



AUTOMOBILE  
ASSOCIATION OF  
SINGAPORE

***THE NEXT  
LEAP  
FORWARD ...***

ANNUAL REPORT 2013



**AUTOMOBILE  
ASSOCIATION OF  
SINGAPORE**

## ***VISION***

To be the partner in motoring and to excel as the leader in quality vehicle recovery and motoring services in Singapore.

## ***MISSION***

To represent our members' interest and satisfy their needs for value and peace of mind.

To be the voice of motorists and serve as a bridge between the motoring public and relevant agencies.

To excel in our products, services and people.

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## ***CORE VALUES***

### **Value**

We seek to provide value to our members to achieve total customer satisfaction.

### **Advanced**

We seek to be advanced, advocating continuous improvement and innovation.

### **Loyal**

We believe in building loyal and trusted relationships.

### **United**

We foster a united workplace that encourages teamwork and dedication to advance our common business objectives.

### **Ethical**

We believe in acting with integrity by practising the highest ethical standards and honouring our commitments.



***... READY FOR THE NEXT PHASE***



***POWERING  
FORWARD***

***READY FOR  
THE NEXT LAP***

2013 heralded a new chapter and milestone for the Association.

The Association recognized that the AA Centre at River Valley was no longer able to cater to the growing and changing needs of our members. Age was setting in, both in terms of its assets and its building features. After some labourious search, we found GB Point at Kallang Bahru.

We saw the potential in this building at Kallang Bahru, being near to complementary amenities such as food and retail options, and car parking facilities, as well as a friendly neighbourhood. This location also enables us to be even closer to members. In November 2013, we moved to this location.

Back in November 2012 to better cope with operational costs related to membership and vehicle recovery services, we increased membership and vehicle recovery fees. Members understood the need for this and we are happy that despite the fees increase, membership figures rose. Today we have 83,000 members.



We also note that our Roadside Assistance Services continue to serve our members. In 2013, our mechanics and tow crew responded to more than 41,000 service requests from AA members, an approximate 14% increase from 2012. This will be an area where we will continue to enhance our service offerings and equipment, as you will read more about later.

Our other wholly-owned subsidiary, AA Insurance Services, continues to make a profit despite the challenging external environment.

Our jackpot operations continue to lag behind but this business unit thankfully still contributes to our overall group income. We thank you for your patronage and hope you will continue to support us.



## 2013 – An Eventful Year of Changes

In September 2013, our outlet at Leisure Park Kallang did a curtain call, after serving members for almost three years. A decision was made to relocate as our lease was coming to an end and we wanted to explore an alternative location that is even more accessible and can better serve members. Members were invited to this farewell party in appreciation of their patronage, and made it a happy gathering with a buffet spread, lucky draw and special closing promotions at AAShop for members.



Separately, the new location at Kallang Bahru gave us an opportunity to review our operational flow and customer touch points, within the membership services hall and jackpot room, also branded as AA Winners' Club.

The membership services hall at Kallang Bahru boasts an open layout, with seats allowing members to lounge and relax while waiting to be served. We have also introduced service personnel to greet walk-in customers and engage members in a more proactive manner, a change from the number queue system back at River Valley.

Our jackpot room has undergone an overhaul with a new layout, new and automated gaming machines, a self-service kiosk and a brand new AA Winners' Club membership card which allows members to sign in and out hassle-free.

AA Insurance Services also entered a new partnership with NTUC Income to launch a co-branded comprehensive motor insurance plan - AA Auto Insurance. This plan is specially customized to offer more competitive car insurance premium rates for AA members. The partnership also allows us to leverage on our partner's Orange Force Accident Response Team, on call 24/7 to assist insured members at accident scenes anytime and anywhere on the island.

## 2014 – The Next Leap Forward

The road certainly doesn't end here.

In celebration of our move to GB Point, Kallang Bahru, we were honoured to have Mr Jean Todt, President of the Fédération Internationale de l'Automobile (FIA) graced our official opening of AA at GB Point on 25 April 2014. Some of you members may have joined us for the day's celebrations.



Our premises at GB Point, as it continues to undergo improvements and enhancements, will serve as a test bed for new service and product offerings, such as proactive on-ground engagement of walk-in members by service personnel, paperless automated application processes such as for the International Driving Permit (IDP), and collaborations with like-minded partners who can showcase their services at our premises.

In addition, we see untapped potential to stay better engaged with members and non-members alike via online media. Our corporate website is undergoing an overhaul to better align with the ongoing service and operational enhancements, to be more relevant and intuitive for users. Our official Facebook page, started in year 2011, has also crossed 4,000 likes, and we look forward to introducing more social media campaigns for your continued support.

AAShop is slated for a revamp as we review our merchandise mix to better cater to the needs of members. Product promotions communicated via our bimonthly Highway magazine and other channels have been well received by members. From our day to day interaction with members, we note a need to expand the range and quality of motoring and lifestyle products offered, including health related gadgets, travel appliances, high-tech items and mandatory car accessories such as GPS and rear view mirrors with built-in camera.



Our well-received Autoventure trips have become a recognized house brand since its debut in 1979 to Thailand – more than three decades of bringing participants on self-drive trips. The name Autoventure has become synonymous with safe and well-paced convoy vacations.





We added to our selection of itineraries fly-drive round-island trips to South Korea, which have met with encouraging response from members. We will be further extending our footprint as we venture to new locales. Think Melbourne and its renowned Great Ocean Road, where the unaltered beauty of the 12 Apostles, a one-of-a-kind collection of limestone cliffs, awaits. We are also seeking breakthrough in the duration of Autoventure trips, to introduce a Cross Japan trip lasting all of 30 days to kick off in June 2014. London is also on our map in 2015, for an exhilarating total of 60 days. Members who desire holidays that are flexible with a twist of adventure can eagerly anticipate these upcoming itineraries.

The effort to improve our roadside assistance services continues as we recently included new Class 4 recovery trucks to our fleet of service vehicles. These new vehicles have customised height allowing entry into and exit out of most multi-storey carparks. These new vehicles also have a special compartment which is now better equipped to deal with breakdown scenarios, further improving the turnaround time for job requests.

Another encouraging note is having the opportunity to work with new strategic partners, sharing a common vision and working alongside us to value-add to member-centric services and benefits.

AA Insurance Services for example has been actively pursuing new partnerships. In addition to NTUC Income mentioned earlier, we also co-launched a new insurance product with Liberty Insurance Singapore - AA Senior Motor Plus, the first motor insurance policy designed

for senior drivers in Singapore. Designed in response to the needs of senior drivers who have increasingly faced challenges with high premium costs and even securing coverage when over 65 years of age, AA Senior Motor Plus is the first insurance policy available in Singapore that meets the needs of senior drivers and takes into consideration the applicant's driving record and claims experience.

We are also pleased to count the Singapore Optometric Association as one of our new partners, as an extension of our services with elderly drivers in mind. Free eye check-up for AA members was the first service we introduced and we will continue to explore possible related services with SOA. We will also continue to explore more of such collaborative efforts with industry partners to create more benefits for members.



In the second quarter of 2014, our branch at Pearls Centre will be relocated after more than two years of serving members, as the building is slated for demolition to make way for the construction of a new MRT line. A new location is in the pipeline, and we look forward to sharing more details with you once ready.

With the many positive changes we are undergoing, AA has never been better armed to excel, and we look forward to the year ahead and beyond. Let us continue with our next leap forward!

  
BERNARD TAY  
President

# GENERAL COMMITTEE

## Standing:

*From left to right:* **Tan Chian Khong** *Committee Member* / **Robert Tan** *Committee Member* /  
**Wan Fook Kong** *Committee Member* / **Chan Chik Weng** *Committee Member* /  
**Tay Boon Keng** *Committee Member* / **Thomas Yeoh** *Committee Member*

## Seated:

*From left to right:* **Chia Ho Choon** *Secretary* / **Low Beng Tin** *Deputy President* /  
**Bernard Tay** *President* / **Rankin B. Yeo** *Treasurer* /  
**S Chandra Mohan** *Committee Member* / **Lee Han Yang** *Committee Member*





**GENERAL COMMITTEE**



# MOVING FORWARD

“ If everyone is moving forward together, then success takes care of itself. ”



## Setting the wheels in motion

Following 2012’s AGM where members were informed that we had engaged a consultant to study the best available options with regards to AA Centre at River Valley, an Extraordinary General Meeting was held in January 2013. Due consideration was given to the fact that the premises at River Valley, while synonymous with our brand name and heritage, could no longer address the growing and changing needs of members due to ageing assets and building features. The majority of members voted to sell the property and for AA Singapore to look for new premises.

AA Singapore then embarked on a search for alternative premises, evaluating many potential sites and eventually deciding to rent the premises at GB Point,

Kallang Bahru, in view of its rental rate, public transport accessibility in the vicinity, and neighbouring retail and F&B outlets which could be complementary to AA and useful for members. We also saw the potential of it enabling us to be even closer to members.

## New location, new opportunities

The relocation to GB Point, Kallang Bahru was completed in November 2013, marking a high note for us at the end of the year. AA Singapore occupies an approximate 13,000 square feet of space over two floors. The first level consists of a membership hall, jackpot room and a café, while the second level houses our corporate HQ and AA Insurance Services office.

In the months that we have moved to GB Point at Kallang Bahru, we have adjusted our operational flow and customer touch points, to better engage and serve our members in an open layout. This interim location serves as a test bed for new service and product offerings.

One change members who have visited us would have noticed is how our staff now proactively approach walk-in members, instead of remaining seated and interacting with members only behind counters. Another example is the exploring of paperless automated application processes which will minimise hassle for members,



# TOGETHER

such as for application of the International Driving Permit (IDP), to be rolled out later this year. We also see more opportunities to collaborate with like-minded partners and allowing them to showcase their services and products at our membership services hall.

Our first event for AA members at the new premises was an appreciation party for jackpot patrons in November 2013, which was attended by more than 200 members including regulars from AA Centre at River Valley who had followed us to the new location. We thank you for your loyal support and hoped you enjoyed the 'housewarming' party we put together for you!

After several other events such as the annual jackpot lohei dinner and launch of insurance and eye check services for senior drivers, the premises were officially opened by Guest-of-Honour, Mr Jean Todt, President of the Fédération Internationale de l'Automobile (FIA), alongside Mr Bernard Tay, President of AA Singapore on 25 April 2014 amidst much fanfare. We also counted more than 300 AA members and corporate partners as attendees of the official opening.



## Your trusted roadside assistance services and ambassador in road safety

In 2013, our mechanics and tow crew responded to more than 41,000 roadside assistance service requests from AA members, an approximate 14% increase from 2012.



Noting the need to continue being a reliable and better service provider of roadside assistance services for members in need, we recently added two new tow trucks to the existing fleet that have been specially customised to meet the height restrictions of and manoeuvre multi-storey car parks. Instead of using two separate resources - one to tow the vehicle out of the covered carpark followed by a Class 4 tow truck to take over the actual towing to the nearest workshop – the new tow truck saves on resources and improves efficacy and efficiency of service as well as manpower allocation. The new tow trucks are also equipped with tools and batteries in addition to an air compressor and pneumatic tools, to better handle breakdown scenarios such as restarting of batteries and towing of vehicles.

An extension of AA's work includes being a pioneering member of the ASEAN New Car Assessment Programme (ASEAN NCAP), targeted at elevating safety standards and raising consumer awareness to encourage a market for safer vehicles in Southeast Asia. Established in December 2011, the programme is led by the Malaysian Institute of Road Safety Research (MIROS) with the support of AA Singapore, AA Malaysia and AA Philippines. In 2013, a total of 18 cars were tested to determine the roadworthiness of the automobiles. While Singapore does not manufacture cars, the car

makes and models tested were still relevant to those imported into Singapore and created relevance for us to be part of this initiative.

Separately, together with the Singapore Road Safety Council (SRSC), the Land Transport Authority (LTA) and the Traffic Police, AA formed the Singapore Road Safety Assessment Programme (SingRAP) aimed at reducing road-related deaths and injuries in Singapore by adopting an internationally accredited road assessment programme, supplementing existing road safety practices, and inculcating a road safety culture among all road users and stakeholders.

In response to an increase in the number of vehicles occupying thoroughfares and causing safety concerns, AA co-organised the inaugural Singapore Road Safety Month (SRS), together with the SRSC and the Traffic Police. Launched as part of the Safer Roads Singapore action plan announced by the Ministry of Home Affairs and the Traffic Police in March 2013, SRS and its supporting events have been designed to engage



and educate four vital groups of road users – elderly pedestrians, students, motorcyclists and transport industry workers.

As a kick-off, a half-day event was held for approximately 500 school children at Woodlands Primary School. To raise awareness on the importance of road safety, AA organised a series of learning stations to engage the students. This included a cycling clinic focusing on safe riding, hand signals, etc. There was also a heavy vehicle station where children were given a hands-on feel of blind spots high up in the driver's seat as



well as to try gauging the safe braking distance by manoeuvring around traffic safety cones set up along a distance. There was also a quiz to test the participants' acquired information and reinforce the safety tips learnt. Finally, the participants signed a safety pledge to be responsible road users.

AA believes that supporting such initiatives and working closely with like-minded organisations will help spread important messages on road safety to targeted groups of road users beyond merely drivers.

## Bringing AA closer to you beyond roadside assistance and road safety

As part of a campaign to create awareness for our relocation to GB Point, we had SMRT and SBS buses decked out in vibrant, colourful advertisements at the end of 2013. Plying routes that crossed the island, the buses helped to publicise our new premises at GB Point, Kallang Bahru, as well as to remind drivers about our 24-hour hotline for roadside assistance services.



For the second year running, AA ran a "AA Spot Your Car and Win" contest, where two members spotted with the contest decal on their vehicles were awarded \$1,000 worth of petrol and AAShop vouchers each. The brightly designed car decals were emblazoned with slogans encouraging courtesy and care on the road.

In 2013, a total of 13 Autoventure (AV) trips were organised for 398 participants who have grown to anticipate our AV calendar of events. This included an activity-filled AA Wanbao Makan Trail to Malacca's Lost World of Tambun and Kuala Lumpur's Genting Highlands, held in conjunction with Lianhe Wanbao. One of the AV trips even led us to Krabi and Phuket of Thailand, where there was glorious food, excellent shopping, and sun-kissed beaches. Our luxurious retreat to Port Dickson and Pangkor was definitely a treat for AA members and their families, as they enjoyed moments unwinding in the beach and indulging in a relaxing spa experience.



In partnership with Korea Tourism Organization, we held our very first fly-drive AV holiday to South Korea in September 2013, travelling around the outskirts in nine days. During the approximately one week long trip, members learnt more about Korea's long and storied history, explored national parks and museums, and indulged in premium outlet shopping.

### Making waves with strategic partnerships

2013 saw AA Insurance Services entering new partnerships, first with NTUC Income to launch a co-branded comprehensive motor insurance plan - AA Auto Insurance – followed by AA Senior Motor Plus with Liberty Insurance Singapore.

The former is specially customized to offer more competitive car insurance premium rates for AA members, and rode on our partner's Orange Force Accident Response Team to offer 24/7 assistance for insured AA members at accident scenes anytime and anywhere on the island.



For the first time in Singapore, and directly addressing the often-neglected group of drivers above the age of 65, who have increasingly faced challenges with high premium costs and even securing coverage, AA Singapore and Liberty Insurance introduced AA Senior Motor Plus that meets the needs of senior drivers and takes into consideration the applicant's driving record and claims experience.

Also catering to elderly drivers, another message we reinforced was that maintaining good eyesight should go hand-in-hand with responsible driving to prevent accidents. AA Singapore started working closely with the Singapore Optometric Association at the end of 2013, rolling out free eye health checks in early 2014 for AA members. To create higher awareness of the importance of annual eye check-ups with a qualified optometrist or ophthalmologist, and to share more information on this subject matter, the SOA also started contributing articles in Highway magazine in 2014 to increase awareness.

### Moving Forward with Refreshed Enthusiasm

We believe that the new journeys embarked upon in 2013 will allow us to gain even more momentum in 2014 and beyond, as we continually look at how to further enhance the suite of services and privileges offered to members. The appreciation of members' involvement in and support for our programmes and activities cannot be understated, and there will certainly be more exciting ones in the upcoming year to engage members. We hope that as we leap into the next chapter, members will continue to walk alongside us in this shared commitment for member centricity and to road safety.

# MINUTES OF THE ANNUAL GENERAL MEETING

Minutes of the Annual General Meeting (AGM) of Members of the Automobile Association of Singapore held at AA Centre Multi-Purpose Hall, 336 River Valley Road, Singapore 238366 on Tuesday, 28 May 2013 at 6.30 p.m.



## Present:

Bernard Tay, Chairman and President  
Low Beng Tin, Deputy President  
Chan Chik Weng  
Chia Ho Choon  
Lee Han Yang  
Wan Fook Kong  
Rankin B. Yeo  
Thomas Yeoh Eng Leong  
Tan Chian Khong  
Tay Boon Keng  
S Chandra Mohan

Absent with apologies:  
Robert Tan

In accordance with Clause 14(c) of the Constitution, the quorum for an AGM should be 35. Mr Roma Luo, the audit representative from Messrs Lo Hock Ling & Co. confirmed that at the close of 6.30 p.m., the total number of members present was 55. As there was a quorum, President called the Meeting to order.

## 1 President's Address

The President highlighted the following points:

The Association's main concern in 2012 was the cost-related challenges facing the Association in relation to the continued provision of vehicle recovery services for members. This is caused by the escalating costs generally, and the rising costs particularly of the state-of-the-art automobiles today. Increasingly specialised equipments are required today to recover them.

It is with these concerns in mind that we have taken the difficult but necessary decision to revise membership fees and service policies for the first time since 1986.

The Association has always been fully committed in bringing to its members an unparalleled range of privileges and services. In view of the rise in the number of Singaporeans travelling overseas for their vacation, the Events and Activities team worked hard to bring AA members to far-away destinations.

One highlight was the 36-day adventure to China (Journey of Great Discovery 3) on 1 October 2012. It was an epic undertaking that covered 13,000 km and we led the convoy from Singapore to Malaysia, up into Thailand and Laos before going into southwest China. With our Events and Activities team's expertise in conducting countless guided trips, they ensured that Autoventure participants' safety was never compromised.

The Association also worked with its partners to offer AA members a whole series of promotions that included discounts at hotels, F&B establishments and retail outlets. Members were also given chances to participate in exciting contests to win valuable prizes. In 2013, the Association has lined up more interesting promotions and contests to engage members.

Membership numbers have remained healthy despite the increase in membership fees across the board. Apart from ensuring our members have peace of mind and comfort whenever they drive on the roads, the Association always goes the extra mile to add value to our membership in more ways

than one. We also make it a point to ensure that not only members receive benefits but their families, too.

In March 2012, we were informed by HSBC Insurance that AXA Insurance would acquire their entire motor insurance and other general insurance portfolio by November 2012 and part of this acquisition included the Group Term Life scheme offered to AA members. At that point in time, AXA Insurance was unable to commit underwriting of the Group Term Life Scheme for the long term.

Accordingly, the Association had to look for another underwriter who could commit for the long run and had the necessary experience operating such schemes. Since then, NTUC Income had been appointed as the new underwriter who also made several enhancements over the previous scheme.

On a financial note, the Group's 2012 outlook was positive. Its income grew by 7% to S\$21.6 million against S\$20.16 million in 2011. Membership Income stood at S\$3.4 million while Fruit Machine net takings were S\$2.7 million. Vehicle recovery and towing services recorded an income of S\$11.1 million, which now constitutes 52% of the overall group income.

The Association also continued to take the lead in the provision of Roadside Assistance Services (RAS). Of the 49,750 breakdowns that the Group handled in 2012, over 36,000 belonged to AA members. In delivering our assurance of reliable and prompt services to members, our roadside assistance team was able to respond to 80.2% of these broken-down vehicles within an hour despite most of the calls coming in during the periods of peak morning and evening. The top three causes of breakdown were flat car batteries, punctured tyres and electrical malfunctions.

In 2012, an average of 96% had been achieved in both response and clearance time for tunnel and open expressways, once again surpassing our performance target of 95% for the EMAS project.

The Association's roadside assistance services won not just the confidence of AA members, but also that of car distributors and dealers. In 2012, we continued to provide roadside assistance services

to our corporate clients in the automobile industry, including car distributors and dealers for Mercedes-Benz, Mitsubishi, Kia, Citroen, Nissan, Subaru and many others.

2012 was also a year in which we took a big step towards finding a new home as well as celebrating our 105th Anniversary. The celebrations culminated in a charity gala dinner that was held at Ritz-Carlton, Millenia Singapore on 5 December 2012. As well as celebrating our 105th birthday, the other aim of this dinner was to raise money for charities. We were very encouraged by those who were present as they donated generously to help the less fortunate. A grand total of \$700,000 was raised for three beneficiaries – Singapore Road Safety Council (SRSC), Teck Ghee Citizens' Consultative Committee (CCC) Community Development and Welfare Fund (CDWF) and the National Arthritis Foundation (NAF). We would like to thank all partners who donated generously.

Last year the Association also held a full-fledged donation drive for the Lions Home for The Elders on 29 March 2012 and members gave from the heart and the items collected were subsequently distributed to 300 senior citizens who reside at the Lions Home For The Elders (Toa Payoh Rise Branch). The Association also held the Wheels-n-Reels event on 25 August 2012. During the day, AA members and their families had fun participating in an island-wide treasure hunt before congregating in the evening for dinner and a movie under the stars.

Our year-round 'Spot Your Car and Win' contest has proven to be very successful once again. Members who displayed the decals on their car windows stood to win \$1,000 worth of petrol and AAShop vouchers if they were spotted.

The Association would also like to thank members for their attendance and support at Extraordinary General Meeting to determine the sale of the two strata lots at AA Centre owned by Automobile Association of Singapore. We will also update members in the search for the new premises.

The business environment is changing rapidly. The Association is not only facing competition for our vehicle recovery services, but also for our Jackpot facilities. It is therefore imperative that we have to

reinvent ourselves, that we continue to attract more members and to have more of you stepping forward to volunteer your services. Member's help and suggestions are strongly welcomed.

Thanks are due to the GCs, management and staff of AA Singapore who worked hard and tirelessly in 2012. Their persistence and never-say-die attitude are what makes the Association tick and he look forward to many more years with the team here at AA Singapore.

We also want to express gratitude to all our partners who have rendered their assistance and worked together with the Association on a multitude of occasions.

Lastly, we want to thank our members who have always supported the Association. The Association is now in a better position to face the challenges of the future and we look forward to your continued support.

## 2 To confirm the Minutes of the Annual General Meeting held on 30 May 2012

### Q1 - Page 17

Mr James Han asked for an update regarding the insurance matters on which AA had consulted the Land Transport Authority and Motoring Insurance Task Force.

**A1** - The President replied that this Insurance Task Force was co-chaired by him with the CASE President. Unfortunately, there was a change of President for CASE and one meeting had been held. It was not an easy solution as it involved many parties like MAS, all insurance companies and GIA. The matter had been brought up and they were still looking at it. The President would keep pressing them for a solution.

### Q2 - Page 18

Mr James Han next asked about the outcome from the Court regarding the bad debt due to rentals owing by occupiers on the 5th and 6th Floors. How much is involved and what is the latest development?

**A2** – The President replied that AA Singapore had won the lawsuit and the amount involved is \$329,348.44. They are following up with the occupiers to pay up as their tenancy agreements have expired.

### Q3 – Page 19

Mr James Han wants to know what steps AA Singapore will take to safeguard its interest regarding the towing of high performance cars and the frequency of usage.

**A3** – The President replied that he would address the matter under Any Other Business as AA Singapore had just changed its service policy.

### Q4 – Page 18

Mr Benny Fang referred to the recovery of the bad debt and how much legal fee was incurred for the recovery of the debt. He also asked if the Association could garnish their assets.

**A4** – The President replied \$100,000 was spent on the matter.

President then referred the matter to GC member, Chia Ho Choon who replied that it was the tenant who sued AA Singapore first and as we had to defend the claim, we have to incur this legal cost.

He further explained that AA Singapore had demanded payment of rental but the former tenants then made allegations and sued AA Singapore. AA Singapore therefore had to defend the claim and counterclaimed for payment of the arrears of rent. As the claim and counterclaim here were heavily contested, legal cost of \$100,000 was incurred. The Court awarded the sum of \$329,348.44 to AA Singapore which has to be paid by the former tenants. The question is whether they are able to pay the judgment debt. The tenant is a private limited company and there were problems trying to locate the directors.

### Q5

Mr Tan Tok Jin enquired as to why we allowed them to roll over the debts for so long and if AA Singapore employed any seniors in 2011.



**A5** – The President replied that based on past dealings with the tenant, they would usually pay up after we chased them.

President also confirmed that the Association does employ seniors but the fund for the “Jobs Credit Grant” was only received in 2012 and was not recognised in the 2011 accounts.

## **Q6**

Mr Chan (Life member) opined that he should be re-classified as a young elderly as he had to pay more for insurance coverage.

**A6** – The President replied that the matter should be dealt with separately as the agenda was on the minutes of the last AGM.

## **Q7**

Mr Lulla commented that there was an abuse by the insurance companies and he urged the Association to take on a more aggressive role and to consider terminating those insurance companies that do not support the members’ causes.

There were no other comments and the minutes were confirmed as proposed by Tan Tok Jin and seconded by Fong Ywe Kwang.

### **3. To confirm the Minutes of the Extraordinary General Meeting (EGM) held on 9 January 2013**

There were no comments and the minutes were confirmed as proposed by Shiao Chong Chiong and seconded by Lam Chiew Wah.

Mr Benny Fang then asked the President if members not present at the last AGM or EGM could propose or second the minutes of those meetings.

President thanked him for his insight and received confirmation that the members who had proposed and seconded the minutes earlier were present at the two meetings.

### **4 To receive and, if approved, pass the Annual Report and Accounts for the year ended 31 December 2012**

The annual report and accounts were put before the meeting for discussion.

## **Q1. Page 30**

### **– Other Comprehensive Income**

Mr Tan Tok Jin pointed out that there was a typing error as “Total comprehensive income for the year” should be “Total comprehensive income (deficit) for the year” since the Association has a deficit of \$1,495,553 in 2012.

**A1** – The President thanked him. It is a standard classification where a bracket is used after the word “income” to represent a deficit.

## **Q2. Page 30 – Membership Fees**

Mr Tan Tok Jin enquired why the membership fees had dropped from 3.2 million in 2011 to 3.0 million in 2012 despite the increase in fees.

**A2** – The President replied that firstly, the fee revision was introduced on 1 December 2012 and secondly, AA Singapore ran a programme of events for “celebrating 105 years”.

## **Q3. Page 46, Note 7 – Other Income**

Under SME cash grant, there is an income of \$10,000 for 2012 and Mr Tan Tok Jin asked why there was no income for 2011.

**A3** - The President replied that in 2011, the amount was offset against tax. However for 2012, it was treated as other income and that was the reason why there is no comparative figure as we treat it as a rebate rather than income at that point of time.

## **Q4. Page 30 – Less Expenditure**

Under “Other expenses”, Mr James Han referred to a figure of \$5,690,198 (Note 11) in the Group accounts for 2012. When he went through the detailed breakdown under Note 11, he noticed that there is no sub-total. He did the calculation himself but the sub-total is \$3,675,921. He noticed that

there was a difference of about \$2 million and asked for an explanation. He also pointed out that the other figures in Note 11 involving other items did not tally at all.

**A4** – Under the accounting framework, AA Singapore highlighted only what was material and significant for presentation. The Association could show him the various breakdowns and how it reconciles back to the total, if necessary.

## **Q5. Page 53, Note 15 – Investments in Subsidiary Companies**

Mr James Han referred to AA Vehicle Inspection Centre Pte. Ltd., AA Travel & Tours Pte. Ltd. and AA Traffic Pte. Ltd. which were listed as dormant and asked what AA Singapore intends to do with these 3 companies? If they are inactive and not making money, he suggested that these 3 companies be closed to save costs.

**A5** - The President replied that the GC would look into it.

There were no other comments and the accounts were approved as proposed by Tan Tok Jin and seconded by Lam Chiew Wah.

## **5 To elect six members to the Committee for the ensuing term**

The President informed the meeting that under the Association's Constitution, the term of office of 6 committee members had expired and there was therefore a need to elect 6 members to the GC.

He informed the meeting that the auditors, Messrs Lo Hock Ling & Co., had duly verified and confirmed the nominations received.

Mr Roma Luo, the audit representative from Messrs Lo Hock Ling & Co., reported that 6 nominations were received at 5.00 pm on 15 May 2013, being the time and date set for nominations to be closed.

The 6 nominees duly nominated were:

Low Beng Tin  
Chia Ho Choon  
Rankin B. Yeo  
Wan Fook Kong  
Robert Tan  
S. Chandra Mohan

As there were 6 candidates for the 6 vacancies, all 6 candidates were deemed elected.

The President welcomed the newly elected members to the GC.

## **6 To appoint auditors for the ensuing year**

The President informed the meeting that the present auditors, Messrs Lo Hock Ling & Co. had indicated their willingness to be re-appointed for the ensuing year.

The motion for the re-appointment of auditors was proposed by Sim Wee Kiat and seconded by Niam Seng Wang and Messrs Lo Hock Ling & Co. was re-appointed auditors for the ensuing year.

## **7 To update members on the sale of River Valley premise and relocation plans**

A presentation update to all the members present on the search status of the new premise was made.

Following approval by members at EOGM held on 9 January 2013, AA Singapore circulated to all major property agencies of our requirements for the new/interim office premises.

We are required to vacate River Valley premises by 28 February 2014 and we had commenced our search for alternative premises sometime in November 2012. The search for new/interim office premises and our requirements were also published in the Straits Times.

Since the start, many potential locations had been viewed and the challenge was to balance considerations such as cost, location, and approvals from various regulators. Key amongst these is approval from Police Licensing & Regulatory Department for Jackpot licensing and meeting their approval criteria.

New premises had already been identified for the relocation of AA Singapore Corporate/HQ plus the main Clubhouse and Membership Services. However, as the terms of the lease agreement are not yet finalised, it would not be appropriate to announce the location.

The search for new premises to relocate the club houses at Kallang Leisure Park and Pearl Centre which have leases expiring in September 2013 is also ongoing.

The search for a Permanent Home is still in progress and we have reviewed potential locations and are currently in discussions with possible landlords. Members can be assured that this information will be announced shortly.

## **8 To transact any other business of which notice in writing has been received by the Chief Executive Officer by 5.00 p.m. on 20 May 2013**

The President informed the members present that 4 notices in writing were received from members as at 5.00 pm on 20 May 2013.

The first was from Mr Tommy Tan, a member of 23 years standing. He is 75 years old and he asked to be given Life Membership status.

AA Singapore is unable to accede to his request as Life Membership is only granted to members with 30 continuous years of membership under the constitution.

Mr Tan will be accorded his Life Membership status when he attains 30 continuous years of membership with AA Singapore.

The second was from Mr James Han. He had made some very interesting and helpful suggestions and his first suggestion was that we should help reduce accident and fatality rates.

The General Committee agreed with his suggestion to promote the road safety message, as AA Singapore has always been proactive with road safety matters pushing forward in print, events and forums. We have always been a strong advocate and

participant of road safety initiatives take proactive steps in promoting road safety initiatives such as our AA Overseas Safe Driving Forum organised on 15 September 2012 and our upcoming "Educating the Young in Road Safety" on 23 May at Woodlands Primary School. Such events will be reported in the *Highway* magazine to update all members. In addition, we will continue to engage the relevant authorities in promoting road safety issues. AA Singapore welcomes all other members' feedback on road safety matters.

Mr Han's next suggestion was we should change our acronym from AAS to AA.

The President explained that AA is not an accepted acronym worldwide (e.g. AAM is AA Malaysia, AAA refers to both the Australian AA and American AA).

AAS is the recognised brand of the Association in Singapore. Staff have always been advised to use "AA Singapore" as opposed to "AAS" as part of all formal internal and external communication as our corporate identity. However, AAS may be used in instances where the brevity – in logos, emails and website – is required for efficiency and graphic design matters.

Mr James Han also queried on the use of excess funds from the sale of AA Centre.

The President explained that as we are currently still in the midst of sourcing for our permanent location, it is too early to determine the overall cost of the building. However, it was highlighted during the last AGM that the monies received from the sale of AA Centre will not be used to fund the operations of the Association.

The third notice in writing was from Mr Boey questioning the recent service policy where an add-on fee has been introduced for some vehicles.

The President responded that in the 2012 AGM, members were informed about the intention to review membership subscription, as there was a need to address the escalating operating costs of the Association as well as the abuse of service policies by some members.

# MINUTES OF THE ANNUAL GENERAL MEETING

The Association also consulted members on these matters through dialogue sessions and feedback through our *Highway* magazine.

We subsequently informed members of the need to increase our membership fees, which had not been increased for the last 26 years; and on the need to revise our membership services conditions through our official communication channel *Highway* and AA Singapore's website.

To minimise the extent of fee revision and to be equitable to all members, we decided to apply separate charges for services that are only required by some (a small minority) of our members. This new service policy will help to ensure better allocation of resources to better reflect the interest and needs of members. The Association will in future also need to review service policies to better reflect the dynamism and advancements in automobile technologies to remain relevant to all members.

Accordingly, the revision was done not to discriminate against certain groups of members, but more to reflect on the needs, changes and increasing demands of present day cars. It is imperative that we continue to train our staff and invest in additional equipment and technologies to better meet the needs of all members. The additional service fees levied for some categories of vehicles are meant solely to better reflect the risks and equipment needed, rather than to discriminate against any group of members. It was also decided to increase members' fees across the board.

The fourth was from Mr Tan Hock Lim who wanted to know whether there is a limit to the term that a General Committee Member can serve.

The President mentioned that we have no policy on the maximum term that a General Committee Member can serve, and the Association is weary about introducing such a limitation. Voluntary organisations where members of the Committee are not paid have all found difficulties introducing maximum terms as there are very few people willing to come forward to serve. In addition, the Association is very conscious about the renewal of leadership but the initiatives must come from the members themselves as they must be prepared to serve.

The President also added that today's GC Members comprise of AA members who have volunteered their services. GC Members are not remunerated for their time and services and unlike some other clubs, do not enjoy any benefits. Current GC composition includes successful individuals from all walks of life – from accountants and lawyers to successful business and medical professionals. We want to ensure that we have the correct mix and representation.

Moreover, while it is ideal to have our GC composition renewed regularly, the reality is that it has been difficult to get volunteers to offer their time and services. In fact to ensure that we have the correct and proper composition in GC, the President mentioned that he has setup a Nomination Sub-committee to review and recommend new members to serve on the General Committee.

The President also stressed that members should be aware of the reality of the situation. Members who have been supporting us at these meetings know that we have not had any election for a long time. In fact it is difficult not only to recruit but to retain General Committee Members.

Another important point to note is that GC Members today sacrifice their own time to make the effort to attend AA Singapore meetings, and to deal with the Association's matters and activities. They receive no benefits. In fact when a GC Member calls for vehicle breakdown service, they have to join the queue as they receive no special priorities.

The President thanked Mr. Tan for raising this matter for discussion. Renewal has been GC members concern for many years. We always welcome suggestions that members have on how we can further improve the Association.

The President also added that he welcomes any suggestion on how to attract members to serve on the Committee, and members can simply write to us with their suggestions.

Although he had already written in with his query, Mr Boey commented that all members should receive equal treatment and voiced his perception that there is apparent service discrimination for members that drive different types of cars. He questioned if any statistics had been collected and analysed prior to the making of the final decisions.

Mr Boey then mentioned that the Association should consider outsourcing the recovery services so as to leverage and tie up with specialists for effectiveness in order to disengage the Association from having to bear the costs.

Mr Boey also commented that the annual report was not signed.

President noted all his comments and replied that the GC would look into them.

In response to Mr Boey's suggestion, Mr Benny Fang mentioned that he was not in favour of outsourcing the services provided by the Association.

The President agreed and reminded that the Association was also running a business and we should not invite competitors with outsourcing of our services, otherwise, members would have to pay more in the end.

Mr Boey then questioned the Association's objective and commented that there has to be a need to strike a balance between making money and serving the members' needs.

The President replied that the Association has to do some profit-making business in order to survive. All decisions were made for the majority's interests but they could be changed whenever the majority of members agree to the changes.

Mr Lulla suggested that the GC members could sit down to discuss the matters brought up at this meeting and perhaps, to engage the members in their discussion. Mr Lulla mentioned that the government and MAS are the decision makers and the Association was in position to sway their policies.

Mr James Han commented that members should not take advantage of the towing services provided by AA Singapore and recommended a system such as "one member one car" to be enforced.

The President replied that there would be a lot of objections and the Association had to be answerable to the majority of the members. However, the recommendation was noted and would be taken into consideration and a survey might need to be conducted to gather the members' support.

## **9 President thanked all members for attending the AGM**

As there was no other business to be discussed, the President formally declared the Meeting closed at 7.50 p.m.

He thanked members for taking their valuable time off to attend the Meeting and for their support.

# ***MOVING BEYOND LIMITS***

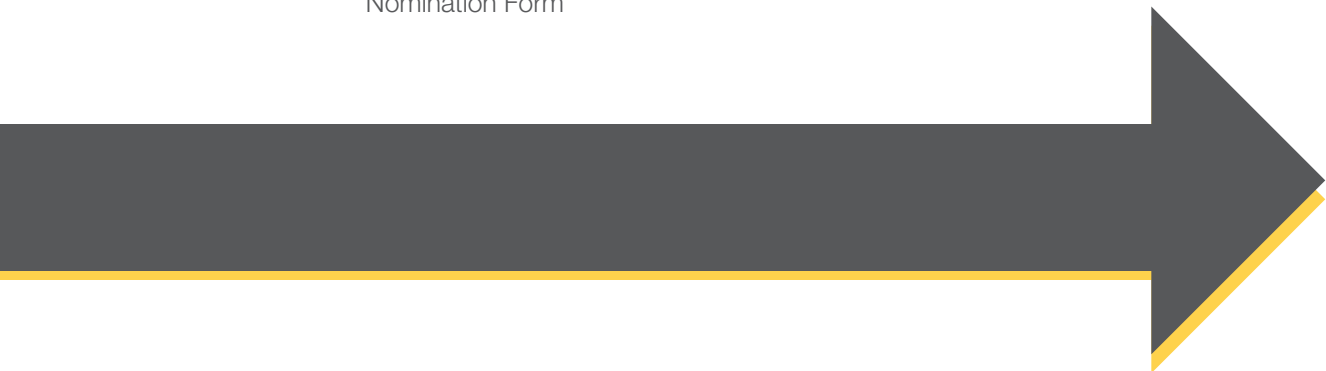
“ Limitations only exist if you let them. ”





## ***FINANCIAL CONTENTS***

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# PARTICULARS OF THE ASSOCIATION

As at 31 December 2013

## 1. INSTRUMENT OF SETTING UP THE ASSOCIATION

Constitution of Automobile Association of Singapore

## 2. UNIQUE ENTITY NUMBER OF THE ASSOCIATION

S61SS0040C

## 3. REGISTERED ADDRESS

535 Kallang Bahru, #02-08 GB Point, Singapore 339351

## 4. GENERAL COMMITTEE

<u>Name</u>	<u>Designation</u>
Mr. Bernard Tay Ah Kong	President
Mr. Low Beng Tin	Deputy President
Mr. Chia Ho Choon	Secretary
Mr. Rankin B. Yeo	Treasurer
Dr. S Chandra Mohan	Committee Member
Mr. Wan Fook Kong	Committee Member
Mr. Lee Han Yang	Committee Member
Mr. Chan Chik Weng	Committee Member
Prof. Tay Boon Keng	Committee Member
Mr. Tan Chian Khong	Committee Member
Mr. Robert Tan	Committee Member
Mr. Thomas Yeoh	Committee Member

## 5. AUDIT AND FINANCE SUB-COMMITTEE

Mr. Tan Chian Khong  
Mr. Low Beng Tin  
Mr. Robert Tan  
Mr. Rankin B. Yeo  
Mr. Bernard Tay Ah Kong (Ex-Officio)

## 6. HUMAN RESOURCE AND REMUNERATION SUB-COMMITTEE

Mr. Lee Han Yang  
Mr. Tan Chian Khong  
Mr. Chia Ho Choon  
Prof. Tay Boon Keng  
Mr. Bernard Tay Ah Kong (Ex-Officio)

## 7. INVESTMENT SUB-COMMITTEE

Mr. Low Beng Tin  
Mr. Thomas Yeoh  
Mr. Rankin B. Yeo  
Mr. Robert Tan  
Mr. Bernard Tay Ah Kong (Ex-Officio)

## 8. BANKER

DBS Bank Ltd  
Oversea-Chinese Banking Corporation Limited  
Standard Chartered Bank Singapore  
United Overseas Bank Ltd  
Sing Investments & Finance Limited

## 9. AUDITORS

Lo Hock Ling & Co.  
Chartered Accountants Singapore



## *STATEMENT BY THE GENERAL COMMITTEE*

In our opinion, the accompanying financial statements of Automobile Association of Singapore (the “Association”) and its subsidiary companies (collectively the “Group”) set out on pages 26 to 58 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Association as at 31 December 2013 and the results and changes in funds of the Group and the Association and cash flows of the Group for the year ended on that date.

The General Committee has, on the date of this statement, authorised these financial statements for issue.

On behalf of the General Committee

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Bernard Tay Ah Kong  
President

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Rankin B. Yeo  
Treasurer

Singapore, 25 March 2014

# **INDEPENDENT AUDITORS' REPORT**

To the Members of Automobile Association of Singapore

## **Report on the Financial Statements**

We have audited the accompanying financial statements of Automobile Association of Singapore (the "Association") and its subsidiary companies (collectively the "Group") set out on pages 26 to 58, which comprise the balance sheets (statements of financial position) of the Group and of the Association as at 31 December 2013, and the statements of comprehensive income and statements of changes in funds of the Group and of the Association, and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Societies Act and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

## **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in funds of the Association are properly drawn up in accordance with the provisions of the Societies Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Association as at 31 December 2013 and the results and changes in funds of the Group and of the Association and cash flows of the Group for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

In our opinion,

- (a) the accounting and other records required by the regulations enacted under the Societies Act and the provisions of the Singapore Companies Act Cap. 50 to be kept by the Association and by the subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept; and
- (b) the Association has not conducted any fund-raising appeal as defined in the Societies Regulations issued under the Societies Act.

During the course of our audit, nothing came to our notice that caused us to believe that, in all material respects,

- (i) any profits from the private lotteries were accrued to any individuals; or
- (ii) any commission either in money or money's-worth including by way of free tickets or chances was paid in respect of the sales of tickets or chances.

Singapore , 25 March 2014

LO HOCK LING & CO.  
PUBLIC ACCOUNTANTS AND  
CHARTERED ACCOUNTANTS SINGAPORE

# STATEMENTS OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2013

	Notes	Group		Association	
		2013	2012	2013	2012
		\$	\$	\$	\$
<b>INCOME</b>					
Membership subscriptions and entrance fees		3,660,967	3,369,783	3,399,940	3,091,783
Vehicle recovery and towing services		11,501,779	11,152,489	73,980	71,899
Fruit machine net takings		2,064,373	2,714,003	2,064,373	2,714,003
Income from other services	4	2,998,431	2,996,828	2,333,885	2,286,885
Interest income	5	567,347	447,973	356,488	301,965
Rental income	6	402,453	487,646	48,219	125,092
Other income	7	357,851	456,360	2,194,544	507,001
Total income		21,553,201	21,625,082	10,471,429	9,098,628
<b>LESS EXPENDITURE</b>					
Depreciation expenses	8	1,249,276	1,517,660	569,094	888,322
Employee benefits expenses	9	14,398,015	13,235,203	4,766,004	5,406,967
Membership promotion, publicity and meetings		724,841	702,515	724,841	702,515
Other expenses	10	5,893,008	5,690,198	6,043,146	3,445,574
Total expenditure		22,265,140	21,145,576	12,103,085	10,443,378
(Deficit)/surplus from operations before tax		(711,939)	479,506	(1,631,656)	(1,344,750)
Gain on disposal of assets held-for-sale	15	52,060,777	–	52,060,777	–
Surplus/(deficit) before tax		51,348,838	479,506	50,429,121	(1,344,750)
Income tax expense	11	(121,989)	(240,883)	(35,838)	(37,903)
Surplus/(deficit) for the year		51,226,849	238,623	50,393,283	(1,382,653)
<b>OTHER COMPREHENSIVE INCOME</b>					
<u>Items that may be reclassified subsequently to profit or loss:</u>					
Reversal upon disposal of available-for-sale financial assets		(131,550)	(271,800)	(131,550)	(271,800)
Net changes in fair value of available-for-sale financial assets		(36,400)	158,900	(36,400)	158,900
Other comprehensive income for the year, net of tax		(167,950)	(112,900)	(167,950)	(112,900)
Total comprehensive income for the year		51,058,899	125,723	50,225,333	(1,495,553)

The accompanying notes form an integral part of these financial statements.

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2013

	Notes	Group		Association	
		2013	2012	2013	2012
		\$	\$	\$	\$
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	12	14,479,167	11,804,090	3,350,252	1,266,187
Available-for-sale financial assets	13	8,217,550	8,359,250	8,217,550	8,359,250
Investments in subsidiary companies	14	–	–	4,386,502	4,386,502
<b>Total Non-Current Assets</b>		<b>22,696,717</b>	<b>20,163,340</b>	<b>15,954,304</b>	<b>14,011,939</b>
<b>Current Assets</b>					
Assets held-for-sale	15	–	8,268,446	–	8,268,446
Available-for-sale financial assets	13	–	1,000,000	–	1,000,000
Inventories	16	30,275	42,598	20,377	42,598
Trade and other receivables	17	5,240,040	4,462,268	1,936,889	1,082,822
Amounts due by subsidiary companies	18	–	–	58,056,381	921,477
Cash and cash equivalents	19	95,514,023	32,404,966	17,405,337	18,345,324
<b>Total Current Assets</b>		<b>100,784,338</b>	<b>46,178,278</b>	<b>77,418,984</b>	<b>29,660,667</b>
<b>Total Assets</b>		<b>123,481,055</b>	<b>66,341,618</b>	<b>93,373,288</b>	<b>43,672,606</b>
<b>TOTAL FUNDS, RESERVES AND LIABILITIES</b>					
<b>FUNDS AND RESERVES</b>					
Accumulated fund		106,131,215	54,401,966	78,070,716	27,175,033
Fruit machine replacement reserve	20	–	502,400	–	502,400
Fair value reserve	21	159,050	327,000	159,050	327,000
<b>Total Funds and Reserves</b>		<b>106,290,265</b>	<b>55,231,366</b>	<b>78,229,766</b>	<b>28,004,433</b>
<b>LIABILITIES</b>					
<b>Non-Current Liabilities</b>					
Subscriptions received in advance	22	2,428,299	3,266,352	2,399,308	3,189,847
Deferred tax liabilities	23	380,505	313,039	–	–
Trade and other payables	24	327,335	–	327,335	–
<b>Total Non-Current Liabilities</b>		<b>3,136,139</b>	<b>3,579,391</b>	<b>2,726,643</b>	<b>3,189,847</b>
<b>Current Liabilities</b>					
Subscriptions received in advance	22	2,203,730	2,175,377	2,090,282	2,026,140
Trade and other payables	24	11,771,099	5,201,298	9,001,871	3,092,372
Amounts due to subsidiary company	18	–	–	1,290,803	7,323,289
Current tax payables		79,822	154,186	33,923	36,525
<b>Total Current Liabilities</b>		<b>14,054,651</b>	<b>7,530,861</b>	<b>12,416,879</b>	<b>12,478,326</b>
<b>Total Liabilities</b>		<b>17,190,790</b>	<b>11,110,252</b>	<b>15,143,522</b>	<b>15,668,173</b>
<b>Total Funds, Reserves and Liabilities</b>		<b>123,481,055</b>	<b>66,341,618</b>	<b>93,373,288</b>	<b>43,672,606</b>

The accompanying notes form an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN FUNDS

For the Year Ended 31 December 2013

Group	Notes	Accumulated fund	Fruit machine replacement reserve	Fair value reserve	Total
		\$	\$	\$	\$
Balance as at 1 January 2012		54,133,893	531,850	439,900	55,105,643
Total comprehensive income for the year		238,623	–	(112,900)	125,723
Transfer to fruit machine replacement reserve, net of reserve utilised	20	29,450	(29,450)	–	–
Balance as at 31 December 2012		54,401,966	502,400	327,000	55,231,366
Total comprehensive income for the year		51,226,849	–	(167,950)	51,058,899
Transfer to fruit machine replacement reserve, net of reserve utilised	20	502,400	(502,400)	–	–
Balance as at 31 December 2013		106,131,215	–	159,050	106,290,265

The accompanying notes form an integral part of these financial statements.

## STATEMENT OF CHANGES IN FUNDS

For the Year Ended 31 December 2013

Association	Notes	Accumulated fund	Fruit machine replacement reserve	Fair value reserve	Total
		\$	\$	\$	\$
Balance as at 1 January 2012		28,528,236	531,850	439,900	29,499,986
Total comprehensive income for the year		(1,382,653)	–	(112,900)	(1,495,553)
Transfer to fruit machine replacement reserve, net of reserve utilised	20	29,450	(29,450)	–	–
Balance as at 31 December 2012		27,175,033	502,400	327,000	28,004,433
Total comprehensive income for the year		50,393,283	–	(167,950)	50,225,333
Transfer to fruit machine replacement reserve, net of reserve utilised	20	502,400	(502,400)	–	–
Balance as at 31 December 2013		78,070,716	–	159,050	78,229,766

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2013

	Notes	2013 \$	2012 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Surplus before tax		51,348,838	479,506
Adjustments for:			
Depreciation of property, plant and equipment	8	1,249,276	1,517,660
Dividend income		–	(144,390)
Interest income	5	(567,347)	(447,973)
Property, plant and equipment written off		56,822	32,401
(Gain)/loss on disposal of			
- available-for-sale investment		(126,750)	(85,411)
- assets held-for-sale	15	(52,060,777)	–
- property, plant and equipment		19,906	1,300
Operating (deficit)/surplus before working capital changes		(80,032)	1,353,093
Decrease in inventories		12,323	7,390
Increase in receivables		(858,781)	(68,826)
Increase in payables		6,637,596	449,610
(Decrease)/increase in subscriptions received in advance		(809,700)	1,805,629
<b>Cash generated from operations</b>		<b>4,901,406</b>	<b>3,546,896</b>
Interest received		1,579	4,461
Income tax paid		(128,887)	(95,117)
<b>Net cash from operating activities</b>		<b>4,774,098</b>	<b>3,456,240</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Increase in fixed deposits pledged with banks and/or with maturities over 3 months		(7,231,355)	(2,089,842)
Dividend received		–	144,390
Interest received		646,777	398,799
Purchase of bonds		(1,500,000)	(3,032,250)
Redemption of mature bonds		1,000,000	–
Purchase of property, plant and equipment	26	(3,746,042)	(696,334)
Proceeds from disposal of			
- available-for-sale investment		1,600,500	4,085,411
- assets held-for-sale		60,329,223	–
- property, plant and equipment		4,501	5,000
<b>Net cash from/(used in) investing activities</b>		<b>51,103,604</b>	<b>(1,184,826)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Repayment to finance lease obligations		–	(2,038)
Net cash used in financing activities		–	(2,038)
Net increase in cash and cash equivalents		55,877,702	2,269,376
Cash and cash equivalents at beginning of the year		18,063,755	15,794,379
Cash and cash equivalents at end of the year	19	73,941,457	18,063,755

The accompanying notes form an integral part of these financial statements.



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

## 1. GENERAL INFORMATION

The Association is registered in the Republic of Singapore under the Societies Act Cap. 311. Its registered office is located at 535 Kallang Bahru, #02-08 GB Point, Singapore 339351.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

The financial statements are presented in Singapore dollars (“\$”), which is also the functional currency of the Association.

These financial statements are prepared in accordance with the historical cost convention except as disclosed in the accounting policies below, and comply with Singapore Financial Reporting Standards (FRS), including related Interpretations promulgated by the Accounting Standards Council, as required by the Companies Act.

During the financial year, the Group adopted all the applicable new/revised FRSs which are effective on or before 1 January 2013.

The adoption of these new/revised FRSs did not have any material effect on the Group’s financial statements and did not result in substantial changes to the Group’s accounting policies.

### (b) Significant Accounting Estimates and Judgments

Estimates and assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Group’s accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### (A) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### (i) Depreciation of Property, Plant and Equipment

The cost of property, plant and equipment are depreciated on a straight line basis over their estimated useful lives. Management’s estimates of the useful lives of these property, plant and equipment are disclosed in note 2(e). Changes in the expected usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation charges could be revised. The carrying amount of property, plant and equipment and the depreciation charge for the year are disclosed in note 12 to the financial statements.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (b) Significant Accounting Estimates and Judgments (continued)

#### (A) Key Sources of Estimation Uncertainty (continued)

##### (ii) Income Taxes

Significant judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The current tax payables of the Group and the Association are \$79,822 (2012: \$154,186) and \$33,923 (2012: \$36,525) respectively. The deferred tax liability of the Group is \$380,505 (2012: \$313,039). The Association has no significant deferred tax liability as at the balance sheet date.

##### (iii) Allowance for Bad and Doubtful Debts

The impairment policy for bad and doubtful debts of the Group and the Association is based on the evaluation of collectability and ageing analysis of the accounts receivables and on management's judgment. At the balance sheet date, the trade receivables, net of allowance, of the Group and the Association amounted to \$3,072,907 (2012: \$3,264,429) and \$103,610 (2012: \$283,391) respectively. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current credit worthiness and the past collection history of each customer. If the financial condition of these customers were to deteriorate, resulting in an impairment of their ability to make payment, additional allowance will be required.

##### (iv) Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated based on the higher of the value in use and the asset's net selling price. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the continuing use of the assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

#### (B) Critical Judgments Made in Applying Accounting Policies

In the process of applying the Group's accounting policies, the management has made certain judgments, apart from those involving estimations, which have significant effects on the amounts recognised in the financial statements.

##### (i) Impairment of Financial Assets

The Group follows the guidance of FRS 39 "Financial Instruments: Recognition and Measurement" on determining when a financial asset is other-than-temporarily impaired. This determination requires significant judgment. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment or financial asset is less than its cost; the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financial cash flow.

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

(b) Significant Accounting Estimates and Judgments (continued)

(B) Critical Judgments Made in Applying Accounting Policies (continued)

(ii) Impairment of Investments in Subsidiary Companies

The Group follows the guidance of FRS 36 “Impairment of Assets” in determining whether its long term investments in subsidiary companies have been impaired. This determination requires significant judgment. The Group evaluates, among other factors, whether the recoverable amount of the investment is less than its carrying amount, the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance, changes in technology and operational and financial cash flow.

(c) FRS and INT FRS not yet effective

The Group has not applied any new FRS or INT FRS (Interpretations of Financial Reporting Standards) that has been issued as at the balance sheet date but is not yet effective. The management does not anticipate the adoption of the new FRS and INT FRS in future financial periods to have any material impact on the Group’s financial statements in the period of initial application.

(d) Investment in Subsidiary

(i) Subsidiary and Basis of Consolidation

Investments in subsidiary companies are held on a long term basis and stated in the Association’s balance sheet at cost less impairment loss, if any.

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

The consolidated financial statements comprise the financial statements of the Association and its subsidiary companies made up to the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and event in similar circumstances.

All intra-group balances, income and expenses and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

Non-controlling interests are that part of the net results of operations and net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the Association. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (d) Investment in Subsidiary (continued)

#### (ii) Acquisitions (continued)

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill.

Any excess of the Group's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the statement of comprehensive income on the date of acquisition.

#### (iii) Disposals

When a change in the Group ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

### (e) Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. 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.

With the exception of freehold land, property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Any estimated costs of dismantling and removing the property, plant and equipment and reinstating the site to its original condition (reinstatement costs) are capitalised as part of the cost of the property, plant and equipment.

Depreciation is calculated on the straight line basis so as to write off the cost, less the residual value, of the assets over their estimated useful lives. The annual rates of depreciation are as follows:

Motor vehicles and equipment	10% - 20%
Tow trucks	10%
Furniture, fittings and office equipment	20%
Fruit machine	25%
Renovation	10% - 33.33%

Freehold land is not depreciated.

The cost of the building erected on the freehold land applicable to the number of units owned by the Association is depreciated at 2% per annum on the straight-line basis.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, Plant and Equipment (continued)

Leasehold property is depreciated on the straight-line basis over the remaining lease period which expires in 2054.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed and adjusted as appropriate, at each financial year end.

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 assets is recognised in profit or loss in the year the asset is derecognised.

(f) Financial Assets

A. Classification

The Group classifies its financial assets in the following categories: available-for-sale financial assets and loans and receivables. The classification depends on the purpose for which the investments are acquired. Management determines the classification of its investments at initial recognition.

(i) Available-For-Sale Financial Assets

Available-for-sale financial assets are non-derivatives that are designated in this category at initial recognition. They are included in non-current assets unless management intends to dispose of the investment within 12 months from the balance sheet date.

Available-for-sale financial assets are recognised initially at fair value plus transactions costs, and subsequently carried at fair value. Unrealised gains and losses arising from changes in fair value of these financial assets are recognised directly in other comprehensive income and accumulated in a separate component of total funds as fair value reserve.

When available-for-sale investments are sold or impaired, the cumulative fair value adjustments in the fair value reserve is reclassified from total funds to profit or loss.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for those maturing more than 12 months after the balance sheet date. These are classified as non-current assets.

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Receivables with a short duration are not discounted.

B. Recognition and Derecognition

Financial assets are recognised on the balance sheet when the Group becomes a contractual party to the contractual provisions of the financial instrument. Purchases and sales of investments are recognised on trade-date, that is, the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial Assets (continued)

C. Determination of Fair Value

The fair values of quoted financial assets are based on bid price as at balance sheet date.

D. Impairment of Financial Assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(i) Impairment of Available-For-Sale Financial Assets

A significant or prolonged decline in the fair value of an available-for-sale equity investment is considered in determining whether the investment is impaired. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is reclassified from total funds to profit or loss. Impairment losses recognised in profit or loss for total funds investments are not reversed through profit or loss.

If impairment loss has been recognised on debt instruments classified as available-for-sale, and subsequent to the impairment recognition the fair value increases, and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

(ii) Impairment of Loans and Receivables

If there is objective evidence that an impairment loss on loans and receivables 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 original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in profit or loss.

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 shall be reversed either directly or by adjusting an allowance account. The amount of the reversal shall be recognised in profit or loss.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value after adequate allowance has been made for deteriorated, damaged, obsolete or slow-moving inventories. Cost is determined by applying the first-in-first-out formula and comprises all cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and bank deposits which are subject to insignificant risks of changes in value. For the purpose of the statement of cash flows, fixed deposits pledged with banks and deposits with maturities more than 3 months are excluded from cash and cash equivalents.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (i) Financial Liabilities

Financial liabilities are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value. Financial liabilities with a short duration are not discounted.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

### (j) Income Taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised outside profit or loss (either in other comprehensive income or directly to equity), in which case, it is recognised in other comprehensive income or directly to equity accordingly.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax is provided on all taxable temporary differences arising on investments in subsidiary companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is charged or credited to other comprehensive income or directly in accumulated fund if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income or directly to accumulated fund.

### (k) Revenue Recognition

#### (i) Subscriptions and Fees Income

Membership subscriptions (other than those paid in advance) and entrance fees are recognised as revenue in the financial statements upon receipt.

Subscriptions received in advance

- Life membership subscriptions received in advance are recognised as income on a straight line basis over a period of 30 years.
- Ordinary, Family and Corporate membership subscriptions received in advance are recognised as income in the year in which the subscriptions fall due.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Revenue Recognition (continued)

(ii) Fruit Machine Takings

Fruit machine takings are recognised as revenue upon receipt.

(iii) Service Income

Income from other services are recognised as revenue when services are rendered and service fees are invoiced or received.

(iv) Interest Income

Interest on fixed deposits and bonds are recognised in profit or loss on a time proportion basis, using the effective interest method.

(v) Rental Income

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

(vi) Dividend Income

Dividend income is recognised in profit or loss when the right to receive payment is established.

(l) Government Grants

Grant is only recognised when there is reasonable assurance that the conditions attached to the grant are met and the right to receive payment is established.

These grants are recognised as income to match the related expenditure.

Grants that compensated the Group for expense incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(m) Employee Benefits

(i) Defined Contribution Plans

The Group makes contributions to the state provident fund (Central Provident Fund). Such contributions are recognised as compensation expenses in the same period as the employment that gave rise to the contributions.

(ii) Short Term Compensated Absences

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for employee entitlements to annual leave as a result of services rendered by employees up to the balance sheet date.

(n) Impairment of Non-Financial Assets

The carrying amounts of the Group's assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and its value in use. The value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.



## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Impairment of Non-Financial Assets (continued)

An impairment loss on a non-revalued asset is recognised in profit or loss. An impairment loss on a revalued asset is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

(o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

(p) Leases

(i) Finance Leases

Leases which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item are classified as finance leases. When the Group is the lessee, property, plant and equipment acquired by way of finance leases are capitalised at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss.

(ii) Operating Leases

Leases whereby the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases.

When the Group is the lessor, assets leased out under operating leases are included in property, plant and equipment. Income arising from such operating lease is recognised on a straight line basis over the lease term.

When the Group is the lessee, operating lease payments are recognised as an expense on a straight line basis over the lease term.

## 3. PRINCIPAL ACTIVITIES

The principal activities of the Association are to provide members with information, assistance, recreation and other facilities and advice on matters pertaining to motoring.

The principal activities of the subsidiary companies are detailed in note 14 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

## 4. INCOME FROM OTHER SERVICES

	Group		Association	
	2013	2012	2013	2012
	\$	\$	\$	\$
Insurance commission	563,878	634,532	–	–
Consignment sales commission	927,164	969,400	927,164	969,400
International driving permit fees	743,866	617,019	743,866	617,019
Event income	217,096	250,648	217,096	250,648
Income from sales of accessories	55,514	70,907	55,514	74,887
Sales of fleet management solution	11,538	36,103	11,538	36,103
Maintenance service income	–	–	–	27,612
Call centre fees	5,400	4,950	5,400	4,950
Agency fees	30,179	36,593	30,179	36,593
Vehicle evaluation fees	54,175	39,556	54,175	39,556
Sundry income	373,660	230,117	288,953	230,117
Sundry sales and services	15,961	107,003	–	–
	<u>2,998,431</u>	<u>2,996,828</u>	<u>2,333,885</u>	<u>2,286,885</u>

## 5. INTEREST INCOME

	Group		Association	
	2013	2012	2013	2012
	\$	\$	\$	\$
Interest income from:				
- bank accounts	1,579	4,461	1,579	4,461
- fixed deposits	295,599	201,377	84,740	55,369
- bonds	270,169	242,135	270,169	242,135
	<u>567,347</u>	<u>447,973</u>	<u>356,488</u>	<u>301,965</u>

## 6. RENTAL INCOME

	Group		Association	
	2013	2012	2013	2012
	\$	\$	\$	\$
Gross rental	544,876	664,999	49,290	178,950
Less: Property related expenses	(142,423)	(177,353)	(1,071)	(53,858)
	<u>402,453</u>	<u>487,646</u>	<u>48,219</u>	<u>125,092</u>

**7. OTHER INCOME**

	Group		Association	
	2013	2012	2013	2012
	\$	\$	\$	\$
Administrative and service income from subsidiary companies	–	–	2,067,794	232,068
COE rebate	–	14,252	–	–
Compensation received from insurance company	57,012	103,549	–	–
Dividend income	–	144,390	–	144,390
Gain on disposal of available-for-sale financial assets	126,750	85,411	126,750	85,411
Government grants	119,852	42,365	–	–
Income from 105 anniversary celebration events	–	45,132	–	45,132
Other income received from insurance company	34,998	21,261	–	–
Sundry income	19,239	–	–	–
	<u>357,851</u>	<u>456,360</u>	<u>2,194,544</u>	<u>507,001</u>

**8. DEPRECIATION EXPENSES**

	Group		Association	
	2013	2012	2013	2012
	\$	\$	\$	\$
Depreciation on property, plant and equipment	<u>1,249,276</u>	<u>1,517,660</u>	<u>569,094</u>	<u>888,322</u>

**9. EMPLOYEE BENEFITS EXPENSES**

	Group		Association	
	2013	2012	2013	2012
	\$	\$	\$	\$
Salaries and other related costs	13,218,093	11,963,143	4,303,676	4,837,738
Employer's contributions to Central Provident Fund	1,179,922	1,272,060	462,328	569,229
	<u>14,398,015</u>	<u>13,235,203</u>	<u>4,766,004</u>	<u>5,406,967</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

## 10. OTHER EXPENSES

	Group		Association	
	2013	2012	2013	2012
	\$	\$	\$	\$
Allowance for doubtful debts - trade	160,390	104,961	137,642	104,961
Audit fee	50,200	48,200	26,800	25,800
Donation and community Services	13,150	171,290	7,150	40,790
Expenditure incurred for 105 anniversary celebration events	–	225,173	–	225,173
Highway magazine	515,079	468,276	515,079	468,276
Loss on disposal of property, plant and equipment	19,906	1,300	19,194	12,616
Maintenance of property, plant and equipment	2,307,965	2,070,498	717,767	753,907
Office rental	200,430	–	200,430	49,200
Operating lease expense	118,145	125,850	48,195	87,420
Other administrative and operating expenses	2,088,487	2,014,277	1,186,848	1,174,538
Property, plant and equipment written off	56,822	32,401	42,799	221
Towing and vehicle recovery expenses charged by				
- subsidiary companies	–	–	3,082,195	269,324
- third parties	362,434	427,972	59,047	233,348
	<u>5,893,008</u>	<u>5,690,198</u>	<u>6,043,146</u>	<u>3,445,574</u>

## 11. INCOME TAX EXPENSE

	Group		Association	
	2013	2012	2013	2012
	\$	\$	\$	\$
Provision for current taxation	79,822	154,186	33,923	36,525
Provision for deferred taxation (note 23)	67,466	95,939	–	–
(Over)/under-provision in prior year	(25,299)	(9,242)	1,915	1,378
	<u>121,989</u>	<u>240,883</u>	<u>35,838</u>	<u>37,903</u>

**11. INCOME TAX EXPENSE (continued)**

Reconciliation of income tax expense:

	Group		Association	
	2013	2012	2013	2012
	\$	\$	\$	\$
Surplus/(deficit) before tax	51,348,838	479,506	50,429,121	(1,344,750)
Tax at statutory rate of 17%	8,729,302	81,516	8,572,951	(228,608)
Tax effects of:-				
Non-deductible expenses	1,155,206	1,734,603	2,053,444	1,775,374
Non-taxable income	(9,622,506)	(1,376,327)	(10,564,104)	(1,480,130)
Statutory stepped income exemption	(60,515)	(76,220)	(9,456)	(13,162)
Enhanced capital allowance	(26,524)	(89,623)	-	-
(Over)/under-provision in prior year	(25,299)	(9,242)	1,915	1,378
Effect of concessionary tax rate	(18,912)	(16,949)	(18,912)	(16,949)
Deferred tax (liabilities)/ assets not recognised	(7,188)	2,873	-	-
Deferred tax liabilities previously not recognised	(1,575)	(1,876)	-	-
Realisation of deferred tax assets previously not recognised	-	(7,872)	-	-
	<u>121,989</u>	<u>240,883</u>	<u>35,838</u>	<u>37,903</u>

As at the balance sheet date, the Group has unutilised tax losses, unutilised capital allowances and unutilised donation amounting to approximately \$272,739 (2012: \$272,739), \$320,000 (2012: nil) and \$250,000 (2012: nil) respectively, available for set-off against future taxable income, subject to compliance with the Income Tax Act and the approval of the Comptroller of Income Tax.

Deferred tax assets amounting to \$88,866 (2012: \$46,366) arising from the above tax losses and unutilised donation are not recognised in the accounts due to the uncertainty of future taxable profits being available against which the tax losses and unutilised donation can be utilised.

## 12. PROPERTY, PLANT AND EQUIPMENT

(a) <u>Group</u>	Freehold property	Leasehold property	Motor vehicles and equipment	Tow Trucks	Furniture fittings and office equipment	Fruit machine	Renovation	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<u>Cost</u>								
At 1 January 2012	14,949,312	9,577,853	595,887	6,072,438	5,770,056	1,332,652	4,073,342	42,371,540
Additions	-	-	-	218,599	187,065	269,450	21,220	696,334
Disposals/written off	-	-	(78,946)	(81,915)	(3,555,326)	(241,352)	(2,781,240)	(6,738,779)
Reclassified to assets held-for-sale (note 15)	(14,949,312)	-	-	-	(149,220)	-	(521,816)	(15,620,348)
At 31 December 2012 and 1 January 2013	-	9,577,853	516,941	6,209,122	2,252,575	1,360,750	791,506	20,708,747
Additions	-	-	83,859	915,276	678,431	756,500	1,571,516	4,005,582
Disposals/written off	-	-	-	(17,000)	(34,690)	(437,100)	(151,596)	(640,386)
At 31 December 2013	-	9,577,853	600,800	7,107,398	2,896,316	1,680,150	2,211,426	24,073,943
<u>Accumulated depreciation</u>								
At 1 January 2012	6,511,075	1,657,706	422,505	3,553,644	4,788,383	979,971	3,525,693	21,438,977
Charge for the year	290,843	184,190	37,030	317,580	322,077	186,335	179,605	1,517,660
Disposals/written off	-	-	(78,946)	(81,915)	(3,555,105)	(235,052)	(2,749,060)	(6,700,078)
Reclassified to assets held-for-sale (note 15)	(6,801,918)	-	-	-	(148,118)	-	(401,866)	(7,351,902)
At 31 December 2012 and 1 January 2013	-	1,841,896	380,589	3,789,309	1,407,237	931,254	554,372	8,904,657
Charge for the year	-	184,190	45,415	334,060	331,364	189,783	164,464	1,249,276
Disposals/written off	-	-	-	(2,977)	(17,901)	(426,848)	(111,431)	(559,157)
At 31 December 2013	-	2,026,086	426,004	4,120,392	1,720,700	694,189	607,405	9,594,776
<u>Carrying amount</u>								
At 31 December 2013	-	7,551,767	174,796	2,987,006	1,175,616	985,961	1,604,021	14,479,167
At 31 December 2012	-	7,735,957	136,352	2,419,813	845,338	429,496	237,134	11,804,090

During the year, the group acquired property, plant and equipment with an aggregate cost of \$4,005,582 (2012: \$696,334) of which \$259,540 (2012: Nil) was provision of reinstatement cost. Cash payments of \$3,746,042 (2012: \$696,334) were made to purchase the property, plant and equipment.

Included in the carrying amount of renovation is an amount of provision of reinstatement costs of \$ 252,331 (2012: Nil)

12. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Association	Freehold property	Motor vehicles and equipment	Furniture, fittings and office equipment	Fruit Machine	Renovation	Total
<u>Cost</u>						
At 1 January 2012	14,949,312	471,899	4,133,716	1,332,652	3,494,944	24,382,523
Additions	-	-	62,158	269,450	21,220	352,828
Disposals/written off	-	(335,635)	(2,605,143)	(241,352)	(2,701,129)	(5,883,259)
Reclassified to assets held-for-sale (note 15)	(14,949,312)	-	(149,220)	-	(521,816)	(15,620,348)
At 31 December 2012 and 1 January 2013	-	136,264	1,441,511	1,360,750	293,219	3,231,744
Additions	-	-	667,032	756,500	1,303,232	2,726,764
Disposals/written off	-	-	(118,639)	(437,100)	(151,596)	(707,335)
At 31 December 2013	-	136,264	1,989,904	1,680,150	1,444,855	5,251,173
<u>Accumulated depreciation</u>						
At 1 January 2012	6,511,075	410,106	3,230,966	979,971	3,126,373	14,258,491
Charge for the year	290,843	24,631	248,589	186,335	137,924	888,322
Disposals/written off	-	(333,325)	(2,559,848)	(235,052)	(2,701,129)	(5,829,354)
Reclassified to assets held-for-sale (note 15)	(6,801,918)	-	(148,118)	-	(401,866)	(7,351,902)
At 31 December 2012 and 1 January 2013	-	101,412	771,589	931,254	161,302	1,965,557
Charge for the year	-	24,630	242,281	189,783	112,400	569,094
Disposals/written off	-	-	(95,451)	(426,848)	(111,431)	(633,730)
At 31 December 2013	-	126,042	918,419	694,189	162,271	1,900,921
<u>Carrying amount</u>						
At 31 December 2013	-	10,222	1,071,485	985,961	1,282,584	3,350,252
At 31 December 2012	-	34,852	669,922	429,496	131,917	1,266,187

On 9 January 2013, the members of the Association approved the disposal of the two strata lots of the freehold property at the Extraordinary General Meeting.

Included in the carrying amount of renovation is an amount of provision of reinstatement costs of \$252,331 (2012: Nil).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

## 13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are analysed as follows:

	Group and Association	
	2013	2012
	\$	\$
Quoted non-equity investments		
- Redeemable in 2013	–	1,000,000
- Redeemable in 2015	3,062,100	3,088,200
- Redeemable in 2016	–	1,605,300
- Redeemable in 2017	2,110,000	2,090,000
- Redeemable in 2021	1,552,050	1,575,750
- Redeemable in 2022	1,493,400	–
	<u>8,217,550</u>	<u>9,359,250</u>
Financial assets held as:		
Non-current assets	8,217,550	8,359,250
Current assets	–	1,000,000
	<u>8,217,550</u>	<u>9,359,250</u>

The above investments consist of quoted commercial bonds and preference shares with interest/dividend yield ranging from 2% to 4.15% (2012: 2% to 4.15%) per annum.

## 14. INVESTMENTS IN SUBSIDIARY COMPANIES

	Association	
	2013	2012
	\$	\$
<u>Unquoted shares, at cost</u>		
At 1 January	6,450,002	4,450,002
Additions	–	2,000,000
At 31 December	6,450,002	6,450,002
<u>Less: Impairment loss</u>		
At 1 January	(2,063,500)	(2,063,500)
Reversal of impairment loss	–	–
At 31 December	<u>(2,063,500)</u>	<u>(2,063,500)</u>
	<u>4,386,502</u>	<u>4,386,502</u>



**14. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)**

Name of subsidiary companies	Principal activities	Country of incorporation/ Place of business	Percentage of shareholdings		Cost of investment	
			2013	2012	2013	2012
			%	%	\$	\$
Autoswift Recovery Pte Ltd	Provision of vehicle recovery and towing services	Singapore	100	100	4,500,000	4,500,000
AA Insurance Services Pte. Ltd.	General insurance agents	Singapore	100	100	500,000	500,000
AA Vehicle Inspection Centre Pte Ltd	Dormant	Singapore	100	100	1,000,000	1,000,000
A.A. Travel & Tours Pte. Ltd.	Dormant	Singapore	100	100	450,000	450,000
AA Traffic Pte. Ltd.	Provision of real-time traffic information services	Singapore	100	100	2	2
					6,450,002	6,450,002

All subsidiary companies were audited by Lo Hock Ling & Co.

**15. ASSETS HELD-FOR-SALE**

	Group and Association	
	2013	2012
	\$	\$
<u>Cost</u>		
At 1 January	15,620,348	-
Reclassified from property, plant and equipment (note 12)	-	15,620,348
Disposal of assets held-for-sale	(15,620,348)	-
At 31 December	-	15,620,348
<u>Accumulated depreciation</u>		
At 1 January	7,351,902	-
Reclassified from property, plant and equipment (note 12)	-	7,351,902
Disposal of assets held-for-sale	(7,351,902)	-
At 31 December	-	7,351,902
<u>Carrying amount</u>		
At 31 December	-	8,268,446

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

## 15. ASSETS HELD-FOR-SALE (continued)

During the financial year, the Association disposed of the two strata lots of the freehold property for the consideration of \$61.8 million. The transaction for the sale was completed on 18 December 2013 and the Association agreed for the purchaser to retain the sum of \$1,200,000 from the balance payable to the Association on completion. The sum of \$1,200,000 was held by the purchaser's solicitors (note 17) as stakeholders pending the resolution of certain items disputed with the Management Corporation Strata Title Plan No. 918. In connection with this dispute, the Association recorded a provision for rectification work and related costs of \$1,200,000 to cover the estimated costs (note 25) which shall be utilized over the next one year. As a result, the Association recorded the gain on disposal of assets held-for-sale amounting to \$52,060,777 for the year after deducting the direct costs of disposal and the above provision.

## 16. INVENTORIES

Group and Association

Inventories consist of car products and accessories, travel guide books and maps.

## 17. TRADE AND OTHER RECEIVABLES

	Group		Association	
	2013	2012	2013	2012
	\$	\$	\$	\$
Trade receivables	3,097,635	3,474,090	103,610	491,072
Less: Allowance for doubtful debts				
Balance brought forward	(209,661)	(104,700)	(207,681)	(102,720)
Current year's allowance	(160,390)	(104,961)	(137,642)	(104,961)
Bad debts written off against allowance	345,323	–	345,323	–
Balance carried forward	(24,728)	(209,661)	–	(207,681)
	3,072,907	3,264,429	103,610	283,391
Accrued revenue	232,939	239,898	232,939	218,706
Deposits	253,049	125,107	227,669	99,247
Deposits paid for purchase of office equipment	24,750	30,000	–	30,000
Insurance claim paid on behalf of insurance company	–	104,483	–	–
Non-trade receivables	223,028	304,553	31,996	340,077
Prepayments	233,367	393,798	140,675	111,401
Retention sum receivables (note 15)	1,200,000	–	1,200,000	–
	<u>5,240,040</u>	<u>4,462,268</u>	<u>1,936,889</u>	<u>1,082,822</u>

Trade receivables are non-interest bearing and are generally on 30 days' (2012: 30 days') terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Other receivables are unsecured, interest-free and expected to be repayable on demand.

**18. AMOUNTS DUE BY/TO SUBSIDIARY COMPANIES**

	Association	
	2013	2012
	\$	\$
(i) Amounts due by subsidiary companies - non-trade Due within 12 months	58,056,381	921,477
(ii) Amounts due to subsidiary companies - non-trade Due within 12 months	1,290,803	7,323,289

The Association placed the fixed deposits amounting to \$63,500,000 (2012: nil) with financial institutions in the name of one of subsidiary companies before the year end. The fixed deposits have the maturities between 1 to 10 months and interest yield on fixed deposits ranges from 0.8% to 1.15% per annum. Interest income in respect of these fixed deposits has been paid back to the Association.

Except for the above, the non-trade amounts due by/to subsidiary companies are unsecured, interest-free and repayable on demand.

**19. CASH AND CASH EQUIVALENTS**

	Group		Association	
	2013	2012	2013	2012
	\$	\$	\$	\$
Fixed deposits	88,485,247	25,486,032	12,193,966	14,137,280
Cash and bank balances	7,028,776	6,918,934	5,211,371	4,208,044
Cash and cash equivalents (Balance Sheet)	95,514,023	32,404,966	17,405,337	18,345,324
Less:				
Fixed deposits pledged with banks and/or with maturities over 3 months	(21,572,566)	(14,341,211)	(9,893,966)	(11,837,280)
Cash and cash equivalents (Statement of Cash Flows)	73,941,457	18,063,755	7,511,371	6,508,044
Fixed deposits with maturities				
less than 3 months	68,250,647	12,475,722	3,637,966	3,630,901
between 3 and 12 months	20,234,600	13,010,310	8,556,000	10,506,379
	88,485,247	25,486,032	12,193,966	14,137,280

Fixed deposits of \$1,337,966 (2012: \$1,330,901) are pledged with certain banks to secure performance bonds issued in favour of Land Transport Authority in respect of certain service contracts undertaken by the Association and/or its wholly-owned subsidiary.

Interest yield on fixed deposits of the Association ranges from 0.35% to 1.4% (2012: 1% to 1.4%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

## 20. FRUIT MACHINE REPLACEMENT RESERVE

	Group and Association	
	2013	2012
	\$	\$
Balance at beginning of the year	502,400	531,850
Transfer from accumulated fund	254,100	240,000
Purchase of fruit machine	(756,500)	(269,450)
	(502,400)	(29,450)
Balance at end of the year	-	502,400

## 21. FAIR VALUE RESERVE

Group and Association

The fair value reserve comprises the cumulative net changes in the fair value of available-for-sale financial assets until such assets are derecognised.

## 22. SUBSCRIPTIONS RECEIVED IN ADVANCE

	Group		Association	
	2013	2012	2013	2012
	\$	\$	\$	\$
<u>Due after 12 months</u>				
Life membership subscriptions	361,590	389,810	361,590	389,810
Ordinary and other membership subscriptions	2,066,709	2,876,542	2,037,718	2,800,037
	2,428,299	3,266,352	2,399,308	3,189,847
<u>Due within 12 months</u>				
Life membership subscriptions	28,220	33,050	28,220	33,050
Ordinary and other membership subscriptions	2,175,510	2,142,327	2,062,062	1,993,090
	2,203,730	2,175,377	2,090,282	2,026,140
Total subscriptions received in advance	4,632,029	5,441,729	4,489,590	5,215,987

## 23. DEFERRED TAX LIABILITIES

On excess of carrying amount over tax written down value of property, plant and equipment:

	Group	
	2013	2012
	\$	\$
Balance brought forward	313,039	217,100
Current year's provision for deferred taxation (note 11)	67,466	95,939
Balance carried forward	380,505	313,039

## 24. TRADE AND OTHER PAYABLES

	Group		Association	
	2013	2012	2013	2012
	\$	\$	\$	\$
<u>Due after 12 months</u>				
Provision (note 25)	259,540	–	259,540	–
Deferred operating lease	67,795	–	67,795	–
	327,335	–	327,335	–
<u>Due within 12 months</u>				
Trade payables	395,795	51,143	–	–
Accrued operating expenses	4,099,042	3,525,948	2,121,598	1,907,469
Deposits	249,663	209,052	158,263	117,652
Goods and services tax payables	4,475,685	372,499	4,313,987	239,212
Insurance claim to be collected from insurance company	–	104,483	–	–
Non-trade payables	1,099,118	655,341	956,227	545,207
Provisions (note 25)	1,414,817	282,832	1,414,817	282,832
Deferred operating lease	36,979	–	36,979	–
	11,771,099	5,201,298	9,001,871	3,092,372
Total trade and other payables	12,098,434	5,201,298	9,329,206	3,092,372

Trade and other payables due within 12 months are unsecured, non-interest bearing and are normally settled within 30 to 90 days (2012: 30 to 90 days) or on demand.

## 25. PROVISIONS

	Group and Association	
	2013	2012
	\$	\$
Provision for:		
Rectification work (note 15)	1,200,000	–
● Reinstatement cost	259,540	–
Legal fee	50,000	118,015
* Capital expenditure	164,817	164,817
	1,674,357	282,832
Represented by:		
Due after 12 months (note 24)	259,540	–
Due within 12 months (note 24)	1,414,817	282,832
	1,674,357	282,832

● The provision for reinstatement cost represents the estimated costs of dismantling, removing and restoring the related premises at the expiration of the lease periods. The estimation was based on quotation received from an independent contractor.

\* The provision for capital expenditure represents the estimated costs of repair and improvement works on common areas in the freehold property expected to be borne by the Association.

## 26 PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, additions of property, plant and equipment were purchased as follows:

	Group	
	2013	2012
	\$	\$
By cash	3,746,042	696,334
By provision for reinstatement costs	259,540	–
	4,005,582	696,334

## 27. RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group or the Association if the Group or the Association has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Association and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Association is governed by the General Committee which is the final authority and has overall responsibility for policy making and determination of all activities. Members of the General Committee are volunteers and receive no monetary remuneration for their contribution, except for reimbursement of out-of-pocket expenses.

The Association has in place a conflict of interests policy in its code of conduct. All members of the General Committee are required to declare their interest yearly.

Significant transactions and balances with related parties, not otherwise disclosed in the financial statements, are as follows:

(a) With subsidiary companies

	Association	
	2013	2012
	\$	\$
Towing and vehicle recovery service charges	3,082,195	269,324
Facilities charges	–	75,420
Services, supplies and call centre expenses	186,645	–
Administrative and service income	2,067,794	232,068
Rental and facilities income	11,986	2,200
Sales of property, plant and equipment	7,111	36,068
Sales of accessories	–	3,980
Maintenance service income	–	27,612
Sales of inventories	9,898	–

**27. RELATED PARTY DISCLOSURES (continued)**

(b) With entities in which certain General Committee members have substantial interests

	Group		Association	
	2013	2012	2013	2012
	\$	\$	\$	\$
Course fees	450	–	450	–
Donation expenses	1,000	2,750	1,000	2,750
Legal and professional fees	54,298	156,439	54,298	121,106
Purchase of services	4,560	4,380	2,400	2,400
Sales of fleet management solution	843	1,124	843	1,124

Related party transactions are based on terms agreed between the parties concerned.

All amounts owing to related parties are unsecured, interest free and are repayable on demand.

**28. KEY MANAGEMENT PERSONNEL COMPENSATION**

The total key management personnel compensation are as follows:-

	Group and Association	
	2013	2012
	\$	\$
Salaries and other related costs	824,562	882,341
Employer's contributions to Central Provident Fund	61,594	61,787
Short-term employee benefits	886,156	944,128

**29. COMMITMENTS**

(i) Operating Lease Commitments

(a) The Group and the Association lease retail space and office from non-related parties under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. As at the balance sheet date, the Group and the Association have the following commitments under non-cancellable operating leases where the Group and Association are the lessees:

	Group		Association	
	2013	2012	2013	2012
	\$	\$	\$	\$
Lease expense payable				
- within 1 year	688,178	326,570	614,378	262,770
- after 1 year but not later than 5 years	1,007,193	–	1,007,193	–
	1,695,371	326,570	1,621,571	262,770

The above operating lease commitments are based on known rental rates as at the date of this report and do not include any revision in rates which may be determined by the lessor.

## 29. COMMITMENTS (continued)

### (i) Operating Lease Commitments (continued)

- (b) The Group and the Association lease out the member's lounge, cafeteria and one unit of the leasehold property to non-related parties under non-cancellable operating leases. Lease commitments under non-cancellable operating leases where the Group and the Association are the lessors, are as follows:

	Group		Association	
	2013	2012	2013	2012
	\$	\$	\$	\$
Lease income receivable				
- within 1 year	497,440	577,992	40,440	29,592
- after 1 year but not later than 5 years	44,000	457,000	44,000	-
	<u>541,440</u>	<u>1,034,992</u>	<u>84,440</u>	<u>29,592</u>

The above operating leases do not provide for contingent rents.

### (ii) Capital Commitments

The Group and the Association have capital commitments in respect of contracted expenditure for purchase of office equipment (2012: two units of tow trucks and office equipment) amounting to nil (2012: \$320,740) and \$11,550 (2012: \$120,000) respectively which have not been provided for in the financial statements at the balance sheet date.

## 30. FINANCIAL RISK MANAGEMENT

The Group and the Association are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks are credit risk, liquidity risk, interest rate risk and market price risk. The management reviews and agrees on policies for managing each of these risks and they are summarised below:

### (i) Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of customers or other counterparties to settle their financial and contractual obligations to the Group as and when they fall due.

The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the management minimises credit risk by dealing with high credit rating counterparties.

The management has credit policies in place to minimise exposure to credit risk.

During the financial year, the Group derived 49% (2012: 48%) of its total income from a major customer, located in Singapore. At the balance sheet date, 86% (2012: 79%) of total outstanding trade receivables was due from this major customer.

Except for the above, the management believes that concentration of credit risk is limited due to ongoing credit evaluations on all customers and, where necessary, maintaining an allowance for doubtful receivables which will adequately provide for potential credit risks.



**30. FINANCIAL RISK MANAGEMENT (continued)**

(i) Credit risk (continued)

The Group determines concentrations of credit risk by monitoring the business segment profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables by business segments as at the balance sheet date is as follows:

	Group		Association	
	2013	2012	2013	2012
	\$	\$	\$	\$
By business segments				
Insurance	153,425	89,217	–	–
Towing	2,833,987	2,898,888	22,357	7,067
Other services	85,495	276,324	81,253	276,324
	3,072,907	3,264,429	103,610	283,391

*Financial assets that are neither past due nor impaired*

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record.

*Financial assets that are past due but not impaired*

The Group and the Association have trade receivables that are past due but not impaired. These trade receivables are unsecured and the analysis of their ageing at balance sheet date is follows:

	Group		Association	
	2013	2012	2013	2012
	\$	\$	\$	\$
Trade receivables past due:				
0 to 3 months	176,778	241,389	56,811	23,080
4 to 6 months	30,250	225,978	286	201,775
	207,028	467,367	57,097	224,855

*Financial assets that are impaired*

The gross amount of trade receivables individually determined to be impaired as at the balance sheet date are as follows:-

	Group		Association	
	2013	2012	2013	2012
	\$	\$	\$	\$
Trade receivables individually determined to be impaired	24,728	411,302	–	409,322

## 30. FINANCIAL RISK MANAGEMENT (continued)

(i) Credit risk (continued)

Financial assets that are impaired (continued)

The movements in the related allowance for doubtful debts are as follows:

	Group		Association	
	2013	2012	2013	2012
	\$	\$	\$	\$
Balance at beginning of the year	209,661	104,700	207,681	102,720
Current year's allowance	160,390	104,961	137,642	104,961
Bad debts written off against allowance	(345,323)	–	(345,323)	–
Balance at end of the year	24,728	209,661	–	207,681

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

All financial liabilities of the Group and the Association are repayable on demand or will mature within one year.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group does not have any interest-bearing financial liabilities. Its only exposure to changes in interest rates relates to interest-bearing bank deposits. The Group monitors movements in interest rates to ensure deposits are placed with financial institutions offering optimal rates of return.

The interest rates and terms of maturity of financial assets of the Group and the Association are disclosed in notes 13 and 19 to the financial statements.

(iv) Market price risk

At the balance sheet date, the Group and the Association held quoted available-for-sale financial assets.

**30. FINANCIAL RISK MANAGEMENT (continued)**

(iv) Market price risk

Sensitivity analysis

A 5% (decrease)/increase in the quoted market prices at the balance sheet date would (decrease)/increase fair value reserve and surplus by the following amounts:

	<b>Group and Association</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Fair value reserve	410,878	467,963
Surplus	-	-

This analysis assumes that all other variables remain constant.

**31. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

The fair values of financial instruments which are carried at fair value are classified based on a three-level fair value measurements hierarchy defined as follows:-

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - valuation techniques using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The fair values of the Group's and the Association's quoted investments are based on quoted market prices as at the balance sheet date and are classified under level 1 of the fair value hierarchy.

During the financial year, there were no transfers between instruments in Level 1, Level 2 and Level 3.

The carrying amounts of cash and cash equivalents, receivables and payables approximate their fair values due to their short term nature.

Financial Instruments by Category

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	<b>Group</b>		<b>Association</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Loans and receivables	100,520,696	36,473,436	77,257,932	20,238,222
Financial liabilities at amortised cost	10,319,303	4,918,466	8,840,878	10,132,829

## 32. CAPITAL MANAGEMENT

The reserves and capital management objective of the Group is to ensure that it maintains strong and healthy capital ratios in order to support its operations and future growth.

The management regularly reviews and manages the capital and reserves of the Group entities to ensure optimal capital structure, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

With the exception of AA Insurance Services Pte. Ltd. (AAIS), the other entities in the Group are not subject to externally imposed capital requirements.

Under the General Insurance Agents' Registration Regulations, AAIS is required, at all times, to maintain a minimum paid up share capital of \$25,000.

AAIS had complied with the above-mentioned regulatory capital requirement during the financial year.

There were no changes to the Group's approach to capital management during the year.

## 33. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Association and consolidated financial statements of the Group for the year ended 31 December 2013 were authorised for issue by the General Committee on 25 March 2014.



AUTOMOBILE ASSOCIATION  
OF SINGAPORE

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## NOMINATION FORM

May 2014  
The Chief Executive Officer  
Automobile Association of Singapore  
535 Kallang Bahru  
#02-08 GB Point  
Singapore 339351

### Part A (To be completed by Proposer / Seconder)

We, the undersigned, hereby nominate Mr/Ms \_\_\_\_\_ for election as COMMITTEE MEMBER of the General Committee of the Automobile Association of Singapore for the ensuing term **2014/2016** at the Annual General Meeting to be held on 28 May 2014 at the SAFRA Toa Payoh, 293 Lorong 6, Level 3, Rooms 1 to 6 (Reef), Singapore 319387, at 6.30pm.

**Proposer** \_\_\_\_\_ Membership No. \_\_\_\_\_

Signature \_\_\_\_\_ Membership Expiry Date \_\_\_\_\_

**Seconder** \_\_\_\_\_ Membership No. \_\_\_\_\_

Signature \_\_\_\_\_ Membership Expiry Date \_\_\_\_\_

### Part B (To be completed by Nominee)

I confirm my willingness to serve on the General Committee as COMMITTEE MEMBER for the ensuing term, if duly elected.

Name \_\_\_\_\_ Membership No. \_\_\_\_\_

Profession \_\_\_\_\_ Membership Expiry Date \_\_\_\_\_

Designation / Company \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

Please provide relevant information in support of this nomination (i.e. experience, professional skills you can contribute)

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### Note: Clause 14(b)

“Nominations for election to the Committee must be received at least 10 days before the date of the Annual General Meeting. Each member standing for election must be nominated by a member and seconded by another member, and the nominee must confirm on the letter of nomination his willingness to serve. Only members who have been members of the Association for not less than **three (3) continuous years** before the date of the Annual General Meeting shall be eligible to be elected to the Committee.”

Nominations must be sent by post or delivered by hand to reach the Association’s Chief Executive Officer not later than 5.00pm on 16 May 2014.

All envelopes shall be clearly marked “**AA NOMINATIONS**”.

**For Official Use**

Verified by: \_\_\_\_\_

Date: \_\_\_\_\_

## NOTICE OF THE ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Members of the Automobile Association of Singapore will be held on:

Date: Wednesday, 28 May 2014  
Time: 6.30pm  
Venue: SAFRA Toa Payoh  
293 Lorong 6 Toa Payoh  
Level 3, Rooms 1 to 6 (Reef)  
Singapore 319387

### AGENDA

1. President's Address
2. To confirm the Minutes of the Annual General Meeting held on 28 May 2013
3. To receive and, if approved, pass the Annual Report and Accounts for the year ended 31 December 2013
4. To elect six members to the Committee for the ensuing term
5. To appoint auditors for the ensuing year
6. To consider and, if thought fit, to pass, with or without modifications, proposed amendments to the Constitution of the Association, set out in the appendix, marked "Appendix - Proposed Amendments to the Constitution of Automobile Association of Singapore"
7. To resolve that approval be and is hereby given for the purchase of 217 East Coast Road, Singapore 428915 subject to the Vendor agreeing to all the Association's preconditions of purchase and at a consideration not exceeding S\$43 million excluding stamp duty, professional fees and all other necessary costs and expenses incidental to the purchase.
8. To transact any other business of which notice in writing has been received by the Chief Executive Officer by 5pm on Wednesday, 21 May 2014

BY ORDER OF THE GENERAL COMMITTEE

CHIA HO CHOON  
SECRETARY  
30 April 2014

### NOTE

- a. Members attending the Annual General Meeting must produce their valid membership card.
- b. To facilitate discussion, members are requested to notify AA Singapore in writing by 5pm on Wednesday, 21 May 2014, of any other business they wish to transact at the Meeting.
- c. Members are reminded of Clause 11(g) of the Association's Constitution: "All members of less than three years' standing shall not be eligible to vote at an AGM or EGM."
- d. Nominations for election to the posts in the Committee must be received by the Chief Executive Officer no later than 5pm on Friday, 16 May 2014. All envelopes must be clearly marked "**AA NOMINATIONS**". Nomination Forms may be collected upon verification of a valid AA membership card at 535 Kallang Bahru #02-08 GB Point Singapore 339351 between 8.30am to 6pm, Mondays to Fridays.
- e. Members may collect the 2013 Annual Report at 535 Kallang Bahru, #02-08 GB Point Singapore 339351 prior to the AGM or collect a copy at the AGM. A soft copy will also be available at [www.aas.com.sg](http://www.aas.com.sg).



Corporate Office: 535 Kallang Bahru, #02-08 GB Point Singapore 339351



## **AUTOMOBILE ASSOCIATION OF SINGAPORE**

### **Corporate Office**

535 Kallang Bahru #02-08 GB Point Singapore 339351

Tel: 6333 8811 Fax: 6733 5094

### **Branch Office**

2 Kung Chong Road Singapore 159140

Tel: 6333 8811 Fax: 6473 4996

### **Membership Services**

#### **AA @ GB Point / AA Winners' Club @ GB Point**

535 Kallang Bahru #01-08 GB Point Singapore 339351

Tel: 6333 8811 Fax: 6733 5094

#### **AA @ Pearls Centre / AA Winners' Club @ Pearls Centre (Relocating in June 2014)**

100 Eu Tong Sen Street #04-01 Pearls Centre Singapore 059812

Tel: 6225 6320