GENERAL INSURANCE ASSOCIATION OF SINGAPORE
(Organised as a Society under the Societies Act 1966)
(UEN: S66SS0020G)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2022

FLW/MH/KOH

GENERAL INSURANCE ASSOCIATION OF SINGAPORE
(UEN: S66SS0020G)

STATEMENT BY THE MANAGEMENT COMMITTEE

In the opinion of the management committee:-

(i) the accompanying financial statements of the General Insurance Association of Singapore (the "Association") are drawn up in accordance with the provision of the Societies Act 1966 and Financial Reporting Standards in Singapore, so as to present fairly, in all material respects, the state of affairs of the Association as at 31 December 2022 and the results, changes in funds and cash flows of the Association for the financial year then ended on that date; and

(ii) at the end of this statement, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.

The management committee approved and authorised these financial statements for issue.

On behalf of the Management Committee,

Ronak Akhil Shah
President

Christian Matthew Sandric
Vice President

Singapore, 7 March 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENERAL INSURANCE ASSOCIATION OF SINGAPORE (UEN: S66SS0020G)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of General Insurance Association of Singapore. (the "Association"), which comprise the statement of financial position as at 31 December 2022, the statement of income and expenditure and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act 1966 (the "Act"), and Financial Reporting Standards in Singapore (FRSs) so as to present fairly, in all material respects, the state of affairs of the Association as at 31 December 2022 and the results, changes in funds and cash flows of the Association for the 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 Association 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 the other information. The other information comprises the Statement by the Management Committee set out on page 1.

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 identified above when it becomes available 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
GENERAL INSURANCE ASSOCIATION OF SINGAPORE (UEN: S66SS0020G) (Continued)

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

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

In preparing the financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 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 Association's internal control.

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

KRESTON DAVID YEUNG PAC

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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 Association'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 Association to cease to continue as a going concern.

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

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

Report on Other Legal and Regulatory Requirements

In our opinion:-

(a) the accounting and other records required by the Societies Regulations enacted under the Act to be kept by the Association have been properly kept in accordance with those Regulations; and

(b) the fund-raising appeal held during the reporting year has been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeal.

Kreston David Yeung PAC

KRESTON DAVID YEUNG PAC
Public Accountants and
Chartered Accountants

Singapore, 7 March 2023

KRESTON DAVID YEUNG PAC (UEN: 200717891W)
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GENERAL INSURANCE ASSOCIATION OF SINGAPORE
(UEN: S66SS0020G)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Note	2022 S$	2021 S$
ASSETS			
Non-current asset			
Plant and equipment	3	14,297	30,970
Right-of-use assets	4	-	-
Total non-current asset		14,297	30,970
Current assets			
Trade receivables	5	74,932	59,492
Other receivables	6	1,628	17,711
Deposits		15,542	15,912
Prepayments		33,005	74,116
Cash and cash equivalents		804,586	557,386
Total current assets		929,693	724,617
Total assets		943,990	755,587
FUNDS AND LIABILITIES			
Fund			
Accumulated fund		527,387	241,949
Current liabilities			
Trade payables		128,023	41,994
Other payables		2,978	50,293
Accrued operating expenses	7	285,602	421,351
Total current liabilities		416,603	513,638
Total fund and liabilities		943,990	755,587

The notes set out on pages 10 to 28 form an integral part of and should be read in conjunction with this set of financial statements.

GENERAL INSURANCE ASSOCIATION OF SINGAPORE
(UEN: S66SS0020G)

STATEMENT OF INCOME AND EXPENDITURE
AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Note	2022 S$	2021 S$
Income			
Agents' registration fees		780,028	781,523
Levies on ordinary members		1,313,532	1,288,878
Rental income from Motor Insurers' Bureau - net		-	22,667
GIARMC net operating income	8	524,385	218,803
Other income	9	15,628	83,779
		2,633,573	2,395,650
Less: Expenditure (Page 7)		(2,348,135)	(2,514,333)
(Deficit)/Surplus before taxation		285,438	(118,683)
Less: Taxation	10	-	-
Net (deficit)/surplus for the year		285,438	(118,683)
GIA swing for golf charity	11	-	-
Total comprehensive (loss)/income for the year		285,438	(118,683)

The notes set out on pages 10 to 28 form an integral part of and should be read in conjunction with this set of financial statements.

GENERAL INSURANCE ASSOCIATION OF SINGAPORE
(UEN: S66SS0020G)

STATEMENT OF INCOME AND EXPENDITURE
For the year ended 31 December 2022

	Note	2022 S$	2021 S$
Expenditure			
Accounting services fee		35,028	13,800
Agents' registration board expenses		-	14,800
ARCM-hosting/maintenance service	12.1	244,730	267,916
Auditor's remuneration		11,680	12,000
Bank charges		1,315	746
Committee expenses			
- Marine committee	12.2	30,959	21,869
- Motor committee	12.3	114,353	51,545
- Insurance Fraud committee	12.4	256,268	290,094
- Insurance committee		5,775	227
- Talent and Communication committee		3,704	2,717
- Risk management committee		-	2,381
Computer accessories		-	6,257
Depreciation of plant and equipment	3	16,673	28,748
Depreciation of right-of-use asset	4(a)	-	222,549
Electricity		2	1,742
Entertainment and refreshment		166	(628)
General expenses		11,280	1,506
GIA events and seminar expenses	12.5	2,400	10,342
ICCSC: Insurance Trust Index Survey	12.6	21,846	-
IT support		66,653	25,652
Lease interest expenses		-	4,881
Legal and professional fees		47,000	80,630
Meetings and seminars		2,825	2,070
Office cleaning		-	7,180
Office facility membership fee		86,241	11,858
Office insurance expenses		12,722	31,901
Office relocation costs		-	13,960
Payroll services		10,680	-
Photocopier rental and printing expenses		282	199
Printing, stationery and postage		2,121	28
Public relations consultancy	12.7	106,248	73,470
Recruit agency fees		543	-
Sponsorships/Donations	12.8	22,500	15,079
Staff costs	12.9	1,202,088	1,249,168
Subscriptions/Membership fees	12.10	13,494	18,223
Tax service fee		1,702	6,384
Team building expenses		-	2,620
Telecommunication		8,715	14,565
Transportation		630	1,063
Warehousing		7,512	6,791
		2,348,135	2,514,333

The notes set out on pages 10 to 28 form an integral part of and should be read in conjunction with this set of financial statements.

GENERAL INSURANCE ASSOCIATION OF SINGAPORE
(UEN: S66SS0020G)

STATEMENT OF CHANGES IN ACCUMULATED FUND
For the year ended 31 December 2022

	Accumulated Fund S$
Balance as at 01.01.2021	360,632
Net deficit and total comprehensive loss for the year	(118,683)
Balance as at 31.12.2021/01.01.2022	241,949
Net surplus and total comprehensive income for the year	285,438
Balance as at 31.12.2022	527,387

The notes set out on pages 10 to 28 form an integral part of and should be read in conjunction with this set of financial statements.

GENERAL INSURANCE ASSOCIATION OF SINGAPORE
(UEN: S66SS0020G)

STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	2022	2021
	S$	S$
Cash flow from operating activities:-		
Surplus/(Deficits) before taxation	285,438	(118,683)
Adjustments for:-		
Depreciation of plant and equipment	16,673	28,748
Depreciation of right-of-use assets	-	222,549
Lease interest expense	-	4,881
Gain on disposal of plant and equipments	-	(2,480)
Operating cash flows before changes of working capital	302,111	135,015
Changes of working capital:-		
Decrease in trade and other receivables	42,124	19,057
Decrease in trade and other payables	(97,035)	(94,164)
Net cash generated from operating activities	247,200	59,908
Cash flows from investing activities		
Purchase of plant and equipment	-	(6,325)
Proceed from disposal of plant and equipment	-	2,480
Net cash used in investing activities	-	(3,845)
Cash flows from financing activities		
Interest paid	-	(4,881)
Payment of principal portion of lease liabilities	-	(219,705)
Net cash used in financing activities	-	(224,586)
Net increase/(decrease) in cash and cash equivalents	247,200	(168,523)
Cash and cash equivalents at the beginning of the year	557,386	725,909
Cash and cash equivalents at the end of the year	804,586	557,386

The notes set out on pages 10 to 28 form an integral part of and should be read in conjunction with this set of financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

The General Insurance Association of Singapore (the "Association") is registered under the Societies Act, Chapter 311. The registered office is located at 79 Robinson Road #07-01, Singapore 068897.

The principal activities of the Association relate to the protection, promotion, advancement and the doing of all things in furtherance of the common interests of members and the general insurance industry.

The financial statements of the Association for the year ended 31 December 2022 were authorised for issue in accordance with a resolution by the Management Committee on 7 March 2023.

The financial statements of the Association are presented in Singapore dollar (S$ or SGD), which is the Association's functional currency.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements of the Association have been drawn up in accordance with Financial Reporting Standards in Singapore (FRSs). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Association has adopted all the new and amended standards which are relevant to the Association and are effective for annual financial periods beginning on or after 1 January 2022.

b) Significant Accounting Estimates and Judgements

The preparation of the Association's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

The management is of the opinion that there are no significant judgments made in applying accounting estimates and policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Plant and Equipment

All items of plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the plant and equipment. 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 Association and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line method so as to write off the costs of the plant and equipment over their estimated useful lives as follows:-

Office equipment	3 - 5 years
Computers	3 - 5 years
Furniture and fittings	3 years
Renovation	3 years
Office premise	2 years

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 values, useful lives and depreciation method are reviewed at each financial year-end to ensure that 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 arising on derecognition of the asset is included in the income and expenditure statement in the year the asset is derecognised.

d) Cash and Cash Equivalents

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

e) Financial Instruments

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) **Financial Instruments** (Continued)

Financial Assets (Continued)

Initial recognition and measurement (Continued)

At initial recognition, the Association measures a financial asset at its fair value plus, in the case of a financial asset not at 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 receivables are measured at the amount of consideration to which the Association expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Association'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, FVOCI and FVPL. The Association 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.

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.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Association becomes a party to the contractual provisions of the financial instrument. The Association 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Financial Instruments (Continued)

Financial Liabilities (Continued)

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.

f) Impairment of Financial Assets

The Association 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 Association 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).

For trade receivables, the Association applies a simplified approach in calculating ECLs. Therefore, the Association does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Association 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.

The Association considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Association may also consider a financial asset to be in default when internal or external information indicates that the Association is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Association. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Impairment of Non-Financial Assets

The Association assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Association 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.

Impairment losses are recognised in profit or loss.

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.

h) 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 Association; 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 Association.

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) **Provisions**

Provisions are recognised when the Association has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

j) **Income Recognition**

Income is measured based on the consideration to which the Association expects to be entitled in exchange for transferring promised goods or services to a customer.

Income is recognised when the Association satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of income recognised is the amount allocated to the satisfied performance obligation.

Revenue accident, search report and Bola are recognised when the goods or services are delivered to the customer and all criteria for acceptance have been satisfied.

Agents' registration fee is recognised when due.

Levy membership fee is recognised on call basis.

The entrance fee is recognised when new member is admitted.

Interest income is recognised using the effective interest method.

k) **GIA Records Management Centre (GIARMC) Net Operating Income**

On 1 May 1999, a Market Agreement was entered into with members of the Association to operate the Non-Injury Motor Accident Reports Scheme.

In connection with the Scheme, the GIA Records Management Centre (the Centre) was established for the purpose of the archival and retrieval of records.

The Association has appointed Shift Technology Pte. Ltd. as the manager to provide the staff and facilities to the Centre for maintenance of the accounting records and operate a separate bank account for the operations of the Centre. The Association is liable for all losses incurred by the Centre and is responsible for bearing all expenses and liabilities incurred. Shift Technology Pte. Ltd. will charge the Association according to the monthly contracted rates for the services rendered.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) **Taxes**

Current income tax

Current income 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 authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income 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. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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 end of each reporting period.

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

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:-

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales 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 sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Employee Benefits

Defined Contribution Plan

As required by law, the Association makes contributions to the Central Provident Fund (CPF). CPF contributions are recognised compensation as expenses in the same period as the employment that gives rise to the contribution.

Employee Leave Entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

n) Key Management Personnel

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Association. The chief executive and managers are considered as key management personnel of the Association.

o) Leases

The Association 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 of a period of time in exchange for consideration.

As lessee

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

Right-of-use assets

The Association 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, except for those leases not yet commenced to which the leases is committed.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Leases (Continued)

Right-of-use assets (Continued)

If ownership of the leased asset transfers to the Association at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful lives of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2 (g).

Lease liabilities

At the commencement date of the lease, the Association 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 Association and payments of penalties for terminating the lease, if the lease term reflects the Association 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 Association 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 Association applies the short-term lease recognition exemption to its short-term leases of machinery (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.

As lessor

Leases in which the Association does not transfer substantially all the risks and rewards of an asset are classified as operating leases. Rental income arising from operating leases on the Association's right-of-use assets is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) 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 related to an expenses 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. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised to income in equal amounts over the expected useful lives of the related asset.

3. PLANT AND EQUIPMENT

	Office equipment S$	Computers S$	Furniture and fittings S$	Renovation S$	Total S$
Cost					
At 01.01.2021	32,060	700,479	11,541	297,693	1,041,773
Additions	-	6,325	-	-	6,325
Write-off/Disposal	(27,616)	(72,936)	(10,781)	(297,693)	(409,026)
At 31.12.2021/01.01.2022	4,444	633,868	760	-	639,072
Write-off/Disposal	-	(530,833)	-	-	(530,833)
At 31.12.2022	4,444	103,035	760	-	108,239
Accumulated Depreciation					
At 01.01.2021	30,902	648,244	11,541	297,693	988,380
Depreciation	1,106	27,642	-	-	28,748
Write-off/Disposal	(27,616)	(72,936)	(10,781)	(297,693)	(409,026)
At 31.12.2021/01.01.2022	4,392	602,950	760	-	608,102
Depreciation	52	16,621	-	-	16,673
Write-off/Disposal	-	(530,833)	-	-	(530,833)
At 31.12.2022	4,444	88,738	760	-	93,942
Carrying amount					
At 31.12.2022	-	14,297	-	-	14,297
At 31.12.2021	52	30,918	-	-	30,970

4. RIGHT-OF-USE ASSETS

Association as a lessee

The Association has lease contracts for office premise and office equipment. The Association's obligations under these leases are secured by the lessor's title to the leased assets.

Carrying amounts of right-of-use assets

	Office premises S$	Office equipments S$	Total S$
Cost			
At 01.01.2021	407,833	23,290	431,123
Write-off	(407,833)	(23,290)	(431,123)
At 31.12.2021/01.02.2022/31.12.2022	-	-	-
Accumulated Depreciation			
At 01.01.2021	203,916	4,658	208,574
Depreciation	203,917	18,632	222,549
Write-off	(407,833)	(23,290)	(431,123)
At 31.12.2021/01.01.2022/31.12.2022	-	-	-
Carrying Amount			
At 31.12.2022/31.12.2021	-	-	-

* The right-of-use assets "write-off" represent the Association has completed the lease term in year 2021. The Association had total cash outflows for leases of S$NIL (2021: S$224,586).

Amount recognised in income and expenditure:-

	2022 S$	2021 S$
Depreciation of right-of-use assets	-	222,549
Interest expense on lease liabilities	-	4,881
	-	227,430

5. TRADE RECEIVABLES

Trade receivables majority consist of amount due from members and customers. They are non-interest bearing and are generally on immediate to about 30 days term. These receivables are unsecured and not past due at the end of the reporting period.

6. OTHER RECEIVABLES

	2022	2021
	S$	S$
GST receivable	-	17,711
Grant receivable	1,500	-
Other receivable	128	-
	1,628	17,711

7. ACCRUED OPERATING EXPENSES

	2022	2021
Staff costs	195,989	210,508
Professional fees	76,613	74,383
Other operating expenses	13,000	136,460
	285,602	421,351

8. GIARMC NET OPERATING INCOME

	2022	2021
Income		
Accident reports	951,493	704,132
Motor-Barometer of Liability Agreement (BOLA)	80,841	73,364
	1,032,334	777,496
Less: Expenditure		
Auditors' remuneration	5,020	3,996
Bank charges	874	2,465
Bola adjudication support costs	-	52,142
Management fees*	500,003	500,000
Miscellaneous expenses	2,052	90
	(507,949)	(558,693)
Net operating income	524,385	218,803

The Management fees were charged by vendors for managing the day-to-day affairs of the Association, as disclosed in Note 2(k) to the financial statements.

9. OTHER OPERATING INCOME

	2022 S$	2021 S$
Gain on disposal of plant and equipments	-	2,480
Government grants		
- Productivity solution grant	-	8,438
- JSS payout	-	53,588
- Wage credit scheme	11,003	17,303
- Childcare leave claims	1,500	-
Sponsorship income	1,505	-
Seminar income	1,620	1,920
Others	-	50
	15,628	83,779

10. TAXATION

No provision for taxation had been made in view of unutilised losses and donation available to offsetting against future surplus.

The income tax expense on the results for the financial year varies from the amount of income tax determined by applying the Singapore standard rate of income tax to surplus/(deficit) before taxation due to the following factors:-

	2022 S$	2021 S$
Surplus/(Deficit) before taxation	285,438	(118,683)
Tax calculated at a tax rate of 17%	48,524	(20,176)
Income not taxable for tax purposes	-	(9,529)
Expenses not deductible for tax purposes	-	2,984
Tax rebate and incentive	5,003	(5,188)
Unaborded donation not allowed to carry forward	(43,536)	-
Deferred tax assets at beginning of year	(70,908)	(38,999)
Deferred tax assets at end of year	60,917	70,908
	-	-

At the end of the reporting period, the Association has unutilised loss, capital allowance and donation of approximately S$8,600, S$8,600 and S$182,000 (2021: S$181,000, S$310,689 and S$226,000) respectively available for offsetting against its future taxable income subject to agreement with Comptroller of Income Tax and compliance with the relevant sections of the Income Tax Act. No deferred tax asset is recognised due to uncertainty of its recovery.

11. GIA SWING FOR GOLF CHARITY

	2022 S$	2021 S$
Cash donation	5,500	9,841
Sponsorship	128,792	130,700
Donation/Sponsorship from GIA	15,000	10,079
	149,292	150,620
Less: Expenses incurred		
Golf tournament	49,248	31,500
Goodie bags and prizes	6,435	6,363
Collateral production	4,000	2,340
Event photography	1,800	-
Miscellaneous	373	417
	(61,856)	(40,620)
Net surplus	87,436	110,000
Less: Donation made to beneficiaries		
Care Corner Singapore Ltd	43,718	-
New Hope Community Services	43,718	-
Singapore Heart Foundation	-	55,000
Assisi Hospice	-	55,000
	(87,436)	(110,000)
	-	-

12. EXPENDITURE

12.1 ARCM-Hosting/maintenance services

	2022	2021
Agents Registration and CPD Management (ARCM)		
System expenses consist of:-		
Agent/IT audit	70,329	70,000
Hosting services	39,333	78,301
Litigation monitoring services	10,836	10,653
System support	124,232	96,338
Change request	-	12,624
	244,730	267,916

12. EXPENDITURE (Continued)

	2022 S$	2021 S$
12.2 Marine Committee		
Membership fee	20,712	21,851
Conference expenses	7,912	18
Transportation/Travelling	2,335	-
	30,959	21,869
12.3 Motor Committee		
IT consultant	15,900	15,825
Miscellaneous	2,093	-
Research and Survey	58,900	-
Public Relations Consultancy	32,460	30,720
Sponsorship to Singapore Road Safety Council	5,000	5,000
	114,353	51,545
12.4 Insurance Fraud Committee		
Fraud management system - Motor/Travel	256,268	274,269
IT consultant	-	15,825
	256,268	290,094
12.5 GIA Events and Seminar		
Annual report	-	10,230
Website	2,400	112
	2,400	10,342
12.6 ICCSC: Insurance Trust Index Survey		
Professional fee	21,846	-
	21,846	-
12.7 Public relations consultancy		
PR consultancy	78,890	71,680
PR consultancy- consumer education	27,358	1,500
Others	-	290
	106,248	73,470

12. EXPENDITURE (Continued)

	2022 S$	2021 S$
12.8 Sponsorships/Donations		
Donation to:-		
New Hope Community Services	5,000	-
Sponsorship to:-		
GIA Swing For Charity	15,000	10,079
CASE Fund Raising	2,500	5,000
	22,500	15,079

	2022 S$	2021 S$
12.9 Staff Costs		
Key management’s remuneration		
Salaries and other costs	560,385	639,389
Employer's contribution to CPF	51,172	59,731
	611,557	699,120
Staff salaries and other costs	516,516	479,208
Employer's contribution to CPF	74,015	70,840
	590,531	550,048
	1,202,088	1,249,168

	2022 S$	2021 S$
12.10 Subscriptions and Membership Fees		
Asean Insurance Council (AIC)	6,800	6,703
Others	1,819	1,770
Subscription - CCWG	4,875	9,750
	13,494	18,223

13. COMMITMENTS

The Association had commitments relating on other expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:-

	2022 S$	2021 S$
Expenditure commitments in respect of:-		
- IT related expenses	1,348,702	1,578,978
- Office facility membership fee	399,119	498,898
	1,747,821	2,077,876

14. RELATED PARTIES TRANSACTION

In addition to information disclosed elsewhere in these financial statements, the following significant related parties transactions took place during the financial year between the Association and related parties on terms agreed mutually: -

	2022	2021
	S$	S$
a) With Motor Insurers' Bureau of Singapore		
Reimbursement of rental - net	-	22,667
b) Key Management Personnel		
Key management's remuneration		
- Salaries and other costs	560,385	639,389
- Employer's contribution to CPF	51,172	59,731
	611,557	699,120
Number of key management personnel	3	4

The management committee members work group members are volunteers and none of them received any emoluments in respect of their services as committee members of the Association for both financial years.

15. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The main risks arising from the Association's financial instruments are credit risk, interest rate risk, foreign currency risk and liquidity risk. The Association does not use derivative and other instruments in its risk management activities. The Association does not hold, use or issue derivative financial instruments for trading purposes. The Management reviews and agrees policies for managing each of these risks and these risks are summarised below:

Foreign Currency Risk

The Association's operational activities are carried out in Singapore dollar. All transactions are paid for in local currency. There is no exposure to any risk arising from movements in foreign currencies exchange rates as the Association has no transactions in foreign currency.

Interest Rate Risk

The Association's exposure to market risk for changes in interest rates relates primarily to the Association's bank balance. However, as at year end, the exposure is insignificant.

Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Association. The Association's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Association minimises credit risk by dealing exclusively with high credit rating counterparties.

15. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

Credit Risk (Continued)

The Association has adopted a policy of only dealing with creditworthy counterparties. The Association performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Association considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Association has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 90 days.

The Association has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 90 days.

<u>Excessive risk concentration</u>

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Association's performance to developments affecting a particular industry.

<u>Exposure to credit risk</u>

The Association has no significant concentration of credit risk.

Liquidity Risk

In the management of liquidity risk, the Association monitors and maintains a level of cash and bank balances deemed adequate by the Management Committee to finance the Association's operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Association's financial assets is within 12 months from the end of the reporting period.

16. FAIR VALUE

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

17. FUND MANAGEMENT

The Association manages its funds by monitoring current and expected liquidity requirements to meet short term cash flow as and when necessary and to fulfill its continuing services to the members. The Association is not subject to any externally imposed capital requirements. They have been no changes to the capital management approach during the financial year.

18. CATEGORIES OF FINANCIAL INSTRUMENTS

The following table sets out the financial instruments as at the end of the reporting period: -

	2022	2021
	S$	S$
Financial assets		
At amortised costs:-		
Trade receivables	74,932	59,492
Other receivables	1,628	17,711
Deposits	15,542	15,912
Cash and cash equivalents	804,586	557,386
	896,688	650,501
Financial liabilities		
At amortised costs:-		
Trade payables	128,023	41,994
Other payables	2,978	50,293
Accruals	285,602	421,351
	416,603	513,638

19. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2023. The management does not expect that adoption of these accounting standards or interpretations will have a material impact on the financial statements.

20. COVID-19 PANDEMIC AND ITS AFTERMATH

Management has not identified any material uncertainties resulting from the Covid-19 pandemic and the aftermath of the pandemic surrounding the Association's operations, and accordingly none is disclosed in these financial statements.