

GENERAL INSURANCE ASSOCIATION OF SINGAPORE
(Organised as a Society under the Societies Act, Chapter 311)
(UEN: S66SS0020G)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2016

**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") set out on pages 5 to 28 are properly drawn up in accordance with the provision of the Society Act, Cap.311 (the Society Act) and Financial Reporting Standards in Singapore (FRSs), so as to give a true and fair view of the financial position of the Association as at 31 December 2016 and of the financial performance, 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.

On behalf of the Management Committee,



Mr A K Cher
President



Ms Stella Tan
Vice-President

Singapore, - **6 MAR 2017**



**INDEPENDENT AUDITORS' 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 2016, the statement of profit or loss 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, Cap. 311 (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 2016 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.

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

Management committee 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 committee 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.



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

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 committee.
- Conclude on the appropriateness of management committee'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.



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

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 period from 17 Jan 2016 to 18 October 2016 has been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Act and proper accounts and other records have been kept of the fund-raising appeal.

KRESTON DAVID YEUNG PAC
Public Accountants and
Chartered Accountants

Singapore, - **6 MAR 2017**

KRESTON DAVID YEUNG PAC (UEN: 200717891W)

A public accounting corporation incorporated with limited liability and a member of **Kreston International**
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GENERAL INSURANCE ASSOCIATION OF SINGAPORE
(UEN: S66SS0020G)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	GIA 2016 S\$	GIARMC 2016 S\$	Total 2016 S\$	Total 2015 S\$
ASSETS					
Non-Current Assets					
Plant and Equipment	3	166,518	-	166,518	282,257
Current Assets					
Trade Receivables	4	7,173	77,275	84,448	144,400
Other Receivables		18,492	20,241	38,733	39,863
Deposits		58,218	-	58,218	58,218
Prepayments		21,936	-	21,936	40,590
Cash and Cash Equivalents		428,478	250,654	679,132	408,470
Total Current Assets		534,297	348,170	882,467	691,541
Total Assets		700,815	348,170	1,048,985	973,798
FUNDS AND LIABILITIES					
Funds					
Accumulated Funds		274,155	255,665	529,820	542,278
Current Liabilities					
Trade Payables		-	59,910	59,910	43,717
Accruals	5	403,590	3,796	407,386	338,092
Other Payables		23,070	28,799	51,869	49,711
Total Current Liabilities		426,660	92,505	519,165	431,520
Total Funds And Liabilities		700,815	348,170	1,048,985	973,798

The notes set out on pages 11 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)

INCOME AND EXPENDITURE STATEMENT
AND STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2016

	Note	GIA 2016 S\$	GIARMC 2016 S\$	Total 2016 S\$	Total 2015 S\$
Income					
Accident Reports		-	631,876	631,876	535,475
Agents' Registration Fees		786,830	-	786,830	727,580
Agents' Search Fee		-	-	-	21
E-Filing Search Fee		-	357,094	357,094	295,634
Levies on Ordinary Members		1,473,261	-	1,473,261	1,597,034
Motor-Barometer of Liability Agreement (BOLA)		(922)	79,533	78,611	39,786
Reimbursement from Motor Insurers' Bureau		27,479	-	27,479	27,625
Reimbursement from LCH (S) Pte. Ltd.		-	-	-	7,917
Sponsorship-Singapore Maritime Foundation		4,125	-	4,125	5,529
Wage credit scheme		47,708	-	47,708	35,503
Other income		70,738	-	70,738	543
		2,409,219	1,068,503	3,477,722	3,272,647
Less: Expenditure (Page 8)		(2,936,775)	(553,405)	(3,490,180)	(3,094,146)
(Deficit)/Surplus Before Taxation		(527,556)	515,098	(12,458)	178,501
Less: Taxation	6	-	-	-	-
Net (Deficit)/Surplus For The Year		(527,556)	515,098	(12,458)	178,501
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		(527,556)	515,098	(12,458)	178,501

The notes set out on pages 11 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)

INCOME AND EXPENDITURE STATEMENT

For the year ended 31 December 2016

	Note	GIA 2016 S\$	GIARMC 2016 S\$	Total 2016 S\$	Total 2015 S\$
Expenditure					
Accounting Services Fee					
- current		9,200	-	9,200	6,500
- over provision prior year		-	-	-	(7,700)
Advertisement		-	-	-	37,169
Agents' Registration Board Expenses		1,844	-	1,844	419
Anniversary expenses		128,282	-	128,282	-
Auditors' Remuneration		10,000	4,476	14,476	12,500
Bank Charges		662	1,320	1,982	1,923
Conference		(273)	-	(273)	-
Computerisation Services	7.1	270,166	-	270,166	204,300
Depreciation of Plant and Equipment	3	151,713	-	151,713	160,986
Electricity		5,059	-	5,059	5,551
Entertainment and Refreshment		6,853	-	6,853	7,141
Expenses Incurred on GIA/PIAM/GIAB					
Liaison Meeting		-	-	-	3,199
General Expenses		5,891	-	5,891	2,809
GIA Day		-	-	-	34,764
GIA Annual Report		14,200	-	14,200	16,200
GIA Appreciation Night		6,908	-	6,908	15,057
GIA Corporate Gift		4,809	-	4,809	5,033
GIA Newsletter		13,200	-	13,200	10,200
GIA Swing For Charity Expenses	7.2	-	-	-	-
GIA Website		920	-	920	-
Office Insurance Expenses		8,598	-	8,598	3,912
Internet Expenses		-	-	-	1,008
IT support		13,333	-	13,333	16,782
Legal and Professional Fees		52,030	-	52,030	86,727
Management Fees	7.3	-	544,793	544,793	459,965
Marine Committee Expenses		31,289	-	31,289	20,623
Meetings and Seminars	7.4	67,637	-	67,637	43,981
Members' Get-Together		-	-	-	6,027
Miscellaneous Expenses		665	(7)	658	561
Motor Committee Expenses	7.5	199,045	-	199,045	143,809
Newspapers and Publications		1,277	-	1,277	607
Office Cleaning		7,680	-	7,680	7,724
Office Rental and Services		212,793	-	212,793	212,683
Payroll Services		-	-	-	3,510
Photocopier Rental And Printing Expenses		7,539	-	7,539	7,526
Postages		307	-	307	332
Printing and Stationery		6,653	1,065	7,718	4,231
Property Committee Expenses		5,438	-	5,438	43,166
Public Relations Consultancy		52,626	-	52,626	69,132
Recruit Agency Fees		38,870	-	38,870	16,900
Repair and maintenance		81	-	81	1,390
Sponsorships/Donations	7.6	47,900	-	47,900	47,995
Balance c/f		<u>1,383,195</u>	<u>551,647</u>	<u>1,934,842</u>	<u>1,714,642</u>

The notes set out on pages 11 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)

INCOME AND EXPENDITURE STATEMENT

For the year ended 31 December 2016

	Note	GIA 2016 S\$	GIARMC 2016 S\$	Total 2016 S\$	Total 2015 S\$
Expenditure					
Balance b/f		1,383,195	551,647	1,934,842	1,714,642
Staff costs	7.7	1,428,345	-	1,428,345	1,240,329
Subscriptions/ Membership Fees	7.8	10,240	-	10,240	15,897
Education and Talent Development Committee	7.9	83,266	-	83,266	69,358
Tax Service Fee		10,000	-	10,000	10,497
Team Building Activities Expenses		8,979	-	8,979	7,536
Telecommunication		7,699	-	7,699	7,481
Transportation		8,107	-	8,107	9,494
Upkeep of Office Equipment and Software		4,000	-	4,000	-
Warehousing		(18,818)	1,758	(17,060)	4,329
WICA Committee		108	-	108	107
Staff insurance		11,654	-	11,654	14,476
		<u>2,936,775</u>	<u>553,405</u>	<u>3,490,180</u>	<u>3,094,146</u>

The notes set out on pages 11 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 FUND
For the year ended 31 December 2016

	GIA S\$	GIARMC S\$	Total S\$
Balance as at 01.01.2015	216,646	147,131	363,777
Total comprehensive income for the year	(215,365)	393,866	178,501
Transfer of fund from/(to)	341,800	(341,800)	-
Balance as at 31.12.2015/01.01.2016	343,081	199,197	542,278
Total comprehensive income for the year	(527,556)	515,098	(12,458)
Transfer of fund from/(to)	458,630	(458,630)	-
Balance as at 31.12.2016	274,155	255,665	529,820

The notes set out on pages 11 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 2016

	2016 S\$	2015 S\$
Cash flow from operating activities:-		
Net (deficit)/surplus before taxation	(12,458)	178,501
Adjustments for:-		
Depreciation of plant and equipment	151,713	160,986
Operating cash flows before changes of working capital	139,255	339,487
Changes of working capital:-		
Increase/(Decrease) in trade and other receivables	79,735	(56,239)
Increase in trade and other payables	87,646	72,740
Net cash generated from operating activities	306,636	355,988
Cash flows from investing activities		
Purchase of plant and equipment	(35,974)	(244,894)
Net cash used in investing activities	(35,974)	(244,894)
Net increase in cash and cash equivalents	270,662	111,094
Cash and cash equivalents at the beginning of the year	408,470	297,376
Cash and cash equivalents at the end of the year	679,132	408,470

The notes set out on pages 11 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)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

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 is registered under the Societies Act, Chapter 311. The registered office is located at 180 Cecil Street #15-01, Bangkok Bank Building, Singapore 069546.

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 2016 were authorised for issue in accordance with a resolution by the Management Committee on 6 March 2017.

The financial statements of the Association are expressed in Singapore dollar (S\$ or SGD).

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements of the Association have been prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Financial Reporting Standards (“FRS”).

In the current financial year, the Association has adopted all the new and revised FRS and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for annual periods beginning on or after 1 January, 2016. The adoption of these new/revised FRSs and INT FRSs have no material effect on the financial statements.

b) Significant Accounting Estimates and Judgements

Estimates, assumption concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Association’s accounting policies, reporting 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Significant Accounting Estimates and Judgements (Continued)

The critical accounting estimates and assumptions used and areas involving a high degree of judgement are described below.

Critical assumptions used and accounting estimates in applying accounting policies

Useful lives of plant and equipment

As described in Note 2(c) to the financial statements, the Association reviews the estimated useful lives of plant and equipment at the end of each annual reporting period. The estimated useful lives reflect the Management's estimation of the periods that the Association intends to derive future economic benefits from the use of the Association's plant and equipment. Changes in the expected level of usage and the residual values of these assets, therefore future depreciation charges could be revised.

The carrying amount of plant and equipment as at the end of the reporting period are disclosed in Note 3 to the financial statements.

Critical judgements made in applying accounting policies

In the process of applying the entity's accounting policies, management had made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Allowance for credit losses

The Association makes allowances for credit losses based on assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts required the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debt expenses in the period in which such estimate had been made.

Impairment of plant and equipment

The Association assesses annually whether plant and equipment have any indication of impairment in accordance with the accounting policy. The recoverable amounts of plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgement and estimates.

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.

GENERAL INSURANCE ASSOCIATION OF SINGAPORE
(UEN: S66SS0020G)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Plant and Equipment (Continued)

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 live as follows: -

Office equipment	3 years
Computers	3 years
Furniture and fittings	3 years
Renovation	3 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 live 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 Assets

Initial recognition and measurement

Financial assets are recognised on the statement of financial position 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 assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through income and expenditure statement, directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Financial Assets (Continued)

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in income and expenditure statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

The Association classified the following financial assets as loan and receivables:

- Cash and cash equivalents
- Trade and other receivables

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 is recognised in income and expenditure statement.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e the date that the Association commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

f) Impairment of Financial Assets

The Association assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Association first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Association determines that no objective evidence of impairment exists for an individually assessed financial assets, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Impairment of Financial Assets (Continued)

Financial assets carried at amortised cost (Continued)

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in income and expenditure statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Association considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in income and expenditure statement.

g) Financial Liabilities

Initial recognition and measurement

Financial liabilities are recognised on the statement of financial position 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 and in the case of financial liabilities, plus, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in income and expenditure statement when the liabilities are derecognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Financial Liabilities (Continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in income and expenditure statement.

h) Impairment of Non-Financial Assets

The Association assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when 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 to sell 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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses are recognised in the income and expenditure statement 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.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. 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 asset is increased to its recoverable amount. That increased amount 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 the income and expenditure statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) 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.

j) 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.

k) Income Recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Association and the revenue can be reliably measured. Income is measured at the fair value of consideration received or receivable.

Income from accident and search reports is recognised when the significant risks and rewards of ownership have been transferred to the buyers.

Agents' registration fees is recognised when service rendered and received by the Association are credited to the income and expenditure statement over the period of the registration.

Levy membership fee are recognised on an accrual basis.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Income Recognition (Continued)

The entrance fee is recognised in full in the year in which new members are admitted.

Interest income is recognised using the effective interest method.

l) GIA Records Management Centre (GIARMC)

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 Merimen Technologies (Singapore) Pte Ltd as the manager to provide the staff and facilities to the Centre. Beside that they also keep and maintain the accounting records and bank account for the Centre. Merimen Technologies (Singapore) Pte Ltd will charge the Association according to the monthly contracted rates for the services rendered.

m) 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.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Taxes (Continued)

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.

n) Functional and Presentation Currency

The financial statements are presented in Singapore dollar, which is the Association's functional currency. All financial statements presented in Singapore dollars.

o) 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.

p) 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.

q) Leases – as lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the income and expenditure statement on a straight -line basis over the lease term.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

3. PLANT AND EQUIPMENT

	Office Equipment S\$	Computers S\$	Furniture and fittings S\$	Renovation S\$	Total S\$
Cost					
At 01.01.2015	23,706	346,972	8,414	294,658	673,750
Additions	3,898	239,625	1,371	-	244,894
At 31.12.2015/01.01.2016	27,604	586,597	9,785	294,658	918,644
Additions	-	32,939	-	3,035	35,974
At 31.12.2016	27,604	619,536	9,785	297,693	954,618
Accumulated Depreciation					
At 01.01.2015	19,994	329,461	6,964	118,982	475,401
Charge for the year	3,119	77,773	669	79,425	160,986
At 31.12.2015/01.01.2016	23,113	407,234	7,633	198,407	636,387
Charge for the year	2,646	91,385	947	56,735	151,713
At 31.12.2016	25,759	498,619	8,580	255,142	788,100
Net Book Value					
At 31.12.2016	1,845	120,917	1,205	42,551	166,518
At 31.12.2015	4,491	179,363	2,152	96,251	282,257

4. TRADE RECEIVABLES

Trade receivables majority consist of amount due from GIA's members and GIA RMC's customers. Included in the trade receivables are balance owing by a related party of S\$2,465 (2015: NIL) at the end of reporting period.

Trade receivables are non-interest bearing and are generally on immediate to about 30 days term. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:-

	GIA 2016 S\$	GIARMC 2016 S\$	Total 2016 S\$	Total 2015 S\$
Not past due	6,836	77,151	83,987	75,863
Past due 1 - 30 days	37	40	77	67,657
Past due 31 - 60 days	-	98	98	254
Past due more than 60 days	300	(14)	286	626
	<u>7,173</u>	<u>77,275</u>	<u>84,448</u>	<u>144,400</u>

The trade receivables that are past due at the end of the reporting period but not impaired amounting to S\$461 (2015: S\$68,537).

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

5. ACCRUALS

	2016	2015
	S\$	S\$
Provision of staff costs	216,859	212,707
Provision of reinstatement cost for renovation	25,000	25,000
Professional fees	25,818	19,520
Accrued operating expenses	139,709	80,865
	<u>407,386</u>	<u>338,092</u>

6. TAXATION

No provision for taxation had been made as the Association utilised the unabsorbed losses and approved donation against the 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 (deficit)/surplus before taxation due to the following factors: -

	2016	Revised 2015
	S\$	S\$
(Deficit)/Surplus before taxation	<u>(12,458)</u>	<u>178,501</u>
Tax calculated at a tax rate of 17%	(2,118)	30,345
Expenses not deductible for tax purposes	7,227	7,874
Income not subject to tax	(27,390)	(149,526)
Tax rebate	(6,462)	-
Deferred tax assets at beginning of year	(219,744)	(108,437)
Deferred tax assets at end of year	<u>248,487</u>	<u>219,744</u>
	<u>-</u>	<u>-</u>

At the end of the reporting period, the Association has unutilised capital allowance of approximately S\$1,100,000 (2015: S\$980,000) 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.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

7. EXPENDITURE

	2016 S\$	2015 S\$
<u>7.1 Computerisation services</u>		
Agents Registration and CPD Management (ARCM)		
System expenses consist of:-		
- IT audit	91,781	48,301
- Change request	13,750	11,000
- F5 annual standard service	14,730	16,855
- Hardware maintenance	8,000	1,599
- Hosting services	80,000	80,000
- Litigation monitoring services	4,305	3,150
- Storage fee	-	195
- System support	57,600	43,200
	<u>270,166</u>	<u>204,300</u>
<u>7.2 GIA SG50/Swing for Charity Expenses</u>		
Donation/sponsorship received	188,040	789,111
Donation from GIA	15,000	34,026
	<u>203,040</u>	<u>823,137</u>
Less: Expenses incurred		
Golf tournament	43,112	36,547
Goodie Bags	21,600	45,512
Collateral Production	5,200	21,680
Prizes	1,848	9,440
Dinner	18,669	35,860
Miscellaneous	2,611	9,098
	<u>(93,040)</u>	<u>(158,137)</u>
Net surplus	<u>110,000</u>	<u>665,000</u>
Less: Donation made to beneficiaries		
Society for the Aged Sick	(55,000)	-
Movement for the Intellectually Disabled of Singapore	(55,000)	-
The Strait Times School Poclet Money Fund	-	(133,000)
National Kidney Foundation	-	(135,000)
Singapore Heart Foundation	-	(133,500)
Pertapis Education and Welfare Centre	-	(66,000)
Singapore Buddhist Free Clinic	-	(65,500)
St John's Home for Elderly person	-	(65,500)
Children's Cancer Foundation	-	(66,500)
	<u>(110,000)</u>	<u>(665,000)</u>
	<u>-</u>	<u>-</u>

GENERAL INSURANCE ASSOCIATION OF SINGAPORE
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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

7. EXPENDITURE (Continued)

7.3 Management fees

The management fees charged by Merimen Technologies (Singapore) Pte Ltd for managing the day-to-day affairs of the Association, as disclosed in Note 2(l) to the financial statements.

	2016 S\$	2015 S\$
The amounts consist of:-		
- E-Filing submission	186,181	171,042
- E-File Search Fee	25,799	21,531
- E-File Purchase	109,185	108,815
- NCD Fee and Batch Maintenance Fee	58,600	57,800
- Accounting Fee & Postage	14,400	14,400
- BOLA Subscription Fee	19,200	19,200
- Accountant report download	37,327	17,798
- Third Party Insurer Enquiry	22,533	20,926
- Online TP Report purchased	54,810	53,010
- Refund/waiver from suppliers	(1,502)	(24,557)
- E-Filing matched third party report download	6,498	-
- E-Filing Video/Audio upload	2,262	-
- Renewal NCD Enquiry Module	9,500	-
	<u>544,793</u>	<u>459,965</u>

7.4 Meetings and seminars

Annual General Meeting	20,126	27,030
Asean Insurance Council (AIC) meeting	6,993	5,690
East Asian Insurance Congress (EAIC) meeting	23,886	2,984
Meeting and seminar	6,903	8,277
PIAM/GIAB Liason Meeting	9,729	-
	<u>67,637</u>	<u>43,981</u>

7.5 Motor Committee Expenses

Advertisement	44,810	102,814
Food and Beverage	6,501	5,005
Insurance Fraud	3,634	1,671
Miscellaneous	-	1,700
Motor Claim	993	200
Motor Claim Framework	120,200	-
Motor expenses - collaterals	200	-
Public Relations Consultancy	22,554	29,628
Sponsorship	-	2,500
Transport	153	291
	<u>199,045</u>	<u>143,809</u>

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

7. EXPENDITURE (Continued)

	2016 S\$	2015 S\$
<u>7.6 Sponsorships/Donations</u>		
GIA Swing For Charity	15,000	34,026
Sponsorship - CASE Endowment 45th Anniversary Dinner 2016	2,500	2,500
Sponsorship - SII Charity Ball	5,000	-
Sponsorship for SII/SCI Bowling Competition	-	400
Sponsorship - Singapore Road Safety Council	5,000	-
The Institute of Banking and Finance	3,900	3,900
Sponsorship for Mission "Row around Singapore Island" (RASI)	-	5,050
Sponsorship for SII and Asia Insurance Golf Challenge	15,000	-
Sponsorship - National Fire and Civil Emergency Preparedness Council - 30th Anniversary Celebration and Award Ceremony 2016	1,500	-
Others	-	2,119
	<u>47,900</u>	<u>47,995</u>
<u>7.7 Staff Costs</u>		
Key management's remuneration		
Salaries and other costs	855,845	716,244
Employer's contribution to CPF	65,185	61,917
	<u>921,030</u>	<u>778,161</u>
Staff salaries and other costs	439,654	380,307
Employer's contribution to CPF	67,661	81,861
	<u>1,428,345</u>	<u>1,240,329</u>
<u>7.8 Subscriptions and Membership Fees</u>		
Asean Insurance Council (AIC)	4,068	4,080
International Union of Maritime Insurance (IUMI)	-	11,370
CCWG Subscription	5,250	-
Others	922	447
	<u>10,240</u>	<u>15,897</u>
<u>7.9 Education and Talent Development Committee</u>		
Expenses incurred	16,022	11,391
Global Internship Program	67,244	57,967
	<u>83,266</u>	<u>69,358</u>

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

8. COMMITMENTS

a) Capital commitment

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:-

	2016	2015
	S\$	S\$
Capital commitments in respect of plant and equipments (ARCM)	145,600	291,200

b) Operating lease commitments – as per lessee

The Association leases office premises and equipment under non-cancellable operating leases agreement. None of these leases included contingent rent. Office and equipment rental expenses for the financial year were S\$212,793 (2015: S\$212,683) and S\$7,539 (2015: S\$7,526) respectively. Future minimum rentals under non-cancellable leases are as follows as of 31 December: -

	2016	2015
	S\$	S\$
Amount due within 1 year	217,074	238,080
Amount due within 2 and 5 years	-	226,512
	217,074	464,592

9. RELATED PARTY TRANSACTION

In addition to information disclosed elsewhere in this financial statements, the following significant related party transaction took place during the financial year between the associate and related party on terms agreed mutually:-

	2016	2015
	S\$	S\$
<u>With related party</u> Reimbursement of rental	27,479	27,625

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

10. 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 Committee reviews and agrees policies for managing each of these risks and these risks are summarised below:

Credit Risk

The main credit risk is from any default by its trade receivables. The Association grants credit only to credit-worthy counter parties. Management Committee also closely monitors all outstanding debts and reviews the collectability of receivables periodically. The Association does not identify any specific concentration of credit risk with regard to the receivables balances resemble a large number of receivables from a large number of members.

Cash and cash equivalents are deposited in financial institutions with high rating.

The carrying amount of financial assets recorded in the financial statements, net of any provision for losses, represents the Association's maximum exposure to credit risk without taking into account of the value of any collateral or other security obtained.

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.

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.

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 company's financial liabilities is within the next 12 months after the end of the reporting period.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

11. CATEGORIES OF FINANCIAL INSTRUMENTS

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

	2016	2015
	S\$	S\$
Financial assets		
Loans and receivables:-		
Trade receivables	84,448	144,400
Other receivables and deposits	96,951	98,081
Cash and cash equivalents	679,132	408,470
	<u>860,531</u>	<u>650,951</u>
Financial liabilities		
At amortised costs:-		
Trade payables	59,910	43,717
Other payables	51,869	49,711
Accruals	407,386	338,092
	<u>519,165</u>	<u>431,520</u>

12. 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.

13. CAPITAL MANAGEMENT

The Associations 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

14. 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 2017. Except for FRS 115, FRS 109 and FRS 116, the management committee expects that the adoption of the other standards will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115, FRS 109 and FRS 116 are described below.

FRS 115: Revenue from Contracts with Customers

FRS 115 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Association include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Association is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 109: Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Association to make changes to its current systems and processes.

FRS109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Association is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

FRS 116 Leases

FRS 116 requires lessees to recognise for most leases, a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. The new standard is effective for annual periods beginning on or after 1 January 2019. The Association is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.