



STATEMENT OF MANAGEMENT'S RESPONSIBILITY

FOR FINANCIAL STATEMENTS

The Management of **WIPRO PHILIPPINES, INC.** (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedule attached therein, for the years ended March 31, 2024 and 2023 in accordance with the Philippine Financial Reporting Standards (PFRSs), 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 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 for overseeing the Company's financial reporting process.

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

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

A handwritten signature in black ink, appearing to be "Roy Aseem", is written above the name.

ROY ASEEM

Chairman of the Board/President

A handwritten signature in black ink, appearing to be "Susan Gerodias Batistis", is written above the name.

SUSAN GERODIAS BATISTIS

Treasurer

Signed this 28th day of May 2024.

Business Unit:

Wipro Philippines Inc T : +63 32 230 1000
Cebu IT Tower 1
Lot. 7 Blk. 2 cor. Archbishop Reyes St
Mindanao St., Cebu Business Park
Publico Cebu City, 6000 Philippines



INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders

WIPRO PHILIPPINES, INC.

(A Wholly Owned Subsidiary of Wipro Limited, India)

Cebu IT Tower 1, Lot 7 Corner Archbishop Reyes and Mindanao St.

Cebu Business Park, Cebu City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **WIPRO PHILIPPINES, INC.** (the "Company"), which comprise the statements of financial position as of March 31, 2024 and 2023 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's 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 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 PFRSs, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 audit. We also:

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 34, to the financial statements, is presented for purposes of filing with Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the Management of **WIPRO PHILIPPINES, INC.** 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.

R.S. BERNALDO & ASSOCIATES

BOA/PRC No. 0300

Valid until November 19, 2026

BSP Group B Accredited

Accreditation No. 0300-BSP

Valid until 2026 audit period

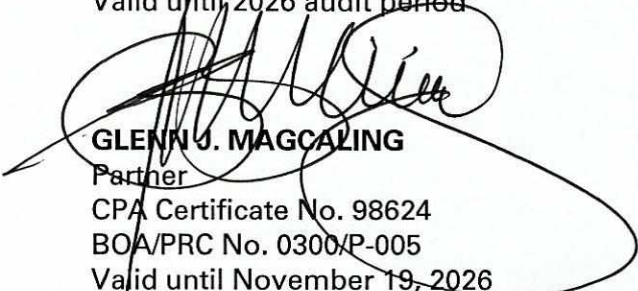
BIR Accreditation No. 08-007679-000-2023

Valid from January 31, 2023 until January 30, 2026

IC Group A Accredited

Accreditation No. 0300-IC

Valid until 2026 audit period



GLENN J. MAGCALING

Partner

CPA Certificate No. 98624

BOA/PRC No. 0300/P-005

Valid until November 19, 2026

BIR Accreditation No. 08-007679-005-2024

Valid from February 19, 2024 until February 18, 2027

Tax Identification No. 198-646-943

PTR No. 10081202

Issued on January 9, 2024 at Makati City

May 28, 2024

WIPRO PHILIPPINES INC.*(A Wholly-owned Subsidiary of Wipro Limited, India)***STATEMENTS OF FINANCIAL POSITION**

March 31, 2024 and 2023

(In Philippine Peso)

	NOTES	2024	2023
A S S E T S			
Current Assets			
Cash and cash equivalents	7	5,830,338,893	2,543,460,552
Trade and other receivables – net	8	4,122,088,659	3,738,218,323
Unbilled service fees	9	395,235,047	334,987,610
Prepayments	10	69,523,599	137,413,815
Financial asset at fair value through profit or loss	11	9,932,512	53,120,127
		10,427,118,710	6,807,200,427
Non-current Assets			
Property and equipment – net	12	937,074,408	817,442,697
Right-of-use assets – net	13	1,146,110,655	547,593,416
Refundable deposits	25	109,301,845	94,868,595
		2,192,486,908	1,459,904,708
TOTAL ASSETS		12,619,605,618	8,267,105,135
LIABILITIES AND STOCKHOLDERS' EQUITY			
L I A B I L I T I E S			
Current Liabilities			
Trade and other payables	14	1,262,399,864	983,817,514
Due to related parties	16	991,159	180,184
Lease liabilities	15	310,716,507	210,874,144
Financial liability at fair value through profit or loss	11	17,210,379	-
Income tax payable		51,685,453	28,031,882
		1,643,003,362	1,222,903,724
Non-current Liabilities			
Retirement benefits obligation	24	24,739,089	15,896,721
Lease liabilities – net of current portion	15	929,268,699	409,571,167
Deferred tax liability	27	42,012,435	-
		996,020,223	425,467,888
TOTAL LIABILITIES		2,639,023,585	1,648,371,612
S T O C K H O L D E R S ' E Q U I T Y			
Capital Stock	17	188,914,700	188,914,700
Remeasurement – net	24	(2,816,557)	2,626,821
Retained Earnings		9,794,483,890	6,427,192,002
TOTAL STOCKHOLDERS' EQUITY		9,980,582,033	6,618,733,523
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		12,619,605,618	8,267,105,135

(See Notes to Financial Statements)

WIPRO PHILIPPINES INC.*(A Wholly-owned Subsidiary of Wipro Limited, India)***STATEMENTS OF COMPREHENSIVE INCOME**

For the Years Ended March 31, 2024 and 2023

(In Philippine Peso)

	NOTES	2024	2023
SERVICE REVENUE	19	9,619,607,660	9,851,560,533
OTHER FEES	20	690,825	(690,218)
TOTAL REVENUE		9,620,298,485	9,850,870,315
COST OF SERVICES	21	5,966,577,483	5,451,646,209
GROSS PROFIT		3,653,721,002	4,399,224,106
OPERATING EXPENSES	23	285,176,966	758,610,709
OTHER INCOME (EXPENSE) – net	22	254,526,631	(21,586,730)
FINANCE COSTS	13,15	90,738,394	33,251,636
PROFIT BEFORE TAX		3,532,332,273	3,585,775,031
INCOME TAX EXPENSE	26	165,040,385	110,205,669
PROFIT		3,367,291,888	3,475,569,362
OTHER COMPREHENSIVE INCOME (LOSS)			
ITEM THAT WILL NOT BE RECLASSIFIED			
SUBSEQUENTLY TO PROFIT OR LOSS:			
Remeasurement – net	24	(5,443,378)	3,965,508
TOTAL COMPREHENSIVE INCOME		3,361,848,510	3,479,534,870
Basic Earnings per Share		1,782.44	1,839.76

(See Notes to Financial Statements)

WIPRO PHILIPPINES INC.

(A Wholly-owned Subsidiary of Wipro Limited, India)

STATEMENTS OF CHANGES IN EQUITY

For the Years Ended March 31, 2024 and 2023

(In Philippine Peso)

	Notes	Capital Stock	Remeasurement – net	Retained Earnings	Total
Balance at April 1, 2022		188,914,700	(1,338,687)	2,951,622,640	3,139,198,653
Profit				3,475,569,362	3,475,569,362
Other comprehensive income	24		3,965,508		3,965,508
Balance at March 31, 2023	17,24	188,914,700	2,626,821	6,427,192,002	6,618,733,523
Profit				3,367,291,888	3,367,291,888
Other comprehensive loss	24		(5,443,378)		(5,443,378)
Balance at March 31, 2024	17,24	188,914,700	(2,816,557)	9,794,483,890	9,980,582,033

(See Notes to Financial Statements)

WIPRO PHILIPPINES INC.*(A Wholly-owned Subsidiary of Wipro Limited, India)***STATEMENTS OF CASH FLOWS**

For the Years Ended March 31, 2024 and 2023

(In Philippine Peso)

	NOTES	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3,532,332,273	3,585,775,031
Adjustments for:			
Depreciation	12,13,21,23	752,081,265	647,160,430
Finance cost on lease liabilities	15	90,738,394	33,251,636
Retirement benefits	24	3,534,493	4,467,703
Provision for expected credit losses	8,23	619,803	16,047
Gain on asset retirement	12,22	-	(29,541)
Reversal of expected credit losses	8,22	-	(4,533,516)
Gain on lease termination	13,22	(14,942,002)	-
Unrealized foreign exchange loss (gain) – net	22	(70,498,823)	46,585,792
Finance income	7,16,22	(169,085,806)	(20,436,005)
Operating cash flows before changes in working capital		4,124,779,597	4,292,257,577
Decrease (Increase) in operating assets:			
Trade and other receivables – net		(182,194,359)	(3,463,410,621)
Unbilled service fees		(56,313,862)	117,901,053
Prepayments		67,890,216	(35,036,346)
Refundable deposits		(14,433,250)	(19,855,463)
Increase (Decrease) in trade and other payables		296,725,461	(1,742,947,252)
Cash generated from (used in) operations		4,236,453,803	(851,091,052)
Retirement benefits paid	24	(135,503)	-
Income taxes paid		(73,402,884)	(73,703,914)
Net cash from (used in) operating activities		4,162,915,416	(924,794,966)
CASH FLOWS FROM INVESTING ACTIVITIES			
Advances collected to related parties	16	3,985,102,288	803,346,892
Proceeds from disposal of property and equipment	12	194,354,199	7,672,992
Finance income received	22	158,093,236	19,793,621
Additions to property and equipment	12	(699,239,203)	(266,164,352)
Advances granted to related parties	7	(4,094,472,145)	-
Net cash from (used in) investing activities		(456,161,625)	564,649,153
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances received from a related party	16	6,061,306	36,938
Payment to related parties	16	(5,250,331)	(78,491)
Finance cost paid on lease liabilities	15	(90,738,394)	(33,251,636)
Payment of lease liabilities	15	(345,805,317)	(208,708,130)
Net cash used in financing activities		(435,732,736)	(242,001,319)
EFFECTS OF FOREIGN EXCHANGE RATE			
CHANGES ON CASH AND CASH EQUIVALENTS	7,22	15,857,286	19,344,762
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		3,286,878,341	(582,802,370)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,543,460,552	3,126,262,922
CASH AND CASH EQUIVALENTS AT END OF YEAR		5,830,338,893	2,543,460,552

(See Notes to Financial Statements)

WIPRO PHILIPPINES INC.**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION**

As of March 31, 2024

Unappropriated Retained Earnings, beginning of reporting period (see Footnote 2)		6,427,192,002
Add: <u>Category A:</u> Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	-	
Effect of restatements of prior-period adjustments	-	
Others (describe nature)	-	
Sub-total		-
Less: <u>Category B:</u> Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	-	
Retained Earnings appropriated during the reporting period	-	
Effect of restatements of prior-period adjustments	-	
Others (describe nature)	-	
Sub-total		-
Unappropriated Retained Earnings, as adjusted		6,427,192,002
Add/Less: Net Income (Loss) for the current year		3,367,291,888
Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	4,903,229	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	49,738,308	
Unrealized fair value gain of investment property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	
Sub-total		54,641,537
Add: <u>Category C.2:</u> Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents but realized in the current reporting period (net of tax)	-	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Realized fair value gain of investment property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	
Sub-total		-
Add: <u>Category C.3:</u> Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Reversal of previously recorded fair value gain of Investment Property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-	
Sub-total		-
Adjusted Net Income/Loss		9,739,842,353
Add: <u>Category D:</u> Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	-	
Sub-total		-

Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP (see Footnote 3)

Amortization of the effect of reporting relief	-
Total amount of reporting relief granted during the year	-
Others (describe nature)	-
Sub-total	-

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

Net movement of treasury shares (except for reacquisition of redeemable shares)	-
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	42,012,435
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-
Others (describe nature)	-
Sub-total	-

Total Retained Earnings, end of the reporting period available for dividend	42,012,435
	9,781,854,788

FOOTNOTES

(1) The amount of retained earnings of a company should be based on its separate ("stand-alone") audited financial statements.

(2) Unappropriated Retained Earnings, beginning of reporting period refers to the ending balance as reported in the "Reconciliation of Retained Earnings Available for Dividend Declaration" of the immediately preceding period.

(3) Adjustments related to the relief provided by the SEC and BSP pertain to accounting relief (e.g. losses that are reported on a staggered basis) granted by the regulators. However, these are actual losses sustained by the Company and must be adjusted in the reconciliation to reflect the actual distributable amount.

(4) This Reconciliation of Retained Earnings Available for Dividend Declaration in pursuant to Sec. 42 of the Revised Corporation Code, which prohibits stock corporations to retain surplus profits in excess of one hundred (100%) percent of their paid-in capital and their power to declare dividends. However, this Reconciliation of Retained Earnings should not be used by the REIT companies as a basis to determine the amount of its distributable income or dividends to its shareholders. The determination of its distributable income should be in accordance with the REIT Act and Implementing Rules and Regulations.

WIPRO PHILIPPINES INC.

(A Wholly-owned Subsidiary of Wipro Limited, India)

NOTES TO FINANCIAL STATEMENTS

March 31, 2024 and 2023

1. CORPORATE INFORMATION

Wipro Philippines Inc. (the "Company") is domiciled in the Philippines and was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 16, 2007. The Company was organized primarily to undertake and carry on the business of providing all kinds of information technology based and enabled services, electronic remote processing services, eService, including all types of internet-based/web enabled services, transaction processing, fulfillment services, business support services including but not limited to providing billing services, processing services, database services, data entry business-marketing services, business information and management services, training and consultancy services to the businesses, organizations, firms, corporations, trusts, local bodies, states, governments and other entities; to establish and operate service processing centers for providing services for back office and processing requirements, contacting and communicating to and on behalf of the customers by voice, data image, letters and to handle business process management, remote held desk management, remote management, remote customer interaction, customer relationship management and customer servicing through call centers, email based activities and letter/fax based communication, knowledge storage and management, data management, warehousing, search, integration and analysis for financial and non-financial data; as well as to act as information technology consultants and to operate a high technology data processing center for providing information processing, analysis development accounting and business information and data to customers; to carry on the business of gathering, collating, compiling, processing, analyzing, distributing, selling, publishing data and information and including conduct of studies and research, and marketing of information and services and providing access to information regarding financial operations and management, financial services, investment services business and commercial operations, financial status, customer responses and management of businesses.

The Company is a 99.99% owned subsidiary of Wipro Limited, India (the "Parent Company"), an entity incorporated and domiciled in India. Wipro Limited, India is an entity domiciled in Bangalore, India and is a publicly listed company in the Bombay Stock Exchange and National Stock Exchange in India and the New York Stock Exchange in the United States of America.

In 2007, the Company registered with the Philippine Economic Zone Authority (PEZA) as an enterprise engaged in call center and business process outsourcing services. In line with the PEZA registration, the Company is entitled to a four-year Income Tax Holiday (ITH) incentive from the start of the commercial operation for each qualified location with a two-year extension period, subject to PEZA approval. As at March 31, 2022, the Company has nine (9) operating offices registered with PEZA.

The Company's registered office address is located at Cebu IT Tower 1, cor. Archbishop Reyes Avenue and Mindanao St., Cebu Business Park, Cebu City, Philippines.

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Philippine Financial and Sustainability Reporting Standards Council (FSRSC) approved the issuance of new and revised Philippine Financial Reporting Standards (PFRS). The term “PFRS” in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and Interpretations issued by the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the FSRSC and adopted by SEC.

These new and revised PFRS prescribe new accounting recognition, measurement and disclosure requirements applicable to the Company. When applicable, the adoption of the new standards was made in accordance with their transitional provisions, otherwise the adoption was accounted for as change in accounting policy under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

2.01 New and Revised PFRSs Applied with No Material Effect on the Financial Statements

The following new and revised PFRSs have been adopted in these financial statements. The application of these new and revised PFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

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

The definition of accounting estimates has been amended as follows: accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

The amendment also clarifies the following:

- 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.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

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

The amendments to PAS 1 are the following:

- an entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added 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;

The amendments also clarify the following:

- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, PFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to PAS 1.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

- Amendment to PAS 12, *Deferred tax related to assets and liabilities arising from a single transaction*

The amendments introduce an exception to the initial recognition exemption (IRE) in PAS 12. Additional exclusions have been added to the IRE, detailed in paragraphs 15(b)(iii) and 24(c) for deferred tax liabilities and assets respectively. The effects of these amendments essentially mean that the IRE is not available for transactions which involve the recognition of both an asset and liability – which in turn leads to equal and opposite temporary differences – such that deferred taxes are calculated and booked for both temporary differences, both at initial recognition and subsequently. Applying this exception, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

The initial recognition exemption was initially included within PAS 12 to prevent a lack of reporting transparency for transactions which are not business combinations and, at the time of the transaction, do not affect either accounting or taxable profits. Under this exemption, deferred tax assets/liabilities would neither be recognized at initial recognition of the underlying asset/liability, nor subsequently.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, the amendments also apply to taxable and deductible temporary differences associated with right-of-use assets and lease liabilities, and decommissioning obligations and corresponding amounts recognized as assets at the beginning of the earliest comparative period presented.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

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

The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules, and disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

2.02 New and Revised PFRSs in Issue but Not Yet Effective

The Company will adopt the following standards and interpretations enumerated below when they become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRSs, to have significant impact on the financial statements.

2.02.01 Standard Adopted by FSRSC and Approved by the Board of Accountancy (BOA)

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments to PAS 1 are the following:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments defer the effective date of the January 2020 Classification of Liabilities as Current or Non-Current (Amendments to PAS 1) to annual reporting periods beginning on or after January 1, 2024.

- Amendments to PAS 7 and PFRS 7, *Supplier Finance Arrangements*

The amendments introduce new disclosure requirements to enhance the transparency and, thus, the usefulness of the information provided by entities about supplier finance arrangements.

The amendments are effective to annual reporting periods beginning on or after January 1, 2024.

- Amendments to PAS 1, *Non-current Liabilities with Covenants*

The amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current. Additional disclosures are required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period.

The amendments are effective to annual reporting periods beginning on or after January 1, 2024.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

The amendments clarify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

The amendments are effective to annual reporting periods beginning on or after January 1, 2024.

- PFRS 17, *Insurance Contracts*

PFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. It requires an entity that issues insurance contracts to report them on the balance sheet as the total of the fulfilment cash flows and the contractual service margin. It requires an entity to provide information that distinguishes two ways insurers earn profits from insurance contracts: the insurance service result and the financial result. It requires an entity to report as insurance revenue the amount charged for insurance coverage when it is earned, rather than when the entity receives premium. It requires that insurance revenue to exclude the deposits that represent the investment of the policyholder, rather than an amount charged for services. Similarly, it requires the entity to present deposit repayments as settlements of liabilities rather than as insurance expense.

PFRS 17 is effective for annual periods beginning on or after January 1, 2025. Early application is permitted for entities that apply PFRS 9, *Financial Instruments* and PFRS 15, *Revenue from Contracts with Customers* on or before the date of initial application of PFRS 17.

An entity shall apply PFRS 17 retrospectively unless impracticable, except that an entity is not required to present the quantitative information required by paragraph 28(f) of PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* and an entity shall not apply the option in paragraph B115 for periods before the date of initial application of PFRS 17. If, and only if, it is impracticable, an entity shall apply either the modified retrospective approach or the fair value approach.

- Amendments to PFRS 17, *Insurance Contracts*

The amendments cover the following areas:

- Insurance acquisition cash flows for renewals outside the contract boundary;
- Reinsurance contracts held—onerous underlying insurance contracts;
- Reinsurance contracts held—underlying insurance contracts with direct participation features; and
- Recognition of the contractual service margin in profit or loss in the general model.

The amendments are effective to annual reporting periods beginning on or after January 1, 2025.

- Amendment to PFRS 17, *Initial Application of PFRS 17 and PFRS 9—Comparative Information*

The amendment is a transition option relating to comparative information about financial assets presented on initial application of PFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

PFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after January 1, 2025.

2.02.02 Deferred

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

The amendments clarify the treatment of the sale or contribution of assets between an investor and its associate and joint venture. This requires an investor in its financial statements to recognize in full the gains and losses arising from the sale or contribution of assets that constitute a business while recognize partial gains and losses if the assets do not constitute a business (i.e. up to the extent only of unrelated investor share).

On January 13, 2016, the FSRSC decided to postpone the original effective date of January 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.

3. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

3.01 Statement of Compliance

The financial statements have been prepared in accordance with PFRS and are under the historical cost convention, except for certain financial instruments that are carried either at fair value or at amortized cost.

3.02 Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the Philippine Peso (P), the currency of the primary economic environment in which the Company operates (the "functional currency").

The Company chose to present its financial statements using its functional currency.

3.03 Current and Non-current Presentation

The Company classifies an asset as current when:

- It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- It holds the asset primarily for the purpose of trading;
- It expects to realize the asset within twelve (12) months after the reporting period; or
- The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

The Company classifies all other assets as non-current.

The Company classifies a liability as current when:

- It expects to settle the liability in its normal operating cycle;
- It holds the liability primarily for the purpose of trading;
- The liability is due to be settled within twelve (12) months after the reporting period; or
- It does not have an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting period.

The Company classifies all other liabilities as non-current.

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

4. MATERIAL ACCOUNTING POLICIES

Principal accounting and financial reporting policies applied by the Company in the preparation of its financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

4.01 Fair Value Measurement

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.

When measuring fair value the Company takes into consideration the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions. In addition, it assumes that the transaction takes place either: (a) in the principal market; or (b) in the absence of a principal market, in the most advantageous market.

The Company considers the fair value of an asset or a liability 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 assumes that a financial or non-financial liability or an entity's own equity instruments (e.g. equity interests issued as consideration in a business combination) is transferred to a market participant at the measurement date. The transfer of a liability or an entity's own equity instrument assumes the following:

- A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date.
- An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on 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.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

4.02 Segment Information

An operating segment is a component of the Company: (a) that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the Company; (b) whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

The Company reports separately, information about an operating segment that meets any of the following quantitative thresholds: (a) its reported revenue, including both sales to external customers and inter-segment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments, provided that; (b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of the combined reported profit of all operating segments that did not report a loss and the combined reported loss of all operating segments that reported a loss; and (c) its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if management believes that information about the segment would be useful to users of the financial statements.

For management purposes, the Company is currently organized into two business segments: ITES/BPO Service and Corporate Service. These divisions are the basis on which the Company reports its primary segment information.

4.03 Financial Instruments

4.03.01 Initial Recognition and Measurement

The Company recognizes a financial asset in its statements of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Except for trade receivables that do not have a significant financing component, at initial recognition, the Company measures a financial asset at its fair value through profit or loss plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At initial recognition, the Company measures trade receivables that do not have a significant financing component at their transaction price.

4.03.02 Classification

➤ Financial Asset at Amortized Cost

A financial asset 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.

The Company's financial assets measured at amortized cost include cash and cash equivalents, trade and interest receivables, due from related parties, and refundable deposits.

a) Cash and Cash Equivalents

Cash and cash equivalent include cash in banks, cash equivalents and short-term investment. Cash in banks pertain to cash deposits held at call with bank that are subject to insignificant risk of change in value. This shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Cash equivalent is a short-term, highly liquid investment that is readily convertible to known amount of cash with maturity of three (3) months or less from the date of acquisition and that are subject to an insignificant risk of change in value. This shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

b) Receivables

Receivables include trade receivables, interest receivables and due from related parties. These are measured at amortized cost using effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

c) Refundable Deposits

Refundable deposits serve as a guarantee on the operating lease entered by the Company as a lessee. The amount shall be refunded to the Company after the end of the lease term. These are initially recorded as asset and measured at the amount of cash paid. Subsequently, it is measured at amortized cost less any impairment.

➤ Financial Asset at Fair Value through Profit or Loss (FVTPL)

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

The Company's financial assets measured at fair value through profit or loss pertain to foreign currency forward contracts in both years.

The Company does not have financial assets measured at fair value through other comprehensive income in both years.

4.03.03 Effective Interest Method

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets and financial assets that are not purchased credit-impaired but subsequently have become credit-impaired.

4.03.04 Impairment

The Company measures expected losses of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable assumption that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The Company adopted the following approaches in accounting for impairment:

➤ **General Approach**

The Company applies general approach to cash in banks, cash equivalents, short-term investment, interest receivables, due from related parties, and refundable deposits. At each reporting date, the Company measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. However, if the credit risk has not increased significantly, the Company measures the loss allowance equal to 12-month expected credit losses.

The Company compares the risk of default occurring as at the reporting date with the risk of default occurring as at the date of initial recognition and consider the macro-economic factors such as GDP, interest, and inflation rates, the performance of the counterparties' industry, and the available financial information of each counterparty to determine whether there is a significant increase in credit risk or not since initial recognition.

The Company determines that there has been a significant increase in credit risk when there is a significant decline in the factors.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition because the financial instrument is determined to have low credit risk at the reporting date.

The Company did not apply the 30 days past due rebuttable presumption because the Company determines that there have been no significant increases in credit risk even the amounts are past due for more than 30 days.

If the Company has measured the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date, that the credit quality improves (i.e. there is no longer a significant increase in credit risk since initial recognition), then the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date.

The Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

The Company performs the assessment of significant increases in credit risk on collective basis for financial assets with collateral otherwise it is assessed on an individual basis.

The Company did not apply the 90 days past due rebuttable presumption in determining whether a financial asset is credit-impaired or not since based on the Company's historical experience and aging schedules, past due amounts even over 90 days are still collectible.

The Company determines that 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 counterparty;
- A breach of contract, such as a default or past due event;
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; and
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

➤ **Simplified Approach**

The Company always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables. The Company determines that 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 counterparty;
- A breach of contract, such as a default or past due event;
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; and
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

4.03.05 Derecognition

The Company derecognizes a financial asset when, and only when the contractual rights to the cash flows the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition. The difference between the carrying amount and the consideration received is recognized in profit or loss.

4.04 Unbilled Service Fees

The Company's right to consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditioned on something other than the passage of time. The Company assesses a contract asset for impairment in accordance with PFRS 9 under simplified approach.

4.05 Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the statements of financial position as current assets when the expenses related to prepayments are expected to be incurred within one (1) year or the Company's normal operating cycle whichever is longer. Otherwise, prepayments are classified as non-current assets.

4.06 Derivative Financial Instruments

The Company enters into a variety of derivative financial instruments to manage its foreign exchange rate risk, primarily foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than twelve (12) months and it is not expected to be realized or settled within twelve (12) months. Other derivatives are presented as current assets or current liabilities.

4.06.01 Forward Contracts

Forward contract is a derivative financial contract between a buyer and a seller in which the buyer has the right and obligation to buy a specified asset on a specified future date and at a specified price.

The seller is also under an obligation to perform as per the terms of the contract. The underlying asset can be a stock, a commodity, or a bond. The basis of the Company in valuing its forward contract transactions is Market Rate, which is the current or prevailing average exchange rate in the financial market for the foreign currency to be traded.

Forward contract is initially recognized at fair value using market rate at the date a forward contract is entered. Subsequently, it will be measured to its fair value at the end of each reporting period and at value date which pertains to completion of the contract. Resulting unrealized gain or loss is recognized in profit or loss at the end of each reporting period, while realization of gain or loss is recognized in profit or loss at value date.

4.07 Property and Equipment

Property and equipment are initially measured at cost. The cost of an asset consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Subsequent to initial recognition, property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

Office fixtures	4 to 7 years
Transportation equipment	4 years
IT equipment	3 to 4 years

Leasehold improvements are depreciated over the shorter between the improvements' useful life of six (6) years or the lease term.

The property and equipment's residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively, if appropriate, if there is an indication of a significant change since the last reporting date.

Properties in the course of construction for production or administrative purposes, are carried at cost, less any recognized impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property and equipment is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of a property and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss.

4.08 Impairment of Assets

At the reporting period, the Company assesses whether there is any indication that any assets other than financial assets that are within the scope of PFRS 9, *Financial Instruments* 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. Where 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 group 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.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as an income.

4.09 Borrowing Cost

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

4.10 Financial Liabilities

4.10.01 Initial Recognition and Measurement

The Company recognizes a financial liability in its statements of financial position when, and only when, the Company becomes party to the contractual provisions of the instrument.

At initial recognition, the Company measures a financial liability at its fair value minus transaction costs that are directly attributable to the acquisition or issue of the liability.

4.10.02 Classification

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for:

- financial liabilities at fair value through profit or loss;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in a business combination.

The Company's financial liabilities measured at amortized cost include trade and other payables (except due to government agencies and advances from customers), due to related parties and lease liabilities.

The Company's financial liabilities measured at fair value through profit or loss pertain to foreign currency forward contracts during the year.

4.10.03 Derecognition

The Company removes a financial liability (or part of a financial liability) from its statements of financial position when, and only when, it is extinguished (i.e. when the obligation in the contract is discharged or cancelled or has expired).

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4.11 Equity Instruments

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

Ordinary shares are classified as equity.

4.12 Employee Benefits

4.12.01 Short-term Benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Company to its employees include salaries and wages, contractual staff, SSS, PHIC, HDMF and other contributions and other employee benefits.

4.12.02 Post-employment Benefits

The Company has an unfunded and non-contributory defined benefit retirement plan. This benefit defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The cost of providing benefits is determined using the Projected Unit Credit Method (PUCM) which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. Post-employment expenses include current service cost and net interest on defined benefit liability. Remeasurements which include cumulative actuarial gains and losses, and changes in the effects of asset ceiling are recognized directly in other comprehensive income and is also presented under equity in the statements of financial position.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in profit or loss.

The retirement benefit obligation recognized in the statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated by an independent actuary using the PUCM. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of market rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement obligation.

4.13 Revenue Recognition

The Company recognizes revenue when (or as) the Company satisfies a performance obligation by transferring a promised good or service (i.e. asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

4.13.01 Performance Obligations Satisfied Over Time

The Company's service revenue from sale of services to entities outside the domestic territory of the Philippines is recognized over time and, therefore, satisfies a performance obligation and recognizes revenue over time when the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

The Company derives revenue from the sale of services to entities outside the domestic territory of the Philippines. These services include handling of inbound calls, outbound calls and data entry among other business support services.

4.13.02 Finance Income

Finance income is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Finance income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4.14 Expense Recognition

Expense encompasses losses as well as those expenses that arise in the course of the ordinary activities of the Company.

The Company recognizes expenses in the statements of comprehensive income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

4.15 Leases

4.15.01 The Company as a Lessee

The Company considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for a consideration. To apply this definition the Company assesses whether the contract meets three (3) key evaluations, which are whether:

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

Right-of-Use (ROU) Assets

At the commencement date, the Company measures the ROU asset at cost, which comprises of:

- initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any incentives received;
- any initial direct costs incurred by the Company; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Company incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Subsequent to initial recognition, ROU assets are carried at cost less accumulated depreciation and accumulated impairment losses. The Company recognizes the amount of remeasurement of the lease liability as an adjustment to the ROU asset. However, if the carrying amount of the ROU assets is reduced to zero and there is further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the remeasurement in profit or loss.

The Company has elected to account for short-term leases and low-value assets using practical expedients. Instead of recognizing an ROU asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

The Company also assesses the ROU assets for impairment when such indicators exist.

ROU assets are presented as a separate line item on the statements of financial position.

Lease Liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or if not, the Company uses the incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments), less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under the residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect in-substance fixed lease payments.

The Company recognizes the amount of remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the remeasurement in profit or loss.

Lease liability is presented as a separate line item on the statements of financial position.

4.16 Foreign Currency Transactions

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency, i.e. foreign currencies, are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences are recognized in profit or loss in the period in which they arise.

4.17 Related Parties and Related Party Transactions

A related party is a person or entity that is related to the Company that is preparing its financial statements. A person or a close member of that person's family is related to Company if that person has control or joint control over the Company, has significant influence over the Company, or is a member of the key management personnel of the Company or of a parent of the Company.

An entity is related to the Company if any of the following conditions applies:

- The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
- The entity is controlled or jointly-controlled by a person identified above.

- A person identified 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).
- Management entity providing key management personnel services to a reporting entity.

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the Company and include that person's children and spouse or domestic partner; children of that person's spouse or domestic partner; and dependents of that person or that person's spouse or domestic partner.

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

4.18 Taxation

Income tax expense represents the sum of the current and deferred taxes.

4.18.01 Current Tax

Current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4.18.02 Deferred Taxes

Deferred taxes are recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, carry forward of unused tax credits from excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and unused Net Operating Loss Carry-over (NOLCO), to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and carry forward of unused MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction that affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are recognized for taxable temporary differences. Deferred tax assets arising from deductible temporary differences are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

4.18.03 Current and Deferred Taxes for the Period

Current and deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss, whether in other comprehensive income or directly in equity, in which case the tax is also recognized outside profit or loss.

4.19 Earnings per Share

The Company computes its basic earnings per share by dividing net income or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

4.20 Changes in Accounting Policies

The adoption of the new and revised standards and as disclosed in Note 2.01 was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

In the application of the Company's accounting policies, which are described in Note 4, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

5.01 Critical Judgments in Applying Accounting Policies

The following are critical judgments, apart from those involving estimations that Management have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

5.01.01 Determining Functional Currency

PAS 21 requires Management to use its judgment to determine the entity's functional currency such that it most faithfully represents the economic effects of the underlying transactions, events and conditions that are relevant to the entity. In making this judgment, the Company considers the following:

- the currency that mainly influences cost of providing services for financial instruments and services (this will often be the currency in which cost of providing services for its financial instruments and services are denominated and settled);
- the currency in which funds from financing activities are generated; and
- the currency in which receipts from operating activities are usually retained.

Functional currency is the currency of the primary economic environment in which the Company operates. The Company has determined that its functional currency is the Philippine Peso. The Company's functional currency is evidenced by its costs of providing services which are denominated and settled in Philippine Peso, funds from financing activities are generated, and receipts from operating activities are usually retained.

5.01.02 Assessment of Contractual Terms of a Financial Asset

The Company determines whether the contractual terms of a financial asset give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding. In making its judgments, the Company considers whether the cash flows before and after the changes in timing or in the amount of payments represent only payments of principal and interest on the principal amount outstanding.

Management assessed that the contractual terms of its financial assets (except financial assets at FVTPL) are solely payments of principal and interest and consistent with the basic lending arrangement. As of March 31, 2024 and 2023, the aggregate carrying amounts of financial assets measured at amortized cost amounted to ₱9,964,019,012 and ₱6,331,824,175, respectively, as disclosed in Note 29.02.

5.01.03 Assessment of Timing of Satisfaction of Performance Obligations

An entity satisfies a performance obligation by transferring control of a promised good or service to the customer, which could occur either over time or at a point in time.

Management assessed that performance obligation is satisfied overtime for its revenue from sale of services to entities outside the domestic territory of the Philippines. These services include handling of inbound calls, outbound calls and data entry among other business support services. This is when the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

In 2024 and 2023, revenue from rendering of services to entities outside the domestic territory of the Philippines amounted to ₱9,619,607,660 and ₱9,851,560,533, respectively, as disclosed in Note 19.

5.01.04 Assessment of the Transaction Price and the Amounts Allocated to Performance Obligations

A performance obligation is a vendor's promise to transfer a good or service that is 'distinct' from other goods and services identified in the contract.

Management assessed that the allocation of transaction price to performance obligations is not applicable since there is only one performance obligation, which is the sale of services to entities outside the domestic territory of the Philippines.

5.01.05 Assessment of 30 days Rebuttable Presumption

The Company determines when a significant increase in credit risk occurs on its financial assets based on the credit Management practice of the Company.

Management assessed that the 30 days rebuttable presumption on determining whether there is a significant increase in credit risk in financial assets is not applicable because based on the Company's historical experience, credit risk has not increased significantly even the amounts are past due for more than 30 days.

5.01.06 Assessment of 90 days Rebuttable Presumption

An entity determines when a default occurs on its financial assets based on the credit Management practice of the entity.

Management assessed that the 90 days rebuttable presumption on determining whether financial assets are credit-impaired is not applicable because based on the Company's historical experience and aging schedules, past due amounts even over 90 days are still collectible.

5.01.07 Determining whether or not a Contract Contains a Lease

Management assessed that the contract entered qualified as a lease since the contract contains an identified asset, the Company has the right to obtain substantially all of the economic benefits, and the Company has the right to direct the use of identified asset throughout the period of use.

5.01.08 Determining whether or not it is Reasonably Certain that an Extension Option will be Exercised and Termination Option will not be Exercised

Lease term is the non-cancellable period for which the Company has the right to use an underlying asset including optional periods when the Company is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term and the enforceability of the option. The option to extend the lease term should be included in the lease term if it is reasonably certain that the lessee will exercise the option and the option is enforceable. The Company is required to reassess the option when significant events or changes in circumstances occur that are within the control of the lessee.

Management assessed that the Company cannot extend the lease term beyond the non-cancellable lease period because the renewal is subject to mutual consent by both parties, such is not enforceable under the Philippine law. The Company uses the lease term stated in the contract which ranges from three (3) years to five (5) years, respectively.

5.01.09 Aggregation of Operating Segments

In accordance with the provisions of PFRS 8, *Operating Segments*, the Company's reporting segment is based on the management approach with regard to the segment identification, under which information regularly provided to the chief operating decision maker for decision-making purposes is considered as decisive. The segments are also evaluated under the management approach.

The Company reports its segment based on geographic areas. The Management identifies its operating segments as generally based on nature and location of its customers. The Company has two (2) reportable segments: ITES/ BPO Service and Corporate Service. The accounting policies of the reportable segments are the same as the Company's accounting policies. Segment profit represents the profit earned by each segment without allocation of net trading gains (losses), other income, equity in net earnings, operating expenses and income tax.

5.02 Key Sources of Estimation Uncertainties

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

5.02.01 Estimating Allowances for Expected Credit Losses

The Company measured expected credit losses of its financial assets using an unbiased and probability-weighted amount and reasonable and supportable assumption that is available without undue cost or effort. The Company assessed the past events, current conditions, and forecast economic conditions that may affect the counterparties' capacity to settle its obligation. The Company assessed the external credit ratings, industry performance, and available financial information of counterparties.

The Company determined that counterparty banks have low credit risk. Hence, the probability of default is immaterial.

The Company determined that the effect of refundable deposits is immaterial as it only represents 1.06% and 1.50% of the total financial assets in 2024 and 2023, respectively. Hence, the Company did not recognize provision of expected credit losses.

The Company determined that the effect of unbilled service fees is immaterial as it only represents 3.82% and 5.02% of the total financial assets in 2024 and 2023, respectively. Hence, the Company did not recognize provision of expected credit losses.

In 2024 and 2023, Management believed that certain receivables were uncollectible, thus, allowance for expected credit losses is recognized. Provision for expected credit losses amounted to ₱619,803 and ₱16,047 in 2024 and 2023, respectively, as disclosed in Notes 8 and 23. Reversal of provision for expected credit losses amounted to nil and ₱4,533,516 for the years ended March 31, 2024 and 2023, respectively, as disclosed in Notes 8 and 22. Allowance for expected credit losses amounted to ₱685,276, and ₱276,059 as of March 31, 2024 and 2023, respectively, as disclosed in Note 8.

Accordingly, financial assets measured at amortized cost and unbilled services amounted to ₱10,359,254,059 and ₱6,666,811,785, as of March 31, 2024 and 2023, respectively, as disclosed in Note 29.02. Management believes that the allowance provided is sufficient to cover future losses.

5.02.02 Reviewing Residual Value, Useful Lives, and Depreciation Method of Property and Equipment

The residual values, useful lives and depreciation method of the Company's property and equipment are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change in, how an asset is used; significant unexpected wear and tear; technological advancement; and changes in market prices since the most recent annual reporting date. The useful lives of the Company's property and equipment are estimated based on the period over which the assets are expected to be available for use.

The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the Company's property and equipment. In addition, the estimation of the useful lives is based on Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

A reduction in the estimated useful lives of property and equipment would increase the recognized operating expenses and decrease non-current assets. The Company uses a depreciation method that reflects the pattern in which it expects to consume the asset's future economic benefits.

If there is an indication that there has been a significant change in the pattern used by which a Company expects to consume an asset's future economic benefits, the Company shall review its present depreciation method and, if current expectations differ, shall change the depreciation method to reflect the new pattern.

Management assessed that there were no changes from the previous estimates since the most recent annual reporting period. As of March 31, 2024 and 2023, the carrying value of depreciable property and equipment are ₱749,471,242 and ₱817,442,697, respectively, as disclosed in Note 12.

5.02.03 Asset Impairment

The Company performs an impairment review when certain impairment indicators are present. Determining the recoverable amount of advances to officers and employees, due from government agencies and advances to suppliers under trade and other receivables, prepayments, property and equipment, and right-of-use assets which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that the foregoing assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under the PFRS.

In 2024 and 2023, Management assessed that there are no indications of impairment on its advances to officers and employees, due from government agencies and advances to suppliers under 'trade and other receivables', prepayments, property and equipment, and right-of-use assets. As of March 31, 2024 and 2023, the aggregate carrying value of the foregoing assets amounted to ₱2,250,419,047 and ₱1,547,173,223, respectively, as disclosed in Notes 8,10, 12 and 13.

5.02.04 Estimating the Appropriate Discount Rate to Use

The Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or if not, the Company uses the incremental borrowing rate.

Management used its incremental borrowing rate ranging from 4.23% to 7.40% to measure the present value of its lease liability since the implicit rate was not readily available.

5.02.05 Post-employment Benefit

The determination of the pension liability and cost and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include among others, discount rates, expected returns on plan assets and rates of compensation increase. In accordance with PFRS, actual results that differ from the assumptions and the effects of changes in actuarial assumptions are recognized directly as remeasurements in other comprehensive income. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

As of March 31, 2024 and 2023, the carrying amounts of retirement benefit obligation amounted to ₱24,739,089 and ₱15,896,721, respectively, as disclosed in Note 24. In 2024 and 2023, the Company recognized retirement benefits expense amounting to ₱3,534,493 and ₱4,467,703, respectively, as disclosed in Note 24.

In 2024 and 2023, the Company recognized in other comprehensive income, net of related tax effect, remeasurement loss and gain amounting to ₱5,443,378 and ₱3,965,508, respectively, as disclosed in Note 24.

6. SEGMENT INFORMATION

The Company is organized into the following operating segments:

6.01 ITES/BPO Service Segment

The ITES/BPO Service Segment primarily consists of BPO Service offerings to customers.

6.02 Corporate Service Segment

This segment is consist of central activities being undertaken in nature of business support activities like HR support services, Finance and treasury services and overall corporate related expenses.

The Country Head of the Company has been identified as the Chief Operating Decision Maker ("CODM") as defined by PFRS 8, *Operating Segments*. The Country Head of the Company evaluates the segments based on their revenue growth and operating income.

Assets and liabilities used in the Company's business are not identified to any of the operating segments, as these are used interchangeably between segments. Management believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

Information on reportable segment for the year ended March 31, 2024 is as follows:

	In Million		
	ITES/BPO Services	Corporate Services	Total
Revenue			
Third parties	P 5,705	P -	P 5,705
Related parties	3,915	-	3,915
Other income	157	12	169
Profit before tax	3,520	12	3,532
Income tax expense			(165)
Profit after tax			3,367
Depreciation and amortization			749

Information on reportable segment for the year ended March 31, 2023 is as follows:

	In Million		
	ITES/BPO Services	Corporate Services	Total
Revenue			
Third parties	P 6,084	P -	P 6,084
Related parties	3,766	-	3,766
Other income	(37)	11	(26)
Profit before tax	3,574	11	3,585
Income tax expense			(110)
Profit after tax			3,475
Depreciation and amortization			647

The revenue generated from three (3) customers is more than ten percent (10%) of the Company's total revenue. Management believes that it is currently not practicable to provide disclosure of geographical location wise assets, since the meaningful segregation of the available information is onerous.

7. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents include cash in banks, cash equivalents and short-term investments.

Cash at the end of the reporting period as shown in the statements of cash flows can be reconciled to the related items in the statements of financial position as follows:

	2024	2023
Cash in banks	₱ 373,104,189	₱ 900,355,041
Cash equivalents	7,774,592	3,024,205
Short-term investments	5,449,460,112	1,640,081,306
	₱ 5,830,338,893	₱ 2,543,460,552

Cash in banks earn interest at the prevailing bank interest rates ranging from 0.01% to 0.31% per annum.

Cash equivalents are short-term deposits which have maturity dates from one (1) to three (3) months with an interest rates ranging from 4.70% to 4.80%.

Short-term investments are fixed deposits with 90 days maturity and earn interest at the prevailing bank interest rates ranging from 4.21% to 5.30% and 4.70% to 4.80%, in 2024 and 2023, respectively. These investments are denominated in foreign currency.

Finance income earned from cash and cash equivalents amounted to ₱157,496,303 and ₱8,660,499 in 2024 and 2023, respectively, as disclosed in Note 22. Unrealized foreign exchange loss and gain amounted to ₱15,857,286 and ₱19,344,762 in 2024 and 2023, respectively, as disclosed in Note 22.01.

8. TRADE AND OTHER RECEIVABLES – net

The Company's trade and other receivables consist of:

	2024	2023
Trade receivables	₱ 706,654,752	₱ 502,714,628
Less: Allowance for expected credit losses	685,276	276,059
	705,969,476	502,438,569
Due from related parties (Note 16)	3,307,416,228	3,190,845,326
Due from government agencies	60,756,869	31,530,221
Advances to officers and employees	22,504,638	9,119,073
Advances to suppliers	14,448,878	4,074,001
Interest receivables	10,992,570	211,133
	₱ 4,122,088,659	₱ 3,738,218,323

Trade receivables represent non-interest-bearing receivables arising from the Company's main source of business. The average credit period on sale of goods is 30 to 120 days.

Movements in the allowance for expected credit losses are as follows:

		2024		2023
Balance, April 1	P	276,059	P	4,788,918
Provision for expected credit losses (Note 23)		619,803		16,047
Reversal of previously recognized effect of currency translation		(210,586)		4,610
Reversal of provision for expected credit losses (Note 22)		-		(4,533,516)
Balance, March 31	P	685,276	P	276,059

Trade receivables disclosed above include amounts which are past due at the end of the reporting period. The Company does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

Management believes that the outstanding balance of trade receivables are certain to be collected and recovered. Accordingly, Management believed that there is no additional credit provision required for the allowance for expected credit losses during the year.

Aging of receivables that are past due but not credit impaired is as follows:

		2024		2023
1 – 30 days	P	522,566,085	P	848,844,723
31 – 60 days		145,530,215		54,320,288
61 – 90 days		69,235,108		7,130,624
91 – 120 days		43,816,661		14,157,220
Over 120 days but within one (1) year		33,524,361		2,645,261,221
Above one (1) year		-		132,513,807
	P	814,672,430	P	3,702,227,883

9. UNBILLED SERVICE FEES

As of March 31, 2024 and 2023, unbilled service fees pertain to revenues recognized to date which are not yet billable to the customers pursuant to the contractual terms of the project. As of March 31, 2024 and 2023, unbilled service fees amounted to P395,235,047 and P334,987,610, respectively.

Unrealized foreign exchange loss and gain recognized from unbilled service fees amounted to P3,933,575 and P15,684,026 as of March 31, 2024 and 2023, respectively, as disclosed in Note 22.01.

10. PREPAYMENTS

As of March 31, 2024 and 2023, prepayments amounted to P69,523,599 and P137,413,815, respectively, which pertains to advance payment to employees' medical insurances, professional fees and licenses fees.

11. FINANCIAL ASSET (LIABILITY) AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The details of the Company's financial asset (liability) at FVTPL are shown below:

	2024		2023	
Foreign currency forward contracts receivable	P	9,932,512	P	53,120,127
Foreign currency forward contracts payables		(17,210,379)		-
	P	(7,277,867)	P	53,120,127

The Company monitors and manages the financial risk relating to its operation by analyzing its foreign exchange exposure due to its probable future sales in US dollars. As such, the Company entered into various non-deliverable forward contracts to mitigate the effects of foreign currency fluctuation because the Company's revenue is denominated in foreign currency in US dollars while substantial costs are in Philippine Peso.

As of March 31, 2024, the Company has six (6) outstanding non-deliverable forward contracts to sell US\$166,689,080 for P9,362,080,000 where unrealized foreign exchange loss from the forward transaction amounted to P7,277,867.

As of March 31, 2023, the Company has five (5) outstanding non-deliverable forward contracts to sell US\$77,000,000 for P4,252,080,000 where unrealized foreign exchange gain from the forward transaction amounted to P53,120,127.

Unrealized foreign exchange loss recognized from financial asset at FVTPL amounted to P49,738,308 and P89,941,250 in 2024 and 2023, respectively, as disclosed in Note 22.

12. PROPERTY AND EQUIPMENT – net

The carrying amounts of the Company’s property and equipment are as follows:

	IT Equipment	Office Fixtures	Transportation Equipment	Leasehold Improvements	Construction-in-progress	Total
April 1, 2022						
Cost	₱ 1,777,484,290	₱ 644,076,630	₱ 900,000	₱ 211,556,247	₱ 19,729,180	₱ 2,653,746,347
Accumulated depreciation	(1,239,939,724)	(293,675,031)	(900,000)	(157,839,552)	-	(1,692,354,307)
Carrying amount	537,544,566	350,401,599	-	53,716,695	19,729,180	961,392,040
Movements during the year						
Balance, April 1, 2022	537,544,566	350,401,599	-	53,716,695	19,729,180	961,392,040
Additions	199,206,650	66,957,702	-	-	-	266,164,352
Reclassifications	-	19,729,180	-	-	(19,729,180)	-
Disposals						
Cost	(3,226,180)	(4,568,960)	-	-	-	(7,795,140)
Accumulated depreciation	75,744	46,404	-	-	-	122,148
Depreciation	(279,520,676)	(104,427,387)	-	(18,492,640)	-	(402,440,703)
Balance, March 31, 2023	454,080,104	328,138,538	-	35,224,055	-	817,442,697
March 31, 2023						
Cost	1,973,464,760	726,194,552	900,000	211,556,247	-	2,912,115,559
Accumulated depreciation	(1,519,384,656)	(398,056,014)	(900,000)	(176,332,192)	-	(2,094,672,862)
Carrying amount	₱ 454,080,104	₱ 328,138,538	₱ -	₱ 35,224,055	₱ -	₱ 817,442,697

[Balance forwarded]

[Balance continued]

	IT Equipment	Office Fixtures	Transportation Equipment	Leasehold Improvements	Construction-in progress	Total
April 1, 2023						
Cost	₱ 1,973,464,760	₱ 726,194,552	₱ 900,000	₱ 211,556,247	-	₱ 2,912,115,559
Accumulated depreciation	(1,519,384,656)	(398,056,014)	(900,000)	(176,332,192)	-	(2,094,672,862)
Carrying amount	454,080,104	328,138,538	-	35,224,055	-	817,442,697
Movements during the year						
Balance, April 1, 2023	454,080,104	328,138,538	-	35,224,055	-	817,442,697
Additions	285,458,418	226,177,619	-	-	187,603,166	699,239,203
Disposals						
Cost	(139,672,264)	(180,399,239)	-	-	-	(320,071,503)
Accumulated depreciation	125,348,253	369,051	-	-	-	125,717,304
Depreciation	(263,439,128)	(104,025,934)	-	(17,788,231)	-	(385,253,293)
Balance, March 31, 2024	461,775,383	270,260,035	-	17,435,824	187,603,166	937,074,408
March 31, 2024						
Cost	2,119,250,914	771,972,932	900,000	211,556,247	187,603,166	3,290,383,259
Accumulated depreciation	(1,657,475,531)	(501,712,897)	(900,000)	(194,120,423)	-	(2,353,308,851)
Carrying amount	₱ 461,775,383	₱ 270,260,035	-	₱ 17,435,824	₱ 187,603,166	₱ 937,074,408

In both years, all additions were paid in cash. As of March 31, 2024 and 2023, the Company's fully depreciated property and equipment are still in use. In 2024 and 2023, proceeds from the disposal of property and equipment amounted to ₱194,354,199 and ₱7,672,992, respectively. Recognized gain on sale of asset amounted to nil and ₱29,541 in 2024 and 2023, respectively.

In both years, there are no items of property and equipment used as collateral for liabilities and the Company does not have any contractual commitments to purchase or construct items of property and equipment.

In both years, the Company determined that there is no indication that impairment occurred on its property and equipment.

The allocation of depreciation is as follows:

	2024	2023
Cost of services (Note 21)	P 367,647,201	P 374,154,786
Operating expenses (Note 23)	17,606,092	28,285,917
	P 385,253,293	P 402,440,703

13. RIGHT-OF-USE ASSETS – net

The carrying amounts of the Company's right-of-use asset are as follows:

	Building	Transportation	Total
April 1, 2022			
Cost	P 955,228,387	P 1,559,565	P 956,787,952
Accumulated depreciation	(400,569,170)	(1,300,208)	(401,869,378)
Carrying Amount	554,659,217	259,357	554,918,574
Movement during the year			
Balance, April 1	554,659,217	259,357	554,918,574
Additions	237,394,571	-	237,394,571
Derecognition			
Cost	(2,442,746)	(1,559,565)	(4,002,311)
Accumulated depreciation	2,442,745	1,559,564	4,002,309
Depreciation	(244,460,371)	(259,356)	(244,719,727)
Balance, March 31, 2023	547,593,416	-	547,593,416
March 31, 2023			
Cost	1,190,180,212	-	1,190,180,212
Accumulated depreciation	(642,586,796)	-	(642,586,796)
Carrying Amount	547,593,416	-	547,593,416
Movement during the year			
Balance, April 1	547,593,416	-	547,593,416
Additions	1,115,166,546	-	1,115,166,546
Derecognition			
Cost	(562,205,938)	-	(562,205,938)
Accumulated depreciation	412,384,604	-	412,384,604
Depreciation	(366,827,973)	-	(366,827,973)
Balance, March 31, 2024	1,146,110,655	-	1,146,110,655
March 31, 2024			
Cost	1,743,140,820	-	1,743,140,820
Accumulated depreciation	(597,030,165)	-	(597,030,165)
Carrying Amount	P 1,146,110,655	-	P 1,146,110,655

In 2024 and 2023, derecognition of ROU assets pertains to terminated lease contracts, as disclosed in Note 25. In 2024 and 2023, gain on lease termination amounted to P14,942,002 and nil, respectively, as disclosed in Note 22.

As of March 31, 2024 and 2023, lease liabilities related to right-of-use assets amounted to P1,239,985,206 and P620,445,311, respectively, as disclosed in Note 15.

The allocation of depreciation is as follows:

	2024		2023	
Cost of services (Note 21)	P	357,728,237	P	232,483,741
Operating expenses (Note 23)		9,099,735		12,235,986
	P	366,827,973	P	244,719,727

In both years, the Company has determined that there is no indication that impairment occurred on its right-of-use assets.

14. TRADE AND OTHER PAYABLES

The components of trade and other payables account are as follows:

	2024		2023	
Trade payables	P	231,294,646	P	56,632,045
Accrued expenses		889,122,466		822,629,981
Due to government agencies		70,160,375		65,944,846
Payable to officers and employees		6,307,167		9,615,115
Advances from customers		5,977,250		1,490,877
Others		59,537,960		27,504,650
	P	1,262,399,864	P	983,817,514

The average credit period on trade payables is 60 to 90 days. No interest is charged on the trade payables for payments beyond the average credit period. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Accrued expenses account consists of the following:

	2024		2023	
General expenses	P	526,145,913	P	466,345,560
Salaries payable		256,446,073		249,607,769
Leave encashment		83,954,807		81,940,236
Bonus payable		22,575,673		24,736,416
	P	889,122,466	P	822,629,981

General expenses are provisions for certain expenses such as electricity, repairs, communication and other expenses.

Due to government agencies pertain to statutory liabilities such as withholding payables, SSS, PhilHealth, and HDMF contributions.

Advances from customers represent amounts received for services that are still to be rendered by the Company. These are non-interest-bearing and expected to be rendered within the next twelve (12) months.

Others include liabilities to hardware vendors.

Unrealized foreign exchange loss and gain recognized from trade and other payables amounted to P969,654 and P8,326,670 in 2024 and 2023, respectively, as disclosed in Note 22.01.

15. LEASE LIABILITIES

The Company, as lessee, entered into various leasing arrangements as disclosed in Note 25. The following are the amounts of lease liabilities:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Not later than one (1) year	P 281,469,616	P 166,865,653	P 310,716,507	P 166,865,653
Later than one (1) year but not later than five (5) years	1,130,625,608	453,579,658	929,268,699	453,579,658
	1,412,095,224	620,445,311	1,239,985,206	620,445,311
Discount	(172,110,018)	-	-	-
Present value of minimum lease payments	1,239,985,206	620,445,311	1,239,985,206	620,445,311
Current lease liabilities	310,716,507	210,874,144	310,716,507	210,874,144
Non-current lease liabilities	P 929,268,699	P 409,571,167	P 929,268,699	P 409,571,167

Movement in the lease liabilities is as follows:

	2024	2023
Balance, April 1	P 620,445,311	P 591,758,870
Additions	1,115,166,546	237,394,571
Finance costs incurred	90,738,394	33,251,636
Finance costs paid	(90,738,394)	(33,251,636)
Derecognition	(149,821,334)	-
Lease payments	(345,805,317)	(208,708,130)
Balance, March 31	P 1,239,985,206	P 620,445,311

The Management used its incremental borrowing rate ranging from 4.23% to 7.40% to measure the present value of its lease liability since implicit rate was not readily available. In both years, the Company is compliant with the terms and conditions of lease contracts.

16. RELATED PARTY TRANSACTIONS

Nature of relationship of the Company and its related parties are disclosed below:

Related Parties	Nature of Relationship
Wipro Limited, India	Parent Company
Wipro IT Services UK Societas	Under common control
Wipro LLC	Under common control
Wipro Dalian Ltd.	Under common control
Wipro Technologies SRL	Under common control
Health Plan Services Ltd.	Under common control
Wipro Travel Services Ltd.	Under common control
Wipro Solutions Canada Ltd.	Under common control
Wipro do Brasil Tecnologia Ltd.	Under common control
Wipro Technologies SA DE CV	Under common control
Rizing Philippines Inc.	Under common control
Stockholders	Members of Key Management Personnel

Balances and transactions between the Company and its related parties are disclosed below:

16.01 Due from Related Parties

16.01.01 Parent Company

Transactions with Parent Company are detailed as follows:

	March 31, 2024		March 31, 2023	
	Amount/ Volume	Outstanding Balances	Amount/ Volume	Outstanding Balances
Wipro Limited, India				
Service revenue (Note 19)	P 2,740,015,794	P -	P 2,484,244,625	P -
Advances (Note 8)	2,454,219,529	2,728,308,302	1,955,628,555	2,346,123,786
	P 5,194,235,323	P 2,728,308,302	P 4,439,873,180	P 2,346,123,786

Advances are used to finance the working capital requirements of the Company.

Transactions with parent are non-interest bearing, unsecured, collectible on demand and will be settled in cash. No guarantees have been received. No provisions have been made for expected credit losses in respect of the amounts owed by the Parent.

16.01.02 Under Common Control

Transactions with related parties under common control are detailed as follows:

	March 31, 2024		March 31, 2023	
	Amounts/ Volume	Outstanding Balances	Amounts/ Volume	Outstanding Balances
Wipro LLC				
Service revenue (Note 19)	P 762,891,123	P -	P 770,015,392	P -
Advances (Note 8)	1,136,599,177	295,252,915	455,754,533	481,489,946
Health Plan Services Ltd.				
Service revenue (Note 19)	408,393,160	-	512,579,057	-
Advances (Note 8)	494,797,118	110,246,891	377,082,584	196,563,079
Rizing Philippines Inc.				
Service revenue (Notes 8 and 19)	3,392,277	3,392,277		
Reimbursement (Note 8)	407,073	407,073		
Advances (Note 8)	8,449,248	-	411,106,992	668,515
Loan (Note 8)	2,841,731	169,808,770	566,000,000	166,000,000
Finance income (Note 22)	11,589,503	-	11,755,506	-
	P 2,829,360,410	P 579,107,926	P 3,104,294,064	P 844,721,540

Advances are used to finance the working capital requirements of the related parties under common control. In 2024 and 2023, advances collected from related parties amounted to P3,985,102,288 and P803,346,892, respectively.

Loan receivables pertain to short-term loan granted to Rizing Philippines Inc. on September 21, 2022 amounting to P566,000,000 which will mature on September 20, 2024. In 2024 and 2023, the principal balance of the loan receivables amounted to P166,000,000. Interest rate is equal to PH BVAL+85 basis points payable on maturity date or together with any capital amount repaid prior to the expiration of the loan.

Transactions with related parties under common control are non-interest bearing, unsecured, collectible on demand and will be settled in cash. No guarantees have been received. No provisions have been made for expected credit losses in respect of the amounts owed by the related parties under common control.

16.02 Due to Related Parties

16.02.01 Under Common Control

Transactions with related parties under common control are detailed as follows:

	March 31, 2024		March 31, 2023	
	Amounts/ Volume	Outstanding Balances	Amounts/ Volume	Outstanding Balances
Wipro Travel Services Ltd.				
Advances	P 319,568	P 1,348	P 36,938	P 180,184
Wipro Technologies SA DE CV				
Advances	3,414,414	989,811	-	-
Wipro do Brasil Tecnologia Ltd.				
Advances	2,327,324	-	-	-
	P 6,061,306	P 991,159	P 36,938	P 180,184

Advances are mainly to support the working capital requirements of the Company. The amounts outstanding are unsecured, non-interest bearing, payable on demand and will be settled in cash. No guarantees have been given in respect of the amounts owed to related parties.

Payment of advances from related parties amounted to P5,250,331 and P78,491 in 2024 and 2023, respectively.

16.03 Remuneration of Key Management Personnel

The remuneration of the directors and other members of key management personnel of the Company amounted to P17,761,280 and P11,386,360 in 2024 and 2023, respectively.

17. CAPITAL STOCK

The capital stock of the Company as of March 31, 2024 and 2023 is as follows:

	Shares	Amount
Authorized:		
P1 par value per share	2,250,000	P 225,000,000
Issued, outstanding, and fully paid:		
P1 par value per share	1,889,147	P 188,914,700

Ordinary shares carry one (1) vote per share and a right to dividends.

18. DIVIDENDS DECLARED

In a special meeting held on March 15, 2022, the Board of Directors approved the declaration of cash dividends out of its unrestricted retained earnings as of March 31, 2021, amounting to ₱11,469,700,000, to all stockholders of record as of March 31, 2022 in proportionate to their shareholdings. In 2022, the final tax incurred and paid on these dividends amounted to ₱1,146,970,000. The cash dividends payable to the stockholders amounted to ₱10,322,730,000 were paid on March 31, 2022. There were no dividends declared as of March 31, 2024 and 2023.

19. SERVICE REVENUE

The following is an analysis of the Company's revenue classified under ITES/BPO services:

	2024	2023
Third parties	P 5,704,915,306	P 6,084,721,459
Related parties (Note 16)	3,914,692,354	3,766,839,074
	P 9,619,607,660	P 9,851,560,533

Service revenue pertains to the sale of services to entities outside the domestic territory of the Philippines. These services include handling of inbound calls, outbound calls and data entry among other business support services.

20. OTHER FEES

The Company's other fees are classified under ITES/BPO services which pertain to charges for the Company's internet service provider and telephone bills related to its operations amounted to a gain of ₱690,825 in 2024 and a loss of ₱690,218 in 2023.

21. COST OF SERVICES

This account consists of the following:

	2024	2023
Direct Labor (Note 24)	P 4,057,606,956	P 4,070,779,796
Service overheads:		
Depreciation (Notes 12 and 13)	725,375,438	606,638,527
Communication	419,746,755	366,378,891
Technical, support and maintenance	165,765,652	115,710,761
Power, light and water	121,615,691	84,356,805
Contractual staff (Note 24)	105,964,805	142,592,574
Travel	2,439,717	12,729,303
Rent (Note 25)	1,248,000	-
Other service overhead	366,814,469	52,459,552
	1,908,970,527	1,380,866,413
	P 5,966,577,483	P 5,451,646,209

Allocation of depreciation is as follows:

	2024		2023	
Property and equipment (Note 12)	P	367,647,201	P	374,154,786
Right-of-use assets (Note 13)		357,728,237		232,483,741
	P	725,375,438	P	606,638,527

Other service overhead includes recruitment expenses, legal and professional fees and other miscellaneous expenses.

22. OTHER INCOME (EXPENSE) – net

Components of other income (expense) are as follows:

	2024		2023	
Finance income (Note 7)	P	157,496,303	P	8,660,499
Unrealized foreign exchange gain (loss) (Note 22.01)		70,498,823		(46,585,792)
Gain on lease termination (Note 13)		14,942,002		-
Finance income on loan (Note 16.01.02)		11,589,503		11,775,506
Reversal of allowance for expected credit losses (Note 8)		-		4,533,516
Gain on asset retirement (Note 12)		-		29,541
	P	254,526,631	P	(21,586,730)

In 2024 and 2023, finance income received amounted to P158,093,236 and P19,793,621, respectively.

22.01 Unrealized Foreign Exchange Gain (Loss) – net

Unrealized foreign exchange gains and losses include:

	2024		2023	
Unrealized foreign exchange gain (loss) from:				
Financial asset at FVTPL (Note 11)	P	49,738,308	P	(89,941,250)
Cash and cash equivalents (Note 7)		15,857,286		19,344,762
Unbilled service fees (Note 9)		3,933,575		15,684,026
Trade and other payables (Note 14)		969,654		8,326,670
	P	70,498,823	P	(46,585,792)

23. OPERATING EXPENSES

The account is composed of the following expenses:

		2024		2023
Salaries and wages (Note 24)	P	78,645,548	P	207,635,520
Professional fee		55,728,445		45,121,916
Rent (Note 25)		26,743,409		16,882,128
Depreciation (Notes 12 and 13)		26,705,827		40,521,903
Stationery and office supplies		21,895,909		9,181,705
Other employee benefits (Note 24)		20,443,909		110,706,492
Repairs and maintenance		7,979,632		29,299,019
Bank charges		6,905,498		7,045,424
Taxes and licenses		5,901,139		13,285,804
Travel and transportation		5,876,030		12,446,511
SSS, PHIC, HDMF and other contributions (Note 24)		5,212,489		12,982,622
Insurance		4,214,996		12,905,817
Outside services		3,424,596		215,943,996
Communication		3,093,897		7,934,259
Power, light and water		2,003,269		2,469,990
Provision for expected credit losses (Note 8)		619,803		16,047
Miscellaneous expense		9,782,570		14,231,556
	P	285,176,966	P	758,610,709

Allocation of depreciation is as follows:

		2024		2023
Property and equipment (Note 12)	P	17,606,092	P	28,285,917
Right-of-use asset (Note 13)		9,099,735		12,235,986
	P	26,705,827	P	40,521,903

Outside services pertains to services rendered by contractors in which appropriate withholding tax is withheld.

Miscellaneous expense associated with the operations and upkeep of the office, hiring related expenses and others.

24. EMPLOYEE BENEFITS

Aggregate employee benefits expense, as disclosed in Notes 21 and 23, comprised:

		2024		2023
Short-term benefits (Note 24.01)	P	4,264,339,214	P	4,540,229,301
Retirement benefits (Note 24.02)		3,534,493		4,467,703
	P	4,267,873,707	P	4,544,697,004

24.01 Short-term Employee Benefits

Details of short-term employee benefits disclosed in Notes 21 and 23 are as follows:

	2024	2023
Salaries and wages	P 2,781,786,763	P 4,273,947,613
Contractual staff	105,964,805	142,592,574
SSS, PHIC, HDMF and other contributions	329,055,870	12,982,622
Other employee benefits	1,047,531,776	110,706,492
	P 4,264,339,214	P 4,540,229,301

SSS, PHIC, HDMF and other contributions pertain to Philippine statutory benefits which purpose is to offer employees and their families housing loans and to provide protection against their disability, sickness, old age and death.

Other employee benefits include de-minimis fringe benefit, sick and vacation leaves, training and development and 13th month pay.

24.02 Retirement Benefits

The Company has unfunded and noncontributory defined benefit plan for qualified employees. The Bank has a single retirement plan under the regulatory framework of the Philippines. Under R.A. 7641, the Bank is legally obliged to provide a minimum retirement pay for qualified employees upon retirement. The framework, however, does not have a minimum funding requirement. The Bank's benefit plan is aligned with this framework. Under the plan, the employees are entitled to retirement benefits equivalent to fifty percent (50%) of the plan salary for every year of credited service.

The most recent actuarial valuation of the present value of the defined benefit obligation (DBO) was carried out on April 8, 2024 by a registered actuary. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the PUCM.

There were no plan amendment, curtailment or settlement recognized for the years ended March 31, 2024 and 2023.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2024	2023
Discount rate	4.80%	5.40%
Expected rate of salary increase	2.00%	2.00%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age sixty (60).

The sensitivity analysis of the defined benefit obligation of changes in the weighted principal assumption is as follows:

	Change in Assumption	Impact on Defined Benefit Obligation	
		Increase in Assumption	Decrease in Assumption
March 31, 2024			
Discount rate	100 bps	Decreased by 10.4%	Decreased by 12.2%
Salary increase rate	100 bps	Increased by 12.4%	Decreased by 10.8%
March 31, 2023			
Discount rate	100 bps	Decreased by 10.9%	Decreased by 12.8%
Salary increase rate	100 bps	Increased by 13.1%	Decreased by 11.3%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the statements of financial position.

Assumed life expectancy is not applicable because under the Company's Retirement Plan, benefits are paid in full in a lump sum upon retirement or separation of an employee.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Amounts recognized in profit or loss in respect of these defined benefit plans, as disclosed in Notes 21 and 23, are as follows:

	2024		2023	
Current service cost	P	2,674,261	P	3,712,824
Interest on obligation		860,232		754,879
	P	3,534,493	P	4,467,703

Remeasurement loss and gain recognized in other comprehensive income which pertains to experience adjustment loss and gain amounted to P5,443,378 and P3,965,508, in 2024 and 2023, respectively. Accordingly, remeasurement gain and loss as of March 31, 2024 and 2023 amounted to P2,816,557 and P2,626,821, respectively.

As of March 31, 2024 and 2023, retirement benefits obligation included in the statements of financial position arising from the entity's obligation in respect of its defined benefit plans amounted to P24,739,089 and P15,896,721, respectively.

Movements in the present value of the defined benefit obligation in 2024 and 2023 were as follows:

	2024	2023
Balance, April 1	₱ 15,896,721	₱ 15,394,526
Current service cost	2,674,261	3,712,824
Interest cost	860,232	754,879
Benefits paid	(135,503)	-
Remeasurement loss (gain)	5,443,378	(3,965,508)
Balance, March 31	₱ 24,739,089	₱ 15,896,721

The Company operates an unfunded defined benefit plan wherein benefit payments are borne by the Company. Thus, the Company maintains appropriate level of liquidity to meet currently maturing defined benefit obligations and has established a level of solvency ratio aimed to pay for long term defined benefit obligations.

Asset-Liability Matching Strategies to Manage Risks

The Company does not have a formal retirement plan. Therefore, it has no plan assets to match against the plan liabilities under the retirement obligation.

Funding Arrangements

The Company does not have a formal retirement plan; benefit claims under the retirement obligation are paid directly by the Company when they become due.

The Company is exposed to a number of risks through its defined benefit plan.

The most significant risks are detailed below:

Volatility Risk

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields.

As the plan matures, the Company intends to reduce the level of investment risk by investing in assets that will match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing solvency is, for the meantime, an appropriate strategy to manage its future obligation.

Inflation Risk

Inflation risk is the risk that the equivalent purchasing unfunded tailor to the plan be able to match the recorded liabilities.

Payments for the defined benefit plan of the Company are not link to inflation, thus, the exposure to this risk is immaterial. To cope-up with inflation, the plan has designed a versatile policy of having an appropriate mix of debt and equity securities in the portfolio of investments during high inflation rates.

Life Expectancy Risk

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This risk is closely associated with inflation risk wherein inflationary increases result in higher sensitivity to changes in life expectancy. The plan possesses a minimal exposure to this risk since inflationary risk, which is directly associated to the plan's sensitivity to life expectancy risk, is immaterial.

25. LEASE AGREEMENT

25.01 The Company as a Lessee

The Company entered into several lease agreements with third party for the lease of its office spaces in Cebu and Manila.

25.01.01 Cebu Holdings, Inc.

The Company entered into lease agreement with Cebu Holdings, Inc. to lease four (4) office condominium unit located in Sumilod Rd., Cebu Business Park, Cebu City, consisting of a monthly rent and floor area of the following premises:

Floors	Monthly Rent	Gross Leasable Area (in sqm.)	Common Hallway	Net Usable Area (in sqm.)
GF	P580 per sqm	539.73	-	539.73
8 th	P428 per sqm	2,175.49	143.33	2,032.16
9 th	P428 per sqm	2,175.49	143.33	2,032.16
10 th	P428 per sqm	2,175.49	143.33	2,032.16
Total		7,066.20	429.99	6,636.21

The leases have term of five (5) years from June 15, 2018 to June 14, 2023, renewable by mutual agreement of the parties under such terms and conditions as agreed upon. Monthly rental is computed based on the above, excluding VAT and subject to five percent (5%) annual escalation rate which shall be applicable on the second (2nd) year of the lease term.

25.01.02 GAGFA Estate Ventures, Inc.

The Company entered into lease agreement with GAGFA Estate Ventures, Inc. to lease three (3) office condominium unit, situated in 9th and 10th floor of GAGFA IT Center located in F. Cabahug Street Kasambagan, Cebu City.

The monthly rental shall be 2,126 square meters, computed at P370 per square meters excluding VAT and subject to withholding tax.

Floors	Monthly Rent	Net Usable Area (in sqm.)
9 th and 10 th	P370.00 per sqm	3,925.42
11 th and 12 th	P363.83 per sqm	3,925.42
14 th and 15 th	P350.00 per sqm	3,925.42

The leases have terms of ranging from three (3) to five (5) years starting April 15, 2019 to January 31, 2027, renewable by mutual agreement of the parties under such terms and conditions as agreed upon. Monthly rental is computed based on the above, excluding VAT and subject to five percent (5%) annual escalation rate. In 2022, contracts for the use of office condominium unit for 14th and 15th floor have been renewed from February 1, 2022 and September 1, 2021 to January 31, 2027, respectively.

25.01.03 Loreta Realty & Development Corporation

The Company entered into lease agreement with Loreta Realty & Development Corporation to lease six (6) office condominium unit, situated in Lot 7, Block 2, Corner Archbishop Reyes Street and Mindanao Street, Cebu Business Park, Cebu City, consisting of a monthly rent and floor area of the following premises:

Floors	Monthly Rent	Gross Leasable Area (in sqm.)	Common Hallway	Net Usable Area (in sqm.)
GF	₱499 per sqm	229.64	-	229.64
9 th to 12 th	₱825 per sqm	1,431.75	95	1,336.75
16 th	₱825 per sqm	1,920.69	95	1,825.69

The leases have term of five (5) years from September 1, 2017 to August 31, 2022, renewable by mutual agreement of the parties under such terms and conditions as agreed upon. Monthly rental is computed based on the above, excluding VAT and subject to five percent (5%) annual escalation rate which shall be applicable on the second (2nd) year of the lease term. In September 2022, the Company renewed its contract for one (1) year from September 1, 2022 to August 31, 2023 under the same terms and conditions.

25.01.04 Eton Properties Philippines, Inc.

The Company entered into lease agreement with Eton Properties Philippines, Inc. to lease two (2) office condominium unit, situated in Cyberpod Centris Five "Building" located along EDSA, Eton Centris Barangay Pinahan, Quezon City, consisting of a monthly rent and floor area of the following premises:

Floors	Monthly Rent	Gross Leasable Area (in sqm.)
9 th	₱744.19 per sqm	2,383.94
14 th	₱750.00 per sqm	2,333.82

The leases have term of five (5) years from November 1, 2019 to October 31, 2024 and February 1, 2022 to January 31, 2027 for 19th and 14th floor, respectively, renewable by mutual agreement of the parties under such terms and conditions as agreed upon. Monthly rental is computed based on the above, excluding VAT and subject to five percent (5%) annual escalation rate.

25.01.05 Ayala Land, Inc.

The Company entered into lease agreement with Ayala Land, Inc. to lease office spaces and parking slot, situated in Phase 1, Central Bloc Corporate Center Tower 2, Block 10, Geonzon St.Cebu I.T. Park, Brgy. Apas, Cebu City, consisting of a monthly rent and floor area of the following premises:

Floors	Monthly Rent	Gross Leasable Area (in sqm.)
19 th	P400 per sqm	2,144.31
20 th	P400 per sqm	2,144.31
21 th	P400 per sqm	2,144.31

The leases have term of five (5) years from December 14, 2022 to May 14, 2028 renewable by mutual agreement of the parties under such terms and conditions as agreed upon. Monthly rental is computed based on the above, excluding VAT and subject to five percent (5%) annual escalation rate starting year 3.

In 2024 and 2023, aggregate refundable deposits amounted to P109,301,845 and P94,868,595, respectively.

25.02 Lease Payments Not Recognized as a Liability

The Company has elected not to recognize a lease liability for short-term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liability and are expensed as incurred.

Aggregate rent expense amounted to P27,991,409 and P16,882,128 in 2024 and 2023, respectively, as disclosed in Notes 21 and 23.

26. INCOME TAXES

26.01 Income Tax Recognized in Profit or Loss

As disclosed in Note 1, the Company has ITH for four (4) years from the start of commercial operation for its qualified locations with a two-year extension period, subject to PEZA approval. Hence, the Company has no taxable income for the PEZA registered activities until the expiry of each location's ITH incentive. The Company, however, is still subject to regular corporate income tax (RCIT) on income from unregistered activities.

Location	Date of PEZA Approval	Start of Commercial Operations	Date of ITH Expiration
Cebu IT Tower 1, Cebu City	November 2007	March 2008	February 2014
Eton 1, Quezon City	September 2009	March 2010	February 2016
Eton 5, Manila	October 2019	Applied	September 2025
Cebu IT Tower 2, Cebu City	September 2015	August 2015	July 2021
GAGFA 9 to 12 floor	October 2013	October 2013	September 2019
GAGFA 15 floor, Cebu City	April 2018	May 2018	April 2021
CBP – IT Park, Cebu City	August 2018	August 2018	July 2024

After the expiration of each location's ITH, the Company is subject to the preferential tax rate of 5%, except of income derived from unregistered activities which is subject to the RCIT of 25% and 30%, or the minimum corporate income tax of 1% and 2%, in 2022 and 2021 respectively. The 5% preferential income tax rate is applied on gross revenues net of certain deductions specifically provided under RA No. 7916, Special Economic Zone Act of 1995, in lieu of all national and local taxes.

The Company's income tax expense are as follows:

	2024		2023	
Current tax expense	P	123,027,950	P	101,735,794
Deferred tax expense		42,012,435		8,469,875
	P	165,040,385	P	110,205,669

A numerical reconciliation between income tax and the product of accounting profit multiplied by the tax rate in 2024 and 2023 is as follows:

	2024		2023	
Accounting profit	P	3,532,332,273	P	3,585,775,031
Tax benefit at 5%		176,616,614		179,288,752
Tax effects of:				
Income subject to 25% tax		115,895		2,943,877
Temporary differences		37,130,422		(4,226,994)
Income subject to income tax holiday		(48,822,546)		(67,799,966)
	P	165,040,385	P	110,205,669

27. DEFERRED TAX LIABILITY

The movements of the Company's deferred tax liability which arose from the effect of PFRS 16 amounted to P42,012,435 and nil in 2024 and 2023, respectively.

28. FAIR VALUE MEASUREMENTS

28.01 Fair Value of Financial Assets and Liabilities

The carrying amounts and estimated fair values of the Company's financial assets and financial liabilities as of March 31, 2024 and 2023 are presented below:

	2024		2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Cash and cash equivalents	P 5,830,338,893	P 5,830,338,893	P 2,543,460,552	P 2,543,460,552
Trade and interest receivables	716,962,046	716,962,046	502,649,702	502,649,702
Due from related parties	3,307,416,228	3,307,416,228	3,190,845,326	3,190,845,326
Refundable deposits	109,301,845	109,301,845	94,868,595	94,868,595
Financial assets at FVTPL	9,932,512	9,932,512	53,120,127	53,120,127
	P 9,973,951,524	P 9,973,951,524	P 6,384,944,302	P 6,384,944,302
Financial Liabilities:				
Trade and other payables	P 1,186,262,239	P 1,186,262,239	P 916,381,791	P 916,381,791
Due to related parties	991,159	991,159	180,184	180,184
Lease liabilities	1,239,985,206	1,239,985,206	620,445,311	620,445,311
Financial liability at FVTPL	17,210,379	17,210,379	-	-
	P 2,444,448,983	P 2,444,448,983	P 1,537,007,286	P 1,537,007,286

Due to short-term maturities and demand feature, Management believes that the carrying amounts of cash and cash equivalents, trade and interest receivables, due from related parties, trade and other payables (except due to government agencies and advances from customers) and due to related parties approximate their fair values.

Refundable deposits are measured at amortized cost, which approximates the fair value.

The fair value of other current asset/liability is determined based on observable market inputs including currency spot and forward rate, currency volatility and etc.

Management believes that the carrying amount of lease liabilities approximates its fair value since this was discounted using the Company's incremental borrowing rate at the date of initial application.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

Management monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, including currency risk, interest rate risk, credit risk and liquidity risk.

29.01 Interest Rate Risk Management

The Company's exposure to interest rate risk arises from its cash deposits in banks which are subject to variable interest rates and lease liabilities were subject to fixed rates. The interest rate risk arising from deposits with banks are managed by means of effective investment planning and analysis and maximizing investment opportunities in various local banks and financial institutions.

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A ten percent (10%) basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents Management's assessment of the reasonably possible change in interest rates.

Profits for the years ended March 31, 2024 and 2023 would decrease/increase by P3,367,291,888 and P3,475,569,362, respectively. This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

29.02 Credit Risk Management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risks from cash in banks, cash equivalents, short-term investments, trade and interest receivables, due from related parties and refundable deposits.

The Company considers the following policies to manage its credit risk:

➤ Banks

The Company assessed current and forecast information of banking industry, macro-economic information such as GDP rate, inflation rate, and interest rate, and available financial information. The Company transacts only to investment grade credit ratings.

➤ Trade Receivables and Due from Related Parties

The Company transacts only with creditworthy customers and counterparties. The Company assesses the current and forecast information of the clients' industry and the macro-economic factors such as GDP, interest, and inflation rates to determine the possible impact to customer.

Financial assets measured at amortized cost and unbilled service fees are as follows:

	2024		2023	
Cash in banks	₱	373,104,189	₱	900,355,041
Cash equivalents		7,774,592		3,024,205
Short-term investments		5,449,460,112		1,640,081,306
Trade and interest receivables – net		716,962,046		502,649,702
Due from related parties		3,307,416,228		3,190,845,326
Refundable deposits		109,301,845		94,868,595
		9,964,019,012		6,331,824,175
Unbilled service fees		395,235,047		334,987,610
	₱	10,359,254,059	₱	6,666,811,785

The calculation of allowance for expected credit losses are based on the following three (3) components:

Probability of Default (PD)

PD is the likelihood over a specified period, usually one year that a client will not be able to make scheduled repayments. PD depends not only on the client's characteristics, but, also on the economic environment. PD may be estimated using historical data and statistical techniques.

Loss Given Default (LGD)

LGD is the amount of money a company loses when a client defaults on a contract. The most frequently used method to calculate this loss is by comparing the actual total losses and the total amount of potential exposure sustained at the time that a contract goes into default.

Exposure at Default (EAD)

EAD is the total value a company is exposed to when a loan defaults. It refers to the gross carrying amount of financial asset.

Below is the summary of computation of allowance for expected credit losses in 2024:

	PD rate a	LGD rate b	EAD c	ECL d=a*b*c
		90.01% to		
Cash in banks	0.00%	99.86%	₱ 373,104,189	₱ -
Cash equivalents	0.00%	100.00%	7,774,592	-
Short-term investment	0.00%	100.00%	5,449,460,112	-
Trade and interest receivables	0.009%	100.00%	717,647,322	685,276
Due from related parties	0.00%	100.00%	3,307,416,228	-
Refundable deposits	0.00%	100.00%	109,301,845	-
			₱ 9,964,704,288	₱ 685,276

Below is the summary of computation of allowance for expected credit losses in 2023:

	PD rate a	LGD rate b	EAD c	ECL d=a*b*c
		97.96% to		
Cash in banks	0.00%	99.94%	P 900,355,041	P -
Cash equivalents	0.00%	100.00%	3,024,205	-
Short-term investment	0.00%	100.00%	1,640,081,306	-
Trade and interest receivables	0.008%	100.00%	502,925,761	276,059
Due from related parties	0.00%	100.00%	3,190,845,326	-
Refundable deposits	0.00%	100.00%	94,868,595	-
			P 6,332,100,234	P 276,059

Cash in Banks, Cash Equivalents and Short-term Investments

The Company assessed current and forecast information of banking industry, macro-economic information such as GDP rate, inflation rate, and interest rate, and available financial information. The Company transacts only to investment grade credit ratings.

In 2024 and 2023, loss given default rate for cash in banks is calculated by taking into consideration the amount of insured deposit and estimated it to be 90.01% to 99.86% and 97.96% to 99.94%, respectively.

In both years, probability of default rate for cash equivalents is 0.00%, while loss given default rate is 100.00% for all clients because the Company does not obtain collateral for these transactions.

In 2024 and 2023, probability of default rate for short-term investment is 0.00%, while loss given default rate is 100.00% for all clients because the Company does not obtain collateral for these transactions.

Exposure at default is equal to the gross carrying amount of cash in banks, cash equivalents and short-term investments.

Trade and Interest Receivables

Default rate is computed using the provision matrix approach; this is the amount of deemed uncollectible divided by the carrying amount of trade and interest receivables per aged group. Average default rate is computed based on four-year historical data from 2023 to 2024. Then, the average default rate is adjusted based on current and forecast unemployment rate using Pearson Correlation Coefficient Method.

In 2024 and 2023, probability of default rate is 0.009% and 0.008%, respectively, while loss given default rate is 100.00% for all clients because the Company does not obtain collateral for these transactions.

Exposure at default is equal to the gross carrying amounts of trade and interest receivables.

The amounts of allowance for expected credit losses as disclosed in Note 8 were sufficient to cover the above allowance, hence no additional provisions for expected credit losses were recognized in both years.

Due from Related Parties

The Company determined the probability of default rate by considering the following: (1) historical experience with the counterparty; (2) current available financial information such credit ratings and (3) macro-economic factors such as GDP, interest, and inflation rates, the performance of the counterparties' industry, and the available financial information of each counterparty to determine whether there is a significant increase in credit risk or not since initial recognition. In 2024 and 2023, the Company estimated the probability of default to be nil for both years.

In both years, loss given default rate is 100.00% for all related parties because the Company does not obtain collateral for these transactions.

In both years, exposure to default is equal to the gross carrying amount of due from related parties.

Refundable Deposits

Management assessed that the counterparties have minimal credit risk and the probability of default is nil.

In both years, loss given default rate is 100.00% for all counterparties because the Company does not obtain collateral for these transactions.

Exposure at default is equal to the gross carrying amounts of other financial assets.

29.03 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are fixed rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Weighted Average Effective Interest Rate	Within One (1) Year	One (1) – Five (5) Years	Total
March 31, 2024				
Trade and other payables	-	P 1,186,262,239	P -	P 1,186,262,239
Due to related parties	-	991,159	-	991,159
	4.23% to 7.40%			
Lease liabilities		281,469,616	1,130,625,608	1,412,095,224
		P 1,468,723,014	P 1,130,625,608	P 2,599,348,622
March 31, 2023				
Trade and other payables	-	P 916,381,791	P -	P 916,381,791
Due to related parties	-	180,184	-	180,184
	4.23% to 7.40%			
Lease liabilities		166,865,653	453,579,658	620,445,311
		P 1,083,427,628	P 453,579,658	P 1,537,007,286

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Weighted Average Effective Interest Rate	On Demand	Within One (1) Year	One (1) – Five (5) Years	Total
March 31, 2024					
Cash in banks	0.01% to 0.03%	P 373,104,189	P -	P -	P 373,104,189
Cash equivalents	4.70% to 4.80%	-	7,774,592	-	7,774,592
Short-term investments	4.21% to 5.30%	-	5,449,460,112	-	5,449,460,112
Trade and interest receivables	-	-	716,962,046	-	716,962,046
Due from related parties	-	3,307,416,228	-	-	3,307,416,228
Refundable deposits	-	-	-	109,301,845	109,301,845
		P 3,680,520,417	P 6,174,196,750	P 109,301,845	P 9,964,019,012
March 31, 2023					
Cash in banks	0.01% to 0.03%	P 900,355,041	P -	P -	P 900,355,041
	4.70% to 4.80%	-			
Cash equivalents	4.80%	-	3,024,205	-	3,024,205
Short-term investments	4.70% to 4.80%	-	1,640,081,306	-	1,640,081,306
Trade and interest receivables	-	-	502,649,702	-	502,649,702
Due from related parties	-	3,190,845,326	-	-	3,190,845,326
Refundable deposits	-	-	-	94,868,595	94,868,595
		P 4,091,200,367	P 2,145,755,213	P 94,868,595	P 6,331,824,175

30. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

Management manages its capital to ensure that the Company will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from 2023.

According to Section 42 of the Revised Corporation Code of the Philippines, stock corporations are prohibited from retaining surplus plus profits in excess of 100% of their paid-in capital stock, except: 1) when justified by definite corporate expansion projects or programs approved by the board of directors; or 2) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its/his consent, and such consent has not yet been secured; or 3) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is a need for special reserve for probable contingencies.

In both years, the Company's retained earnings already exceeded its paid-in capital stock. This condition might expose the Company to penalties. The Company is currently assessing ways to resolve this matter.

Management reviews the capital structure of the Company on an annual basis. As part of this review, Management considers the cost of capital and the risks associated with each class of capital.

The debt-to-equity ratio at end of the reporting period was as follows:

		2024		2023
Debt	P	2,639,023,585	P	1,648,371,612
Equity		9,980,582,033		6,618,733,523
Debt-to-equity ratio		26.44:01		24.90:1

31. NON-CASH TRANSACTIONS

- In 2024 and 2023, the Company has a non-cash investing and financing activity which was not reflected in the statements of cash flows pertaining to right-of-use asset and lease liability amounting to P1,115,166,546 and P237,394,571, respectively, as disclosed in Notes 13 and 15.
- In 2023 the Company has a non-cash investing activity which was not reflected in the statements of cash flows pertaining to reclassification of property and equipment amounting to P19,729,180, as disclosed in Note 12.

32. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

Reconciliation of liabilities arising from financing activities is as follows:

	2024		2023	
Balance, April 1	P	620,625,495	P	591,980,607
Changes from financing cash flows				
Effect of lease liabilities		1,115,166,546		237,394,571
Finance cost incurred		90,738,394		33,251,636
Advances received from related parties		6,061,306		36,938
Payment of advances to related parties		(5,250,331)		(78,491)
Finance cost paid		(90,738,394)		(33,251,636)
Lease termination		(149,821,334)		-
Payments of lease		(345,805,317)		(208,708,130)
Balance, March 31	P	1,240,976,365	P	620,625,495

33. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issuance by the Board of Directors on May 28, 2024.

34. SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATIONS NO. 15 – 2010

The Bureau of Internal Revenue (BIR) released a revenue regulation dated November 25, 2010 amending Revenue Regulations No. 21-2002 setting forth additional disclosures on Notes to Financial Statements. Below are the disclosures required by the said Regulation:

34.01 Taxes and Licenses Paid or Accrued

The details of the Company's taxes and licenses fees paid or accrued in 2023 are as follows:

34.01.01 Output VAT

Under Rule XIV of the Implementing Rules and Regulations of the Special Zone Act of 1995, the Company is VAT zero-rated on revenues arising from its registered activities amounting to ₱9,617,577,628.

34.01.02 Other Taxes and Licenses

Other taxes and licenses paid by the Company amounting to ₱5,901,139 pertains to business permit, assessment and licenses.

34.01.03 Withholding Taxes

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

Withholding tax on compensation and benefits	P	123,192,609
Expanded withholding taxes		34,059,315
Fringe benefit taxes		9,990,121
	P	167,242,045



SUPPLEMENTAL INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders

WIPRO PHILIPPINES, INC.

(A Wholly Owned Subsidiary of Wipro Limited, India)

Cebu IT Tower 1, Lot 7 Corner Archbishop Reyes and Mindanao St.
Cebu Business Park, Cebu City

We have audited the financial statements of **WIPRO PHILIPPINES, INC.** for the years ended March 31, 2024 and 2023 on which we have rendered the attached report dated May 28, 2024.

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

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the said Company has only one (1) stockholder owning more than one hundred (100) shares.

R.S. BERNALDO & ASSOCIATES

BOA/PRC No. 0300

Valid until November 19, 2026

BSP Group B Accredited

Accreditation No. 0300-BSP

Valid until 2026 audit period

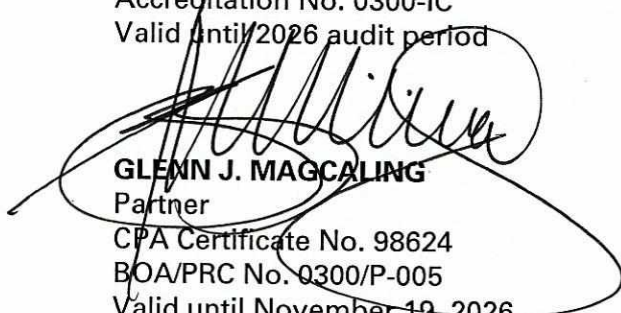
BIR Accreditation No. 08-007679-000-2023

Valid from January 31, 2023 until January 30, 2026

IC Group A Accredited

Accreditation No. 0300-IC

Valid until 2026 audit period



GLENN J. MAGCALING

Partner

CPA Certificate No. 98624

BOA/PRC No. 0300/P-005

Valid until November 19, 2026

BIR Accreditation No. 08-007679-005-2024

Valid from February 19, 2024 until February 18, 2027

Tax Identification No. 198-646-943

PTR No. 10081202

Issued on January 9, 2024 at Makati City

May 28, 2024

BOA/PRC No. 0300 • BIR Accredited • SEC Group A Accredited • BSP Group B Accredited • IC Group A Accredited

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REPORT ON THE SUPPLEMENTARY SCHEDULE

The Board of Directors and the Stockholders

WIPRO PHILIPPINES, INC.

(A Wholly Owned Subsidiary of Wipro Limited, India)

Cebu IT Tower 1, Lot 7 Corner Archbishop Reyes and Mindanao St.
Cebu Business Park, Cebu City

We have issued our report dated May 28, 2024 on the basic financial statements of **WIPRO PHILIPPINES, INC.** as of and for the year ended March 31, 2024. Our audit was conducted for the purpose of forming an opinion on the basic financial statements of **WIPRO PHILIPPINES, INC.** taken as a whole. The information in the Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration as of and for the year ended March 31, 2024 which is not a required part of the financial statements, is required to be filed with the Securities and Exchange Commission (SEC). Such information is the responsibility of the Management of **WIPRO PHILIPPINES, INC.** The information has been subjected to the auditing procedures applied in our audit 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.

R.S. BERNALDO & ASSOCIATES

BOA/PRC No. 0300

Valid until November 19, 2026

BSP Group B Accredited

Accreditation No. 0300-BSP

Valid until 2026 audit period

BIR Accreditation No. 08-007679-000-2023

Valid from January 31, 2023 until January 30, 2026

IC Group A Accredited

Accreditation No. 0300-IC

Valid until 2026 audit period



GLENN J. MACCALING

Partner

CPA Certificate No. 98624

BOA/PRC No. 0300/P-005

Valid until November 19, 2026

BIR Accreditation No. 08-007679-005-2024

Valid from February 19, 2024 until February 18, 2027

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