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Company Information

SEC Registration No.: CS202106392
Company Name: EMBER INSURANCE BROKERAGE, INC.
Industry Classification: K66220
Company Type: Stock Corporation

Document Information

Document ID: OST10528202583423491
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2024
Submission Type: Annual
Remarks: None

Acceptance of this document is subject to review of forms and contents

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

The Board of Directors and Stockholders
EMBER INSURANCE BROKERAGE, INC.
Filinvest Avenue Corner Alabang Zapote Road
Muntinlupa City

We have audited, in accordance with the Philippines Standards on Auditing, the financial statements of EMBER INSURANCE BROKERAGE, INC. as at and for the year ended December 31, 2024, on which we have rendered our report dated April 30, 2025. Our audit was made for the purpose of forming an opinion on the financial statements of the Company taken as a whole. The minimum information attached is the responsibility of the Company's management and is presented for the purpose of complying with the Insurance Commission Circular Letter No. 2021-65 and 69 and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the Company's financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as whole.

DIAZ MURILLO DALUPAN AND COMPANY
Tax Identification No. 003-294-822
BOA/PRC No. 0234, effective until June 23, 2026
SEC Accreditation No. 0234-SEC, Group A, issued on March 17, 2022, and
valid in the audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001911-000-2025, effective until March 11, 2028

By:

Jozel Francisco C. Santos, Jr.
Partner
CPA Certificate No. 89044
Tax Identification No. 170-035-673-000
PTR No. 10478580, January 9, 2025, Makati City
BIR Accreditation No. 08-001911-003-2025, effective until March 11, 2028

April 30, 2025

SUPPLEMENTARY INFORMATION FOR FILING WITH THE INSURANCE COMMISSION

1. *Segregation of Client's Money Account*

As at the report date, the Company has not collected any money from clients. The Company has not received or held any funds—whether in cash or deposited in bank—on behalf of clients in relation to its insurance broking business.

Accordingly, the maintenance of a separate Clients' Money Account is not applicable for the period covered.

2. *Net Worth Compliance*

Particulars	**Amount (PHP)**
Total Net Worth (as of report date)	16,386,085.00
Required Minimum Net Worth	20,000,000.00
Deficiency	**(3,613,915.00)**

As of the report date, the Company's net worth amounts to ₱16,386,085.00, resulting in a deficiency of ₱3,613,915.00 against the minimum net worth requirement of ₱20,000,000.00 as prescribed by the Insurance Commission.

To address this deficiency, the Company's Board of Directors, in a special meeting held on January 14, 2025, approved an additional subscription of ₱3,500,000 worth of shares. This capital infusion is intended to comply with the Insurance Commission's requirement and will be reflected in the Company's financial records upon completion of the subscription process and receipt of payment.

3. *Fiduciary Ratio Computation*

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

		Amount
Fiduciary Assets		
Cash Restricted – Client's Money Account	₱	-
Receivable from Insurance Companies Clients		-
Total Fiduciary Assets	₱	-
Fiduciary Liabilities		
Payable to Insurance Companies	₱	-
Payable to the Insured		-
Total Fiduciary Liabilities	₱	-
Fiduciary Ratio		-

4. *Offsetting Arrangements*

The Company has no offsetting arrangements.

* * *

Gmail

Ember Insurance Brokerage INc <emberinsurance@gmail.com>

Your BIR AFS eSubmission uploads were received

1 message

eafs@bir.gov.ph <eafs@bir.gov.ph> Tue, Apr 29, 2025 at 6:17 PM
To: EMBERINSURANCE@gmail.com
Cc: EMBERINSURANCE@gmail.com

Hi EMBER INSURANCE BROKERAGE INC.,

Valid files

- EAFS010627590AFSTY122024.pdf
- EAFS010627590TCRTY122024-01.pdf
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Transaction Code: **AFS-0-23NRTPZS0MSQ2VNTZN12WNQSV0CEAAA88F**
Submission Date/Time: **Apr 29, 2025 06:17 PM**
Company TIN: **010-627-590**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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COVER SHEET
for
AMENDED **AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

C S 2 0 2 1 0 6 3 9 2

COMPANY NAME

E M B E R I N S U R A N C E B R O K E R A G E , I N C.
(A M E N D E D)

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

T O Y O T A A L A B A N G B U I L D I N G
F I L I N V E S T A V E N U E C O R . A L A B A N G
Z A P O T E R O A D , M U N T I N L U P A C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	C R M D	N A

COMPANY INFORMATION

Company's email Address	Company's Telephone Number	Mobile Number
	370-28-10	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
6	2nd Monday of May	December 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Johanna Lee-See			N/A

CONTACT PERSON's ADDRESS

Toyota Alabang Inc., Alabang-Zapote Road Cor. Filinvest Avenue, Muntinlupa 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 thirthy (30) calendar days from the occurance 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/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

Ember Insurance Brokerage, Inc.

Financial Statements
December 31, 2024 and 2023

and

Independent Auditors' Report

EMBER INSURANCE BROKERAGE, INC.

Filinvest Avenue Corner Alabang-Zapote Road, Alabang, Muntinlupa City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **EMBER INSURANCE BROKERAGE, INC.** 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 in 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 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.

DIAZ MURILLO DALUPAN AND COMPANY, the independent auditors appointed by the stockholders, has audited the financial statements of the Company as of the and for the year ended December 31, 2024, 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 the audit.

SALVIO-LEONIDA PANGANIBAN & CO., the independent auditors appointed by the stockholders, has audited the financial statements Company as of the and for the year ended December 31, 2023, 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 the audit.

Cesar T. Lee
Chairman of the Board

Jhoanna Lee-See
President

Jocelyn M. Lee
Treasurer

Signed this 30th day of April 2025

Independent Auditors' Report

To the Board of Directors and Stockholders of
EMBER INSURANCE BROKERAGE, INC.
Filinvest Avenue Corner Alabang Zapote Road
Muntinlupa City

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of **EMBER INSURANCE BROKERAGE, INC.** (the "Company"), which comprise the statement of financial position as at December 31, 2024 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audits 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.

Other Matter

The financial statements of **EMBER INSURANCE BROKERAGE, INC.** as at and for the year ended December 31, 2023 were audited by other independent auditors whose report expressed an unmodified opinion on those statements on March 25, 2024.

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 Full PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audits of the Financial Statements

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

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the 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 audit.

Report on Supplementary Information required by the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 14 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 **EMBER INSURANCE BROKERAGE, INC.** management. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

DIAZ MURILLO DALUPAN AND COMPANY
Tax Identification No. 003-294-822
BOA/PRC No. 0234, effective until June 23, 2026
SEC Accreditation No. 0234-SEC, Group A, issued on March 17, 2022, and
valid in the audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001911-000-2025, effective until March 11, 2028

By:

Jozel Francisco C. Santos, Jr.
Partner
CPA Certificate No. 89044
Tax Identification No. 170-035-673-000
PTR No. 10478580, January 9, 2025, Makati City
BIR Accreditation No. 08-001911-003-2025, effective until March 11, 2028

April 30, 2025

EMBER INSURANCE BROKERAGE, INC.

(A Subsidiary of CTL Holding Company, Inc.)

Statements of Financial Position

	As at December 31	
	2024	2023
ASSETS		
Current assets		
Cash - note 4	**P 20,280,097**	P 20,126,606
Prepayments - note 5	**22,741**	460,648
TOTAL ASSETS	**P 20,302,838**	P 20,587,254
LIABILITIES AND EQUITY		
Current liability		
Accrued expenses and other payables - note 6	**P 58,541**	P 71,400
Noncurrent liability		
Payable to related parties - note 8	**3,858,212**	1,607,170
Equity		
Capital stock - note 7	**20,000,000**	20,000,000
Deficit	**(3,613,915)**	(1,091,316)
	16,386,085	18,908,684
TOTAL LIABILITIES AND EQUITY	**P 20,302,838**	P 20,587,254

(The accompanying notes are an integral part of these financial statements)

EMBER INSURANCE BROKERAGE, INC.
(A Subsidiary of CTL Holding Company, Inc.)
Statements of Comprehensive Income

	Years Ended December 31	
	2024	2023
REVENUES		
Commision income	**P 196,830**	P 5,781
Interest income - note 4	**16,142**	70,778
	212,972	76,559
EXPENSES		
Professional fee	**2,129,006**	568,556
Salaries and wages	**193,096**	30,155
Taxes and licenses	**69,464**	138,536
SSS, Philhealth and HDMF contributions	**52,148**	-
Dues and subscriptions	**46,100**	5,000
Stationery and supplies	**27,857**	6,364
Transportation	**18,364**	1,000
Miscellaneous	**199,536**	10,307
	2,735,571	759,918
NET LOSS FOR THE YEAR	**(P 2,522,599)**	(P 683,359)

(The accompanying notes are an integral part of these financial statements)

EMBER INSURANCE BROKERAGE, INC.
(A Subsidiary of CTL Holding Company, Inc.)
Statements of Changes in Equity

	Years Ended December 31	
	2024	2023
CAPITAL STOCK - note 7	**P 20,000,000**	P 20,000,000
DEFICIT		
At beginning of year	**(1,091,316)**	(407,957)
Net loss for the year	**(2,522,599)**	(683,359)
At end of year	**(3,613,915)**	(1,091,316)
	P 16,386,085	P 18,908,684

(The accompanying notes are an integral part of these financial statements)

EMBER INSURANCE BROKERAGE, INC.
(A Subsidiary of CTL Holding Company, Inc.)
Statements of Cash Flows

	Years Ended December 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	**(P 2,522,599)**	(P 683,359)
Adjustment for:		
Interest income - note 4	**(16,142)**	(70,778)
Operating loss before working capital changes	**(2,538,741)**	(754,137)
Changes in assets and liabilties :		
Decrease (increase) in prepayments	**437,907**	(460,648)
Increase (decrease) in accrued expenses and other payables	**(12,859)**	63,400
Net cash used in operations	**(2,113,693)**	(1,151,385)
Interest received	**16,142**	70,778
Net cash used in operating activities	**(2,097,551)**	(1,080,607)
CASH FLOW FROM FINANCING ACTIVITY		
Proceeds from advances from related parties - note 8	**2,251,042**	1,157,213
NET INCREASE IN CASH	**153,491**	76,606
CASH, BEGINNING OF YEAR	**20,126,606**	20,050,000
CASH, END OF YEAR - note 4	**P 20,280,097**	P 20,126,606

(The accompanying notes are an integral part of these financial statements)

EMBER INSURANCE BROKERAGE, INC.
(A Subsidiary of CTL Holding Company, Inc.)
Notes to Financial Statements
December 31, 2024 and 2023

1. CORPORATE INFORMATION

EMBER INSURANCE BROKERAGE, INC. (the "Company") is incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on June 17, 2021. It primary purpose is act as an insurance broker or representative for or in behalf of an insured other than himself and/or to act in any manner in negotiating contracts of insurance or placing risk or effecting reinsurance for any insurance company, and generally to do or perform all acts or things which are necessary, proper and/or incidental to the purpose herein stated.

The Company's registered place of business is located at Filinvest Avenue Corner Alabang-Zapote, Alabang, Muntinlupa City, Philippines.

The Company's financial statements as at and for the year ended December 31, 2024, was approved and authorized for issue by the Company's Board of Directors on April 30, 2025.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies that have been used in the preparation of these financial statements are summarized in this note. The policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS), which include all applicable PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretations issued by the Philippine Interpretations Committee (PIC). These standards and interpretations are based on pronouncements issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), and are adopted by the Financial Reporting Standards Council (FRSC) and approved by the Securities and Exchange Commission (SEC).

Basis of preparation

The financial statements have been prepared on a historical cost basis, except for those financial assets and liabilities that have been measured at fair value, where applicable. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services at the time of the transaction. Fair value is defined as 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, regardless of whether that price is directly observable or estimated using a valuation technique.

The financial statements are presented in Philippine Peso (₱), which is the Company's functional and presentation currency. All amounts are rounded to the nearest peso, unless otherwise indicated.

Changes in accounting policies and disclosures

The Company adopted for the first time the following amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2024.

Current and noncurrent classification

The Company presents assets and liabilities in the statement of financial position based on current/noncurrent classification.

An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading.
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as noncurrent.

A liability is current when:

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

The Company classifies all other assets and liabilities as noncurrent.

Deferred tax assets and tax liabilities are classified as noncurrent assets and noncurrent liabilities, respectively.

The accounting policies adopted are consistent with those of the previous financial years except for the following new and amended PFRS that are mandatorily effective for annual periods beginning on or after January 1, 2024.

Disclosure of Accounting Policies (Amendments to PAS 1 and PFRS Practice Statement 2). The narrow-scope amendments PAS 1, Presentation of Financial Statements require entities to disclose material accounting policy information instead of significant accounting policies. The amendments also clarify the following: (1) accounting policy information may be material because of its nature, even if the related amounts are immaterial; (2) accounting policy is material if users of an entity's financial statements would need it to understand other material information in the statements; and (3) if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. Further, the amendments provide several paragraphs to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material. In addition, PFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of 'four-step materiality process' to accounting policy information in order to support the amendments to PAS 1. The amendments are applied prospectively. Management assessed that the application of such amendments had no significant impact on the Company's financial statements.

Definition of Accounting Estimates (Amendments to PAS 8). The amendments to PAS 8, Accounting Policies, Changes focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- A change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods.

Management assessed that the application of such amendments had no significant impact on the Company's financial statements.

Deferred Tax Related to Assets and Liabilities arising from Single Transaction (Amendments to PAS 12). The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary difference arise on initial recognition. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgment (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the application of such amendments had no significant impact on the Company's financial statements.

New accounting standards, interpretations, and amendments to existing standards effective subsequent to January 1, 2024

Standards issued but not yet effective up to the date of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

Classification of Liabilities as Current or Noncurrent (Amendments to PAS 1). The narrow-scope amendments to PAS 1, *Presentation of Financial Statements* clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant).

The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. The amendments are effective for annual periods beginning on or after January 1, 2024, with earlier application permitted.

Noncurrent Liabilities with Covenants (Amendments to PAS 1). The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of liability. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as either current or non-current. In addition, an entity has to disclose information in the notes that enable users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments are effective for annual periods beginning on or after January 1, 2024.

Lease Liability in a Sale and Leaseback (Amendments to PFRS 16). The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in PFRS 15 to be accounted for as a sale. The amendments to PFRS 16 specify that, in subsequently measuring the lease liability, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after January 1, 2024.

Cash Flow Statements and PFRS 7 (Amendments), Financial Instruments: Disclosures – Supplier Finance Arrangements. The amendment does not define supplier finance arrangements. Instead, the amendment describes the characteristics of an arrangement for which an entity is required to provide the information. The amendment noted that arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle directly with a supplier the amounts owed are not supplier finance arrangements. The entities will have to disclose in the notes information that enables users of the financial statements to assess how supplier finance arrangements affect an entity's liabilities and cash flows and understand its effect on exposure to liquidity risk and how the entity may be affected if the arrangements were no longer available.

The amendments are effective for annual periods beginning on or after January 1, 2024, with earlier application permitted.

The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability. The amendment specifies that a currency is exchangeable when an entity can exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at measurement date and for a specified purpose while a currency is not exchangeable into other currency if an entity can only obtain an insignificant amount of the other currency. When a currency is not exchangeable, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions. The amendment requires the disclosure of additional information when a currency is not exchangeable.

The amendment is effective for annual periods beginning on or after January 1, 2025, with earlier application permitted.

Deferred effectivity

PFRS 10, Consolidated Financial Statements and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments). The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the FRSC deferred the original effective date of April 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Company did not adopt early these previously mentioned new, amended and improved accounting standards and interpretations. The Company continues to assess the impact of the above new, amended, and improved accounting standards and interpretations that are effective subsequent to January 1, 2024, on its financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the financial statements when these amendments are adopted.

Determination of fair value and fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is 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
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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 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.

The Company determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

For purposes 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.

Financial instruments

Initial recognition, measurement and classification

The Company recognizes financial assets and financial liabilities in the statements of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Financial assets and financial liabilities are recognized initially at fair value including transaction costs, except for those financial assets and liabilities at FVPL where the transaction costs are charged to expense in the period incurred.

The Company classifies its financial assets as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and FVPL. The classification of debt instruments at amortized cost or at FVOCI depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing the financial assets. The Company's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, debt instruments may be designated at FVPL on initial recognition if doing so eliminates or significantly reduces the measurement or recognition inconsistency and produces more relevant information.

Upon initial recognition, the Company may make an irrevocable election to present subsequent changes in the fair value of an equity instrument in other comprehensive income (OCI), provided the instrument is not held for trading and is not contingent consideration recognized by an acquirer in a business combination. This election is made on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never reclassified to profit or loss. Dividends are recognized in profit or loss unless they clearly represent a recovery of part of the cost of the investment. Cumulative gains or losses recognized in OCI are not reclassified to profit or loss on disposal of the investment but may be transferred within equity.

The Company classifies its financial liabilities as subsequently measured at amortized cost using the effective interest method or at FVPL.

The Company does not have any financial instruments that are measured and classified at FVOCI and FVPL.

Financial assets at amortized cost

Financial assets are measured at amortized when 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.

As at December 31, 2024 and 2023, the Company's financial assets at amortized cost include cash (see Note 4).

After initial recognition, financial assets at amortized cost are subsequently measured using the effective interest method, less any allowance for expected credit losses. Gains and losses are recognized in the statements of comprehensive income when the financial assets are derecognized, modified, or impaired. These financial assets are classified as current assets when they are expected to be realized within twelve (12) months after the reporting period. Otherwise, they are classified as noncurrent assets.

Cash

Cash pertains to cash in bank.

Financial liabilities at amortized cost

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading, or designated as at FVPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

As at December 31, 2024 and 2023, included in financial liabilities at amortized cost are the Company's accrued expenses, and payable to related parties (see Notes 6 and 8).

Accrued expenses are liabilities to pay goods and services that have been incurred but have not been paid. It is necessary to estimate the amount or timing of accruals, however, the uncertainty is generally much less than for provisions. Accrued expenses and other payables are classified as current liabilities if payment is due within one (1) year or less or in the normal operating cycle of the business, if longer while non-trade payables are classified as current liabilities if payment is due within one (1) year or less. If not, these are presented as noncurrent liabilities.

<u>Offsetting of financial assets and liabilities</u>

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

Derecognition of financial assets and liabilities

Financial assets

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

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to third party under a "pass-through" arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

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

Financial liabilities

A financial liability is derecognized when the obligation under the liability was discharged, cancelled, or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

Impairment of financial assets

An allowance for expected credit losses (ECLs) should be recognized for all debt instruments. ECLs are a probability-weighted estimate of credit losses over the expected life of the financial asset. Credit losses are the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company assesses at each end of the reporting period whether the credit risk on a financial asset has increased significantly since initial recognition. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is measured at an amount equal to the lifetime ECLs. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, a loss allowance is measured at an amount equal to 12-month ECLs. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast,12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within twelve (12) months after the reporting period.

For receivables arising from sales or services rendered in the ordinary course of business, the Company has applied the standard's simplified approach and has calculated ECL based on lifetime expected credit losses. The Company does not track changes in credit risk, but instead recognizes loss allowance based on lifetime ECL at each reporting date. The loss allowance shall only be adjusted if there is a decline in the fair value of the property which may be repossessed in case of default and such a decline will render the fair value of the real property lower than the outstanding balance of the financial instruments.

When the credit risk on financial instruments for which lifetime ECLs have been recognized subsequently improves, and the requirement for recognizing lifetime ECLs is no longer met, the loss allowance is measured at an amount equal to 12-month ECL at the current reporting period, except for assets for which simplifed approach was used.

The Company recognizes impairment loss (reversals) in proft or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than thirty (30) days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the borrower's lenders, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concessions that the lenders would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- decrease in the fair value of the real estate property which can be recovered from trader receivable arising from sale of real estate if it defaults.

Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty, there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings and in the case of trade receivables arising from sale of real estate, when real estate property which can be recovered if the debtor defaults is no longer saleable.

Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Prepayments

Prepayments are expenses paid in advance and recorded as an asset before they are utilized. Prepayments comprise of creditable withholding tax, and accrued expenses (see Note 5).

Prepayments and other assets that are expected to be realized for no more than twelve (12) months after the reporting period are classified as current assets, otherwise, these are classified as other noncurrent assets.

Impairment of non-financial assets

At the end of each reporting period, the Company assesses whether there is any indication that any of its assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized as an expense, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss 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 or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Income taxes

The tax expense for the period comprises deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income. Deferred income tax is determined using tax rates that have been enacted or substantively enacted as at reporting date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each reporting date, the Company reassesses the need to recognize previously unrecognized deferred income tax asset. Deferred income tax assets are recognized for all deductible temporary differences, carrying forward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, carrying forward benefits of unused tax credits from excess of MCIT over RCIT can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employee benefits

Retirement benefits obligation

The Company did not provide any retirement benefits obligation for the years ended December 31, 2024 and 2023 as it has no employee ho is qualified for retirement benefit under RA 7641.

Related parties and related party transactions

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

Related party relationship exists when: (a) a person or a close member of that person's family has control or joint control, has significant influence or is a member of the key management personnel of the reporting entity or of a parent of the reporting entity; and (b) when any of the following conditions apply: (i) the entity and the reporting entity are members of the same group; (ii) one entity is an associate or joint venture of the other entity; (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third party; (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity; (vi) the entity is controlled or jointly controlled by a person as identified in (a) above; (vii) the entity or any member of a group of which it is part, provides key management personnel services to the reporting entity or to the parent of the reporting entity; (viii) a person identified in (a) above has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity.

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

Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Capital stock represents the par value of shares that were issued at the end of the reporting period.

Deficits include all current and prior results as disclosed in the statements of comprehensive income.

Revenue recognition

Revenue is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue from the following sources:

(a) Commission income

Revenue is recognized at the time it is earned, generally as of the effective date of the applicable contract.

(b) Interest income

Interest income is recognized on a time proportion basis using the effective interest method.

Expense recognition

Expenses are recognized in profit or loss when decrease in the future economic benefit is related to a decrease in an asset or an increase in liability has arisen that can be measured reliably.

Expenses constitute the costs of administering the business.

Expenses in the statements of comprehensive income are presented using the nature of expense method.

Functional and presentation currency

Items included in the financial statements of the Company are measured using the functional currency. Functional currency is the currency of the primary economic environment in which the Company operates. The financial statements are presented in Philippine peso (₱), the Company's functional and presentation currency.

Provisions and contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made with the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flow at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, an increase in the provision due to the passage of time is recognized as an interest expense. When the Company expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is presented in the statements of comprehensive income, net of any reimbursements.

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

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the assets and the related income are recognized in the financial statements.

Events after the reporting period

Post year-end events that provide additional information about the Company's position at the reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the financial statements when material.

3. MATERIAL ACCOUNTING JUDGEMENTS AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in compliance with PFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances at the end of the reporting period. Actual results could differ materially from such estimates.

Estimates and judgments 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.

Material accounting judgments in applying the Company's accounting policies

(a) Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. Recognition of deferred income taxes depends on management's assessment of the probability of available future taxable income against which the temporary difference can be applied. The components of deferred income tax are shown in Note 9.

(b) Provisions and contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and contingencies are discussed in Note 2.

Material accounting estimates and assumptions

Deferred tax assets

The Company reviews the carrying amounts at the end of each reporting period and reduces deferred tax assets 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 has not recognized deferred tax assets since management believes that it is more likely than not that the carry forward benefits will not be realized in the near future.

4. CASH

This account mainly pertains to cash in bank arising from the proceeds from initial capital contribution. Cash in bank earns interest at the respective bank deposit rates. Interest earned from bank deposits amounted to ₱16,142 in 2024 and ₱70,778 in 2023.

No restriction attached to cash in banks as of December 31, 2024 and 2023.

5. PREPAYMENTS

This account consists of:

	2024	2023
Creditable withholding taxes	**₱ 22,741**	₱ 648
Accrued expenses	**-**	460,000
	₱ 22,741	₱ 460,648

6. ACCRUED EXPENSES AND OTHER PAYABLES

This account consists of:

	2024	2023
Withholding tax and other taxes payable	**₱ 38,541**	₱ 56,900
Accrued expenses	**20,000**	14,500
	₱ 58,541	₱ 71,400

7. CAPITAL STOCK

Details of capital stock are as follows:

	2024	2023
Authorized:		
400,000 shares at ₱100 par value per share	**₱ 40,000,000**	₱ 40,000,000
Subscribed and paid up:		
200,000 shares at ₱100 par value per share	**₱ 20,000,000**	₱ 20,000,000

The Company has one class of common shares which carry no right to fixed income.

In a special meeting held on January 14, 2025, the Company's board of directors approved the additional subscription amounting to ₱3,500,000 worth of shares to comply with the Insurance Commission's (ICs) minimum net worth requirement with a minimum cash infusion of ₱1,091,316 to cover the minimum net worth deficiency.

8. RELATED PARTY TRANSACTIONS

In the normal course of business, the Company has transactions with its related parties. The Company's related parties include key management officers.

	Relationship	Amount of Transactions		Outstanding Balances	
		2024	2023	**2024**	2023
Payable to related party					
Toyota Alabang, Inc.	Common ownership	**₱ 2,251,042**	₱ 1,167,213	**₱ 3,858,212**	₱ 1,607,170

The Company obtained noninterest bearing cash advances from a related party. These advances are non-interest, unsecured and have no definite terms of payment.

No remuneration paid or accrued for its key management personnel since the date of inception of the Company.

9. INCOME TAX

A numerical reconciliation between income tax expense and the product of accounting loss follows:

	2024	2023
Accounting loss	**₱ 2,522,599**	₱ 683,359
Tax computed at 20%	**₱ 504,520**	₱ 136,672
Tax effect on:		
Non-taxable income	**3,228**	14,156
Change in valuation allowance	**(501,292)**	(150,828)
	₱ -	₱ -

a) Deferred tax asset

The Company's deferred tax asset of ₱663,718 and ₱232,419 as of December 31, 2024 and 2023, pertains to the effect of Net operating loss carryover (NOLCO) of ₱3,318,592 and ₱1,162,094 as at December 31, 2024 and 2023, respectively. A full valuation allowance has been established since management believes that it is more likely than not that the carry-forward benefits will not be realized in the near future.

b) NOLCO

As at December 31, 2024, the Company's NOLCO that can be claimed as deduction from future taxable income follows:

Year Incurred	Expiration Date	Beginning Balance	Additions	Claimed/ Expired	Ending balance
2023	2026	₱ -	₱2,538,741	₱ -	₱2,538,741
2023	2026	754,137	-	-	754,137
2022	2025	25,714	-	-	25,714
2021	2024	382,243	-	382,243	-
		₱1,162,094	₱2,538,741	₱ 382,243	₱3,318,592

10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which result from both its operating, investing and financing activities. The Company's risk management policies focus on actively securing the Company's short-term to medium-term cash flows by minimizing the exposure to financial markets. The Company does not actively engage the trading of financial assets for speculative purposes, nor does it write options.

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

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company.

Credit risk management

Credit risk refers to the risk that the other party will default on its contractual obligation resulting in financial loss to the Company. The Company's credit risk is primarily attributable to its financial assets which are composed of advances to a related party. The Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. As a policy, the Company transacts only with institutions and/or banks which have demonstrated financial soundness.

Credit risk arises from the financial assets of the Company which comprise of cash.

Credit risk exposure

The Company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements arises from the carrying amount financial assets recognized in the statements of financial position.

The tables below show the Company's maximum exposure to credit risk and the credit quality of the Company's financial assets:

	2024	2023
Cash	₱ **20,280,097**	₱ 20,126,606

Cash in banks are assessed to have low credit risk at each reporting period. Cash balances are held by reputable banking institutions.

The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets. None of the financial assets has been renegotiated during the year.

Liquidity risk

Liquidity risk arises when the Company encounters difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's liquidity is closely monitored by the management in coordination with the BOD and focuses on actively securing the Company's short to medium term cash flows.

The tables below summarize the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

December 31, 2024

	Within 1 year	**Later than 1 year but not more than 5 years**	**Total**
Accrued expenses	**₱ 20,000**	**₱ -**	**₱ 20,000**
Payable to related parties	**-**	**3,858,212**	**3,858,212**
	₱ 20,000	**₱ 3,858,212**	**₱ 3,878,212**

December 31, 2023

	Within 1 year	Later than 1 year but not more than 5 years	Total
Accrued expenses	₱ 14,500	₱ -	₱ 14,500
Payable to related parties	-	1,607,170	1,607,170
	₱ 14,500	₱ 1,607,170	₱ 1,621,670

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's financial instruments are non-interest bearing and therefore not subject to interest rate exposure.

11. CAPITAL RISK OBJECTIVE AND MANAGEMENT

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for its stockholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital such as interest expense and reduce the need to obtain long-term borrowings.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends to be paid to stockholders, return capital to stockholders, issue new shares or sell assets to reduce debt.

The capital that the Company manages includes all components of its equity attributable as shown in the statements of financial position. The Company monitors its capital through its debt ratio.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements. The debt ratio as at December 31 are as follows:

	2024	2023
Debts (a)	**₱ 3,916,753**	₱ 1,678,570
Total assets (b)	**20,302,838**	20,587,254
Debt expressed in % (a/b)	**19%**	8%

12. FAIR VALUE INFORMATION

Assets and liabilities not measured at fair value

The following gives information about how the fair values of the Company's assets and liabilities, which are not measured at fair value, but the fair values are disclosed at the end of each reporting period, are determined:

The carrying amount and fair value of the categories of noncurrent financial assets and liabilities presented in the statements of financial position are shown below:

	2024		2023			
	Carrying value	**Fair value**	Carrying value	Fair value	Fair value hierarchy	Valuation techniques
Noncurrent financial liability:						
Advances from related parties	**₱ 3,858,212**	**₱ 3,638,007**	₱ 1,607,170	₱ 1,517,558	Level 3	(Discounted cash flow)

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

Advances from related parties

Significant unobservable input	Relationship of unobservable Inputs to fair value
Discounted cash flows are determined by reference to prevailing market lending rate of 6.053% in 2024 and 5.905% in 2023	The higher the discount rate, the lower the fair value.

The table below shows the sensitivity of the above unobservable inputs to the valuation model to the carrying amount of the borrowings and due from related parties at December 31:

		Increase (Decrease) in carrying amount
	Change in Unobservable Input to Valuation Model	Advances from related parties
2024	**0.05%**	**(₱ 4,571)**
	(0.05%)	**4,571**
2023	0.05%	(₱ 7,557)
	(0.05%)	7,557

13. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The reconciliation about the changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes, are as follows:

December 31, 2024

	Balance as at January 1, 2024	Change from financing cash flow	Balance as at December 31, 2024
Payable to related parties	₱ 1,607,170	₱ 2,251,042	₱ 3,858,212

December 31, 2023

	Balance as at January 1, 2023	Change from financing cash flow	Balance as at December 31, 2023
Payable to related parties	₱ 449,957	₱ 1,157,213	₱ 1,607,170

14. SUPPLEMENTARY INFORMATION REQUIRED UNDER REVENUE REGULATIONS NO. 15-2010 BY BUREAU OF INTERNAL REVENUE (BIR)

Presented below is the detailed information on taxes, duties and license fees paid or accrued by the Company as of and for taxable period ended December 31, 2024:

a. *Output value-added tax / Input value added tax*

The amount of output tax for the year ended December 31, 2024 is as follows:

	Tax base	Output VAT
Vatable	₱ 196,830	₱23,620

The Company has not incurred any disbursements subject to VAT input in 2024.

b. *Importation, excise tax and documentary stamp tax (DST)*

The Company has no transactions on importation and excise taxes and DST in 2024.

c. *Taxes and licenses*

	Amount
Local	
Business permit	₱ 14,539
Barangay clearance	500
National	
Others, mainly performance bonds and fees	54,425
	₱ 69,464

d. *Withholding taxes*

The Company has no withholding taxes paid/ accrued in 2024.

e. *Deficiency tax assessment and tax cases*

As at December 31, 2024, the Company has no deficiency tax assessments with the Bureau of Internal Revenue (BIR) or tax cases outstanding or pending in courts or bodies outside of the BIR.

* * *

Diaz Murillo
Dalupan and Company

WE ARE AN INDEPENDENT MEMBER OF
THE GLOBAL ADVISORY
AND ACCOUNTING NETWORK

Statement required by Revised SRC Rule 68, As Amended

To the Board of Directors and Stockholders of
EMBER INSURANCE BROKERAGE, INC.
Filinvest Avenue Corner Alabang Zapote Road
Alabang, Muntinlupa City

We have audited the accompanying financial statements of **EMBER INSURANCE BROKERAGE, INC.** as at and for the year ended December 31, 2024, on which we have rendered the attached report dated April 30, 2025.

In compliance with Revised SRC Rule 68 and based on the certification received from the Company's corporate secretary and the results of the work performed as at December 31, 2024 the Company has six (6) stockholders owning one hundred or more shares each.

DIAZ MURILLO DALUPAN AND COMPANY
Tax Identification No. 003-294-822
BOA/PRC No. 0234, effective until June 23, 2026
SEC Accreditation No. 0234-SEC, Group A, issued on March 17, 2022, and
valid in the audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001911-000-2025, effective until March 11, 2028

By:

Jozel Francisco C. Santos, Jr.
Partner
CPA Certificate No. 89044
Tax Identification No. 170-035-673-000
PTR No. 10478580, January 9, 2025, Makati City
BIR Accreditation No. 08-001911-003-2025, effective until March 11, 2028

April 30, 2025

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

The Board of Directors and Stockholders
EMBER INSURANCE BROKERAGE, INC.
Filinvest Avenue Corner Alabang Zapote Road
Muntinlupa City

We have audited, in accordance with the Philippines Standards on Auditing, the financial statements of EMBER INSURANCE BROKERAGE, INC. as at and for the year ended December 31, 2024, on which we have rendered our report dated April 30, 2025. Our audit was made for the purpose of forming an opinion on the financial statements of the Company taken as a whole. The minimum information attached is the responsibility of the Company's management and is presented for the purpose of complying with the Insurance Commission Circular Letter No. 2021-65 and 69 and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the Company's financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as whole.

DIAZ MURILLO DALUPAN AND COMPANY
Tax Identification No. 003-294-822
BOA/PRC No. 0234, effective until June 23, 2026
SEC Accreditation No. 0234-SEC, Group A, issued on March 17, 2022, and valid in the audit of 2021 to 2025 financial statements of SEC covered institutions
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April 30, 2025

SUPPLEMENTARY INFORMATION FOR FILING WITH THE INSURANCE COMMISSION

1. Segregation of Client's Money Account

As at the report date, the Company has not collected any money from clients. The Company has not received or held any funds—whether in cash or deposited in bank—on behalf of clients in relation to its insurance broking business.

Accordingly, the maintenance of a separate Clients' Money Account is not applicable for the period covered.

2. Net Worth Compliance

Particulars	**Amount (PHP)**
Total Net Worth (as of report date)	16,386,085.00
Required Minimum Net Worth	20,000,000.00
Deficiency	**(3,613,915.00)**

As of the report date, the Company's net worth amounts to ₱16,386,085.00, resulting in a deficiency of ₱3,613,915.00 against the minimum net worth requirement of ₱20,000,000.00 as prescribed by the Insurance Commission.

To address this deficiency, the Company's Board of Directors, in a special meeting held on January 14, 2025, approved an additional subscription of ₱3,500,000 worth of shares. This capital infusion is intended to comply with the Insurance Commission's requirement and will be reflected in the Company's financial records upon completion of the subscription process and receipt of payment.

3. *Fiduciary Ratio Computation*

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

		Amount
Fiduciary Assets		
Cash Restricted – Client's Money Account	₱	-
Receivable from Insurance Companies Clients		-
Total Fiduciary Assets	₱	-
Fiduciary Liabilities		
Payable to Insurance Companies	₱	-
Payable to the Insured		-
Total Fiduciary Liabilities	₱	-
Fiduciary Ratio		-

4. Offsetting Arrangements

The Company has no offsetting arrangements.

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