



# SECURITIES AND EXCHANGE COMMISSION

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**Company Name:** EAB INSURANCE BROKERS, INC.

**Industry Classification:** J68200

**Company Type:** Stock Corporation

## Document Information

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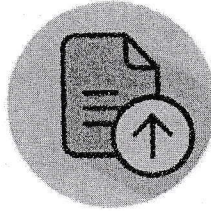
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# F C Godinez Accounting Services

**EAB INSURANCE BROKERS, INC.**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2024 and 2023**

**AND**

**REPORT OF INDEPENDENT AUDITOR**

**(IN PHILIPINE PESO)**

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**STATEMENT OF CASH FLOWS**

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# F C Godinez Accounting Services

## REPORT OF INDEPENDENT AUDITOR TO ACCOMPANY INCOME TAX RETURN

F C Godinez Accounting Services  
Lot 2, Blk 6, St. Lukes Street, Sto. Nino Village,  
Tunasan, Muntinlupa City  
Phone (632) 861-8603  
Email: fressie\_godinez@yahoo.com  
www.alasoplasalliancefirms.com



The Board of Directors and Stockholders  
EAB INSURANCE BROKERS, INC.  
4<sup>th</sup> Flr. CJV Bldg., 108 Aguirre st. Legaspi Village  
Makati City

I have examined the financial statements **EAB insurance Brokers, Inc.** for the year ended December 31, 2024 on which I have rendered the attached report dated April 04, 2025.

In compliance with Revenue Regulation V-20, I am stating that I am not related by consanguinity or affinity to the president, manager or stockholders of the company.

### F C GODINEZ ACCOUNTING SERVICES

A handwritten signature in black ink, appearing to read "Francisca C. Godinez".

**Francisca C. Godinez CPA, MBA**

CPA Reg. No. 0041278

PRC ID Valid until December 03, 2025

TIN 116-256-845-000

PTR no. MCF 4778910 January 15, 2025, Muntinlupa City

BIR AN 08-003576-001-2025 valid until February 25, 2028

BOA Cert. No. 0779 valid until December 31, 2025

CDA Accreditation no. CEA 003- Renewal valid until April 25, 2026

SEC Accreditation no. 41278-IC for Category B valid for audit year 2021 to 2025

April 04, 2025  
Muntinlupa City

# F C Godinez Accounting Services

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Tunasan, Muntinlupa City  
Phone (632) 861-8603  
Email: fressie\_godinez@yahoo.com  
www.alasoplasalliancefirms.com



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

The Board of Directors and Stockholders  
EAB Insurance Brokers, Inc.  
4<sup>TH</sup> Floor CJV Bldg., 108 Aguirre st., Legaspi Village  
Makati City

I have audited in accordance with the Philippine Standards in auditing the financial statements of EAB INSURANCE BROKERS, INC. as at and for the year ended December 31, 2024. My audit was made for the purpose of forming an opinion on the financial statements of the Company taken as a whole. The minimum information attached is the responsibility of the Company's management and is presented for the purposes of complying with the Insurance Commission Circular letter No. 2021-65 and is not a requirement as part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the Company's financial statements and in my opinion is fairly stated in all material respects in relation to the financial statements taken as a whole.

## **F C GODINEZ ACCOUNTING SERVICES**

A handwritten signature in black ink, appearing to read "Francisca C. Godinez".

Francisca C. Godinez CPA, MBA  
CPA Reg. No. 0041278  
PRC ID valid until December 03, 2025  
TIN 116-256-845-000  
PTR No.MCF 4778910, January 15, 2025, Muntinlupa City  
BIR AN 08-003576-001-2025, valid until February 25, 2028  
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April 04, 2025  
Muntinlupa City

**EAB INSURANCE BROKERS INC.**

**ATTACHEMENT TO THE SUPPLEMENTARY OPINION**

CLIENTS MONEY

As at December 31, 2024 the Company's clients money amounts to **Php 1,017,540**. The Company's clients money is included in the Cash in Bank balance in the audited financial statements. The Company's personnel maintains a separate file to monitor the movement of the client's money account.

NET WORTH COMPLIANCE

The Company is required to comply with the minimum requirement for an Insurance and HMO Broker amounting to Php25,000,000 per IC Circular Letter no. 2023-02

As at December 31, 2024, the Company's net worth is compliant with the minimum net worth requirement set forth by the Insurance Commission.

A handwritten signature in black ink, appearing to read "Julian", is located at the bottom left of the page.

# F C Godinez Accounting Services

## SUPPLEMENTAL STATEMENTS OF INDEPENDENT AUDITOR

The Board of Directors and Stockholders  
EAB INSURANCE BROKERS, INC.  
4<sup>th</sup> Flr. CJV Bldg., 108 Aguirre st. Legaspi Village  
Makati City

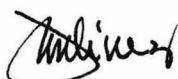
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Email: fressie\_godinez@yahoo.com  
www.alasoplasalliancefirms.com

Member of  
 Alas Oplas Alliance Firms  
credibility and honor defined.

I have examined the financial statements of **EAB Insurance Brokers, Inc.** for the year ended December 31, 2024, on which I have rendered the attached report dated April 04, 2025.

In compliance with Securities Regulation Code Rule 68, I have performed audit procedures to determine the total number of stockholders of the Company owning 100 or more shares each. I was able to obtain a certification from the Company's Corporate Secretary indicating that the Company has a total number of five (5) stockholders owning one hundred (100) or more shares as of December 31, 2024.

## F C GODINEZ ACCOUNTING SERVICES



**Francisca C. Godinez CPA, MBA**

CPA Reg. No. 0041278

PRC ID Valid until December 03, 2025

TIN 116-256-845-000

PTR no. MCF 4778910 January 15, 2025, Muntinlupa City

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April 04, 2025  
Muntinlupa City

# F C Godinez Accounting Services

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders  
**EAB INSURANCE BROKERS, INC.**  
4<sup>th</sup> Flr. CJV Bldg., 108 Aguirre st. Legaspi Village  
Makati City

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

## Report on the Audit of the Financial Statements

### Opinion

I have audited the financial statements of **EAB Insurance Brokers, Inc.** which comprise the statements of financial position as at December 31, 2024 and 2023, the statement of income, statement of changes in stockholders' equity and statement of cash flows for the years then ended, and notes to the financial statements, including summary of significant accounting policies.

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

### Basis for Opinion

I conducted my audits in accordance with Philippine Standards on Auditing (PSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am 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 my audit of the financial statements in the Philippines, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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

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

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

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

# F C Godinez Accounting Services

includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.


I 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 I identify during my audit.

## **Report on Other Legal and Regulatory Requirements**

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses in the notes to the financial statements is presented for the purposes of filing with the Bureau of Internal Revenue and is not required part of the basic financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

# F C Godinez Accounting Services

## F C GODINEZ ACCOUNTING SERVICES

  
Francisca C. Godinez CPA, MBA  
CPA Reg. No. 0041278  
PRC ID Valid until December 03, 2025  
TIN 116-256-845-000  
PTR no. MCF4778910 January 15, 2025, Muntinlupa City  
BIR AN 08-003576-001-2025 valid until February 25, 2028  
BOA Cert. No. 0779 valid until December 03, 2025  
CDA Accreditation no. CEA 0003- Renewal valid until April 25, 2026  
SEC Accreditation no. 41278-IC for category B, valid for audit year 2021 to 2025

April 04, 2025  
Muntinlupa City

**STATEMENT OF MANAGEMENT RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

The Management of **EAB Insurance Brokers, Inc.** is responsible for the preparation and fair presentation of the financial statements including schedules attached therein for the year ended December 31, 2024 and 2023 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation and fair presentation 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 financial ability to continue as a 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.

**Francisca C. Godinez, CPA, MBA**, the independent auditor, appointed by the board of directors, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its reports to the stockholders, have expressed its opinion on the fairness of presentation upon completion of such audit.

  
\_\_\_\_\_  
**EDUARDO A. BUENDIA**  
Chairman of the Board & President

  
\_\_\_\_\_  
**DELICIA P. BUENDIA**  
Treasurer

April 4, 2025  
Makati City

**EAB INSURANCE BROKERS, INC.****STATEMENTS OF FINANCIAL POSITION**

December 31, 2024 and 2023

(In Philippine Peso)

|  | <i>Notes</i> | 2024              | 2023              |
|--|--------------|-------------------|-------------------|
| <b>ASSETS</b>                                |              |                   |                   |
| <b>Current Assets</b>                        |              |                   |                   |
| Cash and Cash Equivalents                    | 5            | 2,345,573         | 2,810,399         |
| Receivable from Insurance Companies' Clients | 6            | 28,831,908        | 29,542,137        |
| Commission Receivables                       | 7            | 5,262,593         | 4,928,697         |
| Other Receivables                            | 8            | 3,738,724         | 3,977,081         |
| Other Current Assets                         | 9            | 17,792,943        | 17,368,659        |
| <b>Total</b>                                 |              | <b>57,971,741</b> | <b>58,626,973</b> |
| <b>NonCurrent Assets</b>                     |              |                   |                   |
| Property and Equipment, Net                  | 10           | 1,134,764         | 1,466,284         |
| <b>Total</b>                                 |              | <b>1,134,764</b>  | <b>1,466,284</b>  |
| <b>TOTAL ASSETS</b>                          |              | <b>59,106,505</b> | <b>60,093,257</b> |
| <b>LIABILITIES AND EQUITY</b>                |              |                   |                   |
| <b>LIABILITIES</b>                           |              |                   |                   |
| Payable to Insurance Companies               | 12           | 29,849,448        | 31,153,991        |
| Other Payables                               | 13           | 318,899           | 198,613           |
| <b>Total</b>                                 |              | <b>30,168,347</b> | <b>31,352,604</b> |
| <b>EQUITY</b>                                |              |                   |                   |
| Share Capital                                | 14           | 10,000,000        | 10,000,000        |
| Additional Paid In Capital                   | 14           | 4,178,000         | 4,178,000         |
| Retained Earnings                            | 14           | 1,297,758         | 1,100,253         |
| Contingency Surplus                          | 14           | 13,462,400        | 13,462,400        |
| <b>Total</b>                                 |              | <b>28,938,158</b> | <b>28,740,653</b> |
| <b>TOTAL LIABILITIES AND EQUITY</b>          |              | <b>59,106,505</b> | <b>60,093,257</b> |

*See accompanying Notes to Financial Statements*

**EAB INSURANCE BROKERS, INC.****STATEMENTS OF COMPREHENSIVE INCOME**

For the years ended December 31, 2024 and 2023

(In Philippine Peso)

|                                     | <i>Notes</i> | <b>2024</b>      | <b>2023</b>      |
|-------------------------------------|--------------|------------------|------------------|
| COMMISSION INCOME                   | 7            | 7,099,295        | 6,884,868        |
| COST OF SERVICES                    | 16           | (4,506,595)      | (4,279,833)      |
| <b>GROSS INCOME</b>                 |              | <b>2,592,700</b> | <b>2,605,035</b> |
| ADMINISTRATIVE EXPENSES             | 17           | (2,347,002)      | (1,785,396)      |
| <b>GROSS INCOME FROM OPERATIONS</b> |              | <b>245,698</b>   | <b>819,639</b>   |
| Interest Income                     |              | 947              | 2,191            |
| <b>INCOME BEFORE INCOME TAX</b>     |              | <b>246,645</b>   | <b>821,830</b>   |
| PROVISION FOR INCOME TAX            | 18           | (49,140)         | (163,928)        |
| <b>NET INCOME FOR THE YEAR</b>      |              | <b>197,505</b>   | <b>657,902</b>   |
| <b>OTHER COMPREHENSIVE INCOME</b>   |              | <b>-</b>         | <b>-</b>         |
| <b>TOTAL COMPREHENSIVE INCOME</b>   |              | <b>197,505</b>   | <b>657,902</b>   |

*See accompanying Notes to Financial Statements*

**EAB INSURANCE BROKERS, INC.****STATEMENTS OF CHANGES IN EQUITY**

For the years ended December 31, 2024 and 2023

(In Philippine Peso)

|                                     | Share<br>Capital<br>(Note 14) | Additional<br>Paid In Capital<br>(Note 14) | Contingency<br>Surplus<br>(Note 14) | Retained<br>Earnings<br>(Note 14) | TOTAL             |
|-------------------------------------|-------------------------------|--|-------------------------------------|-----------------------------------|-------------------|
| Balance at December 31, 2023        | 10,000,000                    | 4,178,000                                  | 13,462,400                          | 1,100,253                         | 28,740,653        |
| Additional capital                  | 7,500,000                     |  |                                     |                                   | -                 |
| Share premium                       |                               |  |                                     |                                   | -                 |
| Net Income during the year          |                               |  |                                     | 197,505                           | 197,505           |
| <b>Balance at December 31, 2024</b> | <b>17,500,000</b>             | <b>4,178,000</b>                           | <b>13,462,400</b>                   | <b>1,297,758</b>                  | <b>28,938,158</b> |
| Balance at December 31, 2022        | 2,500,000                     | 4,178,000                                  | 13,462,400                          | 442,351                           | 20,582,751        |
| Additional capital                  | 7,500,000                     |  |                                     |                                   | 7,500,000         |
| Share premium                       |                               |  |                                     |                                   | -                 |
| Net Income during the year          |                               |  |                                     | 657,902                           | 657,902           |
| Balance at December 31, 2023        | 10,000,000                    | 4,178,000                                  | 13,462,400                          | 1,100,253                         | 28,740,653        |

*See accompanying Notes to Financial Statements*

**EAB INSURANCE BROKERS, INC.****STATEMENTS OF CASH FLOWS**

For the years ended December 31, 2024 and 2023

(In Philippine Peso)

|  | <i>Notes</i> | <b>2024</b>        | <b>2023</b> |
|--|--------------|--------------------|-------------|
| <b>CASH INFLOWS FROM OPERATING ACTIVITIES</b>    |              |                    |             |
| Net Income before income tax                     |              | <b>246,645</b>     | 821,830     |
| Adjustments for:                                 |              |                    |             |
| Depreciation                                     | <i>10</i>    | <b>331,520</b>     | 432,709     |
| Interest received                                |              | <b>947</b>         | 2,191       |
| Operating income before working capital changes  |              | <b>579,112</b>     | 1,256,730   |
| Decrease (increase) in:                          |              |                    |             |
| Receivables from Insurance Companies' Clients    | <i>6</i>     | <b>710,229</b>     | (2,819,931) |
| Commission Receivables                           | <i>7</i>     | <b>(333,896)</b>   | (294,734)   |
| Other Receivables                                | <i>8</i>     | <b>238,357</b>     | (2,119,605) |
| Other Current Assets                             | <i>9</i>     | <b>(424,284)</b>   | (5,866,362) |
| Increase (decrease) in:                          |              |                    |             |
| Payable to Insurance Companies                   | <i>12</i>    | <b>(1,304,543)</b> | 3,674,335   |
| Other Payables                                   | <i>13</i>    | <b>120,286</b>     | 43,959      |
| Cash used in operation                           |              | <b>(414,739)</b>   | (6,125,608) |
| Interest received                                |              | <b>(947)</b>       | (2,191)     |
| Income taxes paid                                | <i>18</i>    | <b>(49,140)</b>    | (163,928)   |
| <b>Net cash used in operating activities</b>     |              | <b>(464,826)</b>   | (6,291,727) |
| <b>CASH USED IN INVESTING ACTIVITIES</b>         |              |                    |             |
| Net additions to property & equipment            | <i>10</i>    | -                  | (18,600)    |
| <b>Net cash used in investing activities</b>     |              | -                  | (18,600)    |
| <b>CASH FLOWS FROM FINANCING ACTIVITY</b>        |              |                    |             |
| Additional Capital                               |              | -                  | 7,500,000   |
| <b>Net Cash Flow From Financing Activity</b>     |              | -                  | 7,500,000   |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b> |              | <b>(464,826)</b>   | 1,189,673   |
| <b>CASH AND CASH EQUIVALENTS, BEG. OF YEAR</b>   | <i>5</i>     | <b>2,810,399</b>   | 1,620,726   |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>    | <i>5</i>     | <b>2,345,573</b>   | 2,810,399   |

*See accompanying Notes to Financial Statements*

## **EAB INSURANCE BROKERS, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

As of and for the years ended December 31, 2024 and 2023

(All amounts in Philippine Peso unless otherwise stated)

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#### **1. CORPORATE INFORMATION**

EAB INSURANCE BROKERS, INC. (the Company), was organized primarily to engage in the business of insurance broking.

The Company was registered with the Philippines Securities and Exchange Commission (SEC) on February 19, 1999 per SEC Reg. No. A199902747.

The company was granted an insurance broker's license by the Insurance Commission (IC) in 2000, the same year that the Company started its commercial operations. It has a valid license as insurance broker and HMO broker until December 31, 2027.

The principal place of business of the Company is located at 4<sup>TH</sup> Floor, CJV Building, 108 Aguirre Street, Legaspi Village, Makati City.

The accompanying financial statements were authorized for issue by the Board of Directors (BOD) on April 4, 2025.

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#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. The accounting policies have been consistently applied to all the years presented, except when otherwise indicated.

##### **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 are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB), and approved by Philippine Board of Accountancy.

These financial statements have been prepared using the measurement bases specified by PFRS for each type of resource, liability, 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 Philippine Accounting Standards (PAS) 1, Presentation of Financial Statements.

##### **Functional and Presentation Currency**

The financial statements are presented in Philippine Peso (₱), which is the Company's functional currency and recorded to the nearest peso.

## **Changes in Accounting Policies and Disclosures**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance.

- Amendments to PAS 8, *Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising 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 judgment (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).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

#### **Standards Issued but not yet Effective**

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

#### ***Effective beginning on or after January 1, 2024***

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

#### ***Effective beginning on or after January 1, 2025***

- PFRS 17, *Insurance Contracts*

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

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

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

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

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

The Company does not intend to early adopt PFRS 17. To date, the Company is assessing the impact of the new standard and is enhancing its processes and systems to address the requirements of PFRS 17.

- Amendments to PAS 21, *Lack of exchangeability*

#### **Deferred effectivity**

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

#### **Foreign Currency Translation**

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated using the functional currency rate of exchange ruling at the reporting date. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. All foreign exchange differences are taken to profit or loss, except where it relates to equity securities where gains or losses are recognized directly in other comprehensive income, the gain or loss is then recognized net of the exchange component in other comprehensive income.

#### **Cash and Cash Equivalents**

Cash includes cash on hand and in banks. Cash equivalents (including those under "Assets held to cover unit-linked liabilities") are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placement and that are subject to an insignificant risk of changes in value and are free of any encumbrances.

#### **Trade Receivables**

Trade receivables are recognized when due and measured on initial recognition at the fair value of the consideration received. The carrying value of trade receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of the consideration that the Company could be required to repay.

#### *Financial liability*

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

#### **Investment Property**

Property held for long-term rental yields or for capital appreciation, or for both, is classified as Investment property. These properties are initially measured at cost, which includes transaction cost, but excludes day-to-day servicing cost. Subsequently, at each end of the reporting period, such properties are carried at cost less accumulated depreciation and impairment in value.

Depreciation of investment property is computed using the straight-line method over its useful life, regardless of utilization. The estimated useful life and the depreciation method are reviewed periodically to ensure that the period and the method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties. The estimated useful life of the investment properties is 20 years.

Transfers are made to and from investment property when, and only when, there is a change in use, evidenced by ending of owner occupation, commencement of an operating lease to another party. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

Investment property is derecognized when it has been disposed of or when permanently withdrawn from use and no future benefit is expected from its disposal.

Any gain or loss on the retirement or disposal of investment properties is recognized in profit or loss in the year of de-recognition.

#### **Property and Equipment**

Property and equipment, including owner occupied properties, are carried at cost less accumulated depreciation and amortization and accumulated impairment in value. Such cost includes initial transaction costs, but excludes day-to-day servicing cost. Replacement or major inspection cost is capitalized if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured.

Depreciation and amortization is computed using the straight-line method over the estimated useful life of the assets. Leasehold improvements are amortized over the estimated useful life of the improvements or the term of the related lease, whichever is shorter. The estimated useful lives of the different categories of property and equipment follow:

- Transportation Equipment - 5-10 years

- Office Furniture - 5-10 years
- Office Equipment - 3-10 years
- Leasehold Improvements - 3-10 years

The assets' residual values, useful lives and depreciation and amortization method are reviewed at each reporting date and adjusted if appropriate to ensure that the period, residual value and the method of depreciation and amortization are consistent with the expected pattern of consumption of future economic benefits embodied in the asset.

An item of property and equipment is derecognized upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in profit or loss in the year the asset is derecognized. This is not applicable to items that still have useful lives but are currently classified as idle. Depreciation continues for those items until fully depreciated or disposed.

#### Impairment of Nonfinancial Assets

At each reporting date, the Company assesses whether there is any indication that nonfinancial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Company makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed for the cash generating unit to which the asset belongs.

Where the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount, the asset (or cash generating unit) is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash generating unit). An impairment loss is charged to operations in the year in which it arises, unless the asset is carried at revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset.

For nonfinancial assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior periods. Such reversal is recognized in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase in other comprehensive income. After such reversal, the depreciation and amortization expense is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

## **Equity**

### *Capital stock*

Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value. Capital stock represents the nominal value of shares that have been issued.

### *Retained earnings (Deficit)*

Retained earnings represent accumulated gains (losses) realized out of the normal and continuous operations of the Company, less dividends declared, if any. Appropriated retained earnings pertain to funds set aside for the purchase of certain property and equipment.

## **Revenue and Cost Recognition**

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

### *Commission Income*

Generally, fees and commissions are recognized when services are rendered or accrued where there is a reasonable degree of certainty as to its collectability. Commissions are accrued based on premium billings prepared upon issuance of insurance policies by the insurance companies.

### *Interest income*

Interest income on interest-bearing deposits placements is recognized based on the accrual method of accounting using the effective interest method.

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost and expenses included under "Cost of services" and "Administrative expenses" in the statement of comprehensive income are recognized as incurred.

### *Taxes, operating and administrative and other expenses*

Taxes, operating and administrative and other expenses are recognized in the statement of comprehensive income as incurred.

## **Income Tax**

Income tax for the year consists of current and deferred tax. Income tax is determined in accordance with Philippine tax laws. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or other comprehensive income. Tax on these items is recognized in equity or other comprehensive income.

### *Current tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute this amount are those that are enacted or substantively enacted as of the reporting date.

### *Deferred tax*

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

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

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

Current tax and deferred tax relating to items recognized directly in other comprehensive income are likewise recognized in other comprehensive income.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of end of the reporting period. Movements in the deferred tax assets and liabilities arising from changes in the rates are charged or credited to profit or loss for the period.

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

### **Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

### **Contingencies**

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

### **Events After the End of the Reporting Period**

Post year-end events that provide additional information about the Company's financial position at the end of the reporting date (adjusting events) are reflected in the financial

statements. Post year- end events that are not adjusting events, if any, are disclosed when material to the financial statements.

### **Related Parties**

Related party transactions are transfer of resources, services or obligations between the Company and its related parties, regardless whether a price is charged. Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions.

This includes:

- (1) *individuals owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Company;*
- (2) *associates; and*
- (3) *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.*

The key management personnel of the Company and post-employment benefit plans for the benefit of Company's employees are also considered to be related parties.

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### **3. MANAGEMENT'S SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of the Company's financial statements in accordance with PFRS requires management to make estimates and assumptions that affect the amounts reported in the Company's financial statements and accompanying notes. The estimates and assumptions used in the Company's financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Company's financial statements. Actual results could differ from such estimates, judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following represents a summary of the significant estimates and judgments and related impact and associated risks in the Company's financial statements.

- ***Impairment of trade receivables***

The Company reviews its trade receivables at each reporting date to assess whether an allowance for impairment should be recognized. In particular, judgment by management is required in the estimation of the amount and

timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

The level of this allowance is evaluated by management on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, age of balances, financial status of counterparties, payment behavior and known market factors. The Company reviews the age and status of receivables, and identifies accounts that are to be provided with allowance on a regular basis.

In addition to specific allowance against individually significant loans and receivables, the Company also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This collective allowance is based on any deterioration in the internal rating of the loan or investment since it was granted or acquired. These internal ratings take into consideration factors such as any deterioration in country risk, industry and technological obsolescence, as well as identified structural weaknesses or deterioration in cash flows.

The amount and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease net income.

As of December 31, 2024 and 2023, the Company has not recognized any allowance for impairment losses on trade receivables.

- ***Impairment of AFS financial assets***

The Company treats AFS equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment. The Company treats 'significant' generally as 20% or more and 'prolonged' as greater than 12 months for quoted equity investments.

In addition, the Company evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities. Impairment may be appropriate also when there is evidence of deterioration in the financial health of the investee, the industry and sector performance, changes in technology and operational and financing cash flows.

The amount and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease net income.

- ***Estimated useful lives of property and equipment***

The Company reviews annually the estimated useful lives of property and equipment, investment properties and intangible assets based on the period over

which the assets are expected to be available for use. It is possible that future results of operations could be materially affected by changes in these estimates. A reduction in the estimated useful lives of property and equipment, investment properties and intangible assets would increase recorded depreciation and amortization expense and decrease the related asset accounts.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets as follows:

|                            |              |
|----------------------------|--------------|
| ▪ Transportation Equipment | - 5-10 years |
| ▪ Office Furniture         | - 5-10 years |
| ▪ Office Equipment         | - 3-10 years |
| ▪ Leasehold Improvements   | - 3-10 years |

The foregoing estimated useful lives and depreciation method are reviewed from time to time to ensure that these are consistent with the expected economic benefits of the property and equipment.

- **Impairment of nonfinancial assets**

The Company assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amounts of assets may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- *significant underperformance relative to expected historical or projected future operating results;*
- *significant changes in the manner of use of the acquired assets or the strategy for overall business; and*
- *significant negative industry or economic trends.*

The Company recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is computed using the value in use approach. Recoverable amounts are estimated for individual assets or, if not possible, for the cash-generating unit to which the asset belongs.

Property and equipment net of accumulated depreciation and impairment losses amounted to **₱1,134,764** and **₱1,466,284** as of **December 31, 2024** and 2023, respectively.

- **Revenue recognition**

The Company's revenue recognition policies require the use of estimates and assumptions that may affect the reported amounts of revenues and receivables. Differences between the amounts initially recognized and actual settlements are taken up in the accounts upon reconciliation. However, there is no assurance that such use of estimates may not result to material adjustments in future periods.

- **Foreign Currency Transactions**

The foreign-currency-denominated transactions are recorded in their Philippine Peso equivalent based on prevailing exchange rate as of transaction date. Existing foreign currency-denominated account balances as of the balance sheet

date, where applicable, are translated into Philippine Peso at the foreign exchange rate existing at said closing date. Resultant foreign exchange differentials between the recorded and the actual settlements and/or translations on the basis of the closing rate, are recognized in the income statement.

The following closing average rates of exchange have been adopted by the Company in translating foreign currency financial statements items as of and for the years ended December 31, 2024 and 2023:

|                              | <u>2024</u>  | <u>2023</u> |
|------------------------------|--------------|-------------|
| Philippine Peso to 1 unit of |              |             |
| United States Dollar (US\$)  | <b>58.01</b> | 55.37       |

#### **4. FINANCIAL RISKS MANAGEMENT OBJECTIVES AND POLICIES**

##### Governance Framework

The Company has established a risk management function with clear terms of reference and with the responsibility for developing policies on market, credit, liquidity, insurance and operational risk. It also supports the effective implementation of policies at the overall company and individual business unit levels.

The policies define the Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, alignment of underwriting and insurance strategies to the corporate goals and specific reporting requirements.

##### Capital Management

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and provide to 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:

|  | <u>2024</u>         | <u>2023</u>   |
|--|---------------------|---------------|
| Total Liabilities (excluding Due to Insurance Companies) | <b>318,899</b>      | 198,613       |
| Total Equity (Note 14)                                   | <b>28,938,158</b>   | 28,740,653    |
| <b>Debt-to-equity ratio</b>                              | <b>0.0110: 1.00</b> | 0.0069 : 1.00 |

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 amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. 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.

### Regulatory Framework

Regulators are interested in protecting the rights of the policyholders and maintain close vigil to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Company maintains appropriate solvency position to meet liabilities arising from claims and that the risk levels are at acceptable levels.

The operations of the Company are subject to the regulatory requirements of the IC. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions, fixed capitalization requirements and risk-based capital (RBC) requirements) to minimize the risk of default and insolvency on the part of the insurance brokers to meet the unforeseen liabilities as these arise. The operations of the Company are also subject to the regulatory requirements of SEC. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions.

### Capitalization Requirements for Insurance and Health & Maintenance Organization (HMO) Brokers

The Company is regulated by the Philippine Insurance Commission, On April 24, 2006, IC issued Insurance Memorandum Circular No. 1-2006 imposing the Capitalization requirements for Insurance Brokers and Reinsurance Brokers. Since the introduction of this regulation, the Company has been subject to minimum requirements of net-worth introduced gradually over a period of time. The Board of Directors, acting prudently in this respect, has appropriated retained earnings to ensure compliance with the said regulation and provide for future expansion of the company.

In 2023, IC issued Insurance Memorandum Circular No. 2023-02 requiring existing insurance brokers who wish to apply as an HMO broker must maintain a minimum net-worth of ₱25,000,000.

The Company's net worth as of **December 31, 2024** and 2023 is **₱28,938,158** and **₱28,740,653**, respectively. As of December 31, 2024, the Company's Net-worth is over the required minimum net-worth as required by the IC for insurance and HMO brokers.

### **FIDUCIARY RATIO COMPUTATION**

The Company monitors its fiduciary ratio as required by the IC under Circular Letter No. 2021-65 issued on November 5, 2021.

Fiduciary ratio is computed by dividing the total fiduciary assets, either cash or receivables being held by an insurance broker, over the total fiduciary liabilities.

The company's fiduciary accounts are summarized as follows:

| <b>FIDUCIARY ASSET ACCOUNT(S)</b>                     |                   |
|---|-------------------|
| Clients' Money Account (Note 5)                       | <b>1,017,540</b>  |
| Receivable from Insurance Companies' Clients (Note 6) | <b>28,831,908</b> |
|   | <b>29,849,448</b> |

**FIDUCIARY LIABILITY ACCOUNT(S)**

|  |                   |
|--|-------------------|
| Payable to Insurance Companies (Note 12) | 29,849,448        |
|  | <u>29,849,448</u> |

**FIDUCIARY RATIO****1.00 : 1.00**Investment Risk

The investment risk represents the exposure to loss resulting from cash flows from invested assets, primarily long-term fixed rate investments, being less than the cash flows required to meet the obligations of the expected policy and contract liabilities and the necessary return on investments. Additionally, there exists a future investment risk associated with certain policies currently in force which will have premium receipts in the future. That is, the investment of those future premium receipts may be at a yield below than that required to meet future policy liabilities.

Financial Risk

The Company is exposed to financial risk through its financial assets, financial liabilities, insurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are credit risk, liquidity risk and market risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company manages the level of credit risk it accepts through a comprehensive credit risk policy which focuses on minimizing credit risk exposures.

The credit risk policies are set as follows:

- a. *Concentration limit - The Company sets maximum exposure to an individual issuer and to a particular sector.*
- b. *Counterparty ratings - The Company reviews and recommends financial institutions that will complement over-all investment objectives and service requirements.*

Reporting of credit risk exposures, monitoring compliance with credit risk policy and review of credit risk policy is done on a regular basis.

The Company selects only domestic insurance companies with strong financial standing and excellent track records. In respect of investment securities, the Company secures satisfactory credit quality by setting maximum limits of portfolio securities with a single issuer or group of issuers, excluding those secured on specific assets and setting the minimum ratings for the issuer or group of issuers. The Company sets the maximum amounts and limits that may be advanced to/placed with individual corporate counterparties which are set by reference to their long term ratings.

Liquidity risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or a counterparty failing on repayment of a contractual obligation; or the insurance liabilities falling due for payment earlier than expected; or the inability to generate cash inflows as

anticipated. The Company manages liquidity by forecasting cash flow requirements. Investments are made in assets with maturities or interest payments which are matched against expected payouts of claims benefits (i.e., amount and duration of assets are matched against amount and duration of liabilities). In addition, significant outflows due to operating expenses (e.g., salaries, bonuses, IT expenditures, etc.) are scheduled based on an agreed budget timeline.

*Currency risk*

The Company's principal transactions are carried out in Philippine Peso and its foreign exchange risk arises primarily with respect to United States (US) Dollars (US\$), where some of its products are denominated. The Company's financial assets are primarily denominated in the same currencies as its insurance contracts, which mitigate the foreign exchange rate risk. Thus, the main foreign exchange risk arises from recognized assets and liabilities denominated in currencies other than in which the insurance contracts are expected to be settled.

*Equity price risk*

The Company's equity price risk exposure at year-end relates to financial assets whose values will fluctuate as a result of changes in market prices, principally, equity securities classified as financial assets at FVPL and AFS financial assets.

Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market.

The Company's investment policy requires it to manage such risks by setting and monitoring objectives and constraints on investments; diversification plan; limits on investment in each sector and market. Investments in derivatives are also subject to such requirements.

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**5. CASH AND CASH EQUIVALENTS**

This account consists of:

|                         | <b>2024</b>      | 2023      |
|-------------------------|------------------|-----------|
| Cash on Hand            | <b>20,000</b>    | 20,000    |
| Clients' Money in Banks | <b>1,017,540</b> | 1,611,854 |
| Cash in Banks           | <b>1,308,033</b> | 1,178,545 |
| <b>Total</b>            | <b>2,345,573</b> | 2,810,399 |

Petty Cash Fund is used to defray petty expenditures of the Company subject to replenishment. Cash in Banks consists of Peso and US Dollar deposits from reputable local banks which earn interest at the prevailing bank deposit rates that ranged from 0.25% to 1.75% in 2024 and in 2023.

Clients' Money in Banks represents money received and already deposited to the current or savings accounts maintained in the bank on behalf of its client, as a result of insurance transaction. The Accounting department keeps schedules of collections to monitor and segregate client's money account.

The Company's client's money is placed in the following banks:

|  | 2024             | 2023             |
|--|------------------|------------------|
| BDO – Perea Branch (Makati)              | 693,082          | 1,298,221        |
| EAST WEST – Aguirre Branch (Makati)      | 39,442           | 13,566           |
| CHINA BANK – Aguirre/AIM Branch (Makati) | 285,016          | 300,066          |
| <b>Total</b>                             | <b>1,017,540</b> | <b>1,611,854</b> |

Cash equivalents are made for varying periods not exceeding three months depending on the immediate cash requirements of the Company, and earned interest at the prevailing short-term deposit rates that ranged from 0.25% to 1.75% and 0.25% to 1.50% in 2024 and 2023, respectively.

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## 6. RECEIVABLE FROM INSURANCE COMPANIES' CLIENTS

The account represents amounts receivable for policies already issued and invoiced from policyholders/clients for payment of insurance premiums to the insurance companies.

The fair value of these short-term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

These receivables are usually due within 30-90 days and do not bear any interest. All receivables are subject to credit risk exposure. However, the Company does not identify specific concentrations of credit risk with regard to these receivables.

As of **December 31, 2024** and 2023, the Company's receivable balances amounted to **₱28,831,908** and **₱29,542,137**, respectively.

The Company regularly reviews all of its receivables for indications of impairment. As of December 31, 2024 and 2023, the Company has not recognized any allowance for impairment losses on these receivables.

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## 7. COMMISSION RECEIVABLES

The account represents commission income earned for policies already issued and invoiced but not yet received.

The account includes commissions or brokerage fees earned but not yet received from policyholders/clients, as a result of insurance transaction. This also includes commissions earned but not yet received from insurance companies, as a result of insurance transaction. As of **December 31, 2024** and 2023, the Company's receivable balances amounted to **₱5,262,593** and **₱4,928,697**, respectively.

The Company regularly reviews all of its receivables for indications of impairment. As of December 31, 2024 and 2023, the Company has not recognized any allowance for impairment losses on these receivables.

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## 8. OTHER RECEIVABLES

This account consists of:

|                                    | 2024             | 2023             |
|------------------------------------|------------------|------------------|
| Due from Affiliates                | 233,572          | 233,572          |
| Advances to Officers and Employees | 3,505,152        | 3,743,509        |
| <b>Total</b>                       | <b>3,738,724</b> | <b>3,977,081</b> |

Advances to Officers and Employees represents advances and salary loans of officers and staff extended by the company to be liquidated thru regular salary deductions from salaries and other payments.

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## 9. OTHER CURRENT ASSETS

This account consists of:

|                       | 2024              | 2023              |
|-----------------------|-------------------|-------------------|
| Advances to Affiliate | 12,500,00         | 12,500,00         |
| Prepaid Tax           | 4,303,757         | 3,993,958         |
| Prepaid – Others      | 989,186           | 874,701           |
|                       | <b>17,792,943</b> | <b>17,368,659</b> |

Prepaid Tax includes creditable withholding taxes withheld by Insurance Companies in the payment they made for all commissions received by the company. Also included here are the excess of the company's Input Vat not yet claimed against the Output VAT payable.

Lodged under Advances to Affiliate are payments made for the development of **EAB Marketplace**. EAB Marketplace is an internet based marketplace that will sell insurance products tailor-made for prospective consumers. The app-based platform will be launched as a social-first, mobile-centric marketplace where users can browse and purchase different insurance products. The asset-light platform is integrated with logistical and payment support from other e-commerce companies. With this program, the company is ecstatic and highly anticipates a major increase in insurance sales.

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## 10. PROPERTY AND EQUIPMENT

A reconciliation of the gross carrying amounts and the accumulated depreciation of property and equipment are shown below:

|                               | 2024         |           |                               |                  |
|-------------------------------|--------------|-----------|-------------------------------|------------------|
|                               | DEC 31, 2023 | Additions | Disposals<br>Reclassification | DEC 31, 2024     |
| <b>COST:</b>                  |              |           |                               |                  |
| Office Equipment              | 1,394,332    | -         | -                             | <b>1,394,332</b> |
| Office Furniture and Fixtures | 325,355      | -         | -                             | <b>325,355</b>   |
| Transportation Equipment      | 6,042,000    | -         | -                             | <b>6,042,000</b> |

|                                  |                  |                  |          |                  |
|----------------------------------|------------------|------------------|----------|------------------|
| Leasehold Improvement            | 1,155,212        | -                | -        | <b>1,155,212</b> |
|                                  | 8,916,899        | -                | -        | <b>8,916,899</b> |
| <b>Less</b>                      |                  |                  |          |                  |
| <b>ACCUMULATED DEPRECIATION:</b> |                  |                  |          |                  |
| Office Equipment                 | 1,375,963        | 3,720            | -        | <b>1,379,683</b> |
| Office Furniture and Fixtures    | 325,258          | -                | -        | <b>325,258</b>   |
| Transportation Equipment         | 4,594,196        | 327,800          | -        | <b>4,921,996</b> |
| Leasehold Improvement            | 1,155,198        | -                | -        | <b>1,155,198</b> |
|                                  | 7,450,615        | 331,520          | -        | <b>7,782,135</b> |
| <b>NET CARRYING VALUE</b>        | <b>1,466,284</b> | <b>(331,520)</b> | <b>-</b> | <b>1,134,764</b> |

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Depreciation expenses charged to operations amounted to **₱331,520** and **₱432,709** as of **December 31, 2024** and 2023, respectively.

## 11. FINANCIAL ASSETS AND LIABILITIES

Receivable from Insurance Companies' Clients

The Company's financial assets and liabilities are summarized by measurement categories as follows:

|  | 2024              |                   | 2023              |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | Carrying Value    | Fair Value        | Carrying Value    | Fair Value        |
| <b>FINANCIAL ASSETS</b>                      |                   |                   |                   |                   |
| Cash and cash equivalents                    | <b>2,345,573</b>  | <b>2,345,573</b>  | 2,810,399         | 2,810,399         |
| Receivable from insurance companies' clients | <b>28,831,908</b> | <b>28,831,908</b> | 29,542,137        | 29,542,137        |
| Commissions and other receivables            | <b>9,001,317</b>  | <b>9,001,317</b>  | 8,905,778         | 8,905,778         |
|  | <b>40,178,798</b> | <b>40,178,798</b> | <b>41,258,314</b> | <b>41,258,314</b> |

|                              | 2024              |                   | 2023              |                   |
|------------------------------|-------------------|-------------------|-------------------|-------------------|
|                              | Carrying Value    | Fair Value        | Carrying Value    | Fair Value        |
| <b>FINANCIAL LIABILITIES</b> |                   |                   |                   |                   |
| Payable to Insurance Co.     | <b>29,849,448</b> | <b>29,849,448</b> | 31,153,991        | 31,153,991        |
| Other payables               | <b>318,899</b>    | <b>318,899</b>    | 198,613           | 198,613           |
|                              | <b>30,168,347</b> | <b>30,168,347</b> | <b>31,352,604</b> | <b>31,352,604</b> |

The carrying amounts of the above financial assets and liabilities approximate their fair values as of December 31, 2024 and 2023.

## FIDUCIARY ACCOUNTS

The company's fiduciary accounts are summarized as follows:

|   |                    |
|---|--------------------|
| <b>FIDUCIARY ASSET ACCOUNT(S)</b>                     |                    |
| Clients' Money Account (Note 5)                       | 1,017,540          |
| Receivable from Insurance Companies' Clients (Note 6) | 28,831,908         |
|   | <b>29,849,448</b>  |
| <b>FIDUCIARY LIABILITY ACCOUNT(S)</b>                 |                    |
| Payable to Insurance Companies (Note 12)              | 29,849,448         |
|   | <b>29,849,448</b>  |
| <b>FIDUCIARY RATIO</b>                                | <b>1.00 : 1.00</b> |

The Company monitors its fiduciary ratio as required by the IC under Circular Letter No. 2021-65 issued on November 5, 2021. Fiduciary ratio is computed by dividing the total fiduciary assets, either cash or receivables being held by an insurance broker, over the total fiduciary liabilities.

### OFFSETTING ARRANGEMENT

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

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## 12. PAYABLE TO INSURANCE COMPANIES

The account represents insurance premiums, for policies already issued and invoiced, payable to insurance companies which are non-interest bearing and payable on agreed terms.

As of **December 31, 2024** and 2023, the Company's payable to insurance companies account balances amounted to **₱29,849,448** and ₱31,153,991, respectively.

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## 13. OTHER PAYABLES

This account consists of:

|                               | 2024           | 2023    |
|-------------------------------|----------------|---------|
| VAT Output Tax                | 255,295        | 136,448 |
| SSS/PHHealth/Pag-Ibig Payable | 56,683         | 54,643  |
| Withholding Tax Payable       | 6,921          | 7,522   |
|                               | <b>318,899</b> | 198,613 |

Lodged under the above accounts are contributions and loans payment collected from employees and payable to SSS, Philhealth, Pag-IBIG.

Also listed above are unremitted VAT dues and withholding taxes. These are remitted to government agencies one month after the reporting date.

## 14. EQUITY

### Capital Stock

The details of this account are as follows:

|                                  | SHARES  |         | AMOUNT      |             |
|----------------------------------|---------|---------|-------------|-------------|
|                                  | 2024    | 2023    | 2024        | 2023        |
| Authorized Common Stock          |         |         |             |             |
| – P100 par value                 | 100,000 | 100,000 | ₱10,000,000 | ₱10,000,000 |
| Issue and outstanding at Dec 31, | 100,000 | 100,000 | ₱10,000,000 | ₱10,000,000 |
| Additional Issuance              | -       | -       | -           | -           |

### Networth

The IC issued Circular Letter No. 2018-52, entitled “Guidelines on the Licensing Requirements of Insurance and/or Reinsurance Brokers” which requires, among others, to wit:

#### Section 3. Capitalization and Net Worth Requirements

*“Existing insurance broker or reinsurance broker must have a net worth of at least Ten Million Pesos (P10,000,000.00) while existing insurance and reinsurance brokers must have a net worth of at least Twenty Five Million Pesos (P25,000,000.00).*

*The foregoing capitalization and net worth requirements shall be without prejudice to the adoption of the risk-based capital approach and other internationally accepted forms of capital framework”*

In 2023, IC issued **Circular Letter No. 2023-02** requiring existing insurance brokers who wish to apply as an HMO broker must maintain a minimum net-worth of ₱ 25,000,000. To comply with this requirement, during the Joint Special Meeting of the stockholders and Board of Directors of the Company held on January 20, 2023, the stockholders and Board of Directors approved the full subscription of the remaining unsubscribed common shares of stocks of the corporation amounting to Seven Million Five Hundred Thousand Pesos (₱7,500,000) consisting of Seventy Five Thousand (75,000) shares with a par value of One Hundred Peso (₱ 100) per share.

The Company’s net worth as of **December 31, 2024** and 2023 is **₱28,938,158** and **₱28,740,653**, respectively. As of December 31, 2024, the Company’s Net-worth is over the required minimum net-worth as required by the IC for insurance and HMO brokers.

### Contingency Surplus

Balance of this account represents accumulated cash infusions made by Mr. Eduardo A. Buendia, a major stockholder of the Company, during the early years of operation of the Company to boost its capital structure. As of December 31, 2024,

Mr. Buendia has already contributed a total amount of ₱5,384,400. In 2022, both Mr. Eduardo A. Buendia and Mr. Angelo Antonio P. Buendia made additional contribution to its contingency surplus amounting to **₱8,078,000** thereby increasing the contingency surplus balance to **₱13,462,400**.

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## 15. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions or if they are subjected to common control or common significant influence such as subsidiaries and associates of subsidiaries or other related parties. Related parties may be individuals or corporate entities and are classified as entities with significant influence, subsidiaries, associates, other related parties and key personnel (Note 2).

The Company has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business and on substantially same terms, including interest and collateral, as those prevailing at the time for comparable transactions with other parties. These transactions also did not involve more than the normal risk of collectability and did not present other unfavorable conditions.

### KEY MANAGEMENT COMPENSATION

Key management includes the Board of Directors (executive and non-executive) and all Officers the Company. There were no fixed salaries paid to the Members of the Board of Directors during the year.

There are no agreement between the Company and any of its key management personnel providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Company's retirement plan or as provided under RA 7641, Retirement Pay Law.

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## 16. COST OF SERVICES

The following are the breakdown of direct costs and expenses from rendering of services:

|                     | 2024             | 2023      |
|---------------------|------------------|-----------|
| Salaries and Wages  | <b>2,672,000</b> | 2,483,000 |
| Office Rental       | <b>972,600</b>   | 972,600   |
| Employees' Benefits | <b>566,331</b>   | 538,672   |
| Communications      | <b>295,664</b>   | 285,561   |
| <b>Total</b>        | <b>4,506,595</b> | 4,279,833 |

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## 17. OPERATING EXPENSES

The details of operating expenses by nature are shown below:

|                         | 2024             | 2023             |
|-------------------------|------------------|------------------|
| Depreciation            | 331,520          | 432,709          |
| Light and Water         | 282,256          | 277,946          |
| Travel- Home            | 216,535          | 201,594          |
| Taxes & Licenses        | 794,042          | 182,511          |
| Car Running Costs       | 185,320          | 177,019          |
| Miscellaneous Expenses  | 184,577          | 151,957          |
| Entertainment- Home     | 104,881          | 107,231          |
| Stationeries & Supplies | 97,997           | 98,519           |
| Postage                 | 66,470           | 66,881           |
| Insurance               | 25,954           | 43,529           |
| Professional Fees       | 50,000           | 40,000           |
| Bank Charges            | 7,450            | 5,500            |
| <b>Total</b>            | <b>2,347,002</b> | <b>1,785,396</b> |

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## 18. TAXES

### Current Taxes

The major components of tax expense for the years ended December 31 are as follows:

|   | 2024   | 2023    |
|---|--------|---------|
| Current tax expense:  |        |         |
| Regular corporate income tax (RCIT) at 20%                    | 49,140 | 163,928 |
| Minimum Corporate Income Tax (at 2%)                          | 38,891 | 39,076  |
| Tax expense reported at<br>Statements of Comprehensive Income | 49,140 | 163,928 |

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The Company is already subject to the Minimum Corporate Income Tax (MCIT) which is computed at 2% of gross income for 2024 as defined under the tax regulations. The income tax liability for the taxable year ending December 31, 2024 is ₱49,140 under RCIT since it was higher than MCIT.

### TRAIN LAW

On December 19, 2017, the President signed Republic Act RA 10963 or Tax Reform for Acceleration and Inclusion or the TRAIN law. The TRAIN law became effective beginning January 2018.

TRAIN relatively decreases the tax on personal income, estate, and donation. However, it also increases the tax on certain passive incomes, documents (documentary stamp tax) as well as excise tax on petroleum products, minerals, automobiles, and cigarettes. It also imposes new taxes in the form of excise tax on sweetened beverages and non-essential services and removes the tax exemption of Lotto and other PCSO winnings amounting to more than ₱10,000.

## **REDUCED TAXES**

### Personal Income Tax

The most popular part of the TRAIN is the reduction of personal income tax of a majority of individual taxpayers. Under TRAIN, an individual with a taxable income of ₱250,000 or less will now be exempt from income tax. Those with a taxable income of above ₱250,000 will be subject to the rate of 20% to 35% effective 2018, and 15% to 35% effective 2023. Moreover, the deductible 13th month pay and other benefits are now higher at ₱90,000.

Another innovation under TRAIN is the option of self-employed individuals and/or professionals whose gross sales or receipts do not exceed ₱3,000,000 to avail of an 8% tax on gross sales or gross receipts in excess of ₱250,000, in lieu of the graduated income tax rates. Also, some items that were previously deducted to arrive at taxable income had been removed under TRAIN. These are the personal exemption of ₱50,000, additional exemption of ₱25,000 per dependent child, and the premium for health and hospitalization insurance of ₱2,400 per year.

### Donor's tax

The donor's tax rate was also amended to a single rate of 6% regardless of the relationship between the donor and the donee. However, the donation of real property is now subject to Documentary Stamp Tax of ₱15 for every ₱1,000.

### Value Added Tax

There are also amendments to VAT which lessen the burden of taxpayers:

- *Increase of VAT threshold from ₱1,919,500 to ₱3,000,000*
- *Starting 2019, the sale of drugs and medicines for diabetes, high cholesterol, and hypertension will be exempt from VAT*
- *Increase of VAT exemption for lease of a residential unit from ₱12,800 to ₱15,000*
- *Association dues, membership fees, and other assessments and charges collected by homeowners associations and condominium corporations are now expressly VAT exempt*

## **INCREASED TAXES**

### Passive Income

TRAIN imposes higher taxes on some passive incomes, including interest income from dollar and other foreign currency deposits. There is also a significant increase in the tax on sale of shares of stocks.

### Documentary Stamp Tax

TRAIN increases the rates of Documentary Stamp Taxes (DST), DST on almost all taxable documents.

### Simplified tax compliance

The TRAIN law introduces amendments which are geared towards simpler tax compliance. Some of these amendments are:

- *The Income Tax Returns shall not be more than 4 pages.*

- *The Tax Return for final and creditable withholding taxes shall be filed quarterly instead of monthly.*
- *With regard to estate tax, several measures were adopted to simplify its computation and payment.*
- *Beginning January 1, 2023, the filing of VAT Return and payment of tax shall be done quarterly instead of monthly.*
- *The BIR is required to act on application for VAT refund within 90 days. Otherwise, the BIR official, agent or employee will be criminally liable.*
- *The Financial Statements of a taxpayer should be audited if the gross annual sales, earnings, receipts or output exceed ₱3,000,000 (up from ₱150,000).*

### **CREATE LAW**

The Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill was finally signed by the President on March 26, 2021 as Republic Act No. 11534. With this law, corporate income tax in the country, currently at 30%, is lowered to 25% for large corporations and 20% for small businesses.

Below are some of the provisions with retroactive effect:

#### **1. Corporate income tax (CIT) rates of domestic corporations and resident foreign corporations**

Effective July 1, 2020, corporate income tax of domestic corporations shall either be 20% or 25%. The 20% rate applies to domestic corporations with a net taxable income not exceeding P5 million AND with total assets not exceeding P100 million. In computing the total assets, the value of the land where the office, plant and equipment are situated during the taxable year is to be excluded.

All other domestic corporations are subject to the 25% corporate income tax rate. Resident foreign corporations are subject to 25% income tax effective July 1, 2020.

#### **2. CIT of proprietary educational institutions and hospitals**

Beginning July 1, 2020 until June 30, 2023, proprietary educational institutions and hospitals which are non-profit are subject to a tax of one per-cent (1%) on their taxable income.

#### **3. CIT of non-resident foreign corporations**

Non-resident corporations are subject to income tax of 25% of their gross income from the Philippines effective July 1, 2020.

#### **4. Minimum corporate income tax (MCIT)**

The MCIT for both domestic and resident foreign corporations has been decreased to 1% from July 1, 2020 until June 30, 2023.

#### **5. Percentage Tax**