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 2019

LCK/MH/KOH

GENERAL INSURANCE ASSOCIATION OF SINGAPORE
(UEN: S66SS0020G)

STATEMENT BY THE MANAGEMENT COMMITTEE

In the opinion of the management committee:-

(i) the accompanying financial statements of the General Insurance Association of Singapore (the "Association") are drawn up in accordance with the provision of the Societies Act, 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 2019 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,

A K Cher
President

Chang Sucheng Chase
Vice President

Singapore, - 3 MAR 2020

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 2019, 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 2019 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.

KRESTON
DAVID YEUNG PAC

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, - 3 MAR 2020

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GENERAL INSURANCE ASSOCIATION OF SINGAPORE
(UEN: S66SS0020G)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Note	2019 S$	2018 S$
ASSETS			
Non-current asset			
Property, plant and equipment	3	475,514	24,378
Current assets			
Trade receivables	4	95,481	86,083
Other receivables		31,883	35,883
Deposits		54,134	54,374
Prepayments		21,188	27,458
Cash and cash equivalents		693,509	608,368
Total current assets		896,195	812,166
Total assets		1,371,709	836,544
FUNDS AND LIABILITIES			
Fund			
Accumulated fund		247,934	239,474
Non-current liability			
Lease liabilities	5	225,816	-
Current liabilities			
Lease liabilities	5	205,307	-
Trade payables		57,921	48,500
Other payables		68,398	50,799
Accruals	6	566,333	497,771
Total current liabilities		897,959	597,070
Total liabilities		1,123,775	597,070
Total fund and liabilities		1,371,709	836,544

The notes set out on pages 10 to 34 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 2019

	Note	2019 S$	2018 S$
Income			
Agents' registration fees		804,403	820,240
Levies on ordinary members		1,095,789	1,018,372
Rental income from Motor Insurers' Bureau		24,720	25,984
GIARMC net operating income	7	664,560	540,629
Other income	8	61,549	132,878
		2,651,021	2,538,103
Less: Expenditure (Page 7)		(2,642,561)	(2,703,976)
Surplus/(Deficit) before taxation		8,460	(165,873)
Less: Taxation	9	-	-
Net surplus/(deficit) for the year		8,460	(165,873)
GIA swing for golf charity	10	-	-
Total comprehensive income/(loss) for the year		8,460	(165,873)

The notes set out on pages 10 to 34 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 2019

	Note	2019 S$	2018 S$
Expenditure			
Accounting services fee		12,000	1,800
Agents' registration board expenses		21,493	13,019
Auditors' remuneration		10,900	11,206
Bank charges		1,003	777
ARCM-hosting/maintenance service	11.1	277,694	259,553
Committee expenses			
- Marine committee	11.2	47,707	131,037
- Motor committee	11.3	47,094	56,113
- Insurance Fraud committee	11.4	275,347	285,302
- Insurance committee		17,093	7,312
- Talent and Communication committee	11.5	11,509	40,457
Computer accessories		300	-
Depreciation of plant and equipment	3	22,663	27,125
Electricity		4,084	5,633
Entertainment and refreshment		5,936	14,843
General expenses		3,297	4,456
GIA events and seminar expenses	11.6	22,473	39,447
Office insurance expenses		6,794	15,944
Internet expenses		1,561	-
IT support		21,251	25,265
Legal and professional fees		92,889	41,700
Meetings and seminars	11.7	28,513	49,291
Newspapers and publications		166	576
Office cleaning		8,640	8,040
Office rental and services		213,059	213,060
Photocopier rental and printing expenses		6,429	6,930
Postages		95	269
Printing and stationery		3,567	2,746
Public relations consultancy		75,700	61,632
Recruit agency fees		258	168
Repair and maintenance		450	95
Sponsorships/Donations	11.8	19,806	21,400
Staff costs	11.9	1,326,082	1,300,569
Subscriptions/Membership fees	11.10	13,044	13,056
Tax service fee		4,033	6,667
Team building expenses		4,161	3,316
Telecommunication		7,513	6,023
Transportation		7,651	7,600
Warehousing		3,885	4,594
Staff insurance		16,421	16,955
		2,642,561	2,703,976

The notes set out on pages 10 to 34 form an integral part of and should be read in conjunction with this set of financial statements.

GENERAL INSURANCE ASSOCIATION OF SINGAPORE
(UEN: S66SS0020G)

STATEMENT OF CHANGES IN ACCUMULATED FUND
For the year ended 31 December 2019

	Accumulated Fund S$
Balance as at 01.01.2018	405,347
Net deficit and total comprehensive loss for the year	(165,873)
Balance as at 31.12.2018/01.01.2019	239,474
Net surplus and total comprehensive income for the year	8,460
Balance as at 31.12.2019	247,934

The notes set out on pages 10 to 34 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 2019

	2019	2018
	S$	S$
Cash flow from operating activities:-		
Surplus/(Deficit) before taxation	8,460	(165,873)
Adjustments for:-		
Depreciation of plant and equipment	22,663	27,125
Operating cash flows before changes of working capital	31,123	(138,748)
Changes of working capital:-		
Decrease/(Increase) in trade and other receivables	1,112	(3,858)
Increase in trade and other payables	95,582	107,197
Net cash generated from/(used in) operating activities	127,817	(35,409)
Cash flows from investing activity		
Purchase of plant and equipment	(42,676)	(17,463)
Net cash used in investing activity	(42,676)	(17,463)
Net increase/(decrease) in cash and cash equivalents	85,141	(52,872)
Cash and cash equivalents at the beginning of the year	608,368	661,240
Cash and cash equivalents at the end of the year	693,509	608,368

The notes set out on pages 10 to 34 form an integral part of and should be read in conjunction with this set of financial statements.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2019

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 2019 were authorised for issue in accordance with a resolution by the Management Committee on 3 March 2020.

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 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 2019. Except for the adoption of FRS116, the adoption of these standards did not have any material effect on the financial performance or position of the Association.

FRS 116 *Leases*

FRS 116 supersedes FRS 17 Leases, INT FRS 104 Determining whether an Arrangement contains a Lease, INT FRS 15 Operating Leases-Incentives and INT FRS 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

The Association has a lease contracts for leasehold property and office equipment. Before the adoption of FRS 116, the Association classified each of its leases (as lessee) at the inception date as operating leases. The accounting policy prior to 1 January 2019 is disclosed in Note 2(p).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Basis of Preparation (Continued)

FRS 116 *Leases* (Continued)

Upon adoption of FRS 116, the Association applied a single recognition and measurement approach for all leases except for short term leases and lease with low-value assets. The accounting policy beginning on and after 1 January 2019 is disclosed in Note 2(p). The standard provides specific transition requirements and practical expedients, which have been applied by the Association.

Leases previously accounted for as operating leases

The Association recognised right-of-use assets and lease liabilities for the lease previously classified as operating lease. The right-of-use assets for the lease was recognised based on the carrying amount as if the standard had always been applied, using the incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Association also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 January 2019:

No impact on FRS 116 as the Association applied the short-term leases exemption to leases with lease term that ended within 12 months of the date of initial application.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Association based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Association. Such changes are reflected in the assumptions when they occur.

Leases – estimating the incremental borrowing rate

The Association cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Association would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Association 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Association estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

c) Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment. The cost of an item of property, 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, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Property, Plant and Equipment (Continued)

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

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and depreciation method are reviewed at each financial year-end to ensure that amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, 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 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.

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

e) **Financial Instruments** (Continued)

i) **Financial Assets** (Continued)

Subsequent measurement

Debt instruments

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

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

Derecognition

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Financial Instruments (Continued)

ii) Financial Liabilities (Continued)

Derecognition

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

f) Impairment of Financial Assets

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

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

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

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Impairment of Non-Financial Assets (Continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Provisions (Continued)

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

j) Income Recognition

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

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

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Taxes

Current income tax

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

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

Deferred tax

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

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

Sales tax

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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**

These accounting policies are applied on and after the initial application date of FRS 116, 1 January 2019:

The Association assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset of a period of time in exchange for consideration.

As lessee

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

Right-of-use assets

The Association recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, except for those leases not yet commenced to which the leases is committed.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) **Leases** (Continued)

As lessee (Continued)

Right-of-use assets (Continued)

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

The Association's right-of-use assets are presented within property, plant and equipment (Note 3).

Lease liabilities

At the commencement date of the lease, the Association recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Association and payments of penalties for terminating the lease, if the lease term reflects the Association exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Association uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Association's lease liabilities are included in lease liabilities (Note 5).

Short-term leases and leases of low-value assets

The Association applies the short-term lease recognition exemption to its short-term leases of machinery (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Leases (Continued)

As lessor

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

These accounting policies are applied before the initial application date of FRS 116, 1 January 2019:

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 of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

3. PROPERTY, PLANT AND EQUIPMENT

	Office equipment	Computers	Furniture and fittings	Renovation	Leasehold property	Total
	S$	S$	S$	S$	S$	S$
Cost						
At 01.01.2018	29,671	623,310	11,541	297,693	-	962,215
Additions	252	17,211	-	-	-	17,463
At 31.12.2018/01.01.2019	29,923	640,521	11,541	297,693	-	979,678
Additions	24,370	41,596	-	-	407,833	473,799
At 31.12.2019	54,293	682,117	11,541	297,693	407,833	1,453,477
Accumulated Depreciation						
At 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 31.12.2018/01.01.2019	28,523	618,592	10,492	297,693	-	955,300
Charge for the year	1,067	21,082	514	-	-	22,663
At 31.12.2019	29,590	639,674	11,006	297,693	-	977,963
Carrying Amount						
At 31.12.2019	24,703	42,443	535	-	407,833	475,514
At 31.12.2018	1,400	21,929	1,049	-	-	24,378

As at 31.12.2019, the Association recognised leasehold property (office premises) under leasing arrangements of S$407,833 and office equipment of S$23,290 as right-of-use assets (FRS 116).

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class.

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$NIL (2018: S$2,335) 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:-

	2019 S$	2018 S$
Not past due	91,196	83,973
Past due 1 - 30 days	1,277	856
Past due 31 - 60 days	1,918	172
Past due more than 60 days	1,090	1,082
	95,481	86,083

The trade receivables that are past due at the end of the reporting period but not impaired amounting to S$4,285 (2018: S$2,110).

5. LEASE LIABILITIES

	2019 S$	2018 S$
Current:		
- Lease liabilities (unsecured)	205,307	-
Non-current:		
- Lease liabilities (unsecured)	225,816	-

The balances represent those long term leases not yet commenced to which the Association as lessee is committed as at the reporting period.

6. ACCRUALS

	2019 S$	2018 S$
Accrued for staff costs	235,867	240,673
Provision for reinstatement cost	25,000	25,000
Professional fees	82,626	84,157
Accrued operating expenses	222,840	147,941
	566,333	497,771

7. GIARMC NET OPERATING INCOME

	2019 S$	2018 S$
Income		
Accident reports	753,073	702,174
Search fees	461,238	414,022
Motor-Barometer of Liability Agreement (BOLA)	79,439	49,720
	1,293,750	1,165,916
Less: Expenditure		
Auditors' remuneration	2,892	13,360
Bank charges	744	716
Enhancement of BOLA DRM system	-	25,000
Management fees*		
- E-Filing submission	194,686	191,010
- E-File search fee	33,377	29,773
- E-File purchase	114,368	122,043
- NCD and batch maintenance fee	66,046	64,639
- Professional and subscription fee	61,686	32,766
- Accountant report download	35,427	36,111
- Third party insurer enquiry	25,843	24,597
- Online third party report purchased	62,940	60,300
- Other expenses	29,444	23,330
Miscellaneous expenses	(8)	-
Warehousing/Data storage	1,745	602
Printing and stationery	-	1,040
	(629,190)	(625,287)
Net operating income	664,560	540,629

* 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.

8. OTHER OPERATING INCOME

	2019 S$	2018 S$
Government grant	7,165	21,147
Sponsorship income	29,589	16,731
Seminar income	24,795	94,424
Others	-	576
	61,549	132,878

9. TAXATION

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

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

	2019 S$	2018 S$
Surplus/(Deficit) before taxation	8,460	(165,873)
Tax calculated at a tax rate of 17%	1,438	(28,198)
Expenses not deductible for tax purposes	3,214	4,943
Tax rebate and incentive	(4,004)	(7,146)
Deferred tax assets at beginning of year	(119,769)	(273,092)
Deferred tax assets over provided	684	183,724
Deferred tax assets at end of year	118,437	119,769
	-	-

At the end of the reporting period, the Association has unutilised loss and donation of approximately S$25,800 and S$121,600 (2018: S$75,000 and S$98,000) respectively available for offsetting against its future taxable income subject to agreement with Comptroller of Income Tax and compliance with the relevant sections of the Income Tax Act. No deferred tax asset is recognised due to uncertainty of its recovery.

10. GIA SWING FOR GOLF CHARITY

	2019 S$	2018 S$
Donation in kind received	6,920	-
Cash donation	7,100	9,698
Sponsorship	167,000	180,000
Donation/Sponsorship from GIA	10,000	10,000
	191,020	199,698
Less: Expenses incurred		
Golf tournament	39,433	35,852
Goodie bags	14,171	14,954
Collateral production	16,980	22,620
Prizes	1,332	1,457
Dinner/Lunch	16,149	17,087
Miscellaneous	1,035	1,185
Donation in kind expenses	6,920	-
	(96,020)	(93,155)
Net surplus	95,000	106,543
Less: Donation made to beneficiaries		
Thye Hua Kwan Moral Charities Limited	-	106,543
Singapore Cancer Society	47,500	-
Sport Singapore (SportCares)	47,500	-
	(95,000)	(106,543)
	-	-

11. EXPENDITURE

11.1 ARCM-Hosting/maintenance services

	2019 S$	2018 S$
Agents Registration and CPD Management (ARCM) System expenses consist of:-		
Agent/IT audit	70,000	81,605
Software licence	-	23,653
Hosting services	70,600	69,346
Litigation monitoring services	15,711	4,620
System support	104,633	80,329
Change request	13,750	-
Maintenance hardware	3,000	-
	277,694	259,553

11. EXPENDITURE (Continued)

	2019 S$	2018 S$
11.2 Marine Committee		
Gift and compliments	136	-
Registration fee	20,525	21,968
Seminar	33,876	86,311
Food and beverage	1,350	8,800
Transport and travelling	84	358
Miscellaneous - overprovision in prior year	(10,000)	-
Miscellaneous - current year	1,736	13,600
	47,707	131,037
11.3 Motor Committee		
Food and beverage	3,260	2,878
IT consultant	15,000	15,000
Miscellaneous	34	1,966
Motor seminar	-	252
Motor claim framework	-	400
Public Relations Consultancy	28,800	25,617
Sponsorship to SRSC	-	10,000
	47,094	56,113
11.4 Insurance Fraud Committee		
Fraud management system - Motor/Travel	257,640	257,640
IT audit	-	11,000
IT consultant	15,000	15,000
Miscellaneous	2,707	1,662
	275,347	285,302
11.5 Talent and Communication Committee		
Expenses incurred	3,280	6,998
GIA Internship Programme	8,229	33,459
	11,509	40,457

11. EXPENDITURE (Continued)

	2019 S$	2018 S$
11.6 GIA Events and Seminar		
Annual report	10,930	10,860
Appreciation night	11,176	14,093
Corporate gift	367	6,998
Website	-	7,496
	22,473	39,447

	2019 S$	2018 S$
11.7 Meetings and Seminars		
Annual General Meeting	13,418	17,342
Asean Insurance Council (AIC) meeting	3,357	4,535
East Asian Insurance Congress (EAIC) meeting	3,391	15,801
IUMI Conference	-	5,336
Meeting and seminar	6,814	2,247
PIAM/GIAB Liasion Meeting	1,533	4,030
	28,513	49,291

	2019 S$	2018 S$
11.8 Sponsorships/Donations		
Donation to:-		
The Institute of Banking and Finance	-	3,900
Sponsorship to:-		
GIA Swing For Charity	10,000	10,000
CASE Fund Raising Lunch 2019	2,500	2,500
NFEC - Charity film premier	-	5,000
SII 55th Anniversary Charity Ball 2019	2,000	-
SRA - One Charity Flight Annual Golf Day 2019	5,000	-
Singapore Road Safety Council	306	-
	19,806	21,400

11. EXPENDITURE (Continued)

	2019 S$	2018 S$
11.9 Staff Costs		
Key management's remuneration		
Salaries and other costs	727,242	660,282
Employer's contribution to CPF	66,162	69,441
	793,404	729,723
Staff salaries and other costs	462,496	490,501
Employer's contribution to CPF	70,182	80,345
	532,678	570,846
	1,326,082	1,300,569

	2019 S$	2018 S$
11.10 Subscriptions and Membership Fees		
Asean Insurance Council (AIC)	6,818	6,636
Others	1,426	1,770
Subscription - CCWG	4,800	4,650
	13,044	13,056

12. LEASES

Association as a lessee

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

The Association applies the "short-term lease" exemptions to leases with lease term that ended within 12 months of the date of initial application for those leases.

a) Carrying amount of right-of-use classified within property, plant and equipment

The carrying amount of the leasehold property is S$407,833 (Note 3) and office equipment of S$23,290, no depreciation as the lease has yet to commence.

b) Lease liability

The carrying amounts of lease liabilities and the movements during the year are disclosed in Note 5 and the maturity analysis of lease liabilities is disclosed in Note 15.

12. LEASES (Continued)

Association as a lessor

The Association sub-lease the right-of-use asset (office premises) under non-cancellable operating leases agreement to Motor Insurers' Bureau. Office rental income for the financial year were S$24,720 (2018: S$23,690). Future minimum rentals under non-cancellable leases are as follows as of 31 December:-

	2019 S$	2018 S$
Amount due within 1 year	24,720	23,690
Amount due within 2 and 5 years	23,690	-
	48,410	23,690

13. COMMITMENTS

a) Operating lease commitments – as per lessee

The Association leases office premises and equipment under non-cancellable operating leases agreement. These leases have varying terms.

Minimum lease payments recognised as expense in income and expenditure statement for the financial year ended 31 December 2018 was S$219,990.

As at 31 December 2018, minimum rentals under non-cancellable operating leases contracted for but not recognised as liabilities, are as follows:-

	2018 S$
Amount due within 1 year	209,700
Amount due within 2 and 5 years	8,456
	218,156

None of these leases included contingent rent.

As disclosed in Note 2(a), the Association has adopted FRS 116 on 1 January 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 31 December 2019.

13. COMMITMENTS (Continued)

b) Other commitments

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

	2019 S$	2018 S$
Expenditure commitments in respect of subscription fee of IT systems	342,216	745,905

14. RELATED PARTIES TRANSACTION

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

	2019 S$	2018 S$
a) With Motor Insurers' Bureau of Singapore		
Reimbursement of rental	24,720	25,984
b) Key Management Personnel		
Key management's remuneration		
- Salaries and other costs	727,242	660,282
- Employer's contribution to CPF	66,162	69,441
	793,404	729,723

15. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

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

Foreign Currency Risk

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

Interest Rate Risk

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

15. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

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 table below summaries the maturity profile of the Association's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2019			
	Carrying amount S$	Contractual cash flows S$	One year or less S$	One to five years S$
Financial assets				
Trade receivables	95,481	95,481	95,481	-
Other receivables	31,883	31,883	31,883	-
Deposits	54,134	54,134	54,134	-
Cash and cash equivalents	693,509	693,509	693,509	-
Total undiscounted financial assets	875,007	875,007	875,007	-
Financial liabilities				
Trade payables	57,921	57,921	57,921	-
Other payables	68,398	68,398	68,398	-
Accruals	566,333	566,333	566,333	-
Lease liabilities	431,123	451,615	218,157	233,458
Total undiscounted financial liabilities	1,123,775	1,144,267	910,809	233,458

	2018			
	Carrying amount S$	Contractual cash flows S$	One year or less S$	One to five years S$
Financial assets				
Trade receivables	86,083	86,083	86,083	-
Other receivables	35,883	35,883	35,883	-
Deposits	54,374	54,374	54,374	-
Cash and cash equivalents	608,368	608,368	608,368	-
Total undiscounted financial assets	784,708	784,708	784,708	-
Financial liabilities				
Trade payables	48,520	48,520	48,520	-
Other payables	50,799	50,799	50,799	-
Accruals	497,771	497,771	497,771	-
Total undiscounted financial liabilities	597,090	597,090	597,090	-

15. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

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.

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.

16. FAIR VALUE

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

17. CATEGORIES OF FINANCIAL INSTRUMENTS

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

	2019 S$	2018 S$
Financial assets		
At amortised costs:-		
Trade receivables	95,481	86,083
Other receivables	31,883	35,883
Deposits	54,134	54,374
Cash and cash equivalents	693,509	608,368
	875,007	784,708
Financial liabilities		
At amortised costs:-		
Trade payables	57,921	48,500
Other payables	68,398	50,799
Accruals	566,333	497,771
Lease liabilities	431,123	-
	1,123,775	597,070

18. 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.

19. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2020. The management does not expect that adoption of these accounting standards or interpretations will have a material impact on the financial statements.