COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

CS201906000

Company Name

CEBUANA LHUILLIER INSURANCE BROKERS, INC. Doing business under the name and style of Cebuana Lhuillier Financial

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

6th Floor PNB Financial Center President Diosdado Macapagal Blvd., Barangay 76, 1300 Pasay City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
clib_insurance@yahoo.com	**8895-5339**	**N/A**

No. of Stockholders	Annual Meeting Month / Day	Calendar Year Month / Day
8	**April 8**	**December 31**

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number	Mobile Number
Ms. Caroline O. Villaseran	**covillaseran@pjlhuillier.com**	**7599888 loc. 1531**	**0920-913-3943**

Contact Person's Address

CLSC Building, 1600 Baler corner Pililia Sts., Valenzuela, Makati City

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

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

CEBUANA LHUILLIER INSURANCE BROKERS INC.

1133S Chino Roces Avenue cor. Metropolitan Avenue, Brgy. San Antonio, Makati City

**STATEMENT OF MANAGEMENT RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of **CEBUANA LHUILLIER INSURANCE BROKERS INC.** (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years 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 of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible in 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.

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

JEAN HENRI D. LHUILLIER
Chairman of the Board and President and CEO

FILEMON CECILIO A. CABUNGCAL
Chief Finance Officer

Signed this day of :

REPUBLIC OF THE PHILIPPINES)
) S.S.
MAKATI CITY

Before me, a Notary Public for and in MAKATI CITY this ______ day of MAR 2 6 2025, personally appeared:

NAME	ID AND ID NO.	DATE AND PLACE ISSUED	TIN
JEAN HENRI D. LHUILLIER	CTC# 13770511	January 2, 2025/Parañaque City	126-715-389
FILEMON CECILIO A. CABUNGCAL	UMID 0111-4392645		204-855-765

Known to me to be the same persons executed in the foregoing instrument and that they acknowledged to me that the same is their free and voluntary act and deed and that of the principals they represent.

INWITNESS WHEREOF, I have hereunto affixed my notarial seal at the date and place first above written.

Doc. No. 258;
Page No. 53;
Book No. VIII;
Series of 2025.

ATTY. RENE MA. M. VILLA
Notary Public of Makati City
Appointment No. M-110
(Ren) (2025 - 2026)
Until December 31, 2026
PTR No.10467471; 01-03-2025; Makati City
IBP Lifetime No. 013595; 12-27-2013; I.C
Roll No. 37226
MCLE Compliance No. VIII-0012754; 08-27-2024
Ground Floor, Makati Terraces Condominium
3650 Davila St., Tejeros, Makati City

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Cebuana Lhuillier Insurance Brokers, Inc.
6th Floor PNB Financial Center
President Diosdado Macapagal Blvd.
Barangay 76, 1300 Pasay City
Fourth District National Capital Region (NCR)

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Cebuana Lhuillier Insurance Brokers, Inc. (the Company), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2024 and 2023, and notes to the financial statements, including a summary of material accounting policy information.

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

Basis for Opinion

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audits were 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 Note 20 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Cebuana Lhuillier Insurance Brokers, Inc. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements and in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

REYES TACANDONG & CO.

Pamela Ann P. Escuadro

PAMELA ANN P. ESCUADRO
Partner
CPA Certificate No. 128829
Tax Identification No. 216-321-918-000
BOA Accreditation No. 4782/P-013; Valid until June 6, 2026
IC Accreditation No. 128829-IC
Issued February 22, 2021
Valid for Financial Periods 2020 to 2024
BIR Accreditation No. 08-005144-013-2023
Valid until January 24, 2026
PTR No. 10467125
Issued January 2, 2025, Makati City

April 8, 2025
Makati City, Metro Manila

CEBUANA LHUILLIER INSURANCE BROKERS, INC.

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2024**	2023
ASSETS			
Current Assets			
Cash	4	**₱227,250,006**	₱178,872,945
Trade and other receivables	5	**298,149,555**	152,604,947
Other current assets	6	**14,378,042**	19,480,951
Total Current Assets		**539,777,603**	350,958,843
Noncurrent Assets			
Property and equipment	7	**61,843,423**	11,766,178
Computer software	8	**7,222,470**	8,068,151
Net retirement plan asset	15	**4,126,765**	4,189,525
Refundable deposits - net of current portion	17	**2,093,619**	2,017,771
Net deferred tax assets	16	**5,487,834**	1,526,713
Total Noncurrent Assets		**80,774,111**	27,568,338
		₱620,551,714	₱378,527,181
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	9	**₱248,352,987**	₱178,205,986
Current portion of lease liabilities	17	**4,945,305**	582,641
Total Current Liabilities		**253,298,292**	178,788,627
Noncurrent Liability			
Lease liabilities - net of current portion	17	**18,974,863**	573,287
Total Liabilities		**272,273,155**	179,361,914
Equity			
Capital stock	11	**95,000,000**	95,000,000
Stock dividends distributable	11	**98,800,000**	–
Retained earnings	11	**149,675,438**	99,379,882
Cumulative remeasurement gain on net retirement plan asset	15	**4,803,121**	4,785,385
Total Equity		**348,278,559**	199,165,267
		₱620,551,714	₱378,527,181

See accompanying Notes to Financial Statements.

CEBUANA LHUILLIER INSURANCE BROKERS, INC.

STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31	
	Note	**2024**	2023
SERVICE INCOME	17	**₱846,340,470**	₱574,788,494
COST OF SERVICES	12	**503,785,548**	356,658,492
GROSS INCOME		**342,554,922**	218,130,002
OPERATING EXPENSES	13	**(149,533,319)**	(100,320,099)
OTHER INCOME	14	**9,552,082**	10,253,977
INTEREST EXPENSE ON LEASE LIABILITIES	17	**(1,009,830)**	(97,741)
INCOME BEFORE INCOME TAX		**201,563,855**	127,966,139
PROVISION FOR (BENEFIT FROM) INCOME TAX	16		
Current		**56,435,332**	35,412,769
Deferred		**(3,967,033)**	(1,135,640)
		52,468,299	34,277,129
NET INCOME		**149,095,556**	93,689,010
OTHER COMPREHENSIVE INCOME			
Remeasurement gain on net retirement liability - net of tax	15	**(17,736)**	–
TOTAL COMPREHENSIVE INCOME		**₱149,113,292**	₱93,689,010

See accompanying Notes to Financial Statements.

CEBUANA LHUILLIER INSURANCE BROKERS, INC.

STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31 2024	2023
CAPITAL STOCK - ₱100 par value			
Authorized - 5,000,000 shares			
Issued and outstanding - 950,000 shares		**₱95,000,000**	₱95,000,000
STOCK DIVIDENDS DISTRIBUTABLE			
Balance at beginning of year		**–**	–
Stock dividends	11	**98,800,000**	–
Balance at end of year		**98,800,000**	–
RETAINED EARNINGS			
Unappropriated			
Balance at beginning of year		**23,379,882**	111,140,872
Net income		**149,095,556**	93,689,010
Stock dividends	11	**(98,800,000)**	–
Transfer from (to) appropriated retained earnings		**76,000,000**	(76,000,000)
Cash dividends	11	**–**	(105,450,000)
Balance at end of year		**149,675,438**	23,379,882
Appropriated	11		
Balance at beginning of year		**76,000,000**	–
Transfer from (to) unappropriated retained earnings		**(76,000,000)**	76,000,000
Balance at end of year		**–**	76,000,000
		149,675,438	99,379,882
CUMULATIVE REMEASUREMENT GAIN ON NET RETIREMENT PLAN ASSET			
Balance at beginning of year		**4,785,385**	4,785,385
Remeasurement gain		**17,736**	
Balance at end of year		**4,803,121**	4,785,385
		₱348,278,559	₱199,165,267

See accompanying Notes to Financial Statements.

CEBUANA LHUILLIER INSURANCE BROKERS, INC.

STATEMENTS OF CASH FLOWS

		Years Ended December 31	
	Note	**2024**	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱201,563,855**	₱127,966,139
Adjustments for:			
Depreciation and amortization	7	**8,963,681**	6,416,607
Provision for expected credit losses on receivables (ECL)	5	**7,581,943**	3,583,619
Provision for probable losses	9	**4,000,000**	5,538,965
Interest expense on lease liabilities	17	**1,009,830**	97,741
Loss on retirement of leasehold improvements	7	**1,199,365**	–
Interest income	4	**(231,361)**	(94,831)
Net retirement benefit expense	15	**86,408**	1,064,546
Operating income before working capital changes		**224,173,721**	144,572,786
Decrease (increase) in:			
Trade and other receivables		**(153,126,551)**	(8,791,658)
Other current assets		**5,102,909**	(16,427,386)
Increase in trade and other payables		**66,147,001**	28,017,471
Net cash generated from operations		**142,297,080**	147,371,213
Income taxes paid		**(56,435,332)**	(35,412,769)
Interest received		**231,361**	94,831
Net cash provided by operating activities		**86,093,109**	112,053,275
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property and equipment	7	**(33,114,178)**	(5,782,787)
Refundable deposit		**(75,848)**	–
Computer software	8	**–**	(2,449,942)
Proceeds from disposal of transportation equipment	7	**245,914**	–
Net cash used in investing activities		**(32,944,112)**	(8,232,729)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments of:			
Lease liabilities	17	**(4,771,936)**	(3,596,895)
Cash dividends	11	**–**	(105,450,000)
Cash used in financing activities		**(4,771,936)**	(109,046,895)
NET INCREASE (DECREASE) IN CASH		**48,377,061**	(5,226,349)
CASH AT BEGINNING OF YEAR		**178,872,945**	184,099,294
CASH AT END OF YEAR		**₱227,250,006**	₱178,872,945

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

1. **Corporate Information**

Cebuana Lhuillier Insurance Brokers, Inc. doing business under the name and style of Cebuana Lhuillier Financial (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on April 11, 2019 to act as broker soliciting, procuring, negotiating, receiving, managing, and forwarding applications for non-life, life, pre-need, mutual funds and HMO (Health Management Organization) and all other kinds of insurance contracts, or in any other manner aiding in taking out insurance, collecting payments of premiums due on such policies, and doing such other business as may be delegated to brokers of such companies in the conduct of a general insurance brokerage business.

The registered office of the Company is 6th Floor PNB Financial Center President Diosdado Macapagal Blvd. Barangay 76, 1300 Pasay City, Fourth District National Capital Region (NCR).

On February 24, 2020, the Insurance Commission (IC) granted the Company's license to operate as an insurance broker with Certificate of Authority No. IB-03-2023-R valid until December 31, 2025.

On March 1, 2020, the Company commenced its operations as a regular insurance broker on behalf of its principal insurance companies.

Approval of the Financial Statements
The financial statements as at and for the years ended December 31, 2024 and 2023 were approved and authorized for issue by the Board of Directors (BOD) on April 8, 2025.

2. **Summary of Material Accounting Policy Information**

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

Measurement Basis
The financial statements of the Company are presented in Philippine Peso (Peso), the Company's functional and presentation currency. All amounts are rounded to the nearest Peso unless otherwise stated.

The financial statements have been prepared on a historical cost basis of accounting except for net retirement plan asset which are measured at present value of defined benefit obligation less fair value of plan assets and lease liabilities which are measured at present value of minimum lease payments. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

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

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

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

Further information about the assumptions made in measuring fair values is included in Note 19, *Fair Value Measurement*.

Adoption of Amendments to PFRS Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS Accounting Standards effective for annual periods beginning on or after January 1, 2024:

- Amendments to PFRS 16, *Leases - Lease Liability in a Sale and Leaseback* – The amendments clarify that the liability that arises from a sale and leaseback transaction, that satisfies the requirements in PFRS 15, *Revenue from Contracts with Customers,* to be accounted for as a sale, is a lease liability to which PFRS 16 applies and give rise to a right-of-use asset. For the subsequent measurement, the seller-lessee shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying this subsequent measurement does not prevent the seller-lessee from recognizing any gain or loss relating to the partial or full termination of a lease. Any gain or loss relating to the partial or full termination of the lease does not relate to the right of use retained but to the right of use terminated. The amendments must be applied retrospectively. Earlier application is permitted.

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* for that period.

- Amendments to PAS 7, *Statement of Cash Flows* and PFRS 7, *Financial Instrument: Disclosures - Supplier Finance Arrangements* – The amendments introduced new disclosure requirements to enable users of the financial statements assess the effects of supplier finance arrangements on the liabilities, cash flows and exposure to liquidity risk. The amendments also provide transitional relief on certain aspects, particularly on the disclosures of comparative information. Earlier application is permitted.

The adoption of the amendments to PFRS Accounting Standards did not materially affect the financial statements of the Company. Additional disclosures were included in the financial statements, as applicable.

Amendments to PFRS Accounting Standards in Issue But Not Yet Effective
Relevant amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2024, are summarized below.

Effective for annual periods beginning on or after January 1, 2025:

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability* – The amendments clarify when a currency is considered exchangeable into another currency and how an entity determines the exchange rate for currencies that lack exchangeability. The amendments also introduce new disclosure requirements to help users of financial statements assess the impact when a currency is not exchangeable. An entity does not apply the amendments retrospectively. Instead, an entity recognizes any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9, *Financial Instruments,* and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at fair value through other comprehensive income (FVOCI). Earlier application is permitted.

Annual Improvements to PFRS Accounting Standards Volume 11:

- Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.

- Amendments to PFRS 9, *Financial Instruments – Transaction Price and Lessee Derecognition of Lease Liabilities* – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments also replace the reference to *'transaction price as defined by PFRS 15, Revenue from Contracts with Customers'* to *'the amount determined by applying PFRS 15'* to remove potential confusion. Earlier application is permitted.

- Amendments to PAS 7, *Statement of Cash Flows - Cost Method* – The amendments replace the term 'cost method' with 'at cost' following the deletion of the definition of 'cost method'. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2027:

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity's assets, liabilities, equity, income and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing amended PFRS Accounting Standards is not expected to have any material effect on the financial statements of the Company. Additional disclosures will be included in the financial statements, as applicable.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset or a liability or equity instrument of another entity.

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

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

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

Financial Assets

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

As at reporting date, the Company does not have financial assets measured at FVPL and FVOCI.

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

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

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

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

The Company's cash, trade and other receivables and refundable deposits (included under "Other current assets" account) are classified under this category (see Notes 4, 5 and 6).

Cash. Cash includes cash on hand and in banks which are measured at face value. Cash in banks earn interest at prevailing bank deposit rates.

Trade and Other Receivables. Trade and other receivables are recognized initially at transaction price and are subsequently measured at undiscounted amount of cash or other consideration expected to be received less provision for impairment loss, if any.

Impairment. The Company recognizes an allowance for ECL on its receivables. For trade receivables, the Company has applied the simplified approach in measuring ECL.

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

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

The Company considers a financial asset to be in default when contractual payments are 90 days past due unless it is demonstrated that the non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

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

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

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

There were no reclassifications of financial assets in 2024 and 2023.

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

- The right to receive cash flows from the asset has expired;

- The Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- The Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of ownership of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset.

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

Financial Liabilities

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

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

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

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

The Company's trade and other payables (excluding payable to government agencies, deferred output value-added tax (VAT), provision for probable losses and unearned income) and lease liabilities are classified under this category (see Notes 9 and 17).

Classification of Financial Instrument between Liability and Equity. A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;

- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or

- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

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

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

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

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

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

Other Current Assets
Other current assets mainly include refundable deposits and creditable withholding tax (CWT), initially recorded at transaction cost.

CWT. CWT represents the amount withheld by the Company's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source, subject to the rules on Philippine income taxation. CWT is recognized at transaction amount less provision for impairment loss, if any.

Property and Equipment
Property and equipment, except for construction in-progress (CIP), is stated at cost less accumulated depreciation, amortization and any impairment loss.

The initial cost of property and equipment comprises its purchase price, including import duties and nonrefundable taxes and any direct costs attributable in bringing the property and equipment to its working condition and location for its intended use. Cost also includes the cost of replacing part of such property and equipment when the recognition criteria are met.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to profit or loss in the year the costs are incurred. In situations where it can be clearly demonstrated that these expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Right-of-use (ROU) asset represents a lessee's right to use an underlying asset for the lease term. These are recognized at the commencement date of the lease and are measured at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of the ROU asset shall comprise the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred and an estimation of costs to be incurred by the Company in dismantling and removing the underlying asset.

CIP pertains to properties under construction and is stated at cost. Cost includes costs of construction, labor and other direct costs. Upon completion, CIP is reclassified to appropriate property and equipment category. CIP is not depreciated until such time that the relevant assets are completed and available for intended use.

Depreciation and amortization commence when property and equipment is in its location or condition capable of being operated in the manner intended by management. Depreciation and amortization cease at the earlier of the date that the item is classified as held for sale and the date the property and equipment is derecognized.

Major renovations that qualify for capitalization are depreciated and amortized over the remaining useful life of the related property and equipment or to the date of the next major renovation, whichever is earlier.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets as follows:

Asset Type	Number of Years
Leasehold improvements	5
ROU assets	3 to 5 or lease term, whichever is shorter
Office equipment, furniture and fixtures	5
Computer equipment	5
Transportation equipment	5

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment, and adjusted prospectively, if there is an indication of a significant change since the last reporting date.

Fully depreciated and amortized property and equipment are retained in the accounts until these are no longer in use and no further charge for depreciation and amortization is made in respect of those property and equipment.

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

Computer Software

Computer software is stated at cost, which includes purchase price and other direct costs, less accumulated amortization and any impairment loss.

Amortization of computer software commences when the asset is in its location or condition capable of being operated in the manner intended by management. Amortization ceases at the earlier of the date that the asset is classified as held for sale and the date the asset is derecognized.

Computer software is amortized over its useful life of five years on a straight-line basis and assessed for impairment whenever there is an indication that the computer software may be impaired. The estimated useful life and amortization method for computer software are reviewed at least annually. Changes in the expected useful life or expected pattern of consumption of future economic benefits embodied in the computer software are recognized as part of current operations.

When computer software is retired or otherwise disposed of, the cost and the related accumulated amortization and any impairment losses are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Impairment of Nonfinancial Assets

At each reporting date, nonfinancial assets are reviewed to determine whether there is any indication that these assets maybe impaired. If there is an indication of possible impairment, the recoverable amount of any asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit or loss.

The recoverable amount of an asset is the greater of its value in use or its fair value less cost of disposal. Value in use is the present value of future cash flows expected to be derived from an asset. 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 assessment of the time value of money and the risks specific to the asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized. Reversals of impairment are recognized in profit or loss.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued and outstanding.

Stock Dividends Distributable. Stock dividends are recognized as stock dividends distributable and deducted from equity in the year in which the dividends are approved by the BOD. In cases when stock dividends are declared in conjunction with the application for increase in authorized capital stock, stock dividends will be distributed upon approval of the SEC of the increase in authorized capital stock.

Retained Earnings. Retained earnings represent the cumulative balance of net income, net of dividend declarations. Cash dividends are recognized as liability and deducted from equity when these are approved by the BOD of the Company. Stock dividends are deducted from retained earnings when the right to distribute the shares has been established usually upon declaration by the BOD and approval of the stockholders. Dividends that are approved after the reporting year are dealt with as an event after the reporting date.

Cumulative Remeasurement Gain on Net Retirement Asset. This pertains to accumulated remeasurement gains or losses on net retirement asset, which are not recognized in profit or loss. Remeasurement gain or loss when earned or incurred for the period are classified as other comprehensive income or loss and presented after net income in the statement of comprehensive income. The accumulated remeasurement gains or losses are separately presented in the equity section of the statement of financial position.

Revenue Recognition

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

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as an agent in all of its revenue sources.

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

Service Income. Service income is recognized when services as an insurance broker have been rendered. Service income includes gross inflows of economic benefits received and receivable by the entity on its own account. Amounts collected on behalf of third parties such as sales taxes, goods and service taxes and VAT are not economic benefits which flow to the entity and do not result in increases in equity. The amounts collected on behalf of the principals are not recognized as revenue. Income received in advance as at reporting date is recorded at face amount and are recognized as revenue when the Company performs under the contract. Accordingly, commission received in advance are recorded as unearned income and presented as "Others" under trade and other payables in the statement of financial position.

Revenue outside the scope of PFRS 15 is recognized as follows:

Rental Income. Rental income on leased property is recognized on a straight-line basis over the lease term.

Interest Income. Interest income is recognized as the interest accrues, taking into consideration the effective yield on the asset.

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss upon consumption of goods or utilization of services at the date these expenses are incurred.

Cost of Services. Cost of services pertains to cost directly attributable to the revenue generating activities of the Company. It is recognized when the related expense to render the services are incurred.

Operating Expenses. Operating expenses constitute cost of administering the business and costs incurred to market and sell the services. These are expensed as incurred.

Interest Expense. Interest expense is recognized in profit or loss using the effective interest method.

Related Party Transactions and Relationships

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

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

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

Leases

The Company assesses whether the contracts is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

a. The right to obtain substantially all of the economic benefits from the use of the identified asset; and

b. The right to direct the use of the identified asset.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Company also assesses whether a contract contains a lease for each potential separate lease component.

The Company as a Lessee. At the commencement date, the Company recognizes ROU asset and lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

ROU Asset. At commencement date, the Company measures ROU asset at cost. The cost comprises:

a. The amount of the initial measurement of lease liability;

b. Any lease payments made at or before the commencement date less any lease incentives received;

c. Any initial direct costs; and

d. An estimation of costs to be incurred by the Company in dismantling and removing the underlying asset, when applicable.

The ROU asset is recognized at the present value of the liability at the commencement date of the lease, adding any directly attributable costs. After the commencement date, the ROU asset is carried at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the related lease liability. The ROU asset is depreciated over the shorter of the lease terms or the useful lives of the underlying assets ranging from three to five years. The ROU assets is included as part of "Property and equipment" account in the statement of financial position.

Lease Liabilities. At commencement date, the Company measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability comprise the following:

a. Fixed payments, including in-substance fixed payments;

b. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

c. Amounts expected to be payable by the lessee under residual value guarantees; and

d. The exercise price under a purchase option that the Company is reasonably certain to exercise; lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

Lease liability is classified in the statement of financial position as current liabilities when it is expected to be paid for no more than 12 months after the financial year. Otherwise, lease liability is classified as noncurrent liabilities.

Employee Benefits

Short-term Employee Benefits. The Company provides short-term benefits to its employees in the form of basic salary, 13th month pay, leave credits, bonuses, employer's share on government contributions and other short-term benefits.

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

Retirement Benefits. The Company has a funded, noncontributory defined benefit plan covering all its qualified employees. The cost of retirement benefits is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs and net interest expense or income in profit or loss. Net interest is calculated by applying the discount rate to the net retirement liability or asset.

Remeasurements comprising actuarial gains and losses and return on plan assets are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

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

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. The fair value of the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Income Tax

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

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

Deferred tax is recognized in profit or loss except for the effect of items recognized as OCI or items directly recognized in equity.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable income will be available against which the deductible temporary differences 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 there will be sufficient taxable profit against which part of the deferred tax asset can be utilized. Unrecognized deferred tax asset is reassessed at each reporting date and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred tax asset to be recovered.

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

Offsetting. Deferred tax assets and liabilities are offset if a legally enforceable right exists to offset 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 legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation and the amount can be reliably estimated.

Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

Contingencies

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

Events after the Reporting Date

Events after the reporting date that provide additional information about the Company's financial position as at reporting date (adjusting events) are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes to financial statements when material.

3. **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the financial statements in compliance with PFRS Accounting Standards requires management to exercise judgments, make estimates and use assumptions that affect the amounts reported in the financial statements and accompanying notes. These judgments, estimates and assumptions are based upon management's evaluation of relevant facts and circumstances as at reporting date. Actual results could differ from these judgments, estimates and assumptions used and the effect of any change in estimates will be adjusted accordingly when these become reasonably determinable.

Judgments, estimates and assumptions 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.

The Company believes the following represent a summary of these significant judgments, estimates and assumptions and related impact and associated risks in the financial statements.

Judgments

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

Determining whether the Company Acts as a Principal or an Agent on its Service Income. The Company determined that it has no control over the determination of its service income. The Company receives its revenues by providing services to its principals. Accordingly, the Company determined that it acts in the capacity of an agent, rather than as a principal in its insurance broker operations. Service income which includes service fees and commission earned amounted to ₱846.3 million and ₱574.8 million, in 2024 and 2023, respectively (see Note 17).

Classifying Leases - The Company as a Lessor. The Company entered into a sublease agreement covering certain store spaces in its mall branches with a related party. The Company determined, based on the evaluation of terms and conditions of agreement, that the lessor retains all the significant risks and rewards of ownership of the commercial property. Thus, the agreement is accounted for as an operating lease.

Rental income amounted to ₱9.3 million and ₱10.2 million in 2024 and 2023, respectively (see Note 17).

Classifying Leases – The Company as a Lessee. The Company, as a lessee, has an existing renewable lease agreement with a related party covering its office space. For the Company's non-cancellable lease, the Company recognizes ROU asset and lease liability measured at the present value of lease payments to be made over the lease term using the Company's incremental borrowing rate. The Company availed exemption for short-term leases with term of 12 months or less. Accordingly, lease payments on the short-term lease are recognized as expense on a straight-line basis over the lease term.

Depreciation on ROU assets amounted to ₱4.5 million and ₱3.4 million in 2024 and 2023, respectively (see Note 7). Interest expense on lease liabilities amounted to ₱1.0 million and ₱0.1 million in 2024 and 2023 (see Note 17).

The ROU assets included under “Property and equipment” account amounted to ₱23.2 million and ₱1.1 million as at December 31, 2024 and 2023, respectively (see Note 7). Lease liabilities recognized in the statements of financial position amounted to ₱23.9 million and ₱1.2 million as at December 31, 2024 and 2023, respectively (see Note 17).

Rent expense presented under “Operating expenses” line item, arising from short-term leases amounted to ₱19.1 million and ₱11.0 million in 2024 and 2023, respectively (see Note 17).

Determining the Incremental Borrowing Rate (IBR) on Lease. The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities.

The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The Company estimates the IBR using available observable inputs, such as the prevailing Bloomberg Valuation Service (BVAL) interest rates, adjusted for entity-specific estimates, to reflect the terms and conditions of the lease.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the succeeding paragraphs.

Estimating ECL on Receivables. When the Company assessed that there is a significant change in the credit risk, the Company estimates ECL using a provision matrix which considers the Company’s historical credit loss experience adjusted for forward-looking factors, as appropriate.

Provision for ECL on receivables amounted to ₱7.6 million and ₱3.6 million in 2024 and 2023, respectively. The carrying amount of trade and other receivables amounted to ₱298.1 million and ₱152.6 million as at December 31, 2024 and 2023, respectively (see Note 5).

Estimating the Useful Lives of Property and Equipment and Computer Software. The Company estimates the useful lives of property and equipment and computer software based on the periods over which these assets are expected to be available for its use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and legal or other limits on the use of the assets.

There was no change in the estimated useful lives of property and equipment and computer software in 2024 and 2023. The carrying amount of property and equipment amounted to ₱61.8 million and ₱11.8 million as at December 31, 2024 and 2023, respectively (see Note 7). The carrying amount of computer software amounted to ₱7.2 million and ₱8.1 million as at December 31, 2024 and 2023, respectively (see Note 8).

Assessing Impairment Losses on Nonfinancial Assets. The Company assesses the impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable.

Factors that the Company considers in deciding when to perform impairment review includes the following, among others:

- Significant changes or planned changes in the use of the assets or the strategy for overall business;
- Significant under-performance relative to expected historical or projected future operating results; and
- Significant negative industry or economic trends.

The Company determined that there are no indications of impairment on its property and equipment and accordingly, no impairment losses were recognized in 2024 and 2023.

The carrying amount of significant nonfinancial assets as at December 31, 2024 and 2023, are as follows:

	Note	**2024**	2023
Property and equipment	7	**₱61,843,423**	₱11,766,178
Computer software	8	**7,222,470**	8,068,151

Assessing Provisions and Evaluating Contingencies. Provisions can be distinguished from other liabilities because there is uncertainty about the timing and amount of settlement. The most common provisions recorded by the Company arise from obligations in relation to unasserted claims. Contingent liabilities of the Company are not recognized but disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

In 2024 and 2023, the Company recognized provision for probable loss representing unasserted claims and assessments amounting to ₱4.0 million and ₱5.5 million, respectively. Outstanding provisions included as part of other payables line item under "Trade and other payables" account amounted to ₱9.5 million and ₱5.5 million as at December 31, 2024 and 2023, respectively (see Note 9).

Assessing the Realizability of Deferred Tax Asset. The Company reviews the carrying value of deferred tax asset at the end of each financial reporting date and reduces the carrying value 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. The Company also reviews the expected timing and tax rate upon reversal of temporary differences and adjusts the impact of deferred tax accordingly.

Recognized gross deferred tax assets offset against deferred tax liabilities amounted to ₱6.5 million and ₱2.6 million as at December 31, 2024 and 2023, respectively (see Note 16).

4. Cash

This account consists of:

	2024	2023
Cash in banks	**₱226,346,309**	₱178,020,395
Cash on hand	**903,697**	852,550
	₱227,250,006	₱178,872,945

Cash in banks earn interest at the prevailing bank deposit rates. Interest income amounted to ₱231,361 and ₱94,831 in 2024 and 2023, respectively (see Note 14).

5. Trade and Other Receivables

This account consists of:

	Note	2024	2023
Trade receivables			
Third parties		**₱185,022,755**	₱82,850,625
Related parties	10	**107,336,235**	57,518,408
Due from related parties	10	**6,934,134**	3,995,534
Due from principals		**6,818,483**	13,807,357
Others		**1,950,723**	338,630
		308,062,330	158,510,554
Less allowance for ECL		**9,912,775**	5,905,607
		₱298,149,555	₱152,604,947

Trade receivables consist of commissions due from principal insurance companies and service fee collected by related parties on behalf of the Company. Commissions are noninterest-bearing and are generally collected upon remittance of the premiums to the principal insurance companies which is normally in the subsequent period.

Due from principals pertain to claims released to the beneficiaries which are collectible from principal insurance companies.

The movement in allowance for ECL on receivables is as follows:

	Note	2024	2023
Balance at beginning of year		**₱5,905,607**	₱2,321,988
Provision for ECL	13	**7,581,943**	3,583,619
Write-off		**(3,574,775)**	–
Balance at end of year		**₱9,912,775**	₱5,905,607

6. Other Current Assets

This account consists of:

	Note	2024	2023
Refundable deposits	17	**₱7,979,159**	₱7,300,154
CWT		**3,717,178**	7,253,034
Prepaid rent	17	**1,894,934**	1,912,780
Deferred input VAT		**–**	2,514,586
Others		**786,771**	500,397
		₱14,378,042	₱19,480,951

Refundable deposits arise from operating lease agreements which is measured at initial transaction cost. This includes refundable deposit on lease agreements with related parties amounting to ₱0.2 million as at December 31, 2024 and 2023 (see Note 10).

Deferred input VAT represents input VAT on unpaid services.

7. Property and Equipment

Movements in this account are summarized below:

		2024					
	Note	**Leasehold Improvements**	**ROU Assets (see Note 17)**	**Office Equipment, Furniture and Fixtures**	**Computer Equipment**	**Transportation Equipment**	**Total**
Cost							
Balance at beginning of year		**₱10,652,472**	**₱1,773,886**	**₱1,720,152**	**₱581,440**	**₱4,144,406**	**₱18,872,356**
Additions		**31,298,224**	**26,526,346**	**1,815,954**	**–**	**–**	**59,640,524**
Retirement and disposal		**(2,143,077)**	**–**	**–**	**–**	**(307,393)**	**(2,450,470)**
Balance at end of year		**39,807,619**	**28,300,232**	**3,536,106**	**581,440**	**3,837,013**	**76,062,410**
Accumulated Depreciation and Amortization							
Balance at beginning of year		**5,115,758**	**673,095**	**600,816**	**249,949**	**466,560**	**7,106,178**
Depreciation and amortization	13	**2,177,148**	**4,450,727**	**568,214**	**116,380**	**805,531**	**8,118,000**
Retirement and disposal		**(943,712)**	**–**	**–**	**–**	**(61,479)**	**(1,005,191)**
Balance at end of year		**6,349,194**	**5,123,822**	**1,169,030**	**366,329**	**1,210,612**	**14,218,987**
Carrying Amounts		**₱33,458,425**	**₱23,176,410**	**₱2,367,076**	**₱215,111**	**₱2,626,401**	**₱61,843,423**

		2023						
		Leasehold Improvements	ROU Assets (see Note 17)	Office Equipment, Furniture and Fixtures	Computer Equipment	Transportation Equipment	Construction in Progress	Total
Cost								
Balance at beginning of year		₱7,830,815	₱9,394,435	₱1,094,732	₱565,729	₱1,261,907	₱562,500	₱20,710,118
Derecognition		–	(8,358,018)	–	–	–	–	(8,358,018)
Additions		946,657	737,469	625,420	15,711	2,882,499	1,312,500	6,520,256
Reclassifications		1,875,000	–	–	–	–	(1,875,000)	–
Balance at end of year		10,652,472	1,773,886	1,720,152	581,440	4,144,406	–	18,872,356
Accumulated Depreciation and Amortization								
Balance at beginning of year		3,784,086	5,637,562	296,898	136,107	38,617	–	9,893,270
Depreciation and amortization	13	1,331,672	3,393,551	303,918	113,842	427,943	–	5,570,926
Derecognition		–	(8,358,018)	–	–	–	–	(8,358,018)
Balance at end of year		5,115,758	673,095	600,816	249,949	466,560	–	7,106,178
Carrying Amounts		₱5,536,714	₱1,100,791	₱1,119,336	₱331,491	₱3,677,846	₱–	₱11,766,178

Depreciation and amortization arise from the following:

	Note	**2024**	2023
Property and equipment		**₱8,118,000**	₱5,570,926
Computer software	8	**845,681**	845,681
		₱8,963,681	₱6,416,607

In 2024, the Company sold a transportation equipment at carrying amount for ₱0.2 million and retired leasehold improvements with carrying amount of ₱1.2 million resulting to a loss on retirement recognized as part of “General and administrative expenses” account of ₱1.2 million.

8. Computer Software

Movements of this account are as follows:

	Note	2024	2023
Cost			
Balance at beginning of year		**₱9,594,915**	₱7,144,973
Additions		**–**	2,449,942
Balance at end of year		**9,594,915**	9,594,915
Accumulated Amortization			
Balance at beginning of year		**1,526,764**	681,083
Amortization	7	**845,681**	845,681
Balance at end of year		**2,372,445**	1,526,764
Carrying Amount		**₱7,222,470**	₱8,068,151

9. Trade and Other Payables

This account consists of:

	Note	2024	2023
Trade:			
Related parties	10	**₱79,396,775**	₱41,350,598
Third parties		**79,145,194**	18,229,951
Due to related parties	10	**1,055,956**	40,304,052
Payable to government agencies		**35,890,254**	39,590,144
Provision for probable loss		**9,538,965**	5,538,965
Deferred output VAT		**9,690,272**	15,300,880
Accruals for:			
Payroll		**6,640,655**	2,867,092
Transportation and travel		**5,992,132**	–
Advertising		**5,093,804**	–
Rent	10	**921,988**	1,576,909
Others		**14,986,992**	13,447,395
		₱248,352,987	₱178,205,986

Trade payable to related parties pertains to commissions to branch network of pawnshops and remittance centers for the marketing and selling of insurance policies. Trade payable to third parties pertain to premium collections not yet remitted to principal insurance companies. Trade payables are noninterest-bearing and are normally settled within 15 - 90 days.

Payable to government agencies pertain to unpaid taxes and statutory benefits which are normally settled within the subsequent month.

Accruals are noninterest-bearing and are normally settled throughout the subsequent month.

Others include unearned income amounting to ₱4.3 million as at December 31, 2024 and 2023.

Movements in provision for probable loss are as follows:

	Note	**2024**	2023
Balance at beginning of year		**₱5,538,965**	₱–
Provisions	13	**4,000,000**	5,538,965
Balance at end of year		**₱9,538,965**	₱5,538,965

10. Related Party Transactions

In the ordinary course of business, the Company has transactions with related parties. These are summarized below:

					2024		2023	
Relationship	**Accounts**	**Note**	**Nature of Transactions**	**Note**	**Transactions During the Year**	**Outstanding Balances**	Transactions During the Year	Outstanding Balances
Entities with common stockholders	Trade receivables	5	Service fees collected on behalf the Company	a	**₱648,605,411**	**₱107,336,235**	₱574,785,389	₱57,518,408
	Trade payables	9	Commission	a	**₱463,054,836**	**₱79,396,775**	₱323,012,552	₱41,350,598
	Accrued expense	9	Lease of office space	b	**₱–**	**₱921,988**	₱71,480	₱1,576,909
	Other current assets	6	Refundable deposit	b	**₱–**	**₱178,863**	₱–	₱178,863
			Working capital advances		**₱2,822,949**	**₱6,934,134**	₱3,123,637	₱3,995,534
	Due from related parties	17	Rental income	c	**9,340,099**	**–**	10,162,251	–
		5				**₱6,934,134**		₱3,995,534
			Working capital advances		**(₱39,248,096)**	**₱1,055,956**	₱18,295,864	₱40,304,052
		13	IT support services	b	**3,667,356**	**–**	3,492,720	–
		13	Management fees		**945,000**	**–**	900,000	–
	Due to related parties	9				**₱1,055,956**		₱40,304,052

a. The Company has service contracts with entities with common stockholders whereby the latter render sales and marketing services through branch networks of pawnshops and remittance centers to market insurance products (see Note 17). Service fees collected by related parties on behalf of the Company amounted to ₱648.6 million and ₱574.8 million in 2024 and 2023, respectively. Commission income collected by the Company payable to agents amounted to ₱463.1 million and ₱323.0 million in 2024 and 2023, respectively.

b. The Company has IT services, support services and operating lease agreements with entities with common stockholders (see Note 17).

c. The Company has a sublease agreement with an entity under common stockholders wherein the latter leases certain store spaces from the Company's mall branches (see Note 17).

Outstanding balances of transactions with related parties at year-end are unsecured, payable on demand and settlements are made in cash. The Company did not provide for any impairment loss on related party receivables in 2024 and 2023. Management assesses impairment each financial year by reviewing the financial position of each related party and the market in which the related party operates.

Compensation of Key Management Personnel

Compensation of key management personnel which pertains to short-term and retirement benefits aggregated to ₱32.0 million and ₱34.7 million in 2024 and 2023, respectively.

11. Equity

Capital Stock

On September 27, 2024, the Company's BOD and stockholders approved the Company's increase in authorized capital stock from ₱100.0 million divided into 1,000,000 shares at ₱100 par value to ₱500.0 million divided into 5,000,000 shares with the same par value. Of the increase, ₱100.0 million divided into 1,000,000 shares at ₱100 par value has been subscribed, of which ₱98.8 million divided into 988,000 shares at ₱100 par value will be paid by way of stock dividends and ₱1.2 million will be paid in cash upon the SEC's approval of the application for increase in capital stock. The application for increase in capital stock was submitted to the SEC on August 20, 2024, and as of reporting date, is awaiting approval by SEC.

Retained Earnings

On September 27, 2024, the BOD and stockholders approved the declaration of stock dividends of ₱98.8 million divided into 988,000 shares at ₱100.0 per share. Pending the approval of the application for increase in capital stock submitted to SEC last August 20, 2024, the stock dividends declared is separately presented as "Stock dividends distributable" in the 2024 statement of financial position.

On April 12, 2024, the BOD approved the reversal of 2023 appropriation of retained earnings of ₱76.0 million in relation to stock dividends.

On January 16, 2023, the BOD approved the declaration of cash dividends amounting to ₱105.5 million or ₱111.0 per share out of the Company's unappropriated retained earnings. The cash dividends was fully settled in January 2023.

On December 27, 2023, the BOD approved the appropriation of its retained earnings amounting to ₱76.0 million for the purpose of the Company's declaration of stock dividends in 2024.

Subsequent Event

On April 8, 2025, the BOD and stockholders approved another declaration of stock dividends amounting to ₱61.8 million divided into 617,500 shares at ₱100.0 per share.

12. Cost of Services

This account consists of:

	Note	**2024**	2023
Commission:			
Related parties	17	**₱463,054,836**	₱323,012,552
Third parties		**10,971,115**	1,760,900
Salaries and employee benefits		**29,759,597**	31,885,040
		₱503,785,548	₱356,658,492

13. **Operating Expenses**

This account consists of:

	Note	2024	2023
Salaries and employee benefits		**₱30,739,478**	₱25,658,888
Advertising and promotions		**27,125,432**	13,938,584
Rent	17	**19,136,025**	11,032,113
Transportation and travel		**14,769,468**	4,566,614
Depreciation and amortization	7	**8,963,681**	6,416,607
Provision for ECL on receivables	5	**7,581,943**	3,583,619
Professional fees		**6,632,726**	4,843,041
Taxes and licenses		**4,599,035**	3,033,662
Provision for probable loss	9	**4,000,000**	5,538,965
IT services	17	**3,667,356**	3,492,720
Trainings and seminars		**3,544,901**	5,369,879
Utilities		**1,604,838**	1,433,019
Deliveries and handling		**1,351,242**	1,023,710
Outside services		**1,205,367**	872,814
Loss on retirement of leasehold improvements	7	**1,199,365**	–
Management fees	17	**945,000**	900,000
Insurance		**519,553**	16,042
Dues and subscriptions		**153,229**	154,216
Others		**11,794,680**	8,445,606
		₱149,533,319	₱100,320,099

Others include payment of deficiency taxes aggregating to ₱5.0 million and ₱4.2 million in 2024 and 2023, respectively.

14. **Other Income**

This account consists of:

	Note	2024	2023
Rental income	17	**₱9,340,099**	₱10,162,251
Interest income	4	**231,361**	94,831
Foreign exchange loss		**(19,378)**	(3,105)
		₱9,552,082	₱10,253,977

15. **Retirement Benefits**

The Company has a funded, noncontributory defined benefit retirement plan covering all of its qualified employees.

The following tables summarize the components of net retirement benefit expense recognized in the statements of comprehensive income, the movements and amounts recognized in the statements of financial position. The Company's latest actuarial valuation is as at December 31, 2024.

The net retirement benefit expense included as part of "Salaries and employee benefits" line item under "Operating expenses" account consists of:

	2024	2023
Current service cost	**₱141,799**	₱1,442,838
Net interest benefit	**(55,391)**	(378,292)
	₱86,408	₱1,064,546

Net retirement plan asset as at December 31, 2024 and 2023 recognized in the statements of financial position follows:

	2024	2023
Fair value of plan asset	**₱11,326,444**	₱19,647,188
Present value of defined benefit obligation	**7,199,679**	15,457,663
Net retirement plan asset	**₱4,126,765**	₱4,189,525

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

	2024	2023
Balance at beginning of year	**₱19,647,188**	₱18,327,601
Remeasurement loss	**(8,414,000)**	–
Interest income	**987,488**	1,319,587
Benefits paid	**(894,232)**	–
Balance at end of year	**₱11,326,444**	₱19,647,188

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

	2024	2023
Balance at beginning of year	**₱15,457,663**	₱13,073,530
Remeasurement gain	**(8,437,648)**	–
Interest cost	**932,097**	941,295
Benefits paid	**(894,232)**	–
Current service cost	**141,799**	1,442,838
Balance at end of year	**₱7,199,679**	₱15,457,663

The Company does not expect to contribute to the retirement plan in 2025.

The cumulative remeasurement gain on net retirement plan asset recognized in OCI are as follows:

	2024		
	Cumulative Remeasurement Gain	**Deferred Tax**	**Net**
Balance at beginning of year	**₱6,380,513**	**₱1,595,128**	**₱4,785,385**
Remeasurement gain	**23,648**	**5,912**	**17,736**
Balance at end of year	**₱6,404,161**	**₱1,601,040**	**₱4,803,121**

	2023		
	Cumulative Remeasurement Gain	Deferred Tax	Net
Balance at beginning and end of year	₱6,380,513	₱1,595,128	₱4,785,385

The plan assets is mainly composed of investment in debt and equity securities equivalent to 100% of the total fair value of the plan assets.

The plan exposes the Company to the following risks:

- *Salary risk* - any increase in the retirement plan participants' salary will increase the retirement plan's liability

- *Longevity risk* - any increase in the plan participants' life expectancy will increase the retirement plan's liability

- *Interest rate risk* - a decrease in the bond interest rate will increase the present value of the retirement liability. However, partially counterbalanced by an increase in the return on the plan assets

- *Investment risk* - if the actual return on plan assets is below the discount rate used in calculating the present value of the retirement liability, a plan deficit will arise.

The principal assumptions used in determining the net retirement liability of the Company are shown below:

	2024	2023
Discount rates	**6.10%**	7.20%
Salary increase rate	**4.00%**	4.00%

A sensitivity analysis was done on the calculation of the net retirement liability using the projected unit credit method and assuming change in significant assumptions, particularly the salary increase rates and the discount rates. Results of sensitivity analyses on the net retirement liability for significant assumptions as at December 31, 2024 is shown below:

	Change in Assumption	Impact	Present Value of Retirement Liability
Discount rate	+0.5%	(₱475,179)	₱6,724,500
	-0.5%	403,182	7,602,861
Salary increase rate	-1.0%	₱215,990	₱7,415,669
	+1.0%	(359,984)	6,839,695

The schedule below presents a projection of benefit payments expected to be paid out of the plan assets.

Period	Amount
One year and less	₱–
More than one year to five years	199,430
More than five year to ten years	–
More than ten years to 15 years	23,192,902
More than 15 years to 20 years	20,411,121
More than 20 years	93,518,538
	₱137,321,991

The average duration of the net retirement benefit liability as at December 31, 2024 is 21 years.

16. Income Taxes

The Company's provision for current income tax represents regular corporate income tax (RCIT) in 2024 and 2023.

On March 26, 2021, the "Corporate Recovery and Tax Incentives for Enterprises" (CREATE) was approved and signed into law by the country's President. Under the CREATE, the RCIT of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. In addition, the minimum corporate income tax (MCIT) was changed from 2% to 1% of gross income for a period of three years.

The income tax rates used in preparing the financial statements are 25% for RCIT in 2024 and 2023, and 2% MCIT in 2024 and 1.5% transitory MCIT in 2023.

The components of the Company's net deferred tax assets as at December 31, 2024 and 2023 are as follows:

	2024	2023
Deferred tax assets on:		
Allowance for ECL on receivables	**₱2,478,194**	₱1,476,402
Accruals for transportation and travel	**1,498,033**	–
Accruals for advertising and promotions	**1,273,450**	–
Unearned income	**1,083,908**	1,083,908
Excess of lease liabilities over ROU assets	**185,940**	13,784
	6,519,525	2,574,094
Less deferred tax liability on net retirement plan asset	**1,031,691**	1,047,381
Net deferred tax assets	**₱5,487,834**	₱1,526,713

The reconciliation of provision for income tax computed at statutory income tax rate with the provision for income tax shown in statements of comprehensive income is as follows:

	2024	2023
Provision for income tax at statutory income tax rate	**₱50,390,964**	₱31,991,535
Income tax effects of:		
Nondeductible expenses	**1,135,175**	2,309,302
Provision for probable loss	**1,000,000**	–
Interest income already subjected to final tax	**(57,840)**	(23,708)
	₱52,468,299	₱34,277,129

17. **Commitments and Agreements**

a. Broker's Agreements

The principal insurance companies authorize the Company to act as an insurance broker on behalf of the former to solicit, transact and service (life, non-life as applicable) and/or reinsurance business that the insurer is authorized to write and to collect and receive premiums from their clients.

In return, the Company is entitled to commission and service fees for the premiums sold with details as follows:

	2024	2023
Service fee	**₱639,289,109**	₱444,880,766
Commission income	**207,051,361**	129,907,728
	₱846,340,470	₱574,788,494

b. Service Contracts with Branch Network of Pawnshops

The Company has service contracts with entities with common stockholders for sales and marketing services of insurance products of the principal insurance companies through its branch network of pawnshops and remittance centers which remains valid unless earlier terminated by either party. Outstanding balance of collections yet to be remitted by the network partners included under "Trade and other receivables" account amounted to ₱107.3 million and ₱57.5 million as at December 31, 2024 and 2023, respectively (see Note 5).

The Company pays the related entities a service fee which is included as part of "Commission expense" line item under "Cost of services" account amounting to ₱463.1 million and ₱323.0 million in 2024 and 2023, respectively (see Note 10).

c. IT Services Agreement

The Company has an IT services agreement with an entity with common stockholders for IT data management, service desk, office remote/branch support, IT skills management, IT portfolio management and IT solutions which is renewable annually.

IT services amounted to ₱3.7 million and ₱3.5 million in 2024 and 2023, respectively (see Note 13).

d. Services Agreement

In 2023, the Company entered into a management service agreement for the accounting, audit, security and legal services with another entity with common stockholders which is renewable annually.

Management fees amounted to ₱0.9 million in 2024 and 2023 (see Note 13).

e. Lease Agreements

Lease Commitments - The Company as Lessor

The Company has existing rights to sublease its leased premises in accordance with its agreement with a related party. The commercial property subleases with a related party for a period ranging from one to two years with an option to renew upon mutual agreement of both parties.

Rental income amounted to ₱9.3 million and ₱10.2 million in 2024 and 2023, respectively (see Note 14).

Future minimum lease receivables under non-cancellable operating lease within one year amounted to nil and ₱0.5 million as at December 31, 2024 and 2023, respectively.

Lease Commitments - The Company as Lessee: Short-term Leases

The Company entered into various lease agreements with third parties covering its mall booth which are renewable annually with an average escalation of 10%. Two new lease agreements for new branches were entered into during the year. Lease payments for these short-term lease agreements are recognized as expense on a straight-line basis over the lease term.

Rent expense recognized for short-term leases amounted to ₱19.1 million and ₱11.0 million in 2024 and 2023, respectively (see Note 13).

Refundable deposits on short-term lease agreements, included under “Other current assets” account, amounted to ₱8.0 million and ₱7.3 million as at December 31, 2024 and 2023 (see Note 6).

Prepaid rent on short-term lease agreements, included under “Other current assets” account, amounted to ₱1.9 million as at December 31, 2024 and 2023 (see Note 6).

Lease Commitments - The Company as Lessee: Long-term Leases

The Company entered into various lease agreements with related parties covering its office and warehouse spaces for specified periods renewable upon mutual agreement of both parties.

In 2024, the Company entered into new lease agreements with a third party covering its head office space and parking slots for a period of five (5) years resulting to additional ROU asset and lease liability.

In 2023, the Company renewed various lease agreements covering office spaces in its branches for another 3 years. The related ROU asset for expired lease contracts was derecognized in 2023.

Movements in ROU assets are as follows (see Note 7):

	2024	2023
Cost		
Balance at beginning of year	**₱1,773,886**	₱9,394,435
Additions	**26,526,346**	737,469
Derecognition	**–**	(8,358,018)
Balance at end of year	**28,300,232**	1,773,886
Accumulated Depreciation		
Balance at beginning of year	**673,095**	5,637,562
Depreciation	**4,450,727**	3,393,551
Derecognition	**–**	(8,358,018)
Balance at end of year	**5,123,822**	673,095
Carrying Amount	**₱23,176,410**	₱1,100,791

The balances and movements in lease liabilities are as follows:

	2024	2023
Balance at beginning of year	**₱1,155,928**	₱3,917,613
Additions	**26,526,346**	737,469
Lease payments	**(4,771,936)**	(3,596,895)
Accretion of interest	**1,009,830**	97,741
Balance at end of year	**23,920,168**	1,155,928
Current portion	**(4,945,305)**	(582,641)
Noncurrent portion	**₱18,974,863**	₱573,287

Amounts recognized in profit or loss are as follows:

	Note	**2024**	2023
Rent expense	13	**₱19,136,025**	₱11,032,113
Depreciation of ROU assets	7	**4,450,727**	3,393,551
Interest expense on lease liabilities		**1,009,830**	97,741
		₱24,596,582	₱14,523,405

Future minimum lease payments on lease liabilities follows:

	2024	2023
Within one year	**₱4,945,305**	₱582,641
After one year but not more than five years	**18,974,863**	573,287
	₱23,920,168	₱1,155,928

Refundable deposits on long-term lease agreements amounted to ₱2.1 million and ₱2.0 million as at December 31, 2024 and 2023, respectively.

18. **Financial Risk Management Objectives and Policies and Capital Management**

The Company's principal financial instruments comprise of cash in banks, trade and other receivables, current portion of refundable deposit (included under "Other current assets" account), noncurrent refundable deposit and trade and other payables (excluding payable to government agencies, deferred output VAT, unearned income and provisions) and lease liabilities which arise directly from its operations.

Financial Risk

The main risks arising from the Company's financial instruments are credit risk and liquidity risk. Financial risks are managed under policies approved and monitored by the BOD.

This note presents information about the Company's exposure to each of the foregoing risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout the financial statements.

The BOD has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit Risk. Credit risk is the risk that the Company will incur a loss because its counterparties failed to discharge their contractual obligations. The Company transacts only with recognized and creditworthy related and third parties with whom it has already firmly established good business relationships.

The Company's maximum exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments, without taking account of the value of any collateral obtained:

	2024	2023
Financial assets at amortized cost:		
Cash in banks	**₱226,346,309**	₱178,020,395
Trade and other receivables	**298,149,555**	152,604,947
Refundable deposits*	**10,072,778**	9,317,925
	₱534,568,642	₱339,943,267

**Included under "Other current assets" and Refundable deposits – net of current portion account*

The Company's financial assets at amortized cost are mostly composed of cash in various banks, trade and other receivables and refundable deposits. The Company limits its exposure to credit risk by investing its cash only with banks that have good credit standing and reputation in the banking industry and transacting only with recognized and credit-worthy counterparties.

It is the Company's policy to measure ECL on the above instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The table below presents the summary of the Company's exposure to credit risk and shows the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL.

	2024			
	12-month ECL	**Lifetime ECL - not impaired**	**Lifetime ECL - credit impaired**	**Total**
Financial assets at amortized cost:				
Cash in banks	**₱226,346,309**	**₱–**	**₱–**	**₱226,346,309**
Trade and other receivables	**–**	**298,149,555**	**9,912,775**	**308,062,330**
Refundable deposits*	**10,072,778**	**–**	**–**	**10,072,778**
	₱236,419,087	**₱298,149,555**	**₱9,912,775**	**₱544,481,417**

**Included under "Other current assets" account and Refundable deposits – net of current portion account*

	2023			
	12-month ECL	Lifetime ECL - not impaired	Lifetime ECL - credit impaired	Total
Financial assets at amortized cost:				
Cash in banks	₱178,020,395	₱–	₱–	₱178,020,395
Trade and other receivables	–	152,604,947	5,905,607	158,510,554
Refundable deposits*	9,317,925	–	–	9,317,925
	₱187,338,320	₱152,604,947	₱5,905,607	₱345,848,874

**Included under "Other current assets" account and Refundable deposits – net of current portion account*

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions in the industry; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The credit quality of financial assets is being managed by the Company using internal credit ratings. Credit quality of the financial assets were determined as follows:

High Grade. It pertains to accounts with a very low probability of default as demonstrated by the borrower's long history of stability, profitability and diversity. It includes deposits to reputable banks and companies with good credit standing. High grade financial assets include cash in banks and refundable deposit.

Standard Grade. It pertains to financial assets from counterparties with satisfactory financial capability and credit standing based on historical data, current conditions and the Company's view of forward-looking information over the expected lives of the financial assets. Standard grade financial assets include trade and other receivables.

Trade receivables and other receivables is considered as standard grade and also have low credit risk, since the Company only transacted with reputable companies with respect to these financial assets.

Substandard Grade. It pertains to accounts with history of default and include financial assets that are collected on their due dates provided that the Company made persistent efforts to collect them.

The aging analysis and credit quality of the Company's financial assets at amortized cost are as follows:

	2024						
	Neither Past Due nor Impaired			Past Due but Not Impaired			
	High Grade	**Standard Grade**	**Substandard Grade**	**91-180 Days**	**More than 180 Days**	**Impaired**	**Total**
Cash in banks	**₱226,346,309**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱226,346,309**
Trade and other receivables	**–**	**298,149,555**	**–**	**–**	**–**	**9,912,775**	**308,062,330**
Refundable deposits*	**10,072,778**	**–**	**–**	**–**	**–**	**–**	**10,072,778**
	₱236,419,087	**₱298,149,555**	**₱–**	**₱–**	**₱–**	**₱9,912,775**	**₱544,481,417**

**Included under "Other current assets" account and Refundable deposits – net of current portion account*

	2023						
	Neither Past Due nor Impaired			Past Due but Not Impaired			
	High Grade	Standard Grade	Substandard Grade	91-180 Days	More than 180 Days	Impaired	Total
Cash in banks	₱178,020,395	₱–	₱–	₱–	₱–	₱–	₱178,020,395
Trade and other receivables	–	152,604,947	–	–	–	5,905,607	158,510,554
Refundable deposits*	9,317,925	–	–	–	–	–	9,317,925
	₱187,338,320	₱152,604,947	₱–	₱–	₱–	₱5,905,607	₱345,848,874

**Included under "Other current assets" account and Refundable deposits – net of current portion account*

Liquidity Risk. Liquidity risk arises from the possibility that the Company may encounter difficulties in raising funds to meet maturing obligations.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated funds. The Company manages its liquid funds through cash planning, using historical figures and experiences as well as reasonable forecasts for its collections and disbursements.

The tables below summarize the maturity profile of the Company's financial liabilities as at December 31, 2024 and 2023 based on undiscounted payments:

	2024					
	On Demand	**Less than One Year**	**One to Two Years**	**Two to Four Years**	**More than Five Years**	**Total**
Trade and other payables*	**₱188,897,864**	**₱–**	**₱–**	**₱–**	**₱–**	**₱188,897,864**
Lease liabilities**	**–**	**6,248,897**	**12,473,679**	**8,261,716**	**–**	**26,984,292**
	₱188,897,864	**₱6,248,897**	**₱12,473,679**	**₱8,261,716**	**₱–**	**₱215,882,156**

**Excluding payable to government agencies, deferred output VAT, unearned income and provisions amounting to ₱35.9 million, ₱9.7 million, ₱4.3 million and ₱9.5 million, respectively.*
***Including future interest payments amounting to ₱3.1 million.*

	2023					
	On Demand	Less than One Year	One to Two Years	Two to Four Years	More than Five Years	Total
Trade and other payables*	₱113,440,365	₱–	₱–	₱–	₱–	₱113,440,365
Lease liabilities**	–	652,667	601,327	–	–	1,253,994
	₱	₱652,667	₱601,327	₱–	₱–	₱

**Excluding payable to government agencies, deferred output VAT, unearned income and provisions amounting to ₱39.6 million, ₱15.3 million, ₱4.3 million and ₱5.5 million, respectively.*
***Including future interest payments amounting to ₱0.1 million.*

Capital Management

The primary objective of the Company's capital management is to ensure that it complies with the IC requirements. The Company manages its capital structure and makes adjustments whenever there are changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

On October 19, 2018, the IC issued Circular Letter (the CL) No. 2018-52 which discusses the minimum requirements for insurance brokers or reinsurance brokers as summarized below.

Minimum Net Worth Requirements. The Company is subject to externally imposed minimum net worth requirements as an existing insurance or reinsurance broker amounting to ₱10.0 million.

The Company's estimated net worth amounted to ₱348.3 million and ₱199.2 million as at December 31, 2024 and 2023, respectively, is in compliance with the minimum net worth requirements of the IC.

Required Bond for Insurance Brokers. Pursuant to Republic Act No. 10607 enacted on August 15, 2013, every applicant for insurance broker's license shall file with the IC and shall thereafter maintain in force while so licensed, a bond in favor of the People of the Republic of the Philippines executed by a Company authorized to become surety upon official recognizances, stipulations, bonds and undertakings. The bond shall be in such amount as may be fixed by the Commissioner but in no case less than ₱500,000 and shall be conditioned upon full accounting and due payment to the person entitled thereto of funds coming into the broker's possession through insurance transactions under license.

The IC, in the CL, has set the bond requirements for insurance brokers. Every application for issuance of new or renewal of broker's license, except reinsurance broker, shall be accompanied by a bond in the amount of not less than ₱1.0 million in favor of the People of the Republic of the Philippines.

As at December 31, 2024, the Company is in compliance with the required bond for insurance brokers.

Required Errors and Omissions Policies. Insurance brokers or reinsurance brokers must file two Errors and Omissions (Professional Liability or Professional Indemnity) insurance policies issued separately by two insurance companies authorized to do business in the Philippines.

As at December 31, 2024, the Company is in compliance with the required errors and omissions policies.

No changes were made in the objectives, policies and processes in 2024 and 2023.

Pursuant to the IC Circular Letter (CL) No. 2021-65, Revised On-Site Examination/Off-Site Verification Rules and Procedures, dated November 5, 2021, the Company is required to comply with the following:

Segregation of Client's Money Account. Section 315 of the Amended Insurance Code requires every license insurance and/or reinsurance broker to ensure faithful performance of its fiduciary responsibilities on behalf of its clients and partner insurance and/or reinsurance companies. Thus, an insurance and/or reinsurance broker is required to keep client monies in a client account separate from its own monies. It is not allowed to use client monies for any purpose other than for the purposes of the client.

Fiduciary Ratio Computation. An insurance and/or reinsurance broker with a credit agreement with an insurance/reinsurance company or broker shall comply with the Fiduciary Ratio Requirement set by Insurance Commission which is 1:1.

Fiduciary asset and liability accounts and fiduciary computation of the Company are as follows:

	2024	2023
Fiduciary Assets		
Cash restricted – Client's Money	**₱52,705,119**	₱41,350,598
Fiduciary Liabilities		
Payables to Insurance Companies	**52,705,119**	41,350,598
Fiduciary Ratio	**1:1**	1:1

Offsetting Arrangements. This requirement can be covered by disclosure requirements on offsetting financial assets and financial liabilities (see Note 3).

As at December 31, 2024 and 2023, the Company has complied with the foregoing requirements.

19. Fair Value Measurement

The following is a comparison by category of carrying amounts and fair values of the Company's financial instruments that are reflected in the financial statements:

	2024		2023	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Financial assets at amortized cost:				
Cash	**₱227,250,006**	**₱227,250,006**	₱178,872,945	₱178,872,945
Trade and other receivables	**298,149,555**	**298,149,555**	152,604,947	152,604,947
Refundable deposits	**10,072,778**	**10,072,778**	9,317,925	9,317,925
	₱534,568,642	**₱534,568,642**	₱340,795,817	₱340,795,817
Financial Liabilities				
Financial liabilities at amortized cost -				
Trade and other payables*	**₱188,897,864**	**₱188,897,864**	₱113,440,365	₱113,440,365
Lease liabilities	**23,920,168**	**21,682,766**	1,155,928	1,133,825
	₱212,818,032	**₱210,580,630**	₱114,596,293	₱114,596,293

**Excluding payable to government agencies amounting to ₱35.9 million and ₱39.6 million as at December 31, 2024 and 2023, respectively, deferred output VAT amounting to ₱9.7 million and ₱15.3 million as at December 31, 2024 and 2023, respectively, provision for probable loss amounting to ₱9.5 million and ₱5.5 as at December 31, 2024 and 2023, and unearned income amounting to ₱4.3 million included under "Others" as at December 31, 2024 and 2023.*

Financial Assets and Liabilities at Amortized Cost. The carrying amounts of cash, trade and other receivables and trade and other payables (excluding payable to government agencies, deferred output VAT, provision for probable losses and unearned income) approximate its fair values due to their short-term maturities.

Refundable Deposits. The carrying amount of refundable deposits aggregating ₱10.1 million and ₱9.3 million as at December 31, 2024 and 2023, respectively, approximates its fair value because the management believes that the effects of not discounting the cash flows from these refundable deposits were not significant.

Lease Liabilities. Fair value is generally based upon quoted market prices. If the market prices are not readily available, fair value is estimated using adjusted quoted market prices of comparable investments or using the discounted cash flow methodology. The discount rates used in determining the fair value of lease liabilities is 6.13% and 2.08% as at December 31, 2024 and 2023, respectively. Lease liabilities is measured using level 2 valuation technique.

Fair Value Hierarchy

For the years ended December 31, 2024 and 2023, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

20. Supplementary Information Required under RR No. 15-2010 of the Bureau of Internal Revenue

The information for the year 2024 required by the Regulations is presented below.

Output VAT

The Company's gross revenue subject to output VAT and related output VAT for the year ended December 31, 2024 amounted to ₱927,611,895 and ₱111,313,427, respectively.

Input VAT

The Company's input VAT claimed for the year ended December 31, 2024 are as follows:

Balance at beginning of year	₱–
Add current year's domestic purchases/payments for:	
Domestic purchases of services	8,086,765
Domestic purchases of goods other than capital goods	493,458
Domestic purchases of capital goods exceeding ₱1.0 million	170,356
Domestic purchases of capital goods not exceeding ₱1.0 million	7,448
Total available input VAT	8,758,027
Applied against output VAT	(8,758,027)
Balance at end of year	₱–

All Other Local and National Taxes

The Company's local and national taxes charged to operating expenses for the year ended December 31, 2024 consist of:

Business taxes	₱4,500,875
Documentary stamp taxes	18,252
Others	79,908
	₱4,599,035

Withholding Taxes

The Company's withholding taxes paid and accrued for the year ended December 31, 2024 are as follows:

	Paid	Accrued	Total
Expanded withholding taxes	₱67,303,834	₱5,868,064	₱73,171,898
Withholding tax on compensation	9,333,440	61,534	9,394,974
Final withholding taxes	944,500	90,000	1,034,500
	₱77,581,774	₱6,019,598	₱83,601,372

Tax Assessment and Tax Case

The Company has no outstanding tax assessment and tax case as at and for the year ended December 31, 2024.

REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
BUREAU OF INTERNAL REVENUE

The Stockholders and the Board of Directors
Cebuana Lhuillier Insurance Brokers, Inc.
6th Floor PNB Financial Center
President Diosdado Macapagal Blvd.
Barangay 76, 1300 Pasay City
Fourth District National Capital Region (NCR)

We have audited the accompanying financial statements of Cebuana Lhuillier Insurance Brokers, Inc. (the Company) as at and for the years ended December 31, 2024 and 2023, on which we have rendered our report dated April 8, 2025.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholder of the Company.

REYES TACANDONG & CO.

Pamela Ann P. Escuadro

PAMELA ANN P. ESCUADRO
Partner
CPA Certificate No. 128829
Tax Identification No. 216-321-918-000
BOA Accreditation No. 4782/P-013; Valid until June 6, 2026
IC Accreditation No. 128829-IC
Issued February 22, 2021
Valid for Financial Periods 2020 to 2024
BIR Accreditation No. 08-005144-013-2023
Valid until January 24, 2026
PTR No. 10467125
Issued January 2, 2025, Makati City

April 8, 2025
Makati City, Metro Manila

Reference No : 462500065352451
Date Filed : April 14, 2025 05:15 PM
Batch Number : 0

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

For BIR Use Only: BCS/ Item:

BIR Form No. **1702-RT** January 2018(ENCS) **Page 1**

Annual Income Tax Return

For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate

Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two Copies MUST be filed with the BIR and one held by the taxpayer.

1702-RT 01/18ENCS P1

1 For (X) Calendar ( ) Fiscal **2** Year Ended (MM/20YY) 12/2024	**3** Amended Return? ( ) Yes (X) No	**4** Short Period Return? ( ) Yes (X) No	**5** Alphanumeric Tax Code (ATC) IC055 Minimum Corporate Income Tax (MCIT) IC010 DOMESTIC CORPORATION IN GENERAL

Part I - Background Information

6 Taxpayer Identification Number (TIN)	010 - 306 - 562 - 000
7 RDO Code	049
8 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*	CEBUANA LHUILLIER INSURANCE BROKERS INC.
9A Registered Address *(Indicate complete registered address)*	1133 CHINO ROCES AVENUE CORNER METROPOLITAN AVENUE SAN ANTONIO CITY OF MAKATI
9B Zipcode	1203
10 Date of Incorporation/Organization (MM/DD/YYYY)	04/11/2019
11 Contact Number	n/a
12 Email Address	clib_insurance@yahoo.com
13 Method of Deductions	(X) Itemized Deductions [Section 34 (A-J), NIRC] ( ) Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]

Part II - Total Tax Payable *(Do NOT enter Centavos)*

14 Total Income Tax Due (Overpayment) *(From Part IV Item 43)*	56,435,332
15 Less: Total Tax Credits/Payments *(From Part IV Item 55)*	60,152,510
16 Net Tax Payable (Overpayment) *(Item 14 Less Item 15) (From Part IV Item 56)*	(3,717,178)
Add Penalties	
17 Surcharge	0
18 Interest	0
19 Compromise	0
20 Total Penalties *(Sum of Items 17 to 19)*	0
21 TOTAL AMOUNT PAYABLE (Overpayment) *(Sum of Item 16 and 20)*	(3,717,178)

If Overpayment, mark "X" one box only *(Once the choice is made, the same is irrevocable)*

( ) To be refunded ( ) To be issued a Tax Credit Certificate (TCC) (X) To be carried over as tax credit next year/quarter

We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. *(If Authorized Representative, attach authorization letter and indicate TIN)*

Signature over printed name of President/Principal Officer/Authorized Representative	Signature over printed name of Treasurer/Assistant Treasurer	**22** Number of Attachments
Title of Signatory ___ TIN ___	Title of Signatory ___ TIN ___	4

Part III - Details of Payment

Particulars	Drawee Bank/Agency	Number	Date *(MM/DD/YYYY)*	Amount
23 Cash/Bank Debit Memo				0
24 Check				0
25 Tax Debit Memo				0
26 Others *(Specify Below)*				
				0

Machine Validation/Revenue Official Receipts Details *(if not filed with an Authorized Agent Bank)*	*Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)*

BIR Form No. **1702-RT** January 2018(ENCS) **Page 2**	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	1702-RT 01/18ENCS P2

Taxpayer Identification Number (TIN)	**Registered Name**
010 - 306 - 562 - 000	CEBUANA LHUILLIER INSURANCE BROKERS INC.

Part IV - Computation of Tax *(Do NOT enter Centavos)*	
27 Sales/Receipts/Revenues/Fees	846,340,470
28 Less: Sales Returns, Allowances and Discounts	0
29 Net Sales/Receipts/Revenues/Fees *(Item 27 Less Item 28)*	846,340,470
30 Less: Cost of Sales/Services	503,785,548
31 Gross Income from Operation *(Item 29 Less Item 30)*	342,554,922
32 Add: Other Taxable Income Not Subjected to Final Tax	9,320,721
33 Total Taxable Income *(Sum of Items 31 and 32)*	351,875,643

Less: Deductions Allowable under Existing Law	
34 Ordinary Allowable Itemized Deductions *(From Part VI Schedule I Item 18)*	126,134,317
35 Special Allowable Itemized Deductions *(From Part VI Schedule II Item 5)*	0
36 NOLCO *(only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Part VI Schedule III Item 8)*	0
37 Total Deductions *(Sum of Items 34 to 36)*	126,134,317
***OR** [in case taxable under Sec 27(A) & 28(A)(1)]*	
38 Optional Standard Deduction *(40% of Item 33)*	0

39 Net Taxable Income/(Loss) *(If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)*	225,741,326
40 Applicable Income Tax Rate	25 %
41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) *(Item 39 x Item 40)*	56,435,332
42 MCIT Due *(2% of Item 33)*	7,037,033
43 Tax Due *(Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 14)*	56,435,332

Less: Tax Credits/Payments (attach proof)	
44 Prior Year's Excess Credits Other Than MCIT	7,253,033
45 Income Tax Payment under MCIT from Previous Quarter/s	0
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s	33,660,216
47 Excess MCIT Applied this Current Taxable Year *(From Part VI Schedule IV Item 4)*	0
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	3,809,343
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	15,429,918
50 Foreign Tax Credits, if applicable	0
51 Tax Paid in Return Previously Filed, if this is an Amended Return	0
52 Special Tax Credits *(To Part V Item 58)*	0
Other Credits/Payments *(Specify)*	
53	0
54	0

55 Total Tax Credits/Payments *(Sum of Items 44 to 54) (To Part II Item 15)*	60,152,510
56 Net Tax Payable / (Overpayment) *(Item 43 Less Item 55)) (To Part II Item 16)*	(3,717,178)

Part V - Tax Relief Availment	
57 Special Allowable Itemized Deductions *(Item 35 of Part IV x Applicable Income Tax Rate)*	0
58 Add: Special Tax Credits *(From Part IV Item 52)*	0
59 Total Tax Relief Availment *(Sum of Items 57 and 58)*	0

BIR Form No. **1702-RT** January 2018(ENCS) **Page 3**	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	1702-RT 01/18ENCS P3

Taxpayer Identification Number (TIN)	**Registered Name**
010 - 306 - 562 - 000	CEBUANA LHUILLIER INSURANCE BROKERS INC.

Schedule I - Ordinary Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

1 Amortizations	0
2 Bad Debts	3,574,775
3 Charitable Contributions	0
4 Depletion	0
5 Depreciation	4,512,954
6 Entertainment, Amusement and Recreation	0
7 Fringe Benefits	0
8 Interest	0
9 Losses	0
10 Pension Trust	0
11 Rental	23,907,961
12 Research and Development	0
13 Salaries, Wages and Allowances	30,653,071
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	0
15 Taxes and Licenses	4,599,035
16 Transportation and Travel	8,777,336
17 Others (Deductions Subject to Withholding Tax and Other Expenses) *[Specify below; Add additional sheet(s), if necessary]*	
a Janitorial and Messengerial Services	0
b Professional Fees	6,632,726
c Security Services	0
d ADVERTISING AND PROMOTIONS	22,031,628
e IT SERVICES	3,667,356
f TRAININGS AND SEMINARS	3,544,901
g UTILITIES	1,604,838
h DELIVERIES AND HANDLING	1,351,242
i OTHERS	11,276,494

i.1	OUTSIDE SERVICES	1,205,367
i.2	LOSS ON RETIREMENT OF LEASEHOLD IMPROVEMENTS	1,199,366
i.3	MANAGEMENT FEES	945,000
i.4	INSURANCE	519,553
i.5	DUES AND SUBSRCIPTION	153,229
i.6	OTHERS	7,253,979

18 Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 17i) (To Part IV Item 34)*	126,134,317

Schedule II - Special Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

	Description	Legal Basis	Amount
1			0
2			0
3			0
4			0

5 Total Special Allowable Itemized Deductions *(Sum of Items 1 to 4) (To Part IV Item 35)*	0

BIR Form No. **1702-RT** January 2018(ENCS) **Page 4**	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	1702-RT 01/18ENCS P4

Taxpayer Identification Number (TIN)	**Registered Name**
010 - 306 - 562 - 000	CEBUANA LHUILLIER INSURANCE BROKERS INC.

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)

1 Gross Income *(From Part IV Item 33)*	0
2 Less: Ordinary Allowable Itemized Deductions *(From Part VI Schedule I Item 18)*	0
3 Net Operating Loss*(Item 1 Less Item 2) (To Schedule IIIA, Item 7A)*	0

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) *(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

	Net Operating Loss		B) NOLCO Applied Previous Year
	Year Incurred	A) Amount	
4		0	0
5		0	0
6		0	0
7		0	0

Continuation of Schedule IIIA (Item numbers continue from table above)

	C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) *[E = A Less (B + C + D)]*
4	0	0	0
5	0	0	0
6	0	0	0
7	0	0	0
8 Total NOLCO *(Sum of Items 4D to 7D) (To Part IV, Item 36)*		0	

Schedule IV - Computation of Minimum Corporate Income Tax (MCIT)

	Year	A) Normal Income Tax as adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1		0	0	0
2		0	0	0
3		0	0	0

Continuation of Schedule IV *(Item numbers continue from table above)*

	D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	**F) Excess MCIT Applied this Current Taxable Year**	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]
1	0	0	0	0
2	0	0	0	0
3	0	0	0	0
Total Excess MCIT Applied *(Sum of Items 1F to 3F) (To Part IV Item 47)*			0	

Schedule V - Reconciliation of Net Income per Books Against Taxable Income *(attach additional sheet/s, if necessary)*

1 Net Income/(Loss) per books	201,563,855
Add: Non-deductible Expenses/Taxable Other Income	
2 ACCRUED EXPENSES	11,085,936
3 OTHERS	21,669,607
3.1 PROVISION FOR IMPAIRMENT LOSSES ON RECEIVABLES	7,581,943
3.2 NONDEDUCTIBLE DEFICIENCY TAXES	4,540,700
3.3 AMORTIZATION OF ROU ASSET	4,450,727
3.4 PROVISIONS FOR PROBABLE LOSS	4,000,000
3.5 INTEREST EXPENSE ON LEASE LIABILITY	1,009,830
3.6 RETIREMENT BENEFIT EXPENSE	86,407
4 Total *(Sum of Items 1 to 3)*	234,319,398
Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5 PAYMENTS OF LEASE LIABILITY	4,771,936
6 WRITEOFF RECEIVABLES	3,574,775
B) Special Deductions	
7 INTEREST INCOME	231,361
8	0
9 Total (Sum of Items 5 to 8)	8,578,072
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)	225,741,326

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 010-306-562-000
Name	: CEBUANA LHUILLIER INSURANCE BROKERS INC.
RDO	: 049
Form Type	: 1702
Reference No.	: 462500065352451
Amount Payable (Over Remittance)	: -3,717,178.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2024
Date Filed	: 04/14/2025
Tax Type	: IT

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Date: Wednesday, April 30, 2025 at 11:32 PM GMT+8

Hi CEBUANA LHUILLIER INSURANCE BROKERS INC.,

Valid files

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