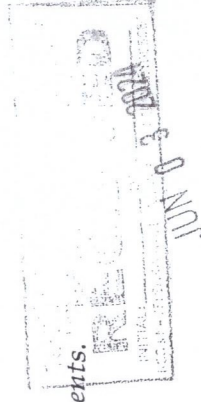




AVENUES INSURANCE BROKERS, INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Peso)

	2023	2022
REVENUES (Note 10)		
P	10,502,889	P 8,565,477
COST AND OPERATING EXPENSES (Note 11)		
Cost of services	6,307,520	5,594,120
Administrative expenses	2,639,833	1,871,456
Other expenses	438,381	350,115
OPERATING PROFIT	1,117,155	749,786
FINANCE INCOME		
Finance income (Notes 4 and 7)	152,070	351,721
Finance costs	(38,114)	-
	113,956	351,721
PROFIT BEFORE TAX	1,231,111	1,101,507
TAX EXPENSE (Note 13)	342,599	296,782
NET PROFIT	888,512	804,725
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME	P 888,512	P 804,725

See Notes to Financial Statements.





AVENUES INSURANCE BROKERS, INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Peso)

	Capital Stock (Note 14)	Retained Earnings		Total
		Appropriated (Note 14)	Unappropriated (Note 14)	
Balance at January 1, 2023	P 10,000,000	P 11,000,000	P 8,467,008	P 29,467,008
As previously reported	-	-	(7,211,102)	(7,211,102)
Prior period adjustment	10,000,000	11,000,000	1,255,906	22,255,906
As restated	-	-	888,512	888,512
Total comprehensive income for the year	3,933,416			
Balance at December 31, 2023	P 10,000,000	P 11,000,000	P 2,144,418	P 23,144,418
Balance at January 1, 2022	P 10,000,000	P 9,000,000	P 9,662,283	P 28,662,283
As previously reported	-	-	(7,211,102)	(7,211,102)
Prior period adjustment	10,000,000	9,000,000	2,451,181	21,451,181
As restated	-	2,000,000	(2,000,000)	-
Appropriation for the year	-	-	804,725	804,725
Total comprehensive income for the year				
Balance at December 31, 2022	P 10,000,000	P 11,000,000	P 1,255,906	P 22,255,906

See Notes to Financial Statements.





AVENUES INSURANCE BROKERS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Peso)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	P 1,231,111	P 1,101,507
Adjustments for:		
Depreciation (Note 8)	569,629	322,309
Interest income (Notes 4 and 7)	(152,070)	(351,721)
Operating profit before working capital changes	1,648,670	1,072,095
Decrease (increase) in trade and other receivables	(8,964,674)	8,031,768
Increase in prepayments and other current assets	(1,029,687)	(1,685,842)
Increase in trade and other payables	2,729,657	3,163,358
Cash generated from (used in) operations	(5,616,034)	10,581,379
Interest received (Note 4)	74,265	273,916
Cash paid for income taxes (Note 13)	(342,599)	(296,782)
Net Cash From (Used in) Operating Activities	(5,884,368)	10,558,513
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received (Note 7)	77,805	77,805
Acquisitions of property and equipment (Note 8)	(83,435)	(3,544,220)
Additions to financial assets at amortized cost	(518,749)	(1,046,775)
Net Cash Used in Investing Activities	(524,379)	(4,513,190)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	(6,408,747)	6,045,323
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
	21,066,440	15,021,117
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)		
	P 14,657,693	P 21,066,440

See Notes to Financial Statements.



AVENUES INSURANCE BROKERS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Peso)

1. GENERAL INFORMATION

Corporate Information

Avenues Insurance Brokers, Inc. (the “Company”) was registered with the Securities and Exchange Commission (SEC) on March 13, 1997 with registration number A199705121. The Company is presently engaged in the business of insurance brokers for any insurance company, in connection with its or his insurance or underwriting business or any branch of the same, and to enter into any agreement for such purpose with any insurance company.

On August 18, 2023, the SEC approved the additional purpose of the Company which includes the business of any type of medical insurance plans both groups and individual carried through agreement with medical insurance providers and/or Health Maintenance Organizations(HMO) including traditional life and variable universal life insurances.

The Company’s registered office is located at the 2nd Floor 8070 Tanguile St., San Antonio Village, Makati City.

Approval of Financial Statements

The financial statements of the Company as at and for the year ended December 31, 2023 (including the comparatives as at and for the year ended December 31, 2022) were authorized for issue by the Board of Directors (BOD) on May 29, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

Basis of Preparation of Financial Statements

a. Statement of Compliance with Philippine Financial Reporting Standards

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

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

b. Presentation of Financial Statements

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

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

c. Functional and Presentation Currency

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

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

Adoption of New and Amended to PFRS

a. Effective in 2023 that are Relevant to the Company

The Company adopted for the first time the following amendments and annual improvements to PFRS, which are mandatory effective for annual periods beginning on or after January 1, 2023:

PAS 1 (Amendments)	: Classification of Liabilities as Current or Non-current
PAS 1 and PFRS Practice Statement 2 (Amendments)	: Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	: Definition of Accounting Estimates
PAS 12 (Amendments)	: Deferred Tax Related to Assets and Liabilities from a Single Transaction

Discussed below are the relevant information about these pronouncements:

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

- ii. PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies*. The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the Company's financial statements under Notes 2 and 3.

- iii. PAS 8 (Amendments), *Definition of Accounting Estimates*. The amendments introduced a new definition of accounting estimate which is a monetary amount in the financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The application of these amendments had no significant impact on the Company's financial statements.

- iv. PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the application of such amendments had no significant impact on the Company's financial statements.



b. *Effective in 2023 that are not Relevant to the Company*

Among the amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*, are not relevant to the Company's financial statements.

c. *Effective Subsequent to 2023 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2023, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have a significant impact on the Company's financial statements:

- i. PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)
- ii. PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)
- iii. PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)
- iv. PFRS 17, *Insurance Contracts – Insurance Contracts* (effective from January 1, 2025)
- v. PFRS 17 (Amendments), *Insurance Contracts – Initial Application of PFRS 17 and PFRS 9 – Comparative Information* (effective from January 1, 2025)
- vi. PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)

Current versus Non-Current Classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

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

Financial Instruments

a. Financial Assets

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

The classification and measurement of financial assets are described on the succeeding page.

i. Financial Assets at Amortized Cost

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

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

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

The Company's financial assets at amortized cost are presented in the statements of financial position as Cash and cash equivalents, Trade and other receivables, and Financial assets at amortized cost.

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

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

ii.

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

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

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

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

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of the Revaluation reserves account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation reserves account is not reclassified to profit or loss but is reclassified directly to Retained Earnings account, except for those debt securities classified as FVOCI wherein cumulative fair value gains or losses are recycled to profit or loss.

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

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

As at December 31, 2023 and 2022, the Company has no Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI).

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

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

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

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

As at December 31, 2023 and 2022, the Company has no financial assets at fair value through profit or loss (FVTPL).

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

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

b. *Impairment of Financial Assets*

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

The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables and contract assets. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Company uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Company also assesses the impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due.

For debt instruments measured at FVOCI and amortized cost, the allowance for credit losses is based on the ECL associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since the origination of the financial asset, in such case, a lifetime ECL for a purchased or originated credit-impaired, the allowance for credit losses is based on the change in the ECL over the life of the asset. The Company recognized a loss allowance for such losses at each reporting date.

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

- *Probability of default* – It is an estimate of the likelihood of default over a given time horizon.
- *Loss given default* – It is an estimate of loss arising in the case where default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral.
- *Exposure at default* – It represents the gross carrying amount of the financial instruments subject to the impairment calculation.

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

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

c. *Items of Income and Expense Related to Financial Assets*

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Interest income or Interest expense, impairment losses, gain on disposal of financial assets, Dividend income and Recoveries from accounts written-off (presented as part of Other income) in the profit or loss.

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



d. Derecognition of Financial Assets

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

e. Financial Liabilities

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

Trade and other payables are recognized initially at their fair values and subsequently measured at amortized cost, using an effective interest method for maturities beyond one year, less settlement payments.

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

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

f. Offsetting Financial Instruments

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

Prepayments and Other Current Assets

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

Prepayments and other current assets include prepaid expenses which are paid in advance and recorded as an asset before these are utilized, tax credits which represent the total accumulated creditable withholding tax for the current year, and prepaid income tax, which will be applied in the following year against corporate income tax. Prepaid expenses are amortized over time and recognized as an expense as the benefit is derived from the asset.

Prepayments and other current assets are recognized and measured at transaction costs or the amount of cash paid. Subsequently, these are charged to income as they are consumed in operations or expire over time.

Property and Equipment

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized, expenditures for repairs and maintenance are charged to expense during the period in which they are incurred.

Depreciation on property and equipment is calculated using the straight-line method over the estimated useful life of the assets as follows:

Leasehold improvements	5 years
Office furniture and equipment	5 years
Transportation equipment	5 years

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of those assets.

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

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

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

Provisions and Contingencies

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

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

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that does not yet meet the recognition criteria of an asset are considered contingent assets, hence, they are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Revenue and Cost Recognition

Revenue is measured by reference to the fair value of the consideration received or receivable by the Company for services provided, excluding value-added tax.

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

- (1) identifying the contract with a customer;
- (2) identifying the performance obligation;
- (3) determining the transaction price;
- (4) allocating the transaction price to the performance obligations; and,
- (5) recognizing revenue when/as performance obligations are satisfied.

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

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

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

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

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

The Company act as broker in a sale of insurance product. The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations. The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied. The Company uses the practical expedient in PFRS 15 with respect to non-disclosure of the aggregate amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations as at the end of the reporting period and the explanation of when such amount will be recognized as revenue as the Company's contracts with customers have an original expected duration of one year or less.

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

- a. *Commission income* – revenue is recognized when there is no unfulfilled performance obligation that could affect the customers' acceptance of the insurance products.
- b. *Interest income* – revenue is recognized as it accrues taking into account the effective yield on the asset.

Cost and expenses are recognized in the profit or loss upon utilization of the service or at the date they are incurred. Finance costs are reported on an accrual basis.

Employee Benefits

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

a. Short-term Benefits

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

b. Defined Benefit Plan

The Company has not yet established a formal post-employment plan. However, it accrues the estimated cost of post-employment benefits under a defined benefit plan required by the provisions of the Republic Act (R.A.) No. 7641, *The Retirement Pay Law*, which management believes to be a reasonable approximation of the amount computed using the projected unit credit method (see Note 3).

c. *Defined Contribution Plan*

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

Leases

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

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

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

On the other hand, the Company measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable if any, variable lease payments based on an index or rate¹, amounts expected to be payable under a residual value guarantee², and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to the initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Company has elected to account for short-term leases and leases of low-value assets using practical expedients. Instead of recognizing a right-of-use asset, and a lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Income Tax

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

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

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

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

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



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

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

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

Equity

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

Appropriated retained earnings pertain to appropriation for future business expansion.

Unappropriated retained earnings represent all current and prior period results of operations as reported in the statement of comprehensive income, reduced by the amounts of dividends declared.

Related Party Transactions and Relationship

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

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

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

Events After the End of the Reporting Period

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

Critical Management Judgments in Applying Accounting Policies

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

a. Determination of ECL on Trade and Other Receivables

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

The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

b. Determination of Timing of Satisfaction of Performance Obligations

The Company determines that its revenue from the sale of services shall be recognized over time. In making its judgment, the Company considers the timing of receipt and consumption of benefits provided by the Company to the customers. The Company provides services without the need for the reperformance of other companies. This demonstrates that the customers simultaneously receive and consume the benefits of the Company's rendering of service as it performs.

c. Determination of Transaction Price and Amounts Allocated to Performance Obligations

The transaction price for a contract is allocated among the material right and other performance obligations identified in the contract based on their stand-alone selling prices, which are all observable. The transaction price for a contract excludes any amounts collected on behalf of third parties [e.g., value-added taxes (VAT)].

The transaction price is considered receivable to the extent of services. Also, the Company uses the practical expedient in PFRS 15 with respect to non-adjustment of the promised amount of consideration for the effects of significant financing component as the Company expects, at contract inception, that the period between when the Company transfers promised services to the customer and payment due date is one year or less.



d. *Evaluation of Business Model Applied in Managing Financial Instruments*

Upon adoption of PFRS 9, the Company developed business models that reflect how it manages its portfolio of financial instruments. The Company's business models need not be assessed at the entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., a group of financial instruments that are managed together by the Company) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of the individual financial instrument).

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

e. *Testing the Cash Flows Characteristics of Financial Assets and Continuing Evaluation of the Business Model*

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

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

f. *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2 above and relevant disclosures on contingencies are presented in Note 16.



Key Sources of Estimation Uncertainty

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

a. Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost and FVOCI is an area that requires the use of significant assumptions about future economic conditions and credit behavior (e.g., the likelihood of customers defaulting and the resulting losses).

b. Fair Value Measurement for Financial Instruments

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

The carrying values of the Company's financial assets are disclosed in Note 18.

c. Estimating Useful Lives of Property and Equipment

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

The carrying amounts of property and equipment are analyzed in Note 8. Based on management's assessment as at December 31, 2023 and 2022, there is no change in the estimated useful life of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

d. Impairment of Non-financial Assets

PFRS requires that an impairment review be performed when certain impairment indicators are present. The Company's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

It should be noted that accounting estimates and assumptions are used in preparing financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

e. *Valuation of Post-employment Benefit Obligation*

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. As at December 31, 2023 and 2022, the Company does not have a formal post-employment benefit plan; however, it computes post-employment benefit obligations based on the provisions of R.A. No. 7641 which covers all regular full-time employees. Management believes that the obligation computed under R.A. No. 7641 will not materially differ had it been actuarially determined (*see Note 12*).

4. **CASH AND CASH EQUIVALENTS**

The details of cash and cash equivalents are as follows:

	2023	2022
Cash on hand	P 10,000	P 10,000
Cash in banks	6,493,575	13,172,329
Short-term placements	8,154,118	7,884,111
	<u>P 14,657,693</u>	<u>P 21,066,440</u>

Cash in banks generally earns interest at rates based on daily bank deposit rates.

Short-term placements pertain to dollar and peso money market funds intended for short-term purposes that can be withdrawn on demand. Short-term placements bear interest based on the bank's prevailing deposit rates.

Interest income amounts to P74,265 in 2023 and P273,916 in 2022 is presented as part of Finance income in statements of comprehensive income.

5. **TRADE AND OTHER RECEIVABLES**

This account is composed of the following:

	2023	2022
Due from clients	P 13,613,143	P 5,270,348
Commission receivables	1,508,664	939,384
Advances from officers and employees	916,940	931,396
Others	80,144	13,089
	<u>P 16,118,891</u>	<u>P 7,154,217</u>

Due from clients and commission receivables are generally unsecured, non-interest bearing and are normally within 30 days to 120 days credit term. Due from clients and commission receivables arise from the sale of insurance policies. These are generally collected within one to three months after the end of the financial reporting period.

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

Others pertains to refund due to overpayment of withholding tax on compensation.

All of the Company's trade and other receivables have been reviewed for indicators of impairment. Based on the management's evaluation, no impairment losses on trade and other receivables need to be recognized in 2023 and 2022.

6. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of this account are presented below:

	2023	2022 (As Restated)
Prepaid income tax	P 2,383,132	P 1,920,840
Creditable withholding tax (CWTs)	940,781	438,381
Prepaid insurance	533,277	503,934
Prepaid taxes and licenses	76,226	40,574
	<u>P 3,933,416</u>	<u>P 2,903,729</u>

CWTs, which are claimed against income tax due, are carried over in the succeeding period for the same purpose. In 2023 and 2022, the Company's CWTs amounting to P438,381 and P350,115, respectively, was impaired (*see Note 11*).

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

Prepaid insurance is advance payment for insurance that is expected to be amortized within 12 months after the end of the financial reporting period.

Prepaid taxes and licenses are advance payments for taxes and licenses which are expected to be amortized within 12 months after the end of the financial reporting period.

No provision for impairment losses on prepayments and other current assets was recognized in 2023 and 2022.



7. FINANCIAL ASSETS AT AMORTIZED COST

The details of this account are presented below:

	2023		2022	
Long Term Negotiable Certificates (LTNCD)	P	601,818	P	587,699
Government Securities		<u>1,989,161</u>		<u>1,484,531</u>
	P	<u>2,590,979</u>	P	<u>2,072,230</u>

The above investments are placed in local banks which bear annual effective interest ranging from 2% to 4% and with a term of less than one year. Interest income amounts P77,805 in 2023 and 2022 is presented as part of Finance income in statements of comprehensive income.

Management assessed that no impairment loss on the Company's Financial assets at amortized cost is required to be recognized in 2023 and 2022.

8. PROPERTY AND EQUIPMENT

The details of this account are presented below:

	Leasehold Improvements	Office Furniture and Fixtures	Transportation and Equipment	Total
December 31, 2023				
Cost	P 1,474,633	P 2,818,558	P 2,680,450	P 6,973,641
Accumulated depreciation and amortization	(766,040)	(1,289,238)	(1,786,440)	(3,841,718)
Net carrying amount	<u>P 708,593</u>	<u>P 1,529,320</u>	<u>P 894,010</u>	<u>P 3,131,923</u>
December 31, 2022				
Cost	P 1,474,633	P 2,735,123	P 2,680,450	P 6,890,206
Accumulated depreciation and amortization	(660,725)	(1,109,737)	(1,501,627)	(3,272,089)
Net carrying amount	<u>P 813,908</u>	<u>P 1,625,386</u>	<u>P 1,178,823</u>	<u>P 3,618,117</u>
January 1, 2022				
Cost	P 668,059	P 1,206,927	P 1,471,000	P 3,345,986
Accumulated depreciation and amortization	(656,725)	(1,036,595)	(1,256,460)	(2,949,780)
Net carrying amount	<u>P 11,334</u>	<u>P 170,332</u>	<u>P 214,540</u>	<u>P 396,206</u>

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2023 and 2022 is shown below:

	Leasehold Improvements	Office Furniture and Fixtures	Transportation and Equipment	Total
Balance as at January 1, 2023				
net of accumulated depreciation and amortization	P 813,908	P 1,625,386	P 1,178,823	P 3,618,117
Additions	-	83,435	-	83,435
Depreciation and amortization for the year (see Note 11)	(105,315)	(179,501)	(284,813)	(569,629)
Balance as at December 31, 2023				
net of accumulated depreciation and amortization	P 708,593	P 1,529,320	P 894,010	P 3,131,923
Balance as at January 1, 2022				
net of accumulated depreciation and amortization	P 11,334	P 170,332	P 214,540	P 396,206
Additions	806,574	1,528,196	1,209,450	3,544,220
Depreciation and amortization for the year (see Note 11)	(4,000)	(73,142)	(245,167)	(322,309)
Balance as at December 31, 2022				
net of accumulated depreciation and amortization	P 813,908	P 1,625,386	P 1,178,823	P 3,618,117

As at December 31, 2023 and 2022, management believes that there is no indication of impairment and that the carrying value of the property and equipment can be recovered through use in operations. Moreover, no property and equipment have been pledged as security for liabilities.

9. TRADE AND OTHER PAYABLES

This account consists of:

	2023	2022 (As Restated)
Due to underwriters	P 13,858,591	P 11,230,589
Accounts payable	57,175	107,175
Output VAT payable (see Note 20)	212,784	28,624
SSS, Philhealth and HDMF payable	75,658	47,616
Withholding tax payable	8,122	68,669
	P 14,212,330	P 11,482,673

Due to underwriters are payables pertaining to the amount paid by the policy owners arising from the Company's sale of insurance policies which shall be remitted to insurance companies. Due to underwriters are non-interest bearing and are normally within 30 days to 120 days term. These are generally paid within 3 to 12 months after the end of the financial reporting period.

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

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

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

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

10. REVENUES

The revenues reported in the statements of comprehensive income represent mainly the income from rendering of services which amounted to P10,502,889 in 2023 and P8,565,477 in 2022.



11. COST AND OPERATING EXPENSES

Cost of services and operating expenses comprise of the following:

	2023	2022
Salaries, wages and benefits (<i>see Note 12</i>)	P 4,073,959	P 4,156,733
Insurance	836,581	369,705
Depreciation and amortization (<i>see Note 8</i>)	569,629	322,309
Service expenses	489,286	188,182
Impairment loss (<i>see Note 6</i>)	438,381	350,115
Repairs and maintenance	414,285	127,647
Communication, light and water	382,859	232,275
Fuel and oil	363,795	333,760
Transportation and travel	348,091	226,146
Rentals (<i>see Note 16</i>)	287,312	265,227
Professional fees	227,464	260,248
Taxes and licenses (<i>see Note 20</i>)	208,655	248,491
Security services	114,373	88,870
Office supplies and stationaries	114,354	267,851
Representation and entertainment	80,610	108,770
Advertising	65,851	75,699
Donations and contribution	32,950	10,800
Dues, fees and subscription	13,682	3,500
Fines and penalty charges	5,391	9,173
Bank charge	498	-
Miscellaneous	317,728	170,190
	<u>P 9,385,734</u>	<u>P 7,815,691</u>

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

	2023	2022
Cost of services	P 6,307,520	P 5,594,120
Administrative expenses	2,639,833	1,871,456
Others	438,381	350,115
	<u>P 9,385,734</u>	<u>P 7,815,691</u>

12. PERSONNEL COSTS

Salaries and Employee Benefits

Expenses recognized for salaries and employee benefits are presented below:

	2023	2022
Salaries and wages	P 3,710,761	P 3,867,364
Social security costs	236,929	192,075
Employee benefits	126,269	97,294
	<u>P 4,073,959</u>	<u>P 4,156,733</u>

Post-Employment Benefits

The Company has not engaged any actuary to obtain an actuarial report to determine the present value of the retirement benefit obligation. Republic Act No. 7641 has been applied by the Company to compute the retirement obligation for qualified employees. The Company recognized the estimated retirement benefit obligation in compliance with R.A. No. 7641 amounting to P3,076,154 as at December 31, 2023 and 2022. The fair value of the plan asset amounted to P1,698,708 as at December 31, 2023 and 2022.

13. TAX EXPENSE

The components of tax expense as reported in the statements of comprehensive income are presented below:

	2023	2022
Regular corporate income tax (RCIT) at 20%	P 312,185	P 226,438
Final tax at 20%	<u>30,414</u>	<u>70,344</u>
	<u>P 342,599</u>	<u>P 296,782</u>

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

	2023	2022
Tax on pretax income at 20%	P 246,224	P 220,301
Tax effect of non-deductible expenses	<u>96,376</u>	<u>76,481</u>
	<u>P 342,600</u>	<u>P 296,782</u>

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

The Company is subject to the minimum corporate income tax (MCIT) which is 1.5% in 2023 and 1% in 2022 of gross income as defined under the tax regulations. The MCIT recognized can be applied as a deduction from the future RCIT within the next three years after the year it was paid. No MCIT was reported in 2023 and 2022 as the RCIT was higher than MCIT in both years.

In 2023 and 2022, the Company claims itemized deductions for income tax purposes.

14. EQUITY

Capital Stock

The details of capital stock are shown below:

	Shares		Amount	
	2023	2022	2023	2022
Common stock – P100 par value Authorized, issued and outstanding	100,000	100,000	P 10,000,000	P 10,000,000

As at December 31, 2023 and 2022, the Company has four stockholders owning 100 or more shares each of the Company’s common stock.

Appropriated Retained Earnings

On December 19, 2021, the Company’s BOD approved appropriation of retained earnings amounting to P9,000,000 for future business expansion which is expected to be utilized within the next five years.

On December 17, 2022, the Company’s Board of Directors (BOD) approved another appropriation of retained earnings amounting to P2,000,000 for future business expansion which is expected to be utilized within the next five years.

Prior Period Adjustments

The reconciliation of the effect of the prior period adjustments in 2022 financial statements are presented below:

	As Previously Reported		Adjustment		As Restated	
	P		(		P	
<i>Statement of Financial Position</i>						
Prepayments and other current assets	P	5,103,729	(	2,200,000)	P	2,903,729
Trade and other payables		6,471,571		5,011,102		11,482,673
Unappropriated retained earnings		8,467,008	(	7,211,102)		1,255,906

The 2022 financial statements were restated to reflect the following adjustments which is applicable prior to year 2022:

- Adjustments of various expenses resulting to increase in trade and other payables and decrease in unappropriated retained earnings by P5,011,102.
- The creditable withholding tax was derecognized which resulted to a decrease in prepayments and other current assets and decrease in unappropriated retained earnings by P2,200,000.

15. RELATED PARTY TRANSACTIONS

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. Parties are also considered to be related to they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Transaction between related parties is based on terms similar to those offered to non-related parties. As at December 31, 2023 and 2022, the Company has no transactions with related parties.

Key Management Personnel Compensation

The Company has no key management personnel.

16. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company entered an operating lease as a lessee for its office space for a period of one year and is subject to renewal options as mutually agreed by both parties. The Company has elected not to recognize a lease liability on short-term leases. Payments made under such leases are expensed on a straight-line basis. Total rentals from this operating lease amounted to P287,312 in 2023 and P265,227 in 2022 and are shown as Rentals under Cost and other operating expenses in the statements of comprehensive income (*see Note 11*).

Others

In the normal course of business, the Company makes various commitments and incurs certain contingent liabilities that are not given recognition in the accompanying financial statements. The Company's management believes that losses, if any, that may arise from these commitments and contingencies will not have a material effect on the Company's financial statements.

17. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 18. The main types of risks are market risk, credit risk and liquidity risk.



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

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

Market Risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks which result from both its operating and investing activities.

a. Foreign Currency Sensitivity

Most of the Company's transactions are carried out in the Philippine peso, its functional currency. Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are primarily denominated in U.S. dollars. The Company also holds U.S. dollar-denominated cash and cash equivalents.

To mitigate the Company's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Foreign currency denominated financial assets, translated into Philippine peso at the closing rate are as follows:

	2023		2022	
	P		P	
Cash in banks	1,538,960		13,172,329	

Assuming a reasonably possible change in the rate of 1.80% in 2023 and 2022, the sensitivity of the Company's effect of profit before tax, with respect to changes in the Philippine peso against foreign currencies exchange rates would either increase or decrease by P114,413 in 2023 and P10,537,863 in 2022, in the company financial statements. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months at a 99% confidence level.

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's currency risk.

b. Interest Rate Sensitivity

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. Long-term borrowings are therefore usually at fixed rates. As at December 31, 2023 and 2022, the Company is exposed to changes in market interest rates through its bank borrowings and cash, which are subject to variable interest rates (see Note 4). All other financial assets and liabilities have fixed rates.

The table below illustrates the sensitivity of the Company's impact on profit or loss before tax and equity to a reasonably possible change in interest rates of +/-1.82% in 2023 and 2022. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at the end of each reporting period that are sensitive to changes in interest rates. All other variables are held constant.

		2023		2022				
		+182	-182	+182	-182			
Impact on profit or loss Equity	P	153,715	(P	153,715)	P	355,527	(P	355,527)
		122,972	(	122,972)		284,421	(	284,421)

c. Other Price Risk Sensitivity

Price risk is the risk that the Company incurs losses due to changes in market values of financial instruments arising from movements in market prices.

As at December 31, 2023 and 2022, the Company has minimal exposure to price risk since the financial instruments held by the Company mostly pertains to cash in bank, short-term investment, trade and other receivables, long-term investments and other financial liabilities which are not affected by movements in market prices.

Credit Risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits and investments.

The Company continuously monitors the defaults of customers and other counterparties, identified either individually or by group, and incorporates 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.

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

		2023	2022
Cash in banks	P	6,493,575	P 13,172,329
Short-term placements		8,154,118	7,884,111
Trade and other receivables		16,118,891	7,154,217
Financial asset at amortized cost		2,590,979	2,072,230
	P	33,357,563	P 30,282,887

None of the financial assets are secured by collateral or other credit enhancements.

The Company's management considers that all the above financial assets that are not impaired or past due for each reporting date are of good credit quality.

a. Cash in banks, Short-term placements and Financial assets at amortized cost

The credit risk for cash in bank, short-term placements, and financial assets at amortized cost are considered negligible since the counterparties are reputable banks and companies with high-quality external credit ratings.

b. Trade and other receivables

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2022 or January 1, 2022, respectively, and the corresponding historical credit losses experienced within such a period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the Gross Domestic Product and the unemployment rate of the locations in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The following table provides information about the exposure to credit risk for the trade and other receivables:

	Current		Not more than 3 months		More than 3 months		Total
December 31, 2023							
Expected loss rate							
Premium receivable	P	13,613,143	P	-	P	-	P 13,613,143
Other receivables		2,462,867		-		-	2,462,867
Loss allowance		-		-		-	-
December 31, 2022							
Expected loss rate							
Premium receivable	P	854,429	P	210,687	P	4,205,232	P 5,270,348
Other receivables		1,883,869		-		-	1,883,869
Loss allowance		-		-		-	-

The maturity of the Company's trade and other receivables is less than one year so the lifetime expected losses and the 12-month expected credit losses are similar. There is no impairment allowance as a result of the ECL assessment as at December 31, 2023 and 2022.

Liquidity Risk

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

The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits, mutual funds or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at December 31, 2023, the financial liabilities have contractual maturities which are presented below:

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later 5 Years
Trade and other payables	P 14,212,330	P -	P -	P -

This compares to the maturity of the Company's financial liabilities as at December 31, 2022 as follows:

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later 5 Years
Trade and other payables	P 11,482,673	P -	P -	P -

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

18. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Categories and Fair Values of Financial Assets and Liabilities

As at December 31, 2023 and 2022, the carrying amounts of the categories of financial assets and financial liabilities presented in the statement of financial position are shown below:

	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<i>Financial Assets</i>				
Cash and cash equivalents	P 14,657,693	P 14,657,693	P 21,066,440	P 21,066,440
Trade and other receivables	16,118,891	16,118,891	7,154,217	7,154,217
Financial assets at amortized cost	2,590,979	2,590,979	2,072,230	2,072,230
	P 33,367,563	P 33,367,563	P 30,292,887	P 30,292,887
<i>Financial Liabilities</i>				
Trade and other payables	P 14,212,330	P 14,212,330	P 11,482,673	P 11,482,673

Description of the accounting policies for each category of financial instrument is fully discussed under Note 3. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 17.

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

i. *Cash and cash equivalents*

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

ii. *Trade and other receivables and Financial assets at amortized cost*

The estimated fair value of Trade and other receivables and Financial assets at amortized cost represents the discounted amount of estimated future and Financial assets at amortized cost cash flow expected to be received. Fair value of these trade and other receivables approximates their carrying values given their short-term duration.

iii. *Trade and other payables*

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

Fair Value Hierarchy

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

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

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

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

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

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

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

As at December 31, 2023 and 2022, there were no financial assets and liabilities measured at fair value.

Fair Value Measurement for Non-financial Assets

There were non-financial assets measured at fair value as of December 31, 2023 and 2022.

19. **CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES**

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

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

	2023	2022
Total Liabilities	P 17,288,484	P 14,558,827
Total Equity	<u>23,144,418</u>	<u>22,255,906</u>
Debt-to-equity ratio	<u>0.75:1.00</u>	<u>0.65:1.00</u>

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amounts of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

In compliance with Section 3 of Circular Letter No. 2018-52 dated October 19, 2018, as a licensed insurance broker, the Company is required to maintain a net worth of P10 million. As at December 31, 2023 and 2022, the Company has complied with the requirement.

Pursuant to RA No. 10607 enacted on August 15, 2013, every applicant of an insurance broker's license shall file with the application and shall thereafter maintain in force while so licensed, a bond in favor of the people of the Republic of the Philippines executed by a company authorized to become surety upon official recognizances, stipulations, bonds and undertakings.

The bond shall be in such amount as may be fixed by the Commissioner, but in no case less than one million pesos (P1,000,000) and shall be conditioned upon full accounting and due payment to the under license.

The Company has complied with the above requirement as at December 31, 2023 and 2022.



20. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding pages are the supplementary information that is required by the Bureau of Internal Revenue (BIR) under its existing Revenue Regulations to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

Requirements under Revenue Regulations (RR) 15-2010

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

a. Output Value-Added Tax (VAT)

In 2023, the Company declared output VAT amounting to P1,260,347 based on receipts of rendering of services amounting to P10,502,889 reported in Revenues account in the 2023 statements of comprehensive income.

The outstanding output VAT payable amounting to P212,784 as at December 31, 2023 is presented under the Trade and other payables in the statements of financial position.

b. Input VAT

The movements in input VAT as of December 31, 2023 are summarized below:

Balance at beginning of year	P	-
Domestic purchases of goods		43,004
Domestic purchases of services		156,090
Applied against output vat	(	<u>199,094</u>)

Balance at end of year	P	<u>-</u>
------------------------	---	----------

c. Tax on Importation

The Company has no tax on importation during the year.

d. Excise Tax

The Company does not have excise tax for 2023.

e. Documentary Stamp Tax

The Company did not incur nor paid any documentary stamp tax for the year 2023.



f. *Taxes and Licenses*

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

Municipal license and permits	P	208,155
Annual registration fee		<u>500</u>
	P	<u>208,655</u>

g. *Withholding Taxes*

An analysis of the Company's withholding taxes paid or accrued during the year are as follows:

Compensation and employee benefits	P	360,686
Expanded		<u>19,581</u>
	P	<u>380,267</u>

h. *Deficiency Tax Assessment and Tax Case*

In 2023, the Company has a deficiency tax assessment with the BIR for the taxable year 2022. This tax deficiency assessment is already settled in 2024.

Requirements under Revenue Regulations (RR) 34-2020

On December 18, 2020, the BIR issued RR 34-2020 which prescribes the guidelines and procedures for the submission of BIR Form No. 1709, *Transfer Pricing Documentation* (TPD) and other supporting documents. As at December 31, 2023, the Company is not covered by the requirements and procedures for related party transactions provided under this RR.



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H.V. Dela Costa St., Makati City, 1227 Philippines
T +63 2 8841 0462 • +63 2 8893 0287

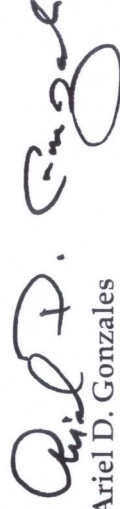
STATEMENT REQUIRED BY
REVISED SECURITIES REGULATION CODE (SRC) RULE 68

The Board of Directors and Stockholders
Avenues Insurance Brokers, Inc.
2nd Floor 8070 Tanguile St.
San Antonio Village, Makati City

We have audited the accompanying financial statements of **Avenues Insurance Brokers, Inc.** for the year ended December 31, 2023, on which we have rendered the attached report dated May 29, 2024. The attached supplementary information, "Reconciliation of Retained Earnings Available for Dividend Declaration", as additional component required by Revised Securities Regulation Code (SRC) Rule 68, is presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements.

Such supplementary information is the responsibility of management and has been subjected to auditing procedures applied in the audits of the basic financial statements. In our opinion, the information has been prepared in accordance with Revised SCR Rule 68.

AMC & ASSOCIATES



By: Ariel D. Gonzales
Partner
CPA Cert. No. 89570
TIN 169-688-077-000
PTR No. 10075912, Jan. 3, 2024, Makati City
BIR Accreditation No. 08-003584-1-2021
(issued on Dec. 20, 2021 valid until Dec. 19, 2024)
SEC Accreditation No. 89570 (Group A)
(valid to audit 2021 to 2025 financial statements)
IC Accreditation No. 89570-IC (Group A)
(valid to audit 2020 to 2024 financial statements)
BSP Accreditation No. 89570-BSP (Group B)
(valid to audit 2021 to 2025 financial statements)

May 29, 2024

FIRM ACCREDITATION

Aquino, Mata, Calica & Associates
BOA Accreditation No. 4275 - valid from June 29, 2023 to June 28, 2026
BIR Accreditation No. 08-002582-000-2023 - issued on October 12, 2023 valid until October 11, 2026
SEC Accreditation No. 4275-SEC (Group A) - valid to audit 2023 to 2027 financial statements
IC Accreditation No. 4275-IC (Group A) - valid to audit 2020 to 2024 financial statements
BSP Accreditation No. 4275-BSP (Group B) - valid to audit 2021 to 2025 financial statements
CDA CEA No. 075-AF - valid from June 2, 2021 to June 1, 2024



RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2023

AVENUES INSURANCE BROKERS, INC.
2nd Floor 8070 Tanguile St., San Antonio Village, Makati City

Unappropriated Retained Earnings, beginning of reporting period P 1,255,906

Add: Category A: Items that are directly credited to Unappropriated

Retained Earnings

Reversal of Retained Earnings Appropriation/s	P	-
Effect of restatements or prior-period adjustments	-	-
Others (describe nature)	-	-

Less: Category B: Items that are directly debited to Unappropriated

Retained Earnings

Dividend declaration during the reporting period	P	-
Retained Earnings appropriated during the reporting period	-	-
Effect of restatements or period-period adjustments	-	-
Others (describe nature)	-	-

Unappropriated Retained Earnings, as adjusted 1,255,906

Add/Less: Net Income (loss) for the current year 888,512

Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)

Equity in net income of associate/ joint venture, net of dividends declared	P	-
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	-
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	-
Unrealized fair value gain of Investment Property	-	-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	-

Less: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period net of tax)

Realized foreign exchange gain, except those attributable to Cash and cash equivalents	P	-
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	-
Realized fair value gain of Investment Property	-	-
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	-

Add: Category C.3: Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)

Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	P	-
Reversal of previously recognized fair value adjustment mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	-
Reversal of previously recorded fair value gain of Investment Property	-	-
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-	-

Adjusted Net Income/Loss 2,144,418

(forward)



RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2023
AVENUES INSURANCE BROKERS, INC.
2nd Floor 8070 Tanglewile St., San Antonio Village, Makati City

Adjusted Net Income/Loss P 2,144,418

Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax) -

Depreciation on revaluation increment (after tax)

Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP

Amortization of the effect of reporting relief P -

Total amount of reporting relief granted during the year -

Others (describe nature) -

Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution

Net movement of treasury shares (except for reacquisition of redeemable shares) P -

Net movement of deferred tax asset non considered in the reconciling items under the previous categories -

Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g. set-up of right-of-use asset and lease liability, set-up of asset and asset retirement benefit obligation, and set-up of service concession asset and concession payable -

Adjustment due to deviation from PFRS/GAAP - gain (loss) -

Others (describe nature) -

Total Retained Earnings, end of the reporting period available for dividend

P 2,144,418

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number
A 1 9 9 7 0 5 1 2 1

Company Name

Grid for Company Name: A V E N U E S I N S U R A N C E B R O K E R S , I N C .

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

Grid for Principal Office: 2 N D F L R 8 0 7 0 T A N G U I L E S T . S A N A N T O N I O V I L L A G E , M A K A T I C I T Y

Form Type

A A F S

Department requiring the report

C R M D

Secondary License Type, If Applicable

Grid for Secondary License Type

COMPANY INFORMATION

Company's Email Address

r.ilustrejr@avenuesinsurance.com

Company's Telephone Number/s

8832-9891

Mobile Number

0932-855-1223

No. of Stockholders

5

Annual Meeting (Month/Day)

SECOND MONDAY OF SEPTEMBER

Fiscal Year (Month/Day)

DECEMBER 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Ma. Nova L. Argente

Email Address

mn.argente@avenuesinsurance.com

Telephone Number/s

8519-3693

Mobile Number

0917-594-0492

CONTACT PERSON'S ADDRESS

2nd Floor 8070 Tanguile St. San Antonio Village, Makati City

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

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



AVENUES

INSURANCE BROKERS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The management of **Avenues Insurance Brokers, Inc.** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

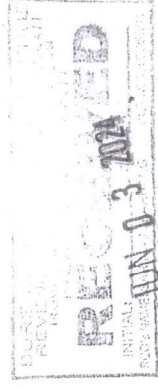
AMC & Associates, the independent auditor appointed by the stockholders has audited the financial statements of the Company in accordance with Philippine Standards on Auditing and in its report to the stockholders, have expressed its opinion on the fairness of presentation upon completion of such audit.


RAMON R. ILUSTRE JR.
President


ALEC N. VEGA
Chairman of the Board


ALISON N. VEGA
Treasurer

Signed this 29th day of May, 2024.





FINANCIAL STATEMENTS
AVENUES INSURANCE BROKERS, INC.
December 31, 2023 and 2022



Aquino, Mata, Calica & Associates
Certified Public Accountants
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H.V. Dela Costa St., Makati City, 1227 Philippines
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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Avenues Insurance Brokers, Inc.

2nd Floor 8070 Tanguile St.
San Antonio Village, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Avenues Insurance Brokers, Inc.** (the “Company”), which comprise the statements of financial position as at December 31, 2023 and 2022, and statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

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

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

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

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



Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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



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Certified Public Accountants
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T +63 2 8841 0462 • +63 2 8893 0287

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, 2023 required by the Bureau of Internal Revenue as disclosed in Note 20 of 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. Such supplementary information is the responsibility of the management. The supplementary information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

AMC & ASSOCIATES

By:

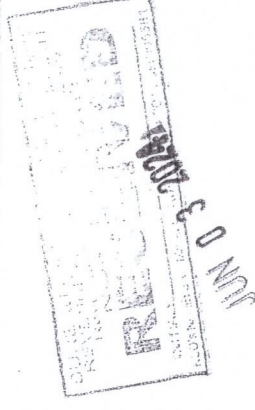
Ariel D. Gonzales

Ariel D. Gonzales
Partner

CPA Cert. No. 89570
TIN 169-688-077-000
PTR No. 10075912, Jan. 3, 2024, Makati City
BIR Accreditation No. 08-003584-1-2021

(issued on Dec. 20, 2021 valid until Dec. 19, 2024)
SEC Accreditation No. 89570 (Group A)
(valid to audit 2021 to 2025 financial statements)
IC Accreditation No. 89570-IC (Group A)
(valid to audit 2020 to 2024 financial statements)
BSP Accreditation No. 89570-BSP (Group B)
(valid to audit 2021 to 2025 financial statements)

May 29, 2024



FIRM ACCREDITATION

Aquino, Mata, Calica & Associates

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

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

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

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

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

CDA CEA No. 075-AF - valid from June 2, 2021 to June 1, 2024



Aquino, Mata, Calica & Associates
Certified Public Accountants
Suite 1805 - 1807 Cityland Condominium 10 Tower 2
H.V. Dela Costa St., Makati City, 1227 Philippines
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SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Avenues Insurance Brokers, Inc.
2nd Floor 8070 Tanguile St.
San Antonio Village, Makati City

We have audited the financial statements of **Avenues Insurance Brokers, Inc.** for the year ended December 31, 2023, on which we have rendered the attached report dated May 29, 2024.

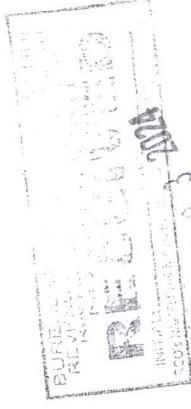
In compliance with Revised Securities Regulation Code Rule 68, we are stating that the Company has four stockholders owning 100 or more shares each of the Company's common stock as at December 31, 2023, as disclosed in Note 14 of the financial statements.

AMC & ASSOCIATES

Ariel D. Gonzales

By: Ariel D. Gonzales
Partner
CPA Cert. No. 89570
TIN 169-688-077-000
PTR No. 10075912, Jan. 3, 2024, Makati City
BIR Accreditation No. 08-003584-1-2021
(issued on Dec. 20, 2021 valid until Dec. 19, 2024)
SEC Accreditation No. 89570 (Group A)
(valid to audit 2021 to 2025 financial statements)
IC Accreditation No. 89570-IC (Group A)
(valid to audit 2020 to 2024 financial statements)
BSP Accreditation No. 89570-BSP (Group B)
(valid to audit 2021 to 2025 financial statements)

May 29, 2024



FIRM ACCREDITATION

Aquino, Mata, Calica & Associates
BOA Accreditation No. 4275 - valid from June 29, 2023 to June 28, 2026
BIR Accreditation No. 08-002582-000-2023 - issued on October 12, 2023 valid until October 11, 2026
SEC Accreditation No. 4275-SEC (Group A) - valid to audit 2023 to 2027 financial statements
IC Accreditation No. 4275-IC (Group A) - valid to audit 2020 to 2024 financial statements
BSP Accreditation No. 4275-BSP (Group B) - valid to audit 2021 to 2025 financial statements
CDA CEA No. 075-AF - valid from June 2, 2021 to June 1, 2024



AVENUES INSURANCE BROKERS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Peso)

	2023	2022
		(As restated)
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents (Note 4)	P 14,657,693	P 21,066,440
Trade and other receivables (Note 5)	16,118,891	7,154,217
Financial assets at amortized cost (Note 7)	2,590,979	2,072,230
Prepayments and other current assets (Note 6)	3,933,416	2,903,729
Total Current Assets	37,300,979	33,196,616
NON-CURRENT ASSET		
Property and equipment (Note 8)	3,131,923	3,618,117
TOTAL ASSETS	P 40,432,902	P 36,814,733
LIABILITIES AND EQUITY		
CURRENT LIABILITY		
Trade and other payables (Note 9)	P 14,212,330	P 11,482,673
NON-CURRENT LIABILITY		
Retirement benefit obligation (Note 12)	3,076,154	3,076,154
Total Liabilities	17,288,484	14,558,827
EQUITY		
Capital stock (Note 14)	10,000,000	10,000,000
Appropriated retained earnings (Note 14)	11,000,000	11,000,000
Unappropriated retained earnings (Note 14)	2,144,418	1,255,906
Total Equity	23,144,418	22,255,906
TOTAL LIABILITIES AND EQUITY	P 40,432,902	P 36,814,733

See Notes to Financial Statements.

