

**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 2018**

**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 32 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 2018 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,

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**Karl Hamann**  
President

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**A K Cher**  
Honorary Treasurer

Singapore, **11 MAR 2019**



## **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 2018, 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 2018 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.

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 FRSSs, 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, 11 March 2019

**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 2018**

	Note	2018 S\$	2017 S\$
<b>ASSETS</b>			
<b>Non-current asset</b>			
Plant and equipment	3	24,378	34,040
<b>Current assets</b>			
Trade receivables	4	86,083	86,240
Other receivables		35,883	27,852
Deposits		54,374	83,913
Prepayments		27,458	1,935
Cash and cash equivalents		608,368	661,240
<b>Total current assets</b>		<b>812,166</b>	<b>861,180</b>
<b>Total assets</b>		<b>836,544</b>	<b>895,220</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Fund</b>			
Accumulated fund		239,474	405,347
<b>Current liabilities</b>			
Trade payables		48,500	52,307
Other payables		50,799	38,882
Accruals	5	497,771	398,684
<b>Total current liabilities</b>		<b>597,070</b>	<b>489,873</b>
<b>Total fund and liabilities</b>		<b>836,544</b>	<b>895,220</b>

The notes set out on pages 10 to 32 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 2018**

	Note	2018 S\$	2017 S\$
<b>Income</b>			
Agents' registration fees		820,240	822,340
Levies on ordinary members		1,018,372	1,039,838
Rental income from Motor Insurers' Bureau		25,984	27,723
GIARMC net operating income	6	540,629	585,742
Other income	7	132,878	52,840
		<u>2,538,103</u>	<u>2,528,483</u>
<b>Less: Expenditure (Page 7)</b>		<u>(2,703,976)</u>	<u>(2,652,956)</u>
<b>Deficit before taxation</b>		(165,873)	(124,473)
Less: Taxation	8	<u>-</u>	<u>-</u>
<b>Net deficit for the year</b>		(165,873)	(124,473)
GIA swing for golf charity	9	<u>-</u>	<u>-</u>
<b>Total comprehensive loss for the year</b>		<u>(165,873)</u>	<u>(124,473)</u>

The notes set out on pages 10 to 32 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 2018**

	Note	2018 S\$	2017 S\$
<b>Expenditure</b>			
Accounting services fee		1,800	10,500
Agents' registration board expenses		13,019	10
Auditors' remuneration		11,206	11,000
Bank charges		777	685
ARCM-Hosting/Maintenance service	10.1	259,553	225,302
Committee expenses			
- Marine committee	10.2	131,037	53,591
- Motor committee	10.3	56,113	48,435
- Insurance Fraud Committee	10.4	285,302	159,210
- Property committee		7,312	4,670
- Education and talent development committee	10.5	40,457	62,924
- WICA committee		-	20
Depreciation of plant and equipment	3	27,125	140,075
Electricity		5,633	5,084
Entertainment and refreshment		14,843	9,521
General expenses		4,456	5,107
GIA events and seminar expenses	10.6	39,447	31,153
Office insurance expenses		15,944	8,598
IT support		25,265	28,357
Legal and professional fees		41,700	34,200
Meetings and seminars	10.7	49,291	25,025
Newspapers and publications		576	1,034
Office cleaning		8,040	8,390
Office rental and services		213,060	213,061
Photocopier rental and printing expenses		6,930	7,481
Postages		269	232
Printing and stationery		2,746	3,351
Public relations consultancy		61,632	56,238
Recruit agency fees		168	15,456
Repair and maintenance		95	820
Sponsorships/Donations	10.8	21,400	27,500
Staff costs	10.9	1,300,569	1,389,979
Subscriptions/Membership fees	10.10	13,056	8,287
Tax service fee		6,667	10,000
Team building expenses		3,316	6,952
Telecommunication		6,023	9,679
Transportation		7,600	10,312
Upkeep of office equipment and software		-	4,834
Warehousing		4,594	3,374
Staff insurance		16,955	12,509
		<u>2,703,976</u>	<u>2,652,956</u>

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**GENERAL INSURANCE ASSOCIATION OF SINGAPORE**  
**(UEN: S66SS0020G)**

**STATEMENT OF CHANGES IN FUND**  
**For the year ended 31 December 2018**

	Accumulated Fund S\$
Balance as at 01.01.2017	529,820
Total comprehensive loss for the year	<u>(124,473)</u>
Balance as at 31.12.2017/01.01.2018	405,347
Total comprehensive loss for the year	<u>(165,873)</u>
Balance as at 31.12.2018	<u>239,474</u>

The notes set out on pages 10 to 32 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 2018**

	2018 S\$	2017 S\$
<b>Cash flow from operating activities:-</b>		
Deficit before taxation	(165,873)	(124,473)
Adjustments for:-		
Depreciation of plant and equipment	<u>27,125</u>	<u>140,075</u>
<b>Operating cash flows before changes of working capital</b>	<b>(138,748)</b>	<b>15,602</b>
Changes of working capital:-		
(Increase)/Decrease in trade and other receivables	(3,858)	3,395
Increase/(Decrease) in trade and other payables	<u>107,197</u>	<u>(29,292)</u>
<b>Net cash used in operating activities</b>	<b><u>(35,409)</u></b>	<b><u>(10,295)</u></b>
<b>Cash flows from investing activity</b>		
Purchase of plant and equipment	<u>(17,463)</u>	<u>(7,597)</u>
<b>Net cash used in investing activity</b>	<b><u>(17,463)</u></b>	<b><u>(7,597)</u></b>
<b>Net decrease in cash and cash equivalents</b>	<b>(52,872)</b>	<b>(17,892)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b><u>661,240</u></b>	<b><u>679,132</u></b>
<b>Cash and cash equivalents at the end of the year</b>	<b><u>608,368</u></b>	<b><u>661,240</u></b>

The notes set out on pages 10 to 32 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 2018**

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 2018 were authorised for issue in accordance with a resolution by the Management Committee on 11 March 2019.

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

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Association has adopted all the new and amended standards which are relevant to the Association and are effective for annual financial periods beginning on or after 1 January 2018. The adoption of these standards did not have any material effect on the financial performance or position of the Association.

**b) Significant Accounting Estimates and Judgements**

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

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

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Plant and Equipment**

All items of plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the plant and equipment. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably.

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

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Financial Instruments

These accounting policies are applied on and after the initial application date of FRS 109, 1 January 2018:

(i) Financial assets

*Initial recognition and measurement*

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

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

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

*Subsequent measurement*

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Association's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, FVOCI and FVPL. The Association only has debt instruments at amortised cost.

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

*Derecognition*

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



NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Financial Instruments (Continued)

(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 FVPL, directly attributable transaction costs.

*Subsequent measurement*

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

*Derecognition*

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

These accounting policies are applied on and before the initial application date of FRS 109, 1 January 2018:

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.

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**e) Financial Instruments (Continued)**

**i) 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 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.

*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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Financial Instruments (Continued)

ii) Financial Liabilities (Continued)

*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.

f) Impairment of Financial Assets

These accounting policies are applied on and after the initial application date of FRS 109, 1 January 2018:

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**f) Impairment of Financial Assets (Continued)**

These accounting policies are applied on and before the initial application date of FRS 109, 1 January 2018:

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 2018**

**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.



**GENERAL INSURANCE ASSOCIATION OF SINGAPORE**  
**(UEN: S66SS0020G)**

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018**

**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**

These accounting policies are applied on and after the initial application date of FRS 109, 1 January 2018:

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

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

*Income from accident, search reports and BOLA*

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

Agents' registration fee is recognised when due.

Levy membership fee is recognised on call basis.

The entrance fee is recognised when new member is admitted.

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.

These accounting policies are applied on and before the initial application date of FRS 109, 1 January 2018:

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.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**j) Income Recognition (Continued)**

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.

**l) Taxes**

Current income tax

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

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**l) Taxes (Continued)**

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.

**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.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**3. PLANT AND EQUIPMENT**

	Office Equipment S\$	Computers S\$	Furniture and fittings S\$	Renovation S\$	Total S\$
<b>Cost</b>					
At 01.01.2017	27,604	619,536	9,785	297,693	954,618
Additions	2,067	3,774	1,756	-	7,597
At 31.12.2017/01.01.2018	29,671	623,310	11,541	297,693	962,215
Additions	252	17,211	-	-	17,463
At 31.12.2018	29,923	640,521	11,541	297,693	979,678
<b>Accumulated Depreciation</b>					
At 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 31.12.2017/01.01.2018	27,921	594,118	9,454	296,682	928,175
Charge for the year	602	24,474	1,038	1,011	27,125
At 31.12.2018	28,523	618,592	10,492	297,693	955,300
<b>Net Book Value</b>					
At 31.12.2018	1,400	21,929	1,049	-	24,378
At 31.12.2017	1,750	29,192	2,087	1,011	34,040

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018**

**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\$2,335 (2017: S\$2,476) 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:-

	2018	2017
	S\$	S\$
Not past due	83,973	85,786
Past due 1 - 30 days	856	154
Past due 31 - 60 days	172	-
Past due more than 60 days	1,082	300
	<u>86,083</u>	<u>86,240</u>

The trade receivables that are past due at the end of the reporting period but not impaired amounting to S\$2,110 (2017: S\$454).

**5. ACCRUALS**

	2018	2017
	S\$	S\$
Accrued staff costs	240,673	220,610
Provision of reinstatement cost	25,000	25,000
Professional fees	84,157	83,803
Accrued operating expenses	147,941	69,271
	<u>497,771</u>	<u>398,684</u>



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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018**

**6. GIARMC NET OPERATING INCOME**

	2018 S\$	2017 S\$
<b>Income</b>		
Accident reports	702,174	699,712
Search fees	414,022	411,733
Motor-Barometer of Liability Agreement (BOLA)	49,720	63,832
	<u>1,165,916</u>	<u>1,175,277</u>
<b>Less: Expenditure</b>		
Auditors' remuneration	13,360	3,792
Bank charges	716	757
Enhancement of BOLA DRM system	25,000	-
Management fees*		
- E-Filing submission	191,010	194,968
- E-File search fee	29,773	29,612
- E-File purchase	122,043	124,179
- NCD and batch maintenance fee	64,639	63,643
- Professional and subscription fee	32,766	33,590
- Accountant report download	36,111	34,783
- Third party insurer enquiry	24,597	25,179
- Online third party report purchased	60,300	57,960
- Other expenses	23,330	17,724
Miscellaneous expenses	-	33
Warehousing	602	1,825
Printing and stationery	1,040	1,490
	<u>(625,287)</u>	<u>(589,535)</u>
Net operating income	<u>540,629</u>	<u>585,742</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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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018**

**7. OTHER OPERATING INCOME**

	2018	2017
	S\$	S\$
Government grant	21,147	23,291
Sponsorship income	16,731	19,097
Seminar income	94,424	-
Registration fee	-	10,440
Others	576	12
	<u>132,878</u>	<u>52,840</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: -

	2018	2017
	S\$	S\$
Deficit before taxation	<u>(165,873)</u>	<u>(124,473)</u>
Tax calculated at a tax rate of 17%	(28,198)	(21,160)
Expenses not deductible for tax purposes	4,943	6,170
Income not subject to tax	-	(8,714)
Tax rebate and incentive	(7,146)	(7,401)
Deferred tax assets at beginning of year	(273,092)	(241,987)
Deferred tax assets over provided	183,724	-
Deferred tax assets at end of year	<u>119,769</u>	<u>273,092</u>
	<u>-</u>	<u>-</u>

At the end of the reporting period, the Association has unutilised loss and donation of approximately S\$109,000 and S\$85,500 (2017: S\$7,600 and S\$45,500 respectively) available for offsetting against its future taxable income subject to agreement with Comptroller of Income Tax and compliance with the relevant sections of the Income Tax Act. No deferred tax asset is recognised due to uncertainty of its recovery.

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018**

**9. GIA SWING FOR GOLF CHARITY**

	2018 S\$	2017 S\$
Cash donation	9,698	9,730
Sponsorship	180,000	177,500
Donation/Sponsorship from GIA	10,000	15,000
	<u>199,698</u>	<u>202,230</u>
Less: Expenses incurred		
Golf tournament	35,852	33,064
Goodie bags	14,954	16,200
Collateral production	22,620	21,540
Prizes	1,457	1,569
Dinner/Lunch	17,087	19,850
Miscellaneous	1,185	1,107
	<u>(93,155)</u>	<u>(93,330)</u>
Net surplus	106,543	108,900
Less: Donation made to beneficiaries		
Thye Hua Kwan Moral Charities Limited	106,543	-
Care for the Elderly Foundation (Singapore)	-	54,450
The Children's Charities Association	-	54,450
	<u>(106,543)</u>	<u>(108,900)</u>
	<u>-</u>	<u>-</u>

**10. EXPENDITURE**

10.1 ARCM-Hosting/Maintenance services

Agents Registration and CPD Management (ARCM)

System expenses consist of:-

Agent/IT audit	81,605	74,697
Software licence	23,653	8,000
Hosting services	69,346	80,000
Litigation monitoring services	4,620	5,005
System support	80,329	57,600
	<u>259,553</u>	<u>225,302</u>

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018**

**10. EXPENDITURE (Continued)**

	2018 S\$	2017 S\$
<u>10.2 Marine Committee</u>		
Gift and compliments	-	1,179
Registration fee	21,968	20,209
Seminar	86,311	21,970
Food and beverage	8,800	8,970
Transport and travelling	358	240
Miscellaneous	13,600	1,023
	<u>131,037</u>	<u>53,591</u>
<u>10.3 Motor Committee</u>		
Food and beverage	2,878	4,149
IT consultant	15,000	15,000
Miscellaneous	1,966	25
Motor seminar	252	159
Motor claim framework	400	-
Public Relations Consultancy	25,617	24,102
Sponsorship to SRSC	10,000	5,000
	<u>56,113</u>	<u>48,435</u>
<u>10.4 Insurance Fraud Committee</u>		
Fraud management system - Motor/Travel	257,640	143,500
IT audit	11,000	-
IT consultant	15,000	15,000
Miscellaneous	1,662	710
	<u>285,302</u>	<u>159,210</u>
<u>10.5 Education and Talent Development Committee</u>		
Expenses incurred	6,998	4,462
Global Internship Program	33,459	58,462
	<u>40,457</u>	<u>62,924</u>

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018**

**10. EXPENDITURE (Continued)**

	2018 S\$	2017 S\$
<u>10.6 GIA Events and Seminar</u>		
Annual report	10,860	10,860
Appreciation night	14,093	4,281
Corporate gift	6,998	3,598
Newsletter	-	7,000
Website	7,496	5,414
	<u>39,447</u>	<u>31,153</u>
<u>10.7 Meetings and Seminars</u>		
Annual General Meeting	17,342	8,176
Asean Insurance Council (AIC) meeting	4,535	4,423
East Asian Insurance Congress (EAIC) meeting	15,801	4,054
IUMI Conference	5,336	140
Meeting and seminar	2,247	1,167
PIAM/GIAB Liasion Meeting	4,030	7,065
	<u>49,291</u>	<u>25,025</u>
<u>10.8 Sponsorships/Donations</u>		
Donation to:-		
GIA Swing For Charity	-	5,000
The Institute of Banking and Finance	3,900	-
Sponsorship to:-		
GIA Swing For Charity	10,000	10,000
CASE Fund Raising Lunch 2018/2017	2,500	2,500
NFEC - Charity film premier	5,000	-
SII and Asia Insurance Golf Challenge	-	10,000
	<u>21,400</u>	<u>27,500</u>

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018**

**10. EXPENDITURE (Continued)**

	2018 S\$	2017 S\$
<u>10.9 Staff Costs</u>		
Key management's remuneration		
Salaries and other costs	660,282	800,735
Employer's contribution to CPF	<u>69,441</u>	<u>59,933</u>
	729,723	860,668
Staff salaries and other costs	490,501	454,722
Employer's contribution to CPF	<u>80,345</u>	<u>74,589</u>
	<u>1,300,569</u>	<u>1,389,979</u>
<u>10.10 Subscriptions and Membership Fees</u>		
Asean Insurance Council (AIC)	6,636	6,975
Others	1,770	1,312
Subscription - CCWG	<u>4,650</u>	<u>-</u>
	<u>13,056</u>	<u>8,287</u>

**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\$213,060 (2017: S\$213,061) and S\$6,930 (2017: S\$7,481) respectively. Future minimum rentals under non-cancellable leases are as follows as of 31 December: -

	2018 S\$	2017 S\$
Amount due within 1 year	209,700	218,578
Amount due within 2 and 5 years	<u>8,456</u>	<u>218,156</u>
	<u>218,156</u>	<u>436,734</u>

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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018**

**11. COMMITMENTS (Continued)**

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\$25,984 (2017: S\$27,723). Future minimum rentals under non-cancellable leases are as follows as of 31 December: -

	2018 S\$	2017 S\$
Amount due within 1 year	23,690	24,720
Amount due within 2 and 5 years	-	23,690
	<u>23,690</u>	<u>48,410</u>

c) Other commitments

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

	2018 S\$	2017 S\$
Expenditure commitments in respect of IT systems	<u>745,905</u>	<u>-</u>

**12. RELATED PARTIES 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:-

	2018 S\$	2017 S\$
a) <u>With Motor Insurers Bureau of Singapore</u>		
Reimbursement of rental	<u>25,984</u>	<u>27,723</u>
b) <u>Key Management Personnel</u>		
Key management's remuneration		
- Salaries and other costs	660,282	800,735
- Employer's contribution to CPF	<u>69,441</u>	<u>59,933</u>
	<u>729,723</u>	<u>860,668</u>

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018**

**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**

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

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

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

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



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**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018**

**13. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)**

**Credit Risk (Continued)**

Excessive risk concentration

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

Exposure to credit risk

The Association has no significant concentration of credit risk.

**14. CATEGORIES OF FINANCIAL INSTRUMENTS**

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

	2018 S\$	2017 S\$
<b>Financial assets</b>		
<u>At amortised costs:-</u>		
Trade receivables	86,083	86,240
Other receivables and deposits	90,257	111,765
Cash and cash equivalents	608,368	661,240
	<u>784,708</u>	<u>859,245</u>
<b>Financial liabilities</b>		
<u>At amortised costs:-</u>		
Trade payables	48,500	52,307
Other payables	50,799	38,882
Accruals	497,771	398,684
	<u>597,070</u>	<u>489,873</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.

**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018**

**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.

**17. 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 2019. Except for 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 116 are described below.

*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 company is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

**18. RECLASSIFICATION OF COMPARATIVES FIGURES**

Certain reclassifications have been made to prior year's financial statements to enhance comparability with current year's financial statements.