



Legal Entity Fact Sheet – Arthur J. Gallagher (Singapore) Pte. Limited

Company Information

Legal entity	Arthur J. Gallagher (Singapore) Pte. Limited
Registered Address	61 Robinson Road, #15-02, Singapore 068893
Website	https://www.ajg.com/gallagherre/
Telephone	+65 6438 1771
General Email	enquires@gallagherre.com
Company Type	Private Limited Company
Company (UEN) No.	201018540R
Incorporation Date	01/09/2010

Regulator References

Regulator Reference	Monetary Authority of Singapore
Regulator's website	https://eservices.mas.gov.sg/fid/institution/detail/2370-ARTHUR-J-GALLAGHER-SINGAPORE-PTE-LTD
License Held	Registered Insurance/Reinsurance Broker

Board Membership

Name	Role	Country of Residence
John Storrs Cullis	Director	UK
Richard Duncan Heath	Director	Dubai
David Mark Rowland Morley	Director	Singapore
Ng Leng Leng	Director	Singapore
Matthew William Pike	Director	UK
Peter Charles Searson	Director	Australia
Yuen Ngai Chun Susan	Secretary	Singapore

Ownership/Shareholders

Name	Shares	Country
Arthur J. Gallagher & Co.	100%	U.S.A

Attachments

Also attached to this document are details of our:

- **Head Office Registration/Insurance Brokers Permission Certificate**
- **2022 Financial Statement**
- **Professional Liability Certificates**

BUSINESS PROFILE



REQUEST CRITERIA

(You have requested to search on the following)

Date of Request :	16/05/2023
Name of Requestor :	MOEY & YUEN
Requested Entity Name :	ARTHUR J. GALLAGHER (SINGAPORE) PTE. LTD.
Requested Entity Number :	201018540R
File Reference Number :	SY/3748-10/CY

SEARCH RECORD

Entity Name :	1) ARTHUR J. GALLAGHER (SINGAPORE) PTE. LTD.
Entity Number :	201018540R

ACCOUNTING AND CORPORATE REGULATORY AUTHORITY
BUSINESS PROFILE (COMPANY)



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DETAILS OF COMPANY

Entity Name:	ARTHUR J. GALLAGHER (SINGAPORE) PTE. LTD.
Entity Number:	201018540R
Date Of Registration (dd/mm/yyyy):	01/09/2010
Country/Region Of Incorporation/Registration:	SINGAPORE
Date Of Change Of Name:	-
Former Name:	-
Type Of Company:	PRIVATE COMPANY LIMITED BY SHARES
Registered Office Address:	61 ROBINSON ROAD #15-02 61 ROBINSON SINGAPORE 068893
Date Of Change Of Address:	08/11/2021
Principal Activity / Activities:	1)INSURANCE BROKERS (66222) 2)GENERAL REINSURANCE (65202) GENERAL INSURANCE AND REINSURANCE
Status:	LIVE COMPANY
Status Date:	01/09/2010

CAPITAL STRUCTURE

Capital Structure:	No. Of Shares	Currency	Amount
ISSUED ORDINARY	62,776,962.00	SINGAPORE, DOLLARS	113,848,500.45
PAID-UP ORDINARY	-	SINGAPORE, DOLLARS	113,848,500.45

Note: The number of shares is displayed up to two decimal points.

CHARGE(S)

-

AUDITOR(S)

Name	Date Of Appointment
ERNST & YOUNG LLP	18/11/2010

OFFICER(S) / AUTHORISED REPRESENTATIVE(S)

Name ID	Address Date Of Change Of Address	Nationality/Citizenship	Date Of Appointment/ Position Held
DAVID MARK ROWLAND MORLEY S6965457F	110 CORONATION ROAD WEST SINGAPORE 269337 27/09/2019	BRITISH	15/04/2023 DIRECTOR
JOHN STORRS CULLIS 510552687	FROST HILL FARM, OVERTON, BASINGSTOKE HAMPSHIRE, RG25 3EE, UNITED KINGDOM -	BRITISH	17/04/2015 DIRECTOR
MATTHEW WILLIAM JOSEPH PIKE 520455746	LYFORDS, IPING ROAD, MILLAND, WEST SUSSEX GU30 7NA, UNITED KINGDOM -	BRITISH	27/07/2015 DIRECTOR
NG LENG LENG S7935993I	4 MIMOSA VALE MIMOSA VALE SINGAPORE 807927 -	SINGAPORE CITIZEN	08/04/2022 CHIEF EXECUTIVE OFFICER 17/06/2022 DIRECTOR
PETER CHARLES SEARSON M1379618	131 WARRIEWOOD ROAD, CHANDLER QUEENSLAND AUSTRALIA 4155 -	AUSTRALIAN	01/02/2013 DIRECTOR
RICHARD DUNCAN HEATH G3016518M	278 OCEAN DRIVE #06-16 THE COAST @ SENTOSA COVE SINGAPORE 098450 25/09/2019	BRITISH	09/04/2014 DIRECTOR
YUEN NGAI CHUN SUSAN S1547569B	7 COMMONWEALTH AVENUE #24-654 SINGAPORE 140007 09/06/2017	SINGAPORE CITIZEN	22/02/2011 SECRETARY

SHAREHOLDER(S)

(Entity Numbers Prefixed with UF Or ACRA are Numbers allotted by ACRA for Purposed of Identification.)

Name ID	Nationality/Citizenship	Address Date Of Change Of Address
GALLAGHER INTERNATIONAL HOLDINGS (US) INC T20UF0876C	UNITED STATES OF AMERICA	251 LITTLE FALLS DRIVE, WILMINGTON, DELAWARE 19808, UNITED STATES OF AMERICA -
Type	No Of Shares	Currency
ORDINARY	62,776,962.00	SINGAPORE, DOLLARS

Note: The number of shares is displayed up to two decimal points.

COMPLIANCE RECORD

Date Of Last AGM:	25/07/2022
Date Of Last AR:	12/08/2022
Date Of A/C Laid At Last AGM:	31/12/2021

THE ABOVE INFORMATION IS UPDATED TO 01 DAY FROM 16/05/2023

PLEASE NOTE THAT THE INFORMATION HEREIN CONTAINED IS EXTRACTED FROM FORMS FILED WITH THE AUTHORITY

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Company Registration No. 201018540R

Arthur J. Gallagher (Singapore) Pte. Ltd.

Annual Financial Statements
31 December 2022



Arthur J. Gallagher (Singapore) Pte. Ltd.

General Information

Directors

Peter Charles Searson
Richard Duncan Heath
Vyvienne Yvonne Alexandra Wade (Resigned on 3 May 2023)
John Storrs Cullis
Matthew William Joseph Pike
Adam Ron Fuller (Resigned on 31 March 2023)
Ng Leng Leng
David Mark Rowland Morley (Appointed on 15 April 2023)

Secretary

Yuen Ngai Chun Susan

Registered office

61 Robinson Road #15-02
61 Robinson
Singapore 068893

Auditor

Ernst & Young LLP

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Arthur J. Gallagher (Singapore) Pte. Ltd.

Directors' Statement

The directors are pleased to present their statement to the member together with the audited financial statements of Arthur J. Gallagher (Singapore) Pte. Ltd. (the "Company") for the financial year ended 31 December 2022.

Opinion of the directors

In the opinion of the directors,

- (a) the financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:-

Peter Charles Searson
Richard Duncan Heath
John Storrs Cullis
Matthew William Joseph Pike
Ng Leng Leng
David Mark Rowland Morley

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act 1967, an interest in shares and share options of the Company and related corporations as stated below:

Name of director	At the beginning of financial year or date of appointment	At the end of financial year
	No. of shares	No. of shares
<i>Ordinary shares of the holding company (Arthur J. Gallagher & Co.)</i>		
Peter Charles Searson	3,000	1,200
Matthew William Joseph Pike	12,752	12,752
Vyviene Yvonne Alexandra Wade	1,581	1,581

Arthur J. Gallagher (Singapore) Pte. Ltd.

Directors' Statement

Directors' interests in shares and debentures (cont'd)

Name of director	At the beginning of financial year or date of appointment	At the end of financial year
	No. of shares	No. of shares
<i>Share options of the holding company (Arthur J. Gallagher & Co.)</i>		
Matthew William Joseph Pike	23,680	23,680
Richard Duncan Heath	4,280	6,095
Vyvienne Yvonne Alexandra Wade	1,999	1,999
Adam Ron Fuller	5,468	5,554
<i>Restricted shares of the holding company (Arthur J. Gallagher & Co.)</i>		
Richard Duncan Heath	2,835	3,130
Adam Ron Fuller	1,915	2,110

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the date of appointment, or at the end of the financial year.

Options

There is presently no option scheme on unissued shares of the Company.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:


David Mark Rowland Morley
Director


Ng Leng Leng
Director

Singapore
30 May 2023

Arthur J. Gallagher (Singapore) Pte. Ltd.

**Independent Auditor's Report
For the financial year ended 31 December 2022**

Independent Auditor's Report to the Member of Arthur J. Gallagher (Singapore) Pte. Ltd.

Report on the audit of the financial statements

We have audited the financial statements of Arthur J. Gallagher (Singapore) Pte. Ltd. (the "Company"), which comprise the balance sheet as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2022 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). 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 Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for other information. The other information comprises the General Information and the Directors' Statement set out on pages 1 to 2, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Arthur J. Gallagher (Singapore) Pte. Ltd.

**Independent Auditor's Report
For the financial year ended 31 December 2022**

Independent Auditor's Report to the Member of Arthur J. Gallagher (Singapore) Pte. Ltd.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's 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 auditor's 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 SSAs 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 SSAs, we exercise professional judgement and maintain professional scepticism 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 audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Arthur J. Gallagher (Singapore) Pte. Ltd.

**Independent Auditor's Report
For the financial year ended 31 December 2022**

Independent Auditor's Report to the Member of Arthur J. Gallagher (Singapore) Pte. Ltd.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
30 May 2023

Arthur J. Gallagher (Singapore) Pte. Ltd.**Statement of Comprehensive Income
For the financial year ended 31 December 2022**

	Note	2022 \$	2021 \$
Revenue			
Brokerage income	4	33,649,663	11,213,374
Other income		6,959,421	673,120
Interest income		1,366	736
		<hr/> 40,610,450	<hr/> 11,887,230
Expenses			
Salaries and employee benefits	5	(27,192,348)	(7,710,571)
Depreciation of right-of-use assets	8	(717,568)	(870,910)
Depreciation of plant and equipment	7	(320,294)	(295,759)
Amortisation of intangible assets	9	(2,748,736)	(511,217)
Foreign currency loss		(714,320)	(59,613)
Interest expense on lease liabilities	8	(25,334)	(22,342)
Other operating expenses		<hr/> (13,248,136)	<hr/> (2,222,387)
(Loss)/profit before taxation	5	(4,356,286)	194,431
Income tax expense	6	(243,952)	(123,093)
		<hr/> (4,600,238)	<hr/> 71,338
(Loss)/profit for the financial year, representing total comprehensive (loss)/income for the financial year		<hr/> (4,600,238)	<hr/> 71,338

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Arthur J. Gallagher (Singapore) Pte. Ltd.**Balance Sheet
As at 31 December 2022**

	Note	2022 \$	2021 \$
Non-current assets			
Plant and equipment	7	790,201	545,920
Intangible assets	9	111,714,169	4,625,296
Right-of-use assets	8	1,545,512	2,263,080
Refundable deposits	10	273,430	160,096
Investment in subsidiary	11	1,769,088	1,769,088
Prepayments		509,871	126,226
		116,602,271	9,489,706
Current assets			
Cash advance paid	19	–	102,871,640
Trade and other receivables	10	90,491,115	53,754,715
Refundable deposits	10	–	259,967
Prepayments		1,401,595	145,188
Cash and bank balances	12	19,811,451	19,774,634
		111,704,161	176,806,144
Non-current liabilities			
Lease liabilities	8	999,912	1,910,971
Trade and other payables	13	9,535,222	–
		10,535,134	1,910,971
Current liabilities			
Trade and other payables	13	108,774,926	71,133,157
Lease liabilities	8	916,244	476,224
Current tax payable		14,868	110,000
		109,706,038	71,719,381
Net current assets		1,998,123	105,086,763
Net assets		108,065,260	112,665,498
Equity attributable to owner of the Company			
Share capital	14	113,848,500	113,848,500
Accumulated losses		(5,783,240)	(1,183,002)
Total equity attributable to owner of the Company		108,065,260	112,665,498

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Arthur J. Gallagher (Singapore) Pte. Ltd.**Statement of Changes in Equity
For the financial year ended 31 December 2022**

	Share Capital (Note 14) \$	Accumulated losses \$	Equity attributable to owner of the Company \$
At 1 January 2021	10,976,860	(1,254,340)	9,722,520
Share issuance (Note 14)	102,871,640	–	102,871,640
Total comprehensive income for the financial year			
- Net income for the financial year	–	71,338	71,338
Balance at 31 December 2021	113,848,500	(1,183,002)	112,665,498
At 1 January 2022	113,848,500	(1,183,002)	112,665,498
Share issuance (Note 14)	–	–	–
Total comprehensive loss for the financial year			
- Net loss for the financial year	–	(4,600,238)	(4,600,238)
Balance at 31 December 2022	113,848,500	(5,783,240)	108,065,260

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Arthur J. Gallagher (Singapore) Pte. Ltd.

Statement of Cash Flows
For the financial year ended 31 December 2022

	Notes	2022 \$	2021 \$
Cash flows from operating activities:			
(Loss)/profit before taxation		(4,356,286)	194,431
Adjustments for:			
Depreciation of plant and equipment	7	320,294	295,759
Depreciation of right-of-use assets	8	717,568	870,910
Amortisation of intangible assets	9	2,748,736	511,217
Interest expense on lease liabilities	8	25,334	22,342
Loss on write-off of plant and equipment	5	5,938	154,632
Operating cash flows before working capital changes		(538,416)	2,049,291
Increase in trade and other receivables		(28,502,549)	(14,593,536)
Increase in prepayments and refundable deposits		(1,493,419)	(132,240)
Increase in trade and other payables		26,817,024	10,855,040
Increase in amount due to related company – trade		7,220,576	1,949,323
(Decrease)/increase in amount due from related company – trade		(3,559,137)	4,253,922
Increase in amount due to related company – non-trade		6,084,135	735,541
(Decrease)/increase in amount due from related company – non-trade		(4,629,898)	104,239
Increase in cash and deposits held on behalf of insurers or reinsurers		(6,384,686)	(713,421)
Cash flows from operations		(4,986,370)	4,508,159
Income tax paid		(249,797)	(123,658)
Net cash flows (used in)/generated from operating activities		(5,236,167)	4,384,501
Cash flows from investing activity:			
Purchase of plant and equipment	A	(615,329)	(454,003)
Net cash flows used in investing activity		(615,329)	(454,003)
Cash flows from financing activities:			
Payment of principal portion of lease liabilities	8	(471,039)	(737,227)
Interest expense on lease liabilities	8	(25,334)	(22,342)
Net cash flows used in financing activities		(496,373)	(759,569)
Net (decrease)/increase in cash and cash equivalents		(6,347,869)	3,170,929
Cash and cash equivalents at beginning of the financial year		8,617,782	5,446,853
Cash and cash equivalents at end of the financial year	12	2,269,913	8,617,782

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Arthur J. Gallagher (Singapore) Pte. Ltd.

Statement of Cash Flows (cont'd)
For the financial year ended 31 December 2022

	Notes	2022	2021
		\$	\$
Note A			
Additions to plant and equipment	7	(615,329)	(476,003)
Less: Cost of reinstatement costs included		–	22,000
Net cash outflow for purchase of plant and equipment		(615,329)	(454,003)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Arthur J. Gallagher (Singapore) Pte. Ltd.

**Notes to the Financial Statements
For the financial year ended 31 December 2022**

1. Corporate information

Arthur J. Gallagher (Singapore) Pte. Ltd. (the "Company") is a private limited liability company incorporated and domiciled in Singapore.

The Company's immediate holding company is Gallagher International Holdings Inc., a company incorporated in the United States of America and the ultimate holding company is Arthur J. Gallagher & Co., a company incorporated in the United States of America.

The registered office and principal place of business of the Company is located at 61 Robinson Road #15-02, 61 Robinson Road, Singapore 068893.

The principal activity of the Company is that of general insurance and reinsurance broking (life and general).

On 1 April 2022, the Monetary Authority of Singapore approved the Company's registration as a life reinsurance broker.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRSs").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars (SGD or \$).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 January 2022. The adoption of these standards did not have any effect on the financial performance or position of the Company.

Arthur J. Gallagher (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 December 2022****2. Summary of significant accounting policies (cont'd)****2.3 Standards issued but not yet effective**

The Company has not adopted the following relevant FRS that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 and FRS Practice Statement 2 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to FRS 8 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to FRS 12 <i>Deferred Tax Related to Assets and Liabilities Arising from Single Transaction</i>	1 January 2023
Amendments to FRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2023
Amendments to FRS 1 <i>Non-current Liabilities with Covenants</i>	1 January 2023
Amendments to FRS 1 <i>Classification of Liabilities as Current or Non-current - Deferral of Effective Date</i>	1 January 2024

The directors expect that the adoption of the amendments above will have no material impact on the financial statements in the year of initial application.

2.4 Investment in subsidiary

Although the Company has an investment in subsidiary, it has not prepared a set of consolidated financial statements as it has applied the exemption in accordance with FRS 110 *Consolidated Financial Statements*.

Consolidated financial statements, which are publicly available, are prepared by the Company's ultimate holding company, Arthur J. Gallagher & Co., a company incorporated in the United States of America. The registered office of Arthur J. Gallagher & Co. is located at 2850 Golf Road Rolling Meadows IL 60008-4050 USA.

2.5 Basis of business combination**Business combinations from 1 January 2010**

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Arthur J. Gallagher (Singapore) Pte. Ltd.

**Notes to the Financial Statements
For the financial year ended 31 December 2022**

2. Summary of significant accounting policies (cont'd)

2.5 Basis of business combination (cont'd)

Business combinations from 1 January 2010 (cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not to be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Company elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Company's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.8. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

In comparison to the above-mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Company acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Company had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

Arthur J. Gallagher (Singapore) Pte. Ltd.

**Notes to the Financial Statements
For the financial year ended 31 December 2022**

2. Summary of significant accounting policies (cont'd)

2.6 *Functional and foreign currency*

The Company's functional currency is the Singapore Dollar ("SGD"), which reflects the economic substance of the underlying events and circumstances of the Company.

Transactions in foreign currencies are measured in Singapore dollars and are recorded on initial recognition in Singapore dollars at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the profit or loss.

2.7 *Plant and equipment*

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The cost includes the cost of replacing part of the plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying plant and equipment.

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

Computer equipment	-	3 years
Office equipment	-	3 years
Furniture and fittings	-	10 years
Leasehold improvements	-	Over the period of the lease
Motor vehicles	-	5 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial period-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit and loss account in the period the asset is derecognised.

Arthur J. Gallagher (Singapore) Pte. Ltd.

**Notes to the Financial Statements
For the financial year ended 31 December 2022**

2. Summary of significant accounting policies (cont'd)

2.8 Intangible assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial period-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Arthur J. Gallagher (Singapore) Pte. Ltd.

**Notes to the Financial Statements
For the financial year ended 31 December 2022**

2. Summary of significant accounting policies (cont'd)

2.8 Intangible assets (cont'd)

Other intangible assets (cont'd)

Amortisation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Customer Relationships	-	10 -15 years
Non-competes	-	4 years

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.9 Impairment of non-financial assets

The Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists (or where applicable when an annual impairment testing for an asset is required), the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. If no such transaction, can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five periods. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth period.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Arthur J. Gallagher (Singapore) Pte. Ltd.

**Notes to the Financial Statements
For the financial year ended 31 December 2022**

2. Summary of significant accounting policies (cont'd)

2.9 Impairment of non-financial assets (cont'd)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade and other receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third party, if the trade and other receivables do not contain a significant financing component at initial recognition.

Subsequent measurement of investment in debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income ("FVOCI") and FVPL. The Company only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Arthur J. Gallagher (Singapore) Pte. Ltd.

**Notes to the Financial Statements
For the financial year ended 31 December 2022**

2. Summary of significant accounting policies (cont'd)

2.10 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.11 Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

Arthur J. Gallagher (Singapore) Pte. Ltd.

**Notes to the Financial Statements
For the financial year ended 31 December 2022**

2. Summary of significant accounting policies (cont'd)

2.11 *Impairment of financial assets (cont'd)*

For trade and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.12 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.13 *Employee benefits*

Defined contribution plans

The Company participates in the national pension scheme, the Central Provident Fund, which is managed by the Central Provident Fund Board. The Company makes contributions to this defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

2.14 *Leases*

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased asset.

Arthur J. Gallagher (Singapore) Pte. Ltd.

**Notes to the Financial Statements
For the financial year ended 31 December 2022**

2. Summary of significant accounting policies (cont'd)

2.14 Leases (cont'd)

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Office premise - 3-5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.9.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Arthur J. Gallagher (Singapore) Pte. Ltd.

**Notes to the Financial Statements
For the financial year ended 31 December 2022**

2. Summary of significant accounting policies (cont'd)

2.15 Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for services to a client, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation when the client receives the due service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

The principal activity of the Company is that of general insurance and reinsurance broking (life and general):

- (a) Provision of risk review, advices and placements of insurance/reinsurance coverage to insurers
- (b) Claims handling services (if any) arising from losses incurred from the insured risks

The Company recognises revenue from the provision of the risk review and placements at the consideration agreed and receivable from the insurers. The revenue would be recognised in full on the inception of the related insurance policy when the performance obligations are completed as it is highly probable that there would be no significant reversal in the amount of revenue recognised.

The Company did not receive consideration in advance of inception of insurance policies during the year and hence, there was no deferment in revenue arising from pre-inception of policies.

While most revenue would be from annual insurance policies, occasional multi-year insurance policies are handled. For long term insurance policies, revenue is recognised as the performance obligations are satisfied over time.

2.16 Taxes

(a) Current tax

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

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Arthur J. Gallagher (Singapore) Pte. Ltd.

**Notes to the Financial Statements
For the financial year ended 31 December 2022**

2. Summary of significant accounting policies (cont'd)

2.16 Taxes

(b) *Deferred tax (cont'd)*

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference 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, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

Arthur J. Gallagher (Singapore) Pte. Ltd.

**Notes to the Financial Statements
For the financial year ended 31 December 2022**

2. Summary of significant accounting policies (cont'd)

2.16 Taxes (cont'd)

(c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services except:

- Where the goods and services tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of goods and services tax included.

The net amount of goods and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.17 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company

Contingent liabilities and assets are not recognised on the balance sheet of the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.18 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Arthur J. Gallagher (Singapore) Pte. Ltd.

**Notes to the Financial Statements
For the financial year ended 31 December 2022**

2. Summary of significant accounting policies (cont'd)

2.18 Government grants (cont'd)

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.19 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

3. Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments made in applying accounting policies

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

(a) Determination of functional currency

In determining the functional currency of the Company, judgment is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the Company is determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

(b) Determination of the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option to lease the assets for additional terms of two years commencing on the day after the date of expiry of the term. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Arthur J. Gallagher (Singapore) Pte. Ltd.

**Notes to the Financial Statements
For the financial year ended 31 December 2022**

3. Significant accounting estimates and judgements (cont'd)

Judgments made in applying accounting policies (cont'd)

(c) Legal contingencies

The Company is the defendant in various legal actions related to claims, lawsuits and proceedings incident to the nature of our business. Liabilities for loss contingencies, including legal costs (such as fees and expenses of external lawyers and other service providers) to be incurred, are recorded when it is probable that a liability has been incurred on or before the balance sheet date and the amount of the liability can be reasonably estimated. Contingent liabilities are not discounted. To the extent recovery of such losses and legal costs is probable under the Company's insurance programs, estimated recoveries are recorded concurrently with the losses recognized. Significant management judgment is required to estimate the amounts of such contingent liabilities and the related insurance recoveries. In order to assess the Company's potential liability, the Company analyses its litigation exposure based on available information, including consultation with outside counsel handling the defense of these matters. As these liabilities are uncertain by their nature, the recorded amounts may change due to a variety of different factors, including new developments in, or changes in approach, such as changing the settlement strategy as applicable to each matter.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Impairment of non-financial assets

The Company assesses whether there are indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may be not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessment of goodwill are set out in Note 9.

Arthur J. Gallagher (Singapore) Pte. Ltd.

**Notes to the Financial Statements
For the financial year ended 31 December 2022**

3. Significant accounting estimates and judgements (cont'd)

Key sources of estimation uncertainty (cont'd)

(b) *Impairment of financial assets*

The Company assesses at the end of each reporting period a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The provision matrix is initially based on the Company's historical observed default rates and forecast economic conditions. The amount of ECLs is sensitive to changes in circumstances and forecast economic condition. The Company's historical credit loss experience and forecast of economic condition may also not representative of customer's actual default in the future. The information about the ECLs on the Company's trade and other receivables are disclosed in Note 10.

The carrying amount of the Company's allowance for expected credit losses of trade receivables and other receivables as at 31 December 2022 were \$75,102 and \$Nil (2021: \$75,679 and \$85,472 respectively).

(c) *Estimating the incremental borrowing rate for leases*

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for the Company that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain specific estimates (such as the Company's stand-alone credit rating).

4. Brokerage income

This represents brokerage commissions earned from general insurance and reinsurance (life and general) activities when performance obligations are completed, adjusted with contract liabilities relating to the Company's obligation to provide services to clients for which the Company has received from clients beyond the financial year.

Arthur J. Gallagher (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 December 2022****5. (Loss)/profit before taxation**

(Loss)/profit before taxation has been arrived at after charging/(crediting):

	2022	2021
	\$	\$
Fee income	(99,690)	(51,823)
Service fee income (Note 15)	(769,144)	(585,747)
Other government grants	-	(34,568)
Other Income	(4,391)	-
Salaries and employee benefits (including Director's remuneration)		
- Salaries, bonuses and employee benefits*	26,377,920	7,303,410
- Central Provident Fund contributions	814,428	407,161
Legal expenses and professional fees	8,926,383	692,241
Expense relating to low-value asset (Note 8)	-	6,163
Support service fees (Note 15)	290,320	737,379
Travel expenses	1,263,346	115,300
Telephone expenses	69,763	113,017
Loss on write-off of plant and equipment	5,938	154,632

* During the financial year ended 31 December 2021, the government has introduced the Jobs Support Scheme to provide wage support to help employers retain their employees during the period of economic uncertainty caused by the Covid-19 pandemic. The Company has received \$Nil in 2022 (2021: \$221,481) which is deducted from salaries and employee benefits.

6. Income tax expense

Major components of income tax expense for the financial years ended 31 December are:

	2022	2021
	\$	\$
Current income tax	201,209	110,000
Under provision of current income tax in respect of prior years	42,743	13,093
Income tax expense recognised in profit or loss	<u>243,952</u>	<u>123,093</u>

Arthur J. Gallagher (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 December 2022****6. Income tax expense (cont'd)**

A reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the financial years ended 31 December is as follows:

	2022 \$	2021 \$
(Loss)/profit before taxation	(4,356,286)	194,431
Tax at the statutory tax rate of 17% (2021: 17%)	(740,569)	33,053
Adjustments :		
Non-deductible expenses	1,706,092	242,788
Non-taxable income	(1,057,532)	(75,730)
Effect of tax at concessionary rates	114,246	(79,977)
Effect of partial tax exemption and tax relief	-	(17,425)
Under provision in respect of prior years	42,743	13,093
Others	178,972	7,291
Income tax expense recognised in profit or loss	243,952	123,093

The Company is an approved company under the Insurance Business Development ("IBD") scheme of Monetary Authority of Singapore. By virtue of this, the Company's revenue is taxed at the concessionary tax rate of 10% for a period of 5 years from 18 October 2017 to 17 October 2022 on qualifying activities.

7. Plant and equipment

	Computer equipment \$	Office equipment \$	Furniture and fittings \$	Leasehold improvements \$	Total \$
Cost					
At 1 January 2021	270,188	8,315	251,084	609,384	1,138,971
Additions	75,885	-	99,435	300,683	476,003
Disposals	-	-	-	(548,797)	(548,797)
At 31 December 2021 and 1 January 2022	346,073	8,315	350,519	361,270	1,066,177
Additions	47,100	27,355	223,161	317,713	615,329
Disposals	(72,876)	-	(214,853)	(60,590)	(348,319)
At 31 December 2022	320,297	35,670	358,827	618,393	1,393,777

Arthur J. Gallagher (Singapore) Pte. Ltd.

Notes to the Financial Statements
For the financial year ended 31 December 2022

7. Plant and equipment (cont'd)

	Computer equipment \$	Office equipment \$	Furniture and Fittings \$	Leasehold improvements \$	Total \$
Accumulated depreciation					
At 1 January 2021	(210,943)	(5,137)	(110,761)	(291,822)	(618,663)
Charge for the financial year	(44,411)	(2,216)	(71,976)	(177,156)	(295,759)
Disposals	–	–	–	394,165	394,165
At 31 December 2021 and 1 January 2022	(255,354)	(7,353)	(182,737)	(74,813)	(520,257)
Charge for the financial year	(51,412)	(6,735)	(75,804)	(186,343)	(320,294)
Disposals	72,554	–	171,121	53,890	297,565
At 31 December 2022	(234,212)	(14,088)	(87,420)	(207,266)	(542,986)
Net book value					
At 31 December 2022	86,085	21,582	271,408	411,127	790,201
At 31 December 2021	90,719	962	167,782	286,457	545,920

Included within the cost of leasehold improvements is cost for reinstatement costs amounting to \$22,000 (2021: \$22,000) (Note 13).

8. Leases

The Company has entered into certain lease contracts for its office premise used for operations. The Company also has certain leases of office equipment with low value. The Company applies the "lease of low-value assets" recognition exemptions for these leases.

- (a) Set out below are the carrying amounts of the right-of-use assets recognised and the movements during the financial year:

	Office premise \$	Total \$
As at 1 January 2021	1,374,417	1,374,417
Additions	2,382,010	2,382,010
Depreciation charge for the financial year	(870,910)	(870,910)
Early termination of lease	(622,437)	(622,437)
At 31 December 2021 and 1 January 2022	2,263,080	2,263,080
Additions	–	–
Depreciation charge for the financial year	(717,568)	(717,568)
Early termination of lease	–	–
At 31 December 2022	1,545,512	1,545,512

Arthur J. Gallagher (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 December 2022****8. Leases (cont'd)**

- (b) Set out below are the carrying amounts of lease liabilities recognised and the movements during the financial year:

	2022	2021
	\$	\$
As at 1 January	2,387,195	1,364,849
Addition	–	2,382,010
Early termination of lease	–	(622,437)
Accretion of interest	25,334	22,342
Payments	(496,373)	(759,569)
	<hr/>	<hr/>
At 31 December	1,916,156	2,387,195
	<hr/>	<hr/>
Current	916,244	476,224
Non-current	999,912	1,910,971
	<hr/>	<hr/>

The maturity analysis of lease liabilities is disclosed in Note 16(c).

- (c) The following are the amounts recognised in profit or loss:

	2022	2021
	\$	\$
Depreciation of right-of-use assets	717,568	870,910
Interest expense on lease liabilities	25,334	22,342
Expense relating to low-value asset	–	6,163
Expense relating to short term leases	–	–
	<hr/>	<hr/>
Total expense recognised in profit or loss	742,902	899,415
	<hr/>	<hr/>

- (d) The Company had cash outflows of \$496,373 in 2022 (2021: \$765,732).

	2022	2021
	\$	\$
Cash outflows comprise the following:		
Interest expense on lease liabilities	25,334	22,342
Payment of principal portion of lease liabilities	471,039	737,227
Payments relating to low-value asset	–	6,163
	<hr/>	<hr/>
Total cash outflows	496,373	765,732
	<hr/>	<hr/>

Arthur J. Gallagher (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 December 2022****8. Leases (cont'd)****(e) Extension options**

The Company has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing its tenancy agreements and align with the Company's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised (Note 3).

(f) Termination of lease

There was no termination of lease during the financial year.

9. Intangible assets

	Goodwill	Customer Relationships	Non-competes	Total
	\$	\$	\$	\$
Cost				
At 1 January 2021	1,242,415	6,672,688	180,000	8,095,103
Additions	–	–	–	–
At 31 December 2021 and 1 January 2022	1,242,415	6,672,688	180,000	8,095,103
Additions	78,515,811	31,321,798	–	109,837,609
At 31 December 2022	79,758,226	37,994,486	180,000	117,932,712
Accumulated amortisation and impairment				
At 1 January 2021	–	(2,778,590)	(180,000)	(2,958,590)
Amortisation during the financial year	–	(511,217)	–	(511,217)
At 31 December 2021 and 1 January 2022	–	(3,289,807)	(180,000)	(3,469,807)
Amortisation during the financial year	–	(2,748,736)	–	(2,748,736)
At 31 December 2022	–	(6,038,543)	(180,000)	(6,218,543)
Net book value				
At 31 December 2022	79,758,226	31,955,943	–	111,714,169
At 31 December 2021	1,242,415	3,382,881	–	4,625,296

Arthur J. Gallagher (Singapore) Pte. Ltd.

**Notes to the Financial Statements
For the financial year ended 31 December 2022**

9. Intangible assets (cont'd)

Customer relationships, non-competes and goodwill

Customer relationships relate to transferred customer relationships from the ITI Solutions Pte Ltd (ITI Solutions) and transferred staff and customer relationships from IBS Reinsurance Brokers Singapore Pte. Ltd. On 1 January 2019, there was a transfer of staff and customer relationships from IBS Reinsurance Brokers Singapore Pte. Ltd. for a nominal consideration of \$1. Upon the transfer, intangible asset which amounted to \$4,832,688, representing the fair value of the intangible asset on 1 January 2019, was recognised. A gain on the bargain purchase of \$4,832,687 was also recognised in the Statement of Comprehensive Income for the financial year ended 31 December 2019. The useful life of these intangible assets is estimated to be 10 years.

Non-competes relate to non-competition agreement with the ITI Solutions that the Seller nor any director, shareholder or person connected with the Seller has any interest, direct or indirect, in any business which competes or is likely to compete with the Business or intends to acquire any such interest. The useful life of these non-competes is estimated to be 4 years.

Goodwill was derived from the acquisition of ITI Solutions. The recoverable amount of the goodwill is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the ITI Solutions business. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

While on 1 December 2021, the Company entered into an agreement to acquire the treaty reinsurance brokerage business of Willis Towers Watson Brokers (Singapore) Pte. Ltd. ("Willis"), a company based in Singapore. An initial consideration of US\$75,314,181 has been paid to Willis by Arthur J Gallagher & Co, the ultimate holding company on behalf of the Company. The purchase of the treaty reinsurance brokerage business of Willis was funded by way of issuing shares by the Company to its immediate holding company for an amount of S\$102,871,640.

The acquisition was completed on 1 April 2022 for Singapore office, with the transfer of the staff and customer relationships of the treaty reinsurance brokerage business of Willis to the Company. As a result of the acquisition, the following intangible assets have been recognised in the Company's books:

- Goodwill	: \$78,515,811
- Customer relationships	: \$31,321,798

The customer relationships have estimated useful life of 15 years.

Amortisation expenses

The amortisation of customer relationships and non-competes is reported as "amortisation expense" item in statement of comprehensive income.

Arthur J. Gallagher (Singapore) Pte. Ltd.

**Notes to the Financial Statements
For the financial year ended 31 December 2022**

9. Intangible assets (cont'd)

Impairment testing of goodwill

The recoverable value of goodwill has been determined based on the value in use calculation using cash flow projections based on financial budgets approved by the management covering a five-year period. The pre-tax discount rate applied to the cash flow projections is 17% (2021: 17%) per annum. The forecasted growth rates used to extrapolate cash flow is based on management's expectation of the long-term business environment.

While for goodwill recognised from Willis acquisition, impairment is evaluated by performing first a qualitative assessment to determine whether a quantitative goodwill test is necessary. If it is determined, based on qualitative factors, the fair value of the reporting unit may be more likely than not less than its carrying amount or if significant changes to macro-economic factors related to the reporting unit have occurred that could materially impact the fair value, a quantitative goodwill impairment test would be required. The quantitative test compares the fair value of a reporting unit with its carrying amount.

Key assumptions used in the value in use calculations

The calculation of value in use for the goodwill is most sensitive to the following assumptions:

- (i) Pre-tax discount rates – represent the current market assessment of the risks specific to the cash-generating unit, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of debt is based on the interest-bearing borrowings the Company is obliged to service.
- (ii) Beta factor – Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Sensitivity to changes in assumptions

With regard to the assessment of value in use for the goodwill derived from ITI Solutions acquisition, no reasonably possible changes in any of the above key assumptions would cause the carrying value of the goodwill to materially exceed its recoverable amount. The estimated recoverable amount of goodwill derived from ITI Solutions acquisition exceeds its carrying amount by approximately \$871,000 (2021: \$170,000) and, consequently, any adverse change in a key assumption would not result in any impairment loss.

There was also no indicator for impairment with regard to the goodwill recognised from the acquisition of Willis.

Arthur J. Gallagher (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 December 2022**

10. Trade and other receivables	2022 \$	2021 \$
Trade receivables	64,150,535	44,542,606
Commission receivable	8,902,031	–
Other receivables	254,325	334,224
GST receivable	43,517	12,262
Amount due from related company – trade	12,585,911	9,026,774
Amount due from related company – non-trade	4,629,898	–
Less:		
Allowance for expected credit loss of trade receivables	(75,102)	(75,679)
Allowance for expected credit loss of other receivables	–	(85,472)
Total trade and other receivables (current)	90,491,115	53,754,715
Refundable deposits (current)	–	259,967
Refundable deposits (non-current)	273,430	160,096
Net trade and other receivables (current and non-current)	90,764,545	54,174,778
Add:		
Cash and bank balances (Note 12)	19,811,451	19,774,634
Less:		
GST receivable	(43,517)	(12,262)
Total financial assets carried at amortised cost	110,532,479	73,937,150

Trade receivables

Trade receivables are non-interest bearing and are generally on 0 to 60 day terms. These include payments on behalf of customers to insurer for insurance premiums. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Set out below is the information about the credit risk exposure on the Company's trade receivables:

	Gross carrying amount \$	2022 Expected credit losses \$	Total \$
Current	48,512,312	–	48,512,312
<u>Days past due</u>			
Less than 30 days	2,724,717	–	2,724,717
30 – 60 days	3,301,502	–	3,301,502
More than 60 days	9,612,004	(75,102)	9,536,902
	64,150,535	(75,102)	64,075,433

Arthur J. Gallagher (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 December 2022****10. Trade and other receivables (cont'd)**Trade receivables (cont'd)

Set out below is the information about the credit risk exposure on the Company's trade receivables: (cont'd)

	Gross carrying amount \$	2021 Expected credit losses \$	Total \$
Current	25,254,558	–	25,254,558
<u>Days past due</u>			
Less than 30 days	8,773,753	–	8,773,753
30 – 60 days	814,487	–	814,487
More than 60 days	9,699,808	(75,679)	9,624,129
	<u>44,542,606</u>	<u>(75,679)</u>	<u>44,466,927</u>

Receivables that are impaired

The Company has trade receivable amounting to \$75,102 (2021: \$75,679) that are impaired at the balance sheet date.

Trade receivables that were determined to be impaired at the end of the reporting date relate to debtors that were in significant financial difficulties and had defaulted on payments. These receivables were not secured by any collateral or credit enhancements.

Expected credit losses

The movement in allowance for expected credit losses of trade receivables and other receivables computed based on lifetime ECL is as follows:

	2022 \$	2021 \$
Movement in allowance account:		
Balance at beginning of the financial year	161,151	186,865
Allowance/(reversal) for expected credit loss of trade receivables	(85,472)	(68,450)
Allowance for expected credit loss of other receivables	–	42,736
Foreign exchange	(577)	–
Balance at end of the financial year	<u>75,102</u>	<u>161,151</u>

Arthur J. Gallagher (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 December 2022****10. Trade and other receivables (cont'd)**

Trade receivables are mainly denominated in the following foreign currencies at 31 December:

	2022 \$	2021 \$
US dollar	49,065,298	35,023,813
Singapore dollar	3,450,985	4,301,909
Australian dollar	2,764,093	2,503,894
Indonesian Rupiah	384,548	921,272
Thailand Bhat	964,248	458,646
Euro	159,104	166,368
Philippine peso	1,327,633	710,703
New Taiwan dollar	244,882	247,564
Malaysian Ringgit	1,500,517	-
Japanese Yen	4,215,128	-
Others	74,099	208,437
	64,150,535	44,542,606

Amounts due from related companies

Amounts due are non-trade and trade in nature, unsecured, non-interest bearing, repayable on demand and to be settled in cash.

Amounts due from related companies are mainly denominated in the following foreign currencies at 31 December:

	2022 \$	2021 \$
Australian dollar	10,131,127	8,958,896
US dollar	7,084,682	67,878
New Taiwan dollar	-	-
	17,215,809	9,026,774

Arthur J. Gallagher (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 December 2022****11. Investment in subsidiary**

On 1 December 2018 (the "acquisition date"), the Company acquired 100% of IBS Reinsurance Brokers Singapore Pte. Ltd. which carries on the business of reinsurance broking.

The Company acquired IBS Reinsurance Brokers Singapore Pte. Ltd. to complement and expand the Company's existing insurance broking operations and enhance its presence in the Indonesian reinsurance market.

	2022 \$	2021 \$
Unquoted equity shares, at cost (600,000 shares)	6,601,776	6,601,776
Less:		
Allowance for impairment	(4,832,688)	(4,832,688)
Net carrying amount	<u>1,769,088</u>	<u>1,769,088</u>

Details of the subsidiary held by the Company are as follows:

Name of company	Country of incorporation and place of business	Principal activities	Proportion (%) of ownership interest	
			2022	2021
IBS Reinsurance Brokers Singapore Pte. Ltd. ⁽¹⁾	Singapore	Reinsurance broking and related activities	100	100

⁽¹⁾ Audited by Lee & Jonathan Pac

An impairment loss of \$Nil (2021: \$Nil) was recognised for the financial year 31 December 2022 to write down the carrying value to its estimated recoverable value. On 1 January 2019, there was a transfer of staff and customer relationships from IBS Reinsurance Brokers Singapore Pte. Ltd. for a nominal consideration of \$1. As a result of the transfer which represented an impairment indicator on the cost of investment in subsidiary, the Company performed an impairment assessment and concluded that an allowance for impairment of \$4,832,688 would be recognised in 2019.

Arthur J. Gallagher (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 December 2022****12. Cash and bank balances**

	2022	2021
	\$	\$
Cash and bank balances	19,811,451	19,774,634

Cash and bank balances are mainly denominated in the following currencies as at 31 December:

	2022	2021
	\$	\$
US dollar	13,257,881	8,083,074
Australian dollar	3,432,948	6,908,966
Singapore dollar	1,438,680	4,780,512
Others	1,681,942	2,082
	19,811,451	19,774,634

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	2022	2021
	\$	\$
Total cash and bank balances	19,811,451	19,774,634
Less : Cash and deposits held on behalf of insurers or reinsurers	(17,541,538)	(11,156,852)
Cash and cash equivalents per statement of cash flows	2,269,913	8,617,782

13. Trade and other payables

	2022	2021
	\$	\$
Trade payables	68,611,133	53,636,106
GST payable	-	-
Other payables	13,026,653	2,253,930
Accrued operating expenses	999,676	2,410,368
Provision for reinstatement costs	22,000	22,000
Amount due to related company – trade	18,603,815	11,383,239
Amount due to related company – non-trade	7,511,649	1,427,514
Long-term purchase price obligation	9,535,222	-
Total trade and other payables	118,310,148	71,133,157
Less: GST payable	-	-
Less: Provision for reinstatement costs	(22,000)	(22,000)
Add: Lease liabilities (Note 8)	1,916,156	2,387,195
Total financial liabilities carried at amortised cost	120,204,304	73,498,352

Arthur J. Gallagher (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 December 2022****13. Trade and other payables (cont'd)**

The trade and other payables are categorised as current and non-current liabilities as per below:

	2022	2021
	\$	\$
Current	108,774,926	71,133,157
Non-current	9,535,222	–

Trade payables are non-interest bearing and are normally settled on 60-day terms.

Trade payables are mainly denominated in the following currencies as at 31 December:

	2022	2021
	\$	\$
Australian dollar	8,651,322	13,170,574
Singapore dollar	2,871,177	3,962,030
US dollar	51,691,497	34,581,148
Thailand Bhat	1,158,711	469,863
Indonesian Rupiah	212,899	562,326
Euro	121,961	62,426
Philippine Peso	1,129,262	464,606
New Taiwan dollar	208,568	177,830
Brunei dollar	–	–
Japanese Yen	1,672,867	–
Malaysia Ringgit	832,685	–
Others	60,184	185,303
	68,611,133	53,636,106

Arthur J. Gallagher (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 December 2022****13. Trade and other payables (cont'd)**Amounts due to related companies

Amounts due are non-trade and trade in nature, unsecured, non-interest bearing, repayable on demand and to be settled in cash.

Amounts due to related companies are mainly denominated in the following currencies at 31 December:

	2022	2021
	\$	\$
US dollar	19,812,634	8,044,337
Australian dollar	4,374,595	3,603,988
Indonesian Rupiah	262,211	378,442
Euro	161,359	222,081
Philippine Peso	237,563	207,471
Hong Kong Dollar	86,331	86,900
Thailand Bhat	380,615	150,647
Singapore Dollar	79,165	47,384
New Taiwan dollar	(49,167)	(49,936)
Malaysia Ringgit	765,435	-
Others	4,723	119,439
	<u>26,115,464</u>	<u>12,810,753</u>

Provision for reinstatement costs

Provision was made for the estimated cost of reinstating the Company's rented office premises to its original condition upon termination of the lease.

Long-term purchase price obligation

The long-term purchase price obligation amounted to \$9,535,222 is an amount expected to be paid to Willis by the Company's related party on its behalf, resulted from the acquisition of treaty reinsurance brokerage business of Willis.

Arthur J. Gallagher (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 December 2022****14. Share capital**

	2022		2021	
	No. of shares	\$	No. of shares	\$
Issued and fully paid :				
At 1 January	62,776,962	113,848,500	10,976,860	10,976,860
Issued during the financial year	–	–	51,800,102	102,871,640
At 31 December	62,776,962	113,848,500	62,776,962	113,848,500

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

15. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and the related parties took place at terms agreed between the parties during the financial year:

(a) Significant transactions		
	2022	2021
	\$	\$
Ultimate holding company		
Royalties/licensing fees paid/payable	(583,451)	(223,626)
Related corporations		
Brokerage and fees paid/payable	(3,045,259)	(1,795,762)
Service fee income	769,144	585,747
Brokerage and fees received/receivable	347,494	620,324
Management fees paid/payable	(290,320)	(737,379)
(b) Compensation of directors		
	2022	2021
	\$	\$
Short-term employee benefits	2,528,577	902,622

Arthur J. Gallagher (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 December 2022****16. Financial risk management objectives and policies**

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of its business whilst managing its credit, foreign currency and liquidity risks. There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk is the risk that companies and other parties will be unable to meet their obligations to the Company, resulting in financial loss to the Company.

The trade and other receivables, refundable deposits and cash and cash equivalents represent the Company's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

At the balance sheet date, except for cash at bank placed with Citibank N.A. and JPMorgan Chase, N.A., there are no significant concentrations of credit risk. Management does not expect any of its counterparties to fail to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

The Company acts as an intermediary to collect premiums on behalf of insurers and is governed by the Monetary Authority of Singapore's Premium Payment Framework. In the event of non-payment of premiums, the insurer can allow the policy to lapse. Therefore, the Company's exposure to credit risk is minimal.

(b) Foreign currency risk

The Company does not engage in the trading of, or speculation in, foreign currencies. The Company relies largely on natural hedging of foreign currencies given that trade receivables and trade payables are received from and paid to respective counterparties in the same currency.

Sensitivity analysis

The following table demonstrates the sensitivity of the Company's (loss)/profit before tax from a reasonably possible change in the US Dollar (USD), New Taiwan Dollar (TWD) and Australian Dollar (AUD) against the functional currency of the Company, with all other variables held constant.

	Net loss before tax (Increase/ decrease 2022 \$	Net profit before tax Increase/ (decrease) 2021 \$
USD/SGD - strengthened 5%	(126,321)	27,464
- weakened 5%	126,321	(27,464)
AUD/SGD - strengthened 5%	165,113	79,860
- weakened 5%	(165,113)	(79,860)
TWD/SGD - strengthened 5%	4,274	5,983
- weakened 5%	(4,274)	(5,983)
PHP/SGD - strengthened 5%	(1,960)	1,931
- weakened 5%	1,960	(1,931)

Arthur J. Gallagher (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 December 2022****16. Financial risk management objectives and policies (cont'd)****(c) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company has no significant exposure to liquidity risk as there are minimal mismatches of the maturities of financial assets and liabilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Carrying amount \$	One year or less \$	1 to 5 years \$	Total \$
2022				
Financial assets:				
Refundable deposits	273,430	–	273,430	273,430
Trade and other receivables	90,447,598	90,447,598	–	90,447,598
Cash and bank balances	19,811,451	19,811,451	–	19,811,451
Total financial assets	110,532,479	110,259,049	273,430	110,532,479
Financial liabilities:				
Trade and other payables excluding GST payable and provision for reinstatement costs	118,288,148	108,752,926	9,535,222	118,288,148
Lease liabilities	1,916,156	928,771	1,006,169	1,934,940
Total financial liabilities	120,204,304	109,681,697	10,541,391	120,223,088
Total net financial assets/(liabilities)	(9,671,825)	577,352	(10,267,961)	(9,690,609)

Arthur J. Gallagher (Singapore) Pte. Ltd.**Notes to the Financial Statements
For the financial year ended 31 December 2022****16. Financial risk management objectives and policies (cont'd)****(c) Liquidity risk (cont'd)**Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summarises the maturity profile of the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Carrying amount \$	One year or less \$	1 to 5 years \$	Total \$
2021				
Financial assets:				
Refundable deposits	420,063	259,967	160,096	420,063
Trade and other receivables	53,742,453	53,742,453	–	53,742,453
Cash and bank balances	19,774,634	19,774,634	–	19,774,634
Total financial assets	73,937,150	73,777,054	160,096	73,937,150
Financial liabilities:				
Trade and other payables excluding GST payable and provision for reinstatement costs	71,111,157	71,111,157	–	71,111,157
Lease liabilities	2,387,195	496,374	1,934,940	2,431,314
Total financial liabilities	73,498,352	71,607,531	1,934,940	73,542,471
Total net financial assets/(liabilities)	438,798	2,169,523	(1,774,844)	394,679

(d) Fair values

The carrying amount of refundable deposits, trade and other receivables, cash and bank balances and trade and other payables approximate their fair value due to their short-term nature.

Arthur J. Gallagher (Singapore) Pte. Ltd.

**Notes to the Financial Statements
For the financial year ended 31 December 2022**

17. Commitments and contingencies

Legal claim contingencies

- a) A customer of the Company had commenced an action against the Company in respect of a trade-credit policy which the customer seeks to recover any shortfall in claim recoveries from the Company.

In December 2022, the Company, together with the ultimate holding company had reached an out-of-court agreement with customer to settle the legal claim. The settlement fully discharged the Company from the legal claim of the plaintiff.

- b) A broking partner of the Company has informed that they intend to commence an action against the Company in respect of some business transactions. As of the date of this report, the Company has not received any legal action claim. No provision for any liability has been made in the financial statements except for legal advice costs incurred, if any, during the financial year ended 31 December 2022 (2021: \$Nil).

18. Capital management

The primary objective of the Company's capital management is to ensure compliance with the Insurance Act and that it is able to obtain continued funding to support its daily activities.

The Company maintains a certain level of capital to meet the minimum net asset value requirement at all times, as prescribed in Regulation 5 of the Insurance (Intermediaries) Regulation 2003 ("IIR"). The Company also maintains a level of capital that is higher than the minimum paid-up share capital requirement, as prescribed in Regulation 3 of the IIR. The Company has fully complied with the minimum paid-up share capital requirement and net asset value requirement for the financial year ended 31 December 2022.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may obtain additional funding from its parent company. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2022.

19. Subsequent events

On 23 May 2023, the Company issued 2,543,686 ordinary shares for a total consideration of \$5,051,226 for cash to provide funds for the expansion of the Company's operations. The newly issued shares rank pari passu in all aspects with the previously issued shares.

20. Authorisation of financial statements for issue

The financial statements of the Company for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 30 May 2023.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

11/9/2023

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Arthur J. Gallagher Risk Management Services, LLC 300 S Riverside Plaza Ste 1500 Chicago IL 60606		CONTACT NAME: PHONE (A/C, No, Ext): 312-704-0100 FAX (A/C, No): 312-803-7443 E-MAIL: ADDRESS: certrequests@ajg.com	
		INSURER(S) AFFORDING COVERAGE	NAIC #
		INSURER A : Lexington Insurance Company	19437
		INSURER B : XL Specialty Insurance Company	37885
		INSURER C : Underwriters at Lloyd's London	15792
		INSURER D :	
		INSURER E :	
		INSURER F :	

COVERAGES

CERTIFICATE NUMBER: 001314505

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INBR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:					EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COM/OP AGG \$ \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY					COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	<input type="checkbox"/> Y <input checked="" type="checkbox"/> N <input type="checkbox"/> N/A				PER STATUTE OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A B C	Errors & Omissions Excess Errors & Omissions Excess Errors & Omissions		014629885 ELU192671-23 FID121923	10/1/2023 10/1/2023 10/1/2023	10/1/2024 10/1/2024 10/1/2024	Per Claim/Aggregate \$12,000,000 Per Claim/Aggregate \$10,000,000 Per Claim/Aggregate \$13,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
 Coverage Extends to: Arthur J Gallagher (Singapore) Pte. Ltd 61 Robinson Road, #15-02, Singapore, 068893

CERTIFICATE HOLDER**CANCELLATION**

Evidence of Insurance United States	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE

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ACORD 25 (2016/03)

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