as our Filipino culture and heritage. A total of 50 Alpabeto ng Kalikasan books and activity books combined were donated to Cupang Elementary School Annex.

We also donated 5 sets or a total of 25 books of the I Can Read Series, authored by Teacher Rayla and her mother, Merci Melchor.

Five sets with nine flash card decks to a set or a total of 45 flash card decks were received by the school. The quality Filipino learning decks created by Kislap Talino teaches Filipino and English translations of various subjects simultaneously, such as the English Alphabet and the Alpabetong Filipino, numbers, shapes and colors, weather and planets, feelings, animals, parts of the body, fruits and vegetables and members of the family and parts of the house.



The RAROCO Insurance Brokers, Inc. Team (composed of our VP Admin, HR & Sales, Ms. Erna Santiago, Admin & HR Senior Officer, Mr. Faustino Manahan, Senior Accountant, Ms. Marvelyn Nagaño, Sales Officer, Mr. Amando Bobiles, Non-Medical Claims Officer, Mr. Diuvannie Mabingnay and our President, Ms. Denise Roco – De Leon) was able to interact and provide snacks for all the 98 grade 1 students plus their respective class advisers, along with school faculty and staff at the time of the visit. The children were delighted and happy to see new visitors come and play with them, and teach them how to read as our company president and Teacher Rayla sounded out the letters of the Alpabeto ng Kalikasan and read aloud with animated gestures for the children to remember. We hope and pray that this small activity remains imprinted in the children’s hearts, minds and memories, as they will remain in ours.

10 Human Resources

TOTAL NUMBER OF EMPLOYEES

As of the latest reporting period, **RAROCO Insurance Brokers, Inc.** maintains a workforce composed of regular and probationary employees assigned across the following departments:

- Management - 2
- Admin / IT Department - 6
- Sales and Marketing Department - 13

- Accounting Department - 3

The company has a total of 24 employees as of December 31, 2024

TRAINING PROGRAMS

The company continues to invest in employee development through:

- Urban Awareness & Stress Reaction Dynamics Seminar - February 16, 2024
- AMLA & CTF Rules and Regulations Seminar - June 13, 2024
- Data Privacy Act Seminar - July 18, 2024
- Safe Space Act a.k.a. Anti Bastos Law Seminar - October 2, 2024

Employees are encouraged to attend in-house seminars to ensure updated knowledge aligned with industry standards and regulatory requirements.

EMPLOYEES ENGAGEMENT INITIATIVES

RAROCO Insurance Brokers, Inc. promotes a positive and productive work environment through:

- Annual Corporate Social Responsibility (CSR)
 - Cupang Elementary School Annex
 - November 22, 2024
 - Donated 50 Alpabeto ng Kalikasan books and activity books combined
 - Donated 5 sets or a total of 25 books of the I Can Read Series, authored by Teacher Rayla and her mother, Merci Melchor.
 - Donated 5 sets with nine flash card decks to a set or a total of 45 flash card decks. The quality Filipino learning decks created by Kislap Talino teaches Filipino and English translations of various subjects
 - Provide snacks for all the 98 grade 1 students plus their respective class advisers, along with school faculty and staff

These programs aim to reinforce teamwork, morale and organizational alignment.

AWARDS AND RECOGNITION

The Company recognizes outstanding performance and contributions through:

- Best Employee of the Month for the year 2024
 - January (Amando II Z. Bobiles)
 - February (Gabriel Antonio P. Hidalgo and Diuvannie T. Mabingnay)
 - March (Enrico A. Canson and Mariz Ane C. Quiñones)
 - April (Gabriel Antonio P. Hidalgo and Dennis H. cerina)
 - May (Diuvannie T. Mabingnay and Myra P. Bautista)
 - June (Carlos B. Limbawan)

- July (Janet G. Tumon)
- August (Cobi Brian L. Roxas)
- September (Gabriel Antonio P. Hidalgo)
- October (Diuvannie T. Mabingnay)
- November (Alexander Kye M. Ebo and Enrico A. Canson)
- December (Rocky S. Luis and Jovelyn Bineda)
- Employee of the Year
 - Admin Department (Ruel P. Rovera)
 - Sales Department (Gabriel P. Hidalgo)
- Service Awards for Loyalty and Tenure
 - Amando II Z. Bobiles (10 years)
 - Hildamarie R. Almocera (10 years)
 - Ruel P. Rovera (5 years)

Such recognition programs reinforced the Company's culture of excellence and accountability.

1 1 Audited Financial Statements (AFS)



PEREZ, SESE, VILLA & CO.
CERTIFIED PUBLIC ACCOUNTANTS

admin@psv-co.com

(02) 8 094-3984

9th Flr. Unit C MARC 2000 Tower
1973 Tait Ave. cor. San Andres St.
Malate, Manila 1004

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders
RAROCO INSURANCE BROKERS, INC.
608 Ferros Bel-Air Tower
No. 30 Polaris Street, Makati City

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the 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 Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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:

- 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 audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2024 required by the Bureau of Internal Revenue as disclosed in Note 27 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PEREZ, SESE, VILLA & CO.

BY: 
MA. ALMA C. SESE
MANAGING PARTNER

CPA License No. 0054588

Tax Identification No. 212-955-173-000

PTR No. 2093955, Issued on January 6, 2025, Manila City

SEC Accreditation No:

Partner – 54588-SEC Group B, issued on December 1, 2022,

valid for five (5) years covering the audit of 2022 to 2026 financial statements

Firm – 0222-SEC, Group B, Issued on December 1, 2022,

valid for five (5) years covering the audit of 2022 to 2026 financial statements

BIR Accreditation No. 06-002735-001-2024, issued on April 12, 2024,

valid for three (3) years until April 11, 2027

IC Accreditation No.

Partner -54588-IC, Group B, issued on December 3, 2020

valid for five (5) years covering the audit of 2020 to 2024 financial statements

Firm -0222-IC, Group B, issued on December 3, 2020

valid for five (5) years covering the audit of 2020 to 2024 financial statements

BOA/PRC Cert. of Reg. No. 0222, issued on October 13, 2023 valid until October 12, 2026

Manila, Philippines

April 10, 2025

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2024 required by the Bureau of Internal Revenue as disclosed in Note 27 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PEREZ, SESE, VILLA & CO.

BY: 
MA. ALMA C. SESE
MANAGING PARTNER

CPA License No. 0054588

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BIR Accreditation No. 06-002735-001-2024, issued on April 12, 2024,

valid for three (3) years until April 11, 2027

IC Accreditation No.

Partner -54588-IC, Group B, issued on December 3, 2020

valid for five (5) years covering the audit of 2020 to 2024 financial statements

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valid for five (5) years covering the audit of 2020 to 2024 financial statements

BOA/PRC Cert. of Reg. No. 0222, issued on October 13, 2023 valid until October 12, 2026

Manila, Philippines

April 10, 2025

- Statement of Financial Position

RAROCO INSURANCE BROKERS, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2024 and 2023

	<i>Notes</i>	2024	2023
<u>ASSETS</u>			
Current Assets			
Cash	<i>4,6</i>	P 4,817,810	P 2,216,100
Commission and other receivables	<i>4,7</i>	2,002,811	1,552,600
Prepayments and other current assets	<i>4,8</i>	3,812,054	3,459,184
Prepaid income tax	<i>4,5,22</i>	25,477,485	23,820,319
Total Current Assets		36,110,160	31,048,203
Non-Current Assets			
Property and equipment, net	<i>4,5,9</i>	2,676,357	1,774,878
Computer software, net	<i>4,5,10</i>	935,455	-
Total Non-Current Assets		3,611,812	1,774,878
TOTAL ASSETS		P 39,721,972	P 32,823,081
<u>LIABILITIES AND EQUITY</u>			
Current Liabilities			
Trade payables	<i>4,11</i>	P 7,571,299	P 9,581,123
Loans payable - current	<i>4,13</i>	3,112,785	3,112,785
Other current liabilities	<i>4,12</i>	465,822	729,830
Total Current Liabilities		11,149,906	13,423,738
Non-current Liabilities			
Loans payable - non-current	<i>4,13</i>	1,487,234	1,131,428
Total Liabilities		12,637,140	14,555,166
Equity			
Share capital	<i>4,14</i>	10,050,000	5,050,000
Retained earnings	<i>4,14</i>	17,034,832	13,217,915
Total Equity		27,084,832	18,267,915
TOTAL LIABILITIES AND EQUITY		P 39,721,972	P 32,823,081

(See accompanying Notes to Financial Statements)

- Statement of Comprehensive Income

RAROCO INSURANCE BROKERS, INC.

STATEMENTS OF COMPREHENSIVE INCOME

For The Years Ended December 31, 2024 and 2023

	<i>Notes</i>	<u>2024</u>	<u>2023</u>
REVENUES	4,15	₱ 29,876,970	₱ 27,970,537
DIRECT COSTS	4,17	<u>(18,773,937)</u>	<u>(18,274,110)</u>
GROSS INCOME		11,103,033	9,696,427
OPERATING EXPENSES	4,18	<u>(5,631,293)</u>	<u>(5,517,606)</u>
NET OPERATING INCOME		5,471,740	4,178,821
OTHER INCOME	4,16	103,746	158,162
INTEREST INCOME	4,6	73,118	5,012
FINANCE COST	4,13	<u>(158,669)</u>	<u>(249,765)</u>
NET INCOME BEFORE TAX		<u>5,489,935</u>	<u>4,092,230</u>
INCOME TAX EXPENSE	4,22		
Current		(1,673,018)	(832,358)
Deferred		<u>-</u>	<u>-</u>
Net cash (used in) provided by operating activities		<u>(1,673,018)</u>	<u>(832,358)</u>
NET INCOME FOR THE YEAR		3,816,917	3,259,872
OTHER COMPREHENSIVE INCOME (LOSS)		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		₱ 3,816,917	₱ 3,259,872

(See accompanying Notes to Financial Statements)

- Statement of Changes in Equity

RAROCO INSURANCE BROKERS, INC.

STATEMENTS OF CHANGES IN EQUITY

For The Years Ended December 31, 2024 and 2023

	<u>Notes</u>	<u>2024</u>	<u>2023</u>
SHARE CAPITAL	<i>4,14</i>		
Balance at beginning of the year		P 5,050,000	P 5,050,000
Issuance		<u>5,000,000</u>	<u>-</u>
Balance at end of the year		<u>10,050,000</u>	<u>5,050,000</u>
RETAINED EARNINGS	<i>4,14</i>		
Balance at beginning of the year		13,217,915	10,758,043
Dividends declaration		-	(800,000)
Net income for the year		<u>3,816,917</u>	<u>3,259,872</u>
Balance at end of the year		<u>17,034,832</u>	<u>13,217,915</u>
TOTAL EQUITY		<u>P 27,084,832</u>	<u>P 18,267,915</u>

(See accompanying Notes to Financial Statements)

- Statement of Cash Flows

RAROCO INSURANCE BROKERS, INC.

STATEMENTS OF CASH FLOWS

For The Years Ended December 31, 2024 and 2023

	<i>Notes</i>	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income before income tax		P 5,489,935	P 4,092,230
Adjustment to reconcile net income to net cash used in operating activities:			
Depreciation and amortization	4,9,10,18	696,652	730,742
Interest expense	4,13	158,669	249,765
Interest income	4,6	(73,118)	(5,012)
Operating income before changes in working capital		6,272,138	5,067,725
Changes in operating assets and liabilities:			
Decrease (Increase) in:			
Commission and other receivables	4,7	(450,211)	(823,386)
Prepayments and other current assets	4,8	(2,010,036)	(477,929)
Increase (Decrease) in:			
Trade payables	4,11	(2,009,824)	2,700,289
Other current liabilities	4,12	(264,008)	140,322
Cash provided by operation		1,538,059	6,607,021
Income tax paid	4,22	(1,673,018)	(3,939,739)
Interest received	4,6	73,118	5,012
Interest paid	4,13	(158,669)	(249,765)
Net cash (used in) provided by operating activities		(220,510)	2,422,529
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	4,5,9	(1,464,494)	(114,900)
Acquisition of computer software	4,5,9	(1,069,092)	-
Net cash used in investing activities		(2,533,586)	(114,900)
CASH FLOWS FROM FINANCING ACTIVITIES			
Additional issuance of share capital	4,14	5,000,000	-
Dividends paid	4,14	-	(800,000)
Proceeds from additional loan	4,13	952,360	-
Payments of loan	4,13	(596,554)	(596,204)
Net cash provided by (used in) financing activities		5,355,806	(1,396,204)
NET INCREASE IN CASH		2,601,710	911,425
CASH AT BEGINNING OF YEAR		2,216,100	1,304,675
CASH AT END OF YEAR		P 4,817,810	P 2,216,100

(See accompanying Notes to Financial Statements)

RAROCO INSURANCE BROKERS, INC.

STATEMENTS OF CASH FLOWS

For The Years Ended December 31, 2024 and 2023

	<i>Notes</i>	2024	2023
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Acquisition of computer software	<i>4,5,9</i>	(1,069,092)	-
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Proceeds from additional loan	<i>4,13</i>	952,360	-
Payments of loan	<i>4,13</i>	(596,554)	(596,204)
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NET INCREASE IN CASH		2,601,710	911,425
CASH AT BEGINNING OF YEAR		2,216,100	1,304,675
CASH AT END OF YEAR		P 4,817,810	P 2,216,100

(See accompanying Notes to Financial Statements)

- Notes to Financial Statements

RAROCO INSURANCE BROKERS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

NOTE 1 - GENERAL INFORMATION

RAROCO INSURANCE BROKERS, INC. (the Company) is a corporation registered with the Philippine Securities and Exchange Commission under registration number CS200341908 dated December 1, 2003. The Company is established primarily to engage in business as insurance broker.

The Company's registered office, which is also its principal place of business, is located at 608 Ferros Bel-Air Tower, No. 30 Polaris Street, Makati City.

Approval of the Financial Statement

The financial statements of the Company for the year ended December 31, 2024 including its comparative figures for the year ended December 31, 2023 were approved and authorized for issue by the Board of Directors (BOD) on April 10, 2025. The Board of Directors are empowered to make revisions even after the date of issue.

NOTE 2 - BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

The financial statements of the Company have been prepared in accordance with the *Philippine Financial Reporting Standard (PFRS)* Accounting Standards as approved by the Financial and Sustainability Reporting Standards Council (FSRSC) and Board of Accountancy (BOA). This financial reporting framework includes PFRS, Philippine Accounting Standard (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) and adopted by the Securities and Exchange Commission (SEC), including SEC pronouncement.

Basis of Preparation and Measurement

The Company has prepared the financial statements as at and for the year ended December 31, 2024 and 2023 on a going concern basis, which assumes continuity of current business activities and the realization of assets and settlements of liabilities in the ordinary course of business.

The financial statements are presented in Philippine Peso (₱) the currency of the primary economic environment in which the Company operates. All amounts are rounded to the nearest peso.

The financial statements have been prepared on historical cost basis, unless otherwise stated. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

When measuring the fair value of an asset or a liability, the Company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company (working closely with external qualified valuers) using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset or liability that market participants would take into account.

Further information about assumptions made in measuring fair values is included in the following:

- Note 5 - Significant Accounting Judgments and Estimates
- Note 24 - Fair Value Measurement

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety; which are described as follows:

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

Transfers between levels of the fair value hierarchy are recognized by the Company at the end of the reporting period during which the change occurred.

NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The material accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2024.

- Amendments to PAS 1, Presentation of Financial Statements - Non-current liabilities with covenants.

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

the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities, and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

- Amendments to PAS 7, Statements of Cash Flows and PFRS 7, Financial instruments: Disclosures-Supplier Finance Arrangements

The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to a concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information. To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- a. The terms and conditions of the arrangements
- b. The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- c. The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- d. Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- e. Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after January 2024. Earlier application is permitted.

- Amendments to PFRS 16, Lease liability in a Sale and Leaseback

The amendments to PFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in PFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-

lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee after the commencement date.

The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognized a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in PFRS16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in PFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying PFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with PAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied PFRS 16.

New and Amended Standards Issued but not yet Effective or Adopted

Pronouncements issued but not yet effective are listed below. The Company intends to apply the following pronouncement when they become effective. Adoption of these pronouncements is not expected to have a material impact on the Company's financial statements.

Effective beginning on or after January 1, 2025

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

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

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

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

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted. Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

- Amendments to PAS 21, *Lack of exchangeability* – The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted, and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information. Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments* – The amendments clarify that financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to identify financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.

Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments. Based on management assessment, this is not expected to have any material impact on the financial statements of the Company.

- Annual Improvements to PFRS Accounting Standards - Volume 11 – The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.
- Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter* – The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.
- Amendments to PFRS 7, *Gain or Loss on Derecognition* – The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.
- Amendments to PFRS 9
 - a) Lessee Derecognition of Lease Liabilities – The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

b) Transaction Price – The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15 Revenue from Contracts with Customers' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

- Amendments to PFRS 10, *Determination of a 'De Facto Agent'* – The amendments to paragraph R74 of PFRS 10 clarified that the relationship described in R74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.
- Amendments to PAS 7, *Cost Method* – The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'. Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements* – The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:
 - Required totals, subtotals and new categories in the statement of profit or loss
 - Disclosure of management-defined performance measures
 - Guidance on aggregation and disaggregation

Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

- PFRS 19, *Subsidiaries without Public Accountability* – The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards. The application of the standard is optional for eligible entities. Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* – The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016, of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures. Based on management assessment, this is not expected to have material impact on the financial statements of the Company.

NOTE 4 - SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies that have been used in the preparation of these financial statements are summarized below. These accounting policies information are considered material because of its amounts, nature and related amounts. These are material in understanding material information in the financial statement. These policies have been consistently applied to all the years presented, unless otherwise stated.

Financial Assets and Liabilities

Date of recognition. The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at FVTPL, includes transaction costs.

“Day 1” Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss.

In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVTPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either (a) financial liabilities at FVTPL or (b) financial liabilities at amortized cost. The classification of a financial instruments largely depends on the Company’s business model and its contractual cash flow characteristics.

Financial Assets at Amortized Cost

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

- the financial asset is held within 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 allowance for credit losses, if any. 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.

As at December 31, 2024 and 2023, the Company's cash, commission and other receivables and securing deposits are classified under this category. (Notes 6 and 8)

Cash

Cash in banks are demand deposits with banks and earn interest at prevailing bank deposit rates. Meanwhile, cash equivalents are short-term highly liquid investments that are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value and which have a maturity of three (3) months or less at acquisition.

Receivables

Receivables are recognized only when it becomes a party to a contractual provision that give rise to a payable of another entity. They are initially recognized at the transaction price including transaction cost and subsequently measured at amortized cost using the effective interest rate. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are then classified as noncurrent assets

Receivables are derecognized when the right to receive cash flows from the receivables have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Prepayments and Other Current Assets

Prepayments are expenses paid in cash and recorded as assets before they are used or consumed, as the service or benefit will be received in the future. Prepayments are recognized when paid and stated at cost less any utilized portion. Prepayments are apportioned over the period covered by the payment and charged to the appropriate account in the statements of comprehensive income when incurred.

Other current assets include input value-added tax (VAT). Input VAT is stated at any cost less impairment in value. Input VAT is the indirect tax paid by the Company on the local purchase of goods or services from a VAT-registered person. Input VAT is deducted from the output VAT in arriving at the VAT due and payable. When the output tax exceeds the input tax, the difference is recognized as a current liability in the statements of financial position. When the input tax exceeds the output tax, the excess is carried over to the next reporting period and is recognized as an asset presented as Input VAT in the statements of financial position. Allowance for unrecoverable input VAT, if any, is maintained by the Company at a level considered adequate to provide for potential uncollectible portion of the claims

Prepayments and other current assets that are expected to be realized for not more than 12 months after the end of the reporting period are classified as current assets; otherwise, these are classified as other noncurrent assets.

At each reporting date, prepayments and other current assets are assessed for impairment. If impaired, the carrying amount is reduced to its carrying amount; the impairment loss is recognized immediately in statements of comprehensive income

Prepayments and other current assets are derecognized when they have no future benefit is expected from it. Any gain or loss on derecognition of prepayment and other assets is recognized in the statements of comprehensive income in the year in which it arises.

Prepaid Income Taxes

Prepaid income tax from Creditable Withholding Taxes (CWTs) CWTs represent amounts withheld from income subject to expanded withholding taxes. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source to the rules on Philippine income taxation. CWTs which are expected to be utilized as payment for

income taxes within twelve months, are classified as current assets. Otherwise, it is presented as noncurrent assets.

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 through the amortization process.

As at December 31, 2024 and 2023, the Company's trade payables and loans payable accounts are classified under this category. (Notes 11 and 13)

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 period following the change in the business model (reclassification date). For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVTPL, 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 (OCI).

For a financial asset reclassified out of the financial assets at FVTPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount. 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 OCI shall be recognize in profit or loss.

For a financial asset reclassified out of the financial assets at FVTPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVTPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment of Financial Assets

The Company records an allowance for "expected credit loss" (ECL). ECL 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 commission and other receivables, the Company has applied the simplified approach and has calculated ECL 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.

For debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECI, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition of Financial Assets and Liabilities

Financial Assets

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

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 the statements of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

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.

Property and Equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one period.

Items of property and equipment are initially measured at cost. Such cost includes purchase price and all incidental costs necessary to bring the asset to its location and condition. Subsequent to initial recognition, items of property and equipment are measured in the statement of financial position at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation, which is computed on a straight-line basis, is recognized so as to allocate the cost of assets less their residual values over their estimated useful lives.

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

When assets are sold, retired or otherwise disposed of, their costs and related accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period.

Intangible Assets

Intangible asset represents purchased computer software. This is initially measured at cost and is presented in the statement of financial position at cost less accumulated amortization and any accumulated impairment losses. Computer software is amortized over its estimated useful life of three (3) years using the straight-line method. If there is an indication that there has been a significant change in the useful life or residual value of an intangible asset, the amortization is revised prospectively to reflect the new expectations.

When assets are sold, retired or otherwise disposed of, their cost and related accumulated amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period.

Impairment of Non- Financial Assets

At each reporting date, the carrying amount of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit and loss. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit and loss.

Loans payable

Loans payable account represents borrowed funds from various financial institutions and shareholders.

Loans payable is classified as current liability unless the Company has an unconditional right to defer settlement of the liability beyond 12 months from the reporting date.

Contract liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods and services. Contract liabilities are recognized as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

Other current liabilities

Other current liabilities includes government taxes payable and statutory payables. These are presented in the statements of financial position at undiscounted amounts.

Share Capital

Share capital represents the total par value of the ordinary shares issued.

Equity instruments are measured at the fair value of the cash or other consideration received or receivable, net of the direct costs of issuing the equity instruments.

The difference between the consideration received and the par value of the shares issued is credited to share premium.

Retained Earnings

Retained earnings include income earned in current and prior periods net of any dividend declaration, effects of changes in accounting policy and prior period adjustments.

Revenue

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured by reference to the fair value of consideration received or receivable excluding discounts, returns and sales taxes.

Revenue is recognized either at a point in time or over a period of time.

Commission Income

Revenue is recognized at a point in time which coincide with the policy's effectivity date, at which point control over the services provided by the Company has transferred to the client and the client has accepted the services.

Finance income

Finance income comprises interest income on bank deposits. Interest income is recognized in profit and loss as it accrues, using the effective interest method.

Other income

Other income is recognized when earned.

Expenses

Expenses are decreases in economic benefits in the form of decreases in assets or increase in liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when the services are received or when the expenses are incurred.

Direct costs

Direct costs are recognized in profit or loss in the period the services have been rendered.

Operating expense

Operating expenses are cost attributable to general & administrative expenses other business activities of the Company. This includes salaries and wages, retirement benefit, rent expense and other costs that cannot be associated directly to the services rendered.

Borrowing costs

Borrowing costs include interest and other charges related to borrowing arrangements.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of the assets until such time as the assets are substantially ready for their intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale,

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Income Tax

Income tax expense includes current tax expense and deferred tax expense.

Current Tax. Current tax assets and liabilities for the current and prior period are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforwards of unused MCIT and NOLCO can be utilized.

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 income will be available to allow all or part of the deferred tax asset 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 income will allow the deferred tax assets to be recovered.

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

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

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

Employee Benefits

Short-term benefits

Short-term benefits given by the Company to its employees include salaries and wages, compensated absences, 13th month pay, employer share contributions and other de minimis benefits, among others.

These are recognized as expense in the period the employees render services to the Company.

Retirement Benefits

The Company does not have a formal retirement benefit plan. However, the Company provides retirement benefits in compliance with RA 7641. The retirement benefit liability recognized in the Company's statements of financial position represents the actual amount due to employees as of the end of the reporting dates.

Related Party Transactions and Relationships

Related party transactions are transfer of resources, services or obligations between the Company and its related parties, regardless whether a price is charged. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related parties in an economically comparable market.

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

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

Leases

A lease is a contract that conveys the right to use an identified asset for a period of time in exchange for a consideration.

Determination as to whether a contract is, or contains, a lease is made at the inception of the lease. Accordingly, the Company assesses whether the contract meets three key evaluations which are:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the lessee;
- the lessee has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the lessee has the right to direct the use of the identified asset throughout the period of use. The lessee assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Company as Lessee

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability in the statement of financial position. The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed), variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability is increased for interest incurred and reduced for lease payments made.

The right-of-use asset is initially measured at the amount of lease liability adjusted for any initial direct costs incurred by the lessee, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

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

Provisions and contingencies

Provisions are recognized only when the Company has a present obligation as a result of past event and it is probable that the Company will be required to transfer economic benefits in settlement, and the amount of provision can be estimated reliably.

Contingent assets and liabilities are not recognized in the financial statements.

Changes in accounting policies, change in accounting estimates and correction of prior period errors

The Company applies changes in accounting policy if the change is required by the accounting standards or in order to provide reliable and more relevant information about the effects of transactions, other events or conditions on the Company's financial statements. Changes in accounting policy brought about by new accounting standards are accounted for in accordance with the specific transitional provision of the standards. All other changes in accounting policy are accounted for retrospectively.

Changes in accounting estimates is recognized prospectively by reflecting it in the profit and loss in the period of the change if the change affects that period only or the period of the change and future periods if the change affects both.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available when financial statements for those periods were authorized for issue and could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

To the extent practicable, the Company corrects a material prior period error retrospectively in the first financial statements authorized for issue after its discovery by restating the comparative amounts for the prior period(s) presented in which the error occurred, or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for period presented.

When it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the Company restates the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable.

Subsequent events

Subsequent events that provide additional information about conditions existing at period end (adjusting events) are recognized in the financial statements. Subsequent events that provide

additional information about conditions existing after period end (non-adjusting events) are disclosed in the notes to the financial statements.

NOTE 5 - SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the financial statements in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards requires the Company to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgements, accounting estimates and assumptions used in the financial statements are based upon management evaluation of relevant facts and circumstances as at the reporting date. While the Company believes that the assumptions are reasonable and appropriate. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of changes in estimates will be reflected in the financial statements as they become reasonably determined.

The accounting estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected.

Judgment

In the process of applying the Company's 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:

Assessment of Impairment of Nonfinancial Assets

The Company determines whether there are indicators of impairment of the Company's non-financial assets. Indicators of impairment include significant change in usage, decline in the asset's fair value or underperformance relative to expected historical or projected future results. Determining the fair value requires the determination of future cash flows and future economic benefits expected to be generated from the continued use and ultimate disposition of such assets. It requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could be used by management to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial position and financial performance. The preparation of the estimated future cash flows and economic benefits involves significant judgments and estimation.

No impairment loss on non-financial assets was recognized in the Company's financial statements in either 2024 or 2023.

Determination of ECL on financial assets

The Company uses a provision matrix to calculate ECL for financial assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns by customer type and credit rating.

The provision matrix is based on the Company's historically observed default rates. The Company's management intends to regularly calibrate on an annual basis the matrix to consider the historical credit loss experience with forward-looking information. Details about the ECL on the Company's trade and other receivables are disclosed in Note 24

Estimates

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

Estimating useful lives of property and equipment

The Company estimates the useful lives of its property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets and residual values are reviewed, and adjusted if appropriate, only if there is a significant change in the asset or how it is used.

The following estimated useful lives are used in depreciating the property and equipment:

Description	Useful Lives
Leasehold improvement	5 years
Transportation equipment	5 years
Furniture and fixtures	3 years
Office equipment	3 years

NOTE 6 - CASH

This account consists of:

	2024	2023
Petty cash fund	P 8,000	P 8,000
Cash in bank	4,809,810	2,208,100
	P 4,817,810	P 2,216,100

Cash in bank generally earns interest at rates based on daily bank deposit rates. Interest income recognized in the Statements of Comprehensive Income amounted to P73,118 and P5,012 in 2024 and 2023, respectively.

NOTE 7 - COMMISSION AND OTHER RECEIVABLES

This account consists of:

	2024	2023
Commission receivables	P 132,597	P 196,525
Advances to employees	302,624	890,857
Other receivable	1,567,590	465,218
	P 2,002,811	P 1,552,600

The average credit term on commission receivables is 60-90 days. No interest is charged on the receivables.

Advances to employees pertains to interest bearing salary loans payable through salary deduction for a period of six months to one year. The interest rate on loans ranges from 3% per month on both years. Interest income arising from salary loans is presented as part of other income in the statements of comprehensive income. This amounts to P103,746 and P158,162 for 2024 and 2023, respectively (Note 16).

As at December 31, 2024 and 2023, management believes that there are no expected credit losses in relation to these financial assets, accordingly, no loss allowance was recognized for the year.

NOTE 8 - PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

	2024	2023
Creditable withholding tax	P 2,075,264	P 2,075,264
Prepaid expenses	1,680,790	1,327,920
Security deposit (Note 21)	56,000	56,000
	P 3,812,054	P 3,459,184

Creditable withholding tax pertains to unapplied creditable withholding tax from income payment which are applicable as income tax credit to the Company's income tax liability. The Company impaired unsupported creditable withholding tax amounting to P992,891 and P50,969 as at December 31, 2024 and 2023, respectively.

Prepaid expenses pertain to unamortized portion of insurance and other company expenses to be realized on the next accounting period.

Security deposits are made for the faithful performance of the provisions of the lease agreements and shall cover possible damages to the leased premises. These are refundable at the end of the service agreement. (Note 21)

NOTE 9 - PROPERTY AND EQUIPMENT, NET

A reconciliation in the carrying amounts at the beginning and end of 2024 and 2023 of property and equipment is shown below:

2024	Transportation Equipment	Office Equipment	Leasehold Improvement	Furniture & Fixtures	Total
Costs					
Beginning	P 5,534,807	P 2,665,730	P 937,867	P 581,024	P 9,719,428
Additions	1,345,278	119,216	-	-	1,464,494
Disposal	-	-	-	-	-
	<u>6,880,085</u>	<u>2,784,946</u>	<u>937,867</u>	<u>581,024</u>	<u>11,183,922</u>
Accumulated depreciation					
Beginning	3,939,345	2,504,822	937,866	562,517	7,944,550
Depreciation	504,980	46,103	-	11,932	563,015
Disposal	-	-	-	-	-
	<u>4,444,325</u>	<u>2,550,925</u>	<u>937,866</u>	<u>574,449</u>	<u>8,507,565</u>
Carrying amount- December 31, 2024	<u>P 2,435,760</u>	<u>P 234,021</u>	<u>P 1</u>	<u>P 6,575</u>	<u>P 2,676,357</u>
Carrying amount- December 31, 2023	<u>P 1,595,462</u>	<u>P 160,908</u>	<u>P 1</u>	<u>P 18,507</u>	<u>P 1,774,878</u>

2023	Transportation Equipment	Office Equipment	Leasehold Improvement	Furniture & Fixtures	Total
Costs					
Beginning	P 5,419,907	P 2,665,730	P 937,867	P 581,024	P 9,604,528
Additions	114,900	-	-	-	114,900
Disposal	-	-	-	-	-
	<u>5,534,807</u>	<u>2,665,730</u>	<u>937,867</u>	<u>581,024</u>	<u>9,719,428</u>
Accumulated depreciation					
Beginning	3,275,850	2,455,669	931,704	550,585	7,213,808
Depreciation	663,495	49,153	6,162	11,932	730,742
Disposal	-	-	-	-	-
	<u>3,939,345</u>	<u>2,504,822</u>	<u>937,866</u>	<u>562,517</u>	<u>7,944,550</u>
Carrying amount- December 31, 2023	<u>P 1,595,462</u>	<u>P 160,908</u>	<u>P 1</u>	<u>P 18,507</u>	<u>P 1,774,878</u>
Carrying amount- December 31, 2022	<u>P 2,144,057</u>	<u>P 210,061</u>	<u>P 6,163</u>	<u>P 30,439</u>	<u>P 2,390,720</u>

The Company had not entered into contractual commitments for the acquisition of property and equipment as at December 31, 2024 and 2023.

The amount of depreciation is allocated and presented in the statements of comprehensive income under the following accounts (Note 18 and 19):

	2024	2023
Direct Costs	P 512,517	P 659,954
Operating Expenses	50,498	70,788
	<u>P 563,015</u>	<u>P 730,742</u>

The Company has pledged transportation equipment having a carrying amount of P2,435,760 and P1,595,462 as at December 31, 2024 and 2023 respectively, to secure bank loans (Note 13).

NOTE 10 - COMPUTER SOFTWARE, NET

A reconciliation of the carrying amounts at the beginning and end of 2024 and 2023 of computer software is shown below:

	2024	2023
Cost		
January 1	P 278,016	P 278,016
Additions	1,069,092	-
December 31	<u>1,347,108</u>	<u>278,016</u>
Accumulated amortization		
January 1	278,016	141,553
Amortization expense	133,637	136,460
December 31	<u>411,653</u>	<u>278,016</u>
Carrying amount, December 31	<u>P 935,455</u>	<u>P -</u>

NOTE 11 - TRADE PAYABLES

Trade payables represent liabilities arising from purchase of goods and services from various suppliers. The payment terms on these liabilities range from 60 – 90 days and do not bear interest. These amounts to P7,571,299 and P9,581,123 as at December 31, 2024 and 2023, respectively.

The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

NOTE 12 - OTHER CURRENT LIABILITIES

This account consists of:

	2024	2023
VAT payable	P 258,448	P 476,800
SSS, PHIC and HDMF payables	138,604	127,780
Withholding tax payable	68,770	125,250
	P 465,822	P 729,830

NOTE 13 - LOANS PAYABLE

Outstanding balances of the Company's loans payable are summarized as follows:

	2024	2023
Current		
Bank loans	P 589,410	P 589,410
Personal loans	2,523,375	2,523,375
	3,112,785	3,112,785
Non-current		
Bank loans	1,487,234	1,131,428
	P 4,600,019	P 4,244,213

Bank Loans

This represents peso-denominated bank loans amounting to P2,076,644 and P1,720,838 as at December 31, 2024 and 2023, respectively and bears annual interest rates ranging from 6% to 9.68%. The loans are secured by a shareholder's property and the Company's transportation equipment with a carrying amounts of P2,435,760 and P1,595,462 as at December 31, 2024 and 2023 (see Note 9). The terms of the loans range from 3 to 5 years.

Personal Loans

This represents personal loans from shareholder amounting to P2,523,375 as at December 31, 2024 and 2023. These loans are unsecured and non-interest bearing with no fixed repayments term. (Note 23)

Movement of loans payable is as follows:

	2024	2023
Beginning balance	P 4,244,213	P 4,840,417
Proceeds from additional loan	952,360	-
Payments	(596,554)	(596,204)
Ending balance	P 4,600,019	P 4,244,213

Total interest expense charged to operation, presented under finance cost in the statements of comprehensive income from these loans amounted to P158,669 and P249,765, in 2024 and 2023, respectively.

NOTE 14 - EQUITY

Capital Stock

The Company is authorized to issue one hundred twenty thousand (120,000) ordinary shares with a par value of one hundred peso (P 100) per share. On August 30, 2024 the SEC approves the increase of capital stock from (120,000) to (270,000) ordinary shares with a par value of one hundred peso (P100) per share.

As at December 31, 2024 and 2023, the Company's total subscribed and issued and outstanding capital stock is owned by six (6) shareholders. All shareholders owned more than one hundred (100) shares.

A reconciliation of the outstanding share capital at the beginning and end of 2024 and 2023 is shown below:

2024

	Number of Shares	Amount
Outstanding 12/31/2023	50,500	P 5,050,000
Issuance	50,000	5,000,000
Reacquisition	-	-
Outstanding 12/31/2024	<u>100,500</u>	<u>P 10,050,000</u>

2023

	Number of Shares	Amount
Outstanding 12/31/2022	50,500	P 5,050,000
Issuance	-	-
Reacquisition	-	-
Outstanding 12/31/2023	<u>50,500</u>	<u>P 5,050,000</u>

Retained Earnings

Dividends

In a meeting held on December 22, 2022, the Board of Directors unanimously approved the declaration of cash dividend amounting to P800,000 to shareholders on record as at December 22, 2022 based on their shareholdings. These were paid in January 2023, related taxes amount to P80,000.00 were remitted.

Excess Unappropriated Retained Earnings over Paid-up Capital

Pursuant to Section 43 of the Corporation Code of the Philippines, the "Stock Corporation" are prohibited from retained surplus in excess of one hundred percent (100%) of its paid-up capital, except: (1) when justified by definite corporate expansion projects or programs approved by the board of directors; or (2) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its/his consent, and such consent has not yet been secured; (3) when it can be clearly shown that such retention is necessary under special reserve for probable contingencies".

As of December 31, 2024, the Company's Unappropriated retained Earnings amounting to P17,034,832 exceeds its share capital by P6,984,832.

Increase in Authorized Capital

In a special meeting held on December 18, 2023, the Board of Directors and Shareholders unanimously approve the increase in the Authorized Capital Stock of the Corporation from Twelve Million Pesos (P12,000,000) divided into One Hundred Twenty Thousand shares (120,000) with a par value of One Hundred Pesos (P100) per share to Twenty Seven Million Pesos (P27,000,000) divided into Two Hundred Seventy Thousand (270,000) shares with a par value of One Hundred Pesos (P100) per share.

That increase of Fifteen Million Pesos (P15,000,000) representing One Hundred Fifty (150,000) shares, were fully subscribed and the amount of Five Million Pesos (P5,000,000) was paid in cash.

NOTE 15 - REVENUES

Details of the Company's revenues are as follows:

	2024	2023
Commission income	P 29,024,143	P 27,321,454
Administrative fee	852,827	649,083
	<u>P 29,876,970</u>	<u>P 27,970,537</u>

Administrative fee are charges to Victory Christian Fellowship and delivery charges to sub-agents.

NOTE 16 - OTHER INCOME

The Company's other income pertains to interest earned on the salary loans. This amount to P103,746 and P158,162 in 2024 and 2023, respectively. (Note 7)

NOTE 17 - DIRECT COSTS

Details of the Company's direct costs are as follows:

	2024	2023
Salaries, wages, and benefits	P 8,549,482	P 8,143,618
Professional fees	3,624,902	3,372,959
Commission expense	1,268,320	1,760,740
Insurance Expense	1,107,201	771,230
SSS, PHIC and HDMF	784,055	632,913
Communication, light, and water	731,556	782,725
Depreciation expense (Note 9)	512,517	659,954
Marketing expenses	298,612	159,590
Taxes and licenses	256,346	146,436
Repair and maintenance	232,430	112,662
Office supplies	211,898	115,236
Dues and subscription	167,127	437,416
Transportation and travel	142,731	114,915
Meetings and conferences	109,900	16,500
Representation expense	64,172	196,489
Rent expense (Note 21)	-	369,578
Miscellaneous expense	712,688	481,149
	<u>P 18,773,937</u>	<u>P 18,274,110</u>

NOTE 18 - OPERATING EXPENSES

Details of the Company's operating expenses are as follows:

	2024	2023
Salaries, wages, and benefits	P 2,975,083	P 2,525,350
Impairment loss (Note 8)	992,891	50,969
Retirement Benefit	264,083	935,293
Communications, light and water	215,537	324,261
Taxes and licenses	168,577	185,448
Rent expense (Note 21)	141,811	473,791
Amortization expense	133,637	-
SSS, PHIC and HDMF contributions	132,377	150,051
Insurance expense	112,281	272,675
Professional fees	103,320	182,892
Dues and subscription	94,382	143,931
Office supplies	83,997	39,065
Depreciation expense (Note 9)	50,498	70,788
Marketing expenses	22,518	-
Representation expense	21,543	3,392
Transportation and travel	11,319	1,145
Repair and maintenance	3,516	2,150
Fines and penalties	-	22,351
Miscellaneous expense	103,923	134,054
	<u>P 5,631,293</u>	<u>P 5,517,606</u>

NOTE 19 - DEPRECIATION, EMPLOYEE BENEFITS, AND RENT

2024

	Direct Costs	Operating Expenses	Total
Depreciation (Note 17)	P 512,517	P 50,498	P 563,015
Employee benefits*	9,333,537	3,371,543	12,705,079
Rent	-	141,811	141,811

*Employee benefits includes compensation and other employee benefits, statutory contributions, and retirement benefit.

2023

	Direct Costs	Operating Expenses	Total
Depreciation	P 659,954	P 70,788	P 730,742
Employee benefits*	8,776,531	3,610,694	12,387,225
Rent	369,578	473,791	843,369

*Employee benefits includes compensation and other employee benefits, statutory contributions, and retirement benefit.

NOTE 20 - EMPLOYEE'S COMPENSATION AND BENEFITS

Salaries and Employee Benefits Expense

Details of salaries and employee benefits are presented below (Note 17, 18, and 19).

	<u>2024</u>	<u>2023</u>
Salaries, wages, benefits and statutory contributions	P 12,440,996	P 11,451,932
Retirement benefit	264,083	935,293
	<u>P 12,705,079</u>	<u>P 12,387,225</u>

Retirement Obligation

The Company have no accrued retirement liability of as at December 31, 2024 and 2023, respectively.

Movement of retirement benefit liability follows:

	<u>2024</u>	<u>2023</u>
Balance, January 1	P -	P -
Retirement benefit expense for the year	264,083	935,293
Retirement benefits paid	(264,083)	(935,293)
Balance, December 31	<u>P -</u>	<u>P -</u>

NOTE 21 - LEASE AGREEMENTS

The Company entered into lease agreements as lessee covering the Company's office spaces. The Company has determined that all significant risks and rewards of ownership of this property remain with the lessor. The term of the lease agreements is for period of one year and renewable under terms and conditions as may be mutually agreed upon by lessee and lessor.

With the exception of short-term leases, no right-of-use asset and lease liability were recognized in the statement of financial position in relation to the lease agreement.

The lease agreement requires security deposits amounting P56,000 as at December 31, 2024 and 2023 which is presented under prepayments and other currents assets in the statements of financial position. (Note 8).

Lease Payments Not Recognized as Liabilities

The Company has elected not to recognize a lease liability for short-term lease of office spaces. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

The expenses relating short-term lease amounted to P141,811 and P843,369 in 2024 and 2023, respectively. These are presented as rent expense under Direct Costs and Operating Expenses in the 2024 and 2023 statement of comprehensive income (see Note 16,17, and18).

NOTE 22 - INCOME TAXES

Income tax expense for the years ended December 31 consists of:

	2024		2023
Current	P 1,673,018	P	832,358
Deferred	-		-
	P 1,673,018	P	832,358

Reconciliation between statutory tax and effective tax follows:

	2024		2023
Income tax at statutory rate	P 1,372,484	P	818,446
Tax effect income subject to final tax			(1,002)
Tax effect of non-deductible interest expense	(18,280)		251
Tax effect on fines and penalties	4,570		4,470
Non-deductible expenses	314,244		10,193
Income tax at effective rate	P 1,673,018	P	832,358

Analysis of income tax payable (prepaid income tax) follows:

	2024		2023
Regular Corporate Income Tax:			
Income before tax	P 5,489,936	P	4,092,230
Permanent Differences:			
Interest Income Subjected to Final Tax	(73,119)		(5,012)
Interest arbitrage	18,280		1,253
Fines and penalties	-		22,351
Non-deductible portion of retirement expense	264,083		-
Impairment loss	992,891		50,969
Taxable income	6,692,071		4,161,791
Tax rate	25%		20%
	P 1,673,018	P	832,358
Minimum Corporate Income Tax:			
Taxable gross income	P 11,206,780	P	9,854,589
Tax rate	2%		1.5%
	P 224,136	P	147,819
Tax due (Higher of RCIT or MCIT)	P 1,673,018	P	832,358
Less: Tax credits			
Prior Year's Excess Credit	(23,820,319)		(20,712,938)
Creditable taxes	(3,330,184)		(3,939,739)
Prepaid income tax	P (25,477,485)	P	(23,820,319)

The Minimum Corporate Income Tax (MCIT) was reduced to one percent (1%) on July 1, 2020 until June 30, 2023 pursuant to Revenue Regulation 5-2021. On July 1, 2023, Minimum Corporate Income Tax (MCIT) was reverted back to two percent (2%).

NOTE 23 - RELATED PARTY TRANSACTIONS

The Company, in the normal course of business, has transactions with related parties. Presented below are the specific relationship, amount of transactions, account balances, terms and conditions and the nature of the consideration to be provided in settlement, and settlement terms.

2024					
Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Major Shareholder	Proceeds on Loans	₱ -	₱ 2,523,375	(1)	(2)
	Payment of Loans	-			
2023					
Nature of Relationship	Nature of Transaction	Amount (current transaction)	Outstanding balance	Terms	Conditions
Major Shareholder	Proceeds on Loans	₱ -	₱ 2,523,375	(1)	(2)
	Payment of Loans	-			

(1) *Non-interest bearing, payable in cash, no scheduled repayment terms.*

(2) *Unsecured*

The company obtain loan from its shareholder for working capital requirement. These loans are non-interest bearing, payable in cash and on demand. (Note 13)

Key Management Compensation

No compensation was paid to key management personnel in year 2024 and 2023.

NOTE 24 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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, and focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's business activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The most significant financial risks to which the Company is exposed to are described below:

Interest Rate Risk

The Company's exposure to risk for changes in interest rates relates primarily to the Company's bank accounts. As at December 31, 2024 and 2023, these amounted to ₱4,809,810 and ₱ 2,208,100, respectively (Note 6). The Company's exposure to changes in interest rates is not significant.

Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Company. The Company is exposed to credit risk primarily through its cash in banks and commission and other receivables.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

With respect to credit risk arising from other financial assets of the Company, which comprise cash in banks and other receivables, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Company limits its exposure to credit risks by depositing its cash only with financial institutions duly evaluated and approved by the BOD.

The credit quality of the financial assets is managed by the Company using the internal credit quality ratings. High grade accounts consist of receivables from debtors with good financial condition and with relatively low defaults. Financial assets having risks of default but are still collectible are considered standard grade accounts. Receivables that are still collectible but require persistent effort from the Company to collect are considered substandard grade accounts. All of the Company's financial assets are high grade.

The table below shows the maximum exposure to credit risk for the components of the statements of financial position. The maximum exposure is shown gross, without taking into account collateral and other credit enhancement.

	2024	2023
Cash in banks	P 4,809,810	P 2,208,100
Commission and other receivables	2,002,811	1,552,600
Security deposit	56,000	56,000
	P 6,868,621	P 3,816,700

Cash excludes cash on hand amounting to P8,000 as at December 31, 2024 and 2023.

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash as described below.

(a) Cash

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash are cash in banks which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 for every depositor per banking institution.

(b) Commission and Other Receivables

Commission receivables

The Company applies the PFRS 9 simplified approach in measuring ECL which uses lifetime expected credit loss allowance for all commission receivables. To measure expected credit losses, commission receivables are grouped based on shared credit risk characteristics and the days past due (age buckets). The expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2024 and December 31, 2023, respectively, and the

corresponding historical credit losses experienced within such period. The historical rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting ability of the customers to settle the receivables.

All receivables as of December 31, 2024 and 2023 were collected before the issuance of the audited financial statement therefore management concluded that no expected credit loss needs to be recognized on its commission receivables for the period.

Advances to employees and other receivables

The amount of ECL is not significant due to the fact that the collectability of contractual cash flows expected from these financial instruments is reasonably assured.

(c) Security deposit

The amount of ECL is not significant due to the fact that the collectability of contractual cash flows expected from these financial instruments is reasonably assured.

Liquidity Risk

The Company's exposure to liquidity risk is minimal. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of loans. In addition, the Company regularly evaluates its projected and actual cash flows. Fund raising activities may include bank loans.

The following table presents the maturity profile of the Company's financial liabilities as at December 31, 2023 and 2022 based on contractual undiscounted payments.

	<u>December 31, 2024</u>		
	<u>Within 1 Year</u>	<u>1 to 3 years</u>	<u>Total</u>
Trade payables	P 7,571,299	P -	P 7,571,299
Loans payable	3,112,785	1,487,234	4,600,019
	<u>P 10,684,084</u>	<u>P 1,487,234</u>	<u>P 12,171,318</u>
	<u>December 31, 2023</u>		
	<u>Within 1 Year</u>	<u>1 to 3 years</u>	<u>Total</u>
Trade payables	P 9,581,23	P -	P 9,581,123
Loans payable	3,112,785	1,131,428	4,244,213
	<u>P 12,693,908</u>	<u>P 1,131,428</u>	<u>P 13,825,336</u>

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains strong and healthy financial position to support its current business operations and drive its expansion and growth in the future.

The Company considers its capital stock and retained earnings totaling P27,084,833 and P18,267,915 as at December 31, 2024 and 2023, respectively as its capital employed. The Company maintains its current capital structure, and will make adjustments, if necessary, in order to generate a reasonable level of returns to shareholders over the long term. No changes were made in the objectives, policies or processes during the years ended December 31, 2024 and 2023.

Fair Value Measurement

The following table presents the carrying amounts and fair values of the Company's assets and liabilities measured at fair value and for which fair values are disclosed, and the corresponding fair value hierarchy:

		2024			
		Carrying Amount	Fair Value		
Note	Quoted prices in active markets (Level 1)		Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Assets for which fair values are disclosed:					
Cash	6	P 4,817,810	-	P 4,817,810	-
Commission and other receivables	7	2,002,811	-	2,002,811	-
Security deposit	8	56,000	-	56,000	-
		<u>P 6,876,621</u>	<u>-</u>	<u>P 6,876,621</u>	<u>-</u>
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade payables	11	P 7,571,299	-	P 7,571,299	-
Loans payable	13	4,600,019	-	4,600,019	-
		<u>P 12,171,318</u>	<u>-</u>	<u>P 12,171,318</u>	<u>-</u>
		2023			
		Carrying Amount	Fair Value		
Note	Quoted prices in active markets (Level 1)		Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Assets for which fair values are disclosed:					
Cash	6	P 2,216,100	-	P 2,216,100	-
Commission and other receivables	7	1,552,600	-	1,552,600	-
Security deposit	8	56,000	-	56,000	-
		<u>P 3,824,700</u>	<u>-</u>	<u>P 3,824,700</u>	<u>-</u>
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade payables	11	P 9,581,123	-	P 9,581,123	-
Loans payable	13	4,244,213	-	4,244,213	-
		<u>P 13,825,336</u>	<u>-</u>	<u>P 13,825,336</u>	<u>-</u>

NOTE 25 - RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Company's liabilities arising from financing activities, which includes both cash and non-cash changes.

2024

	Loans Payable
Balance as of January 1, 2024	P 4,244,213
Cash flow from Financing Activities:	
Additional Borrowing	952,360
Repayment of Borrowing	(596,554)
Balance, December 31, 2024	<u>P 4,600,019</u>

2023

	Loans Payable
Balance as of January 1, 2023	P 4,840,417
Cash flow from Financing Activities:	
Additional Borrowing	-
Repayment of Borrowing	(596,204)
Balance, December 31, 2023	P 4,244,213

NOTE 26 - SUPPLEMENTARY INFORMATION REQUIRED BY INSURANCE COMMISSION

Presented below is the supplementary information which is required by the Insurance Commission under Insurance Commission Circular Letter No. 2021 – 65 and 69 to disclosed as part of the notes to financial statements or a separate schedule. This supplementary information is not a required disclosure under PFRS Accounting Standards.

(a) Clients Money

The Company does not have clients' money account. The Company uses a direct remittance agreement. This is a type of transaction wherein a client/insurer/cedants remits the premium payments directly to the insurance/reinsurance company.

(b) Net Worth Compliance

The Company is required to comply with the minimum net worth requirement for an insurance broker amounting to P10,000,000 per Insurance Commission Circular Letter No. 2018-52.

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

(c) Fiduciary Ratio

The Company is not required to comply with the fiduciary ratio requirements per Insurance Commission Circular Letter No. 2021-65. The Company uses a direct remittance agreement. This is a type of transaction wherein a client/insurer/cedants remits the premium payments directly to the insurance/reinsurance company.

(d) Offsetting Arrangements

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

NOTE 27 - SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding pages is the supplementary information which is required by the Bureau of Internal Revenue (BIR) under Revenue Regulation (RR) No. 15-2010 and 34-2020 to disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS Accounting Standards.

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR No. 15-2010 are presented below and in the succeeding pages.

(a) Output VAT

	<u>Tax Base</u>	<u>Amount</u>
Vatable sales	P 30,060,850	P 3,607,302
Zero-rated sales	1,296,166	-
Total	<u>P 31,357,016</u>	<u>P 3,607,302</u>

The Company's zero-rated sales were determined pursuant to Section 106 of the 1997 National Internal Revenue Code.

The tax bases are included as part of Revenues in the 2024 statements of comprehensive income. The tax bases for are based on the Company's gross receipts for the year, hence, may not be the same as the amounts of revenues reported in the 2024 statement of comprehensive income.

The outstanding vat payable amounting to P476,800 as of December 31, 2024 is presented as part of Other current liabilities in the statements of financial position (Note 12).

(b) Input VAT

	<u>Amount</u>
Balance at beginning of year	P -
Domestic purchases of goods other than Capital Goods	148,525
Domestic purchases of services	342,877
Applied against output VAT	(491,402)
Total	<u>P -</u>

(c) Taxes and Licenses for 2024

The details of Taxes and Licenses account are broken down as follows:

	<u>Amount</u>
Business permit	P 231,190
Insurance commission license fee	132,310
Corporate taxes	37,875
Other local taxes	23,048
Annual registration fee	500
Total	<u>P 424,923</u>

The amounts of taxes and licenses shown above were presented in the statements of comprehensive income as follows:

	<u>Amount</u>
Direct costs (Note 17)	P 256,346
Operating expenses (Note 18)	168,577
Total	<u>P 424,923</u>

(d) Withholding Taxes for 2024

Withholding taxes paid and accrued during the year is as follows:

	<u>Amount</u>
Withholding tax on compensation	P 492,698
Withholding tax at source (expanded)	493,710
Withholding tax at source (final)	-
Total	<u>P 986,408</u>

(e) Tax Assessments and Cases

On November 15, 2023, the Company received Letter of Authority from the Bureau of Internal Revenue with serial number of eLA2012200044577 for the examination of books of accounts and accounting records for all internal revenue taxes of the Company for the period January 1, 2022 to December 31, 2022. The tax case has been paid and closed as of April 22, 2024.

On June 24, 2024, the Company received Letter of Authority from the Bureau of Internal Revenue with serial number of eLA202300041570 for the examination of books of accounts and accounting records for all internal revenue taxes of the Company for the period January 1, 2023 to December 31, 2023. The tax case has been paid and closed as of September 10, 2024.

(f) Related party transaction

The Company is not covered under Section 2 of the Revenue Regulation 34-2020 requirements and procedures for related party transaction, including filing of BIR Form 1709, Information Return on its Transactions with Related Party.



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