

Balance Sheet

Liabilities

1. **Other liabilities** include items below:-

- 1.1. **Borrowings** refers to the amount outstanding including accrued interest in respect of any overdraft arrangements or loans taken by the company or all other types of borrowings.
- 1.2. **Provision for Taxation** refers to the amount set aside for estimated income tax liabilities.
- 1.3. **Premiums due to insurers/reinsurers** refer to premiums (net of brokerage) payable to the insurers/reinsurers.
- 1.4. **Claims recoveries from insurers/reinsurers yet to be paid to clients** refer to amount on claims recoveries payable to clients/insurers.
- 1.5. **Dividend payable** refers to interim dividend for the current year which has been declared but not yet paid.
- 1.6. **Sundry Creditors** refer to companies or individuals to which money is owed.
- 1.7. **Others (Liabilities)** refer to any liabilities other than those listed under items 1.1 to 1.6 above.

2. **Shareholders' Funds** include items below:-

- 2.1. **Paid-up capital/working fund** refers to the issued and paid-up capital and should include both the ordinary and preference shares for an offshore insurance broker.
- 2.2. **Share Premium Account** refers to an insurance broker's outstanding premium attributable to ordinary and preference shares. The premium is the amount received by the insurance broker over and above the par value of shares when the shares were subscribed by the shareholders of the offshore insurance broker.
- 2.3. **Reserves** refers to reserves which are appropriated out of profit and accumulated over the years but exclude amounts set aside to meet any known liability, contingency, commitment or diminution in value of assets.
- 2.4. **Retained profit/(loss)** refers to the accumulated amount of prior years' profit/loss after tax which was not distributed as dividends to shareholders or transfer to reserves.

Assets

3. **Fixed Assets** include items below:-

- 3.1 **Self-occupied properties** refer to investments in properties where the properties are owned and substantially occupied by the brokers.
- 3.2 **Investment properties** refer to investments in properties which are substantially rent out. Investment in land should be shown under this item.
- 3.3 **Other fixed assets** refers to construction work-in-progress, office renovation, computer hardware and software (including internally developed systems and software which are capitalised in accordance with generally accepted accounting standards, office equipment, motor vehicles and furniture, fixtures and fittings.

4. **Loans** include items below:-

- 4.1. **Secured** loans refer to loans which are fully secured.
- 4.2. **Unsecured** loans refer to loans granted to persons that are not secured.

5. **Investments**

- 5.1. **Corporate/debt securities** include investments in debentures, bonds and loan stocks, warrants, redeemable and irredeemable convertible loan stocks and investment in shares.
- 5.2. **Other investments** refer to investments which do not fall under items 5.1 above

6. **Cash and deposits** include items below:-

- 6.1. **Fixed deposits/money market** refers to investments in fixed deposits/money market instruments issued by licensed financial institutions, and deposits such as call deposits, Negotiable Instruments of Deposit (NIDs) and Bankers Acceptances (BAs), regardless of the duration for such instruments.
- 6.2. **Cash and bank balances** refer to the amount held with banks in withdrawable accounts and cash in hand.

7. **Other Assets** include items below:-

- 7.1. **Amount due from clients** refers to premiums (inclusive of brokerage) due to brokers for direct insurance placements.
- 7.2. **Amount due from insurers/reinsurers** refers to balance of premiums (inclusive of brokerage) and claims due to brokers.

- 7.3. **Sundry Debtors** refer to entities from which amounts are due for goods sold or services rendered or in respect of contractual obligations.
- 7.4. **Other (Assets)** refer to any assets other than those listed under items 3 to 7.3 above.

Profit & Loss Account

8. **Revenue (Schedule 1)** includes these item:-
- 8.1. **Net brokerage fee** refers to fees earned from insurance broking business. The brokerage earned should be net of discounts and sub-brokerage.
 - 8.2. **Net commission** refers to commissions earned from insurance broking business. The brokerage earned should be net of discounts and sub-brokerage.
 - 8.3. **Management fees** refer to fees earned for any other services rendered apart from item 8.1 above. The fees shall be recognised as income upon completion of service and issue of debit note or on dates of interim payments as agreed.
 - 8.4. **Net interest/dividend income** refers to the amount of interest, dividends, rents and other net investment income earned (after deduction of investment expenses) arising from investment of assets. It also includes profit/loss on realisation of such investments.
 - 8.5. **Other income** refers to income other than those mentioned in items 8.1 to 8.4 above. Any realised/unrealised net foreign exchange gains or derivative positions and any amount written back from provision for diminution in value of investment and amortisation of securities and the amount of bad debts recovered from accounts written off net of recovery expenses and accounts for which provisions for bad and doubtful debts were made but are no longer required should be shown under this item.
9. **Expenses (Schedule 2)** includes these items:-
- 9.1. **Staff costs and benefits** refer to salaries, bonus and staff benefits paid to the employees and executive directors of the insurance broker. Fixed allowances such as housing or entertainment or petrol allowances should also be included under this item.
 - 9.2. **Directors' remuneration and related expenses** refers to fees, allowances including meeting allowances, travelling and accommodation expenses, entertainment expenses, provision of vehicle and other payments to non-executive directors of the insurance broker.
 - 9.3. **Training expenses** refers to expenses incurred on the training of staff. It may include incidental expenses on training facilities and rental of premises used for conducting training.
 - 9.4. **Professional fees** refer to auditors' fees, legal fees and management fees. Fees paid to professional fund managers or to any consultant for services related to the operation of the insurer/reinsurer including actuarial and IT services should also be shown under this item.
 - 9.5. **Rent and rates** refers to the rent and rates incurred on premises occupied by broker.

- 9.6. **Head Office expenses** refer to payments for services rendered by the Head Office (HO) and include travelling expenses incurred by the executives of the HO which are paid by broker.
- 9.7. **Depreciation** refers to depreciation charged on all fixed assets of the broker.
- 9.8. **Miscellaneous expenses** refer to expenses other than stipulated in items 9.1 to 9.7 above.
- 10. **Finance costs** refer to interest and other costs incurred in connection with borrowing of funds and other financing activities.
- 11. **Taxation** refers to income tax payable arising from the operations including tax deducted at source.
- 12. **Zakat** refers to the amount of zakat paid or payable in respect of the financial year.
- 13. **Extraordinary items** refer to income or expenditure, which are "extraordinary" in terms of accounting standards approved by Labuan FSA.
- 14. **Net profit for the year** is the surplus arising from business operations.

Ageing Schedule

15. **Outstanding period** is categorised as follows:
- 15.1. **Premiums due from clients to insurers** refer to period from the date the premiums are due/payable from clients.
 - 15.2. **Premiums collected but not yet paid to insurers** refers to period from the date premiums are received from policy holder.
 - 15.3. **Claims collected but not yet paid to clients** refers period from the date claims are received from insurers
 - 15.4. **Premiums due from ceding companies to reinsurers** refers to period from the date premiums are due/payable from ceding companies.
 - 15.5. **Premiums collected but not yet paid to reinsurers** refer to period from the date premiums are received from ceding companies.
 - 15.6. **Claims/Cash Loss recovered but not yet paid to ceding companies** refers to period from the date claims/cash loss are received from reinsurers.