



## AVENUES INSURANCE BROKERS INC.

20 September 2021

### MANAGEMENT REPORT (CY 2020 Edition)

To: Alec, Alexander Jr. & Alison Vega  
**Board of Directors**

Attached for your reference & perusal is the Financial Statements of AIBI for CY 2020 as prepared & audited by AMC Associates (Certified Public Accountants), our External Auditors since 2017.

Overall, our net income for this year was substantially lower compared to CY 2019's 4.008 M compared to **Php 2.122 M** in CY2020. We have to cancel a portion of Gold's Gym policies due to non-payment of premiums as Mark Dayrit declared that their business has been severely hit by the pandemic. The rest of their policies will most likely be up for cancellation this CY 2021 depending on its financial situation. In the previous Management Report, it was already mentioned that "Gold's Gym still has Php 1.5M in outstanding premiums & policy charges without any specific date on when we will get paid. It is expected that the ill effects will continue to be felt in 2021".

Furthermore, our major retail accounts & Duty Free Concessionaires: Landmark Mgt. Services Ltd., EDF Mgt. Services Ltd. & Landmark Mgt. P&C Ltd. have reduced their sums insured & various insurance coverage on account of huge reductions in sales due to lockdowns. On the other hand, EDF Mgt. which used to be heavy in sales of chocolates, dairy products & other foodstuff items had zero importation last year thereby affecting our marine cargo insurance sales. Fortunately, The AVEGA Group including our other corporate, personal & logistics accounts continued to renew their insurance business & remit their premiums. Despite the adversities, we were still able acquire new accounts: **Great Swiss Builders, Inc.** on their tug boat & barge insurance including **Win V Group** on their medical insurance requirements.

Our Broker's License with the Insurance Commission (IC) as mentioned is now being renewed for a period of three (3) years with the latest Certificate of Authority issued last Jan. 1, 2019 up to Dec. 31, 2021. The most recent audit by the IC on AIBI was done last 15<sup>th</sup> June 2021. We have so far complied with all the regulatory requirements as confirmed in the IC letter to us dated 3<sup>rd</sup> September 2021.

The summary on results of operations for CY 2020 can be seen from the snapshot below of the Statement of Comprehensive Income for the Year Ended December 31, 2020. This can be found in the Audit of the Financial Statements prepared by AMC & Associates which was filed with the BIR last Apr. 30, 2021 & subsequently with Securities Exchange Commission (SEC).

The Insurance Commission requires that we submit a copy of our FS yearly as the IC does its own verification of our financial condition on a year-to-year basis. Aside from this, External Auditors of Insurance Brokers need to be accredited with the commission.

AVENUES INSURANCE BROKERS, INC.  
STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Amounts in Philippine Peso)

	2020	2019
REVENUES (Note 10)	P 10,521,943	P 12,984,005
COST AND OTHER		
OPERATING EXPENSES (INCOME) (Note 11)		
Cost of services	5,237,546	5,246,891
Administrative expense	2,528,416	2,109,374
Other expenses	30,086	232,038
	7,796,048	7,588,303
OPERATING PROFIT	2,725,895	5,395,702
FINANCE INCOME (COSTS)		
Finance income (Notes 4 and 7)	231,170	467,835
Finance costs	( 26,293 )	-
	204,877	467,835
PROFIT BEFORE TAX	2,930,772	5,863,537
TAX EXPENSE (Note 13)	809,002	1,855,351
NET PROFIT	2,121,770	4,008,186
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME	P 2,121,770	P 4,008,186

See Notes to Financial Statements.



AIBI funds by the end 31 December 2020 are likewise summarized hereunder:

1. Peso Accounts		
1.1. Union Bank – Pasay Road		Php 838,073.92
1.2. EastWest Bank – Bagtikan		8,807,125.86
1.3. EastWest Bank – Herrera		<u>256,035.86</u>
	Sub Total	9,901,235.64
2. USD Accounts @ US\$ 1-Php <b>48.0360</b> (12.31.2020)		
2.1. Union Bank – Pasay Road (\$ 21,741.05)		1,044,353.08
2.2. EastWest Bank – Bagtikan (\$ 1,591.31)		<u>76,440.17</u>
	Sub Total	1,120,793.25
Summary 1 & 2		Php 11,022,028.89
3. Other Money Placements		
3.1. EWB Rural Bank		<b>2,652,022.75</b>
3.2. EWB Rural Bank		523,324.91
3.3. EastWest Bank (Supersaver)		<b>2,539,974.83</b>
3.4. EastWest Bank USD (\$ 3,087.95)		148,332.77
3.5. EastWest Bank LTNCD		500,000.00
3.6. MetroBank LTNCD		500,000.00
3.7. MetroBank Trust (\$ 10,423.79)		<u>500,717.18</u>
	Sub Total	Php 7,364,372.44
		<u>10,000.00</u>
4. Petty Cash		
	<b>TOTAL</b>	<b>Php 18,396,401.32*</b>

**\*Notes:**

1. Based on bank balances with as of **12/31/2020**;
2. BSP Exchange rate USD 1-PHP 48.0360 as of 12.31.20;
3. All entries supported by corresponding by Bank Certificates;
4. Total funds are still gross of payables due for **January 2021**.

  
Ramon R. Ilustre Jr.