

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 2017

**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 Societies Act, Chapter 311 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 2017 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,



Mr A K Cher
President



Ms Stella Tan
Vice-President

Singapore, 28 FEB 2018



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 2017, 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, 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 2017 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 information included in the statement by the management committee as set out on page 1 and Annual Report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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.



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

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
Public Accountants and
Chartered Accountants

Singapore, 28 February 2018

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 2017

	Note	2017 S\$	2016 S\$
ASSETS			
Non-current asset			
Plant and equipment	3	34,040	166,518
Current assets			
Trade receivables	4	86,240	84,448
Other receivables		27,852	38,733
Deposits		83,913	58,218
Prepayments		1,935	21,936
Cash and cash equivalents		661,240	679,132
Total current assets		<u>861,180</u>	<u>882,467</u>
Total assets		<u>895,220</u>	<u>1,048,985</u>
FUNDS AND LIABILITIES			
Fund			
Accumulated fund		405,347	529,820
Current liabilities			
Trade payables		52,307	59,910
Other payables		38,882	51,869
Accruals	5	398,684	407,386
Total current liabilities		<u>489,873</u>	<u>519,165</u>
Total fund and liabilities		<u>895,220</u>	<u>1,048,985</u>

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 2017

	Note	2017 S\$	2016 S\$
Income			
Agents' registration fees		822,340	786,830
Levies on ordinary members		1,039,838	1,473,261
Rental income from Motor Insurers' Bureau		27,723	27,479
GIARMC net operating income	6	585,742	515,098
Other income	7	52,840	121,649
		<u>2,528,483</u>	<u>2,924,317</u>
Less: Expenditure (Page 7)		<u>(2,652,956)</u>	<u>(2,936,775)</u>
Deficit before taxation		(124,473)	(12,458)
Less: Taxation	8	<u>-</u>	<u>-</u>
Net deficit for the year		(124,473)	(12,458)
GIA swing for golf charity	9	<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(124,473)</u>	<u>(12,458)</u>

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 2017

	Note	2017 S\$	2016 S\$
Expenditure			
Accounting services fee		10,500	9,200
Agents' registration board expenses		10	1,844
Anniversary expenses		-	128,282
Auditors' remuneration		11,000	10,000
Bank charges		685	662
Computerisation services	10.1	225,302	270,166
Committee expenses			
- Marine committee	10.2	53,591	31,289
- Motor committee	10.3	202,645	199,045
- Property committee		4,670	5,438
- Education and talent development committee	10.4	62,924	83,266
- WICA committee		20	108
Depreciation of plant and equipment	3	140,075	151,713
Electricity		5,084	5,059
Entertainment and refreshment		9,521	6,853
General expenses		5,107	6,283
GIA events and seminar expenses	10.5	31,153	40,037
Office insurance expenses		8,598	8,598
IT support		28,357	13,333
Legal and professional fees		34,200	52,030
Meetings and seminars	10.6	25,025	67,637
Newspapers and publications		1,034	1,277
Office cleaning		8,390	7,680
Office rental and services		213,061	212,793
Photocopier rental and printing expenses		7,481	7,539
Postages		232	307
Printing and stationery		3,351	6,653
Public relations consultancy		56,238	52,626
Recruit agency fees		15,456	38,870
Repair and maintenance		820	81
Sponsorships/Donations	10.7	32,500	47,900
Staff costs	10.8	1,389,979	1,428,345
Subscriptions/Membership fees	10.9	8,287	10,240
Tax service fee		10,000	10,000
Team building expenses		6,952	8,979
Telecommunication		9,679	7,699
Transportation		10,312	8,107
Upkeep of office equipment and software		4,834	4,000
Warehousing		3,374	(18,818)
Staff insurance		12,509	11,654
		<u>2,652,956</u>	<u>2,936,775</u>

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 FUND
For the year ended 31 December 2017

	Accumulated Fund S\$
Balance as at 31.12.2016	542,278
Total comprehensive loss for the year	<u>(12,458)</u>
Balance as at 31.12.2016/01.01.2017	529,820
Total comprehensive loss for the year	<u>(124,473)</u>
Balance as at 31.12.2017	<u>405,347</u>

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 2017

	2017 S\$	2016 S\$
Cash flow from operating activities:-		
Deficit before taxation	(124,473)	(12,458)
Adjustments for:-		
Depreciation of plant and equipment	<u>140,075</u>	<u>151,713</u>
Operating cash flows before changes of working capital	15,602	139,255
Changes of working capital:-		
Decrease in trade and other receivables	3,395	79,735
(Decrease)/Increase in trade and other payables	<u>(29,292)</u>	<u>87,646</u>
Net cash (used in)/generated from operating activities	<u>(10,295)</u>	<u>306,636</u>
Cash flows from investing activity		
Purchase of plant and equipment	<u>(7,597)</u>	<u>(35,974)</u>
Net cash used in investing activity	<u>(7,597)</u>	<u>(35,974)</u>
Net (decrease)/increase in cash and cash equivalents	(17,892)	270,662
Cash and cash equivalents at the beginning of the year	<u>679,132</u>	<u>408,470</u>
Cash and cash equivalents at the end of the year	<u>661,240</u>	<u>679,132</u>

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)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2017

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 2017 were authorised for issue in accordance with a resolution by the Management Committee on 28 February 2018.

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, 2017. 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 2017

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 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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) **Plant and Equipment (Continued)**

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 Instruments**

i) **Financial Assets**

Initial recognition and measurement

Financial assets 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 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 profit or loss, directly attributable transaction costs.

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 profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise trade and other receivables, and cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Financial Instruments (Continued)

i) Financial Assets (Continued)

De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition 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 has been recognised in other comprehensive income is recognised in profit or loss.

ii) 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 fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss 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.

Such financial liabilities comprise trade and other payables excluding accrual for unutilised annual lease.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. 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 de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Impairment of Financial Assets

The Association assesses at each reporting date 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 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 asset, 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.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been 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 profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset 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 amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been 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 profit or loss.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2017

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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2017

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 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, search reports and BOLA were recognised when the services were rendered.

Agents' registration fee is recognised when due.

Levy membership fee is recognised on accrual basis.

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

Rental income from operating lease is recognised on a straight-line basis over the lease term.

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 Merimen Technologies (Singapore) Pte Ltd as the manager to provide the staff and facilities to the Centre for maintenance 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. Merimen Technologies (Singapore) Pte Ltd will charge the Association according to the monthly contracted rates for the services rendered.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

1) 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) 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.

n) 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.

o) 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.

p) 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.

As lessor

Leases where the Association retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net if any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

GENERAL INSURANCE ASSOCIATION OF SINGAPORE
(UEN: S66SS0020G)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2017

3. PLANT AND EQUIPMENT

	Office Equipment S\$	Computers S\$	Furniture and fittings S\$	Renovation S\$	Total S\$
Cost					
At 01.01.2016	27,604	586,597	9,785	294,658	918,644
Additions	-	32,939	-	3,035	35,974
At 31.12.2016/01.01.2017	27,604	619,536	9,785	297,693	954,618
Additions	2,067	3,774	1,756	-	7,597
At 31.12.2017	29,671	623,310	11,541	297,693	962,215
Accumulated Depreciation					
At 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 31.12.2016/01.01.2017	25,759	498,619	8,580	255,142	788,100
Charge for the year	2,162	95,499	874	41,540	140,075
At 31.12.2017	27,921	594,118	9,454	296,682	928,175
Net Book Value					
At 31.12.2017	1,750	29,192	2,087	1,011	34,040
At 31.12.2016	1,845	120,917	1,205	42,551	166,518

4. TRADE RECEIVABLES

Trade receivables majority consist of amount due from members and customers. Included in the trade receivables are balance owing by Motor Insurers' Bureau of S\$2,476 (2016: S\$2,465) 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:-

	2017 S\$	2016 S\$
Not past due	85,786	83,987
Past due 1 - 30 days	154	77
Past due 31 - 60 days	-	98
Past due more than 60 days	300	286
	<u>86,240</u>	<u>84,448</u>

The trade receivables that are past due at the end of the reporting period but not impaired amounting to S\$454 (2016: S\$461).

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5. ACCRUALS

	2017 S\$	2016 S\$
Accrued staff costs	220,610	216,859
Provision of reinstatement cost	25,000	25,000
Professional fees	83,803	25,818
Accrued operating expenses	69,271	139,709
	<u>398,684</u>	<u>407,386</u>

6. GIARMC NET OPERATING INCOME

Income

Accident reports	699,712	631,876
Search fees	411,733	357,094
Motor-Barometer of Liability Agreement (BOLA)	63,832	79,533
	<u>1,175,277</u>	<u>1,068,503</u>

Less: Expenditure

Auditors' remuneration	3,792	4,476
Bank charges	757	1,320
Management fees*		
- E-Filing submission	194,968	186,181
- E-File search fee	29,612	25,799
- E-File purchase	124,179	109,185
- NCD and batch maintenance fee	63,643	58,600
- Professional and subscription fee	33,590	33,600
- Accountant report download	34,783	37,327
- Third party insurer enquiry	25,179	22,533
- Online third party report purchased	57,960	54,810
- Other expenses	17,724	16,758
Miscellaneous expenses	33	(7)
Warehousing	1,825	1,758
Printing and stationery	1,490	1,065
	<u>(589,535)</u>	<u>(553,405)</u>
Net operating income	<u>585,742</u>	<u>515,098</u>

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

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7. OTHER OPERATING INCOME

	2017	2016
	S\$	S\$
Wage credit scheme	23,291	47,708
Sponsorship income	19,097	4,125
Registration fee income	10,440	-
GIA anniversary	-	62,242
Others	12	7,574
	<u>52,840</u>	<u>121,649</u>

8. 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 deficit before taxation due to the following factors: -

	2017	2016
	S\$	S\$
Deficit before taxation	<u>(124,473)</u>	<u>(12,458)</u>
Tax calculated at a tax rate of 17%	(21,160)	(2,118)
Expenses not deductible for tax purposes	6,170	7,227
Income not subject to tax	(8,714)	(27,390)
Tax rebate	(7,401)	(6,462)
Deferred tax assets at beginning of year	(241,987)	(219,744)
Deferred tax assets at end of year	<u>273,092</u>	<u>248,487</u>
	<u>-</u>	<u>-</u>

At the end of the reporting period, the Association has unutilised capital allowance of approximately S\$1,120,000 (2016: S\$1,100,000) 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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9. GIA SWING FOR GOLF CHARITY

	2017 S\$	2016 S\$
Cash donation	9,730	18,950
Sponsorship	177,500	169,090
Donation/Sponsorship from GIA	15,000	15,000
	<u>202,230</u>	<u>203,040</u>
Less: Expenses incurred		
Golf tournament	33,064	43,112
Goodie bags	16,200	21,600
Collateral production	21,540	5,200
Prizes	1,569	1,848
Dinner/Lunch	19,850	18,669
Miscellaneous	1,107	2,611
	<u>(93,330)</u>	<u>(93,040)</u>
Net surplus	108,900	110,000
Less: Donation made to beneficiaries		
Society for the Aged Sick	-	55,000
Movement for the Intellectually Disabled of Singapore	-	55,000
Care for the Elderly Foundation (Singapore)	54,450	-
The Children's Charities Association	54,450	-
	<u>(108,900)</u>	<u>(110,000)</u>
	<u>-</u>	<u>-</u>

10. EXPENDITURE

10.1 Computerisation services

Agents Registration and CPD Management (ARCM)

System expenses consist of:-

IT audit	74,697	91,781
Change request	-	13,750
F5 annual standard service	-	14,730
Hardware maintenance	8,000	8,000
Hosting services	80,000	80,000
Litigation monitoring services	5,005	4,305
System support	57,600	57,600
	<u>225,302</u>	<u>270,166</u>

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10. EXPENDITURE (Continued)

	2017	2016
	S\$	S\$
<u>10.2 Marine Committee</u>		
Gift and compliments	1,179	280
Registration fee	20,209	11,333
Seminar	21,970	10,757
Food and beverage	8,970	8,278
Transport and travelling	240	41
Miscellaneous	1,023	600
	<u>53,591</u>	<u>31,289</u>
<u>10.3 Motor Committee</u>		
Advertisement	-	44,810
Food and Beverage	4,149	6,501
Insurance Fraud	159,210	3,634
IT consultant	15,000	-
Miscellaneous	25	-
Motor Claim	159	993
Motor Claim Framework	-	120,200
Motor expenses - collaterals	-	200
Public Relations Consultancy	24,102	22,554
Transport	-	153
	<u>202,645</u>	<u>199,045</u>
<u>10.4 Education and Talent Development Committee</u>		
Expenses incurred	4,462	16,022
Global Internship Program	58,462	67,244
	<u>62,924</u>	<u>83,266</u>
<u>10.5 GIA Events and Seminar</u>		
Annual report	10,860	14,200
Appreciation night	4,281	6,908
Corporate gift	3,598	4,809
Newsletter	7,000	13,200
Website	5,414	920
	<u>31,153</u>	<u>40,037</u>

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10. EXPENDITURE (Continued)

	2017 S\$	2016 S\$
<u>10.6 Meetings and Seminars</u>		
Annual General Meeting	8,176	20,126
Asean Insurance Council (AIC) meeting	4,423	6,993
East Asian Insurance Congress (EAIC) meeting	4,054	23,886
IUMI Conference	140	-
Meeting and seminar	1,167	6,903
PIAM/GIAB Liasion Meeting	7,065	9,729
	<u>25,025</u>	<u>67,637</u>
<u>10.7 Sponsorships/Donations</u>		
Donation to:-		
GIA Swing For Charity	5,000	5,000
The Institute of Banking and Finance	-	3,900
Sponsorship to:-		
GIA Swing For Charity	10,000	10,000
CASE Fund Raising Lunch 2017/ Endowment 45th Anniversary Dinner 2016	2,500	2,500
SII Charity Ball	-	5,000
Singapore Road Safety Council	5,000	5,000
SII and Asia Insurance Golf Challenge	10,000	15,000
National Fire and Civil Emergency Preparedness Council - 30th Anniversay Celebration and Award Ceremony 2016	-	1,500
	<u>32,500</u>	<u>47,900</u>
<u>10.8 Staff Costs</u>		
Key management's remuneration		
Salaries and other costs	800,735	855,845
Employer's contribution to CPF	59,933	65,185
	<u>860,668</u>	<u>921,030</u>
Staff salaries and other costs	454,722	439,654
Employer's contribution to CPF	74,589	67,661
	<u>1,389,979</u>	<u>1,428,345</u>
<u>10.9 Subscriptions and Membership Fees</u>		
Asean Insurance Council (AIC)	6,975	4,068
CCWG Subscription	-	5,250
Others	1,312	922
	<u>8,287</u>	<u>10,240</u>

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11. COMMITMENTS

a) 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\$213,061 (2016: S\$212,793) and S\$7,481 (2016: S\$7,539) respectively. Future minimum rentals under non-cancellable leases are as follows as of 31 December: -

	2017 S\$	2016 S\$
Amount due within 1 year	218,578	222,594
Amount due within 2 and 5 years	<u>218,156</u>	<u>19,496</u>
	<u>436,734</u>	<u>242,090</u>

b) Operating lease commitments – as per lessor

The Association leases office premises under non-cancellable operating leases agreement to Motor Insurer's Bureau. Office rental income for the financial year were S\$27,723 (2016: S\$27,479). Future minimum rentals under non-cancellable leases are as follows as of 31 December: -

	2017 S\$	2016 S\$
Amount due within 1 year	24,720	25,300
Amount due within 2 and 5 years	<u>23,690</u>	<u>-</u>
	<u>48,410</u>	<u>25,300</u>

c) Capital commitment

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

	2017 S\$	2016 S\$
Capital commitments in respect of plant and equipments (ARCM)	<u>-</u>	<u>145,600</u>

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12. 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 Association and related parties on terms agreed mutually:-

	2017	2016
	S\$	S\$
a) <u>With Motor Insurers Bureau of Singapore</u>		
Reimbursement of rental	<u>27,723</u>	<u>27,479</u>
b) <u>Key Management Personnel Comprise</u>		
Key management's remuneration		
- Salaries and other costs	800,735	855,845
- Employer's contribution to CPF	<u>59,933</u>	<u>65,185</u>
	<u>860,668</u>	<u>921,030</u>

13. 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.

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.

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.

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13. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

Credit Risk (Continued)

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.

14. CATEGORIES OF FINANCIAL INSTRUMENTS

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

	2017 S\$	2016 S\$
Financial assets		
Loans and receivables:-		
Trade receivables	86,240	84,448
Other receivables and deposits	111,765	96,951
Cash and cash equivalents	661,240	679,132
	<u>859,245</u>	<u>860,531</u>
Financial liabilities		
At amortised costs:-		
Trade payables	52,307	59,910
Other payables	38,882	51,869
Accruals	370,684	379,386
	<u>461,873</u>	<u>491,165</u>

15. 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.

16. FUND 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 2017

17. COMPARATIVE FIGURE

Certain corresponding figures for the year 2016 have been reclassified to conform with the current year classifications with no effects on statements of financial position or statement of changes in equity previously reported.

18. 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 2018. 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.