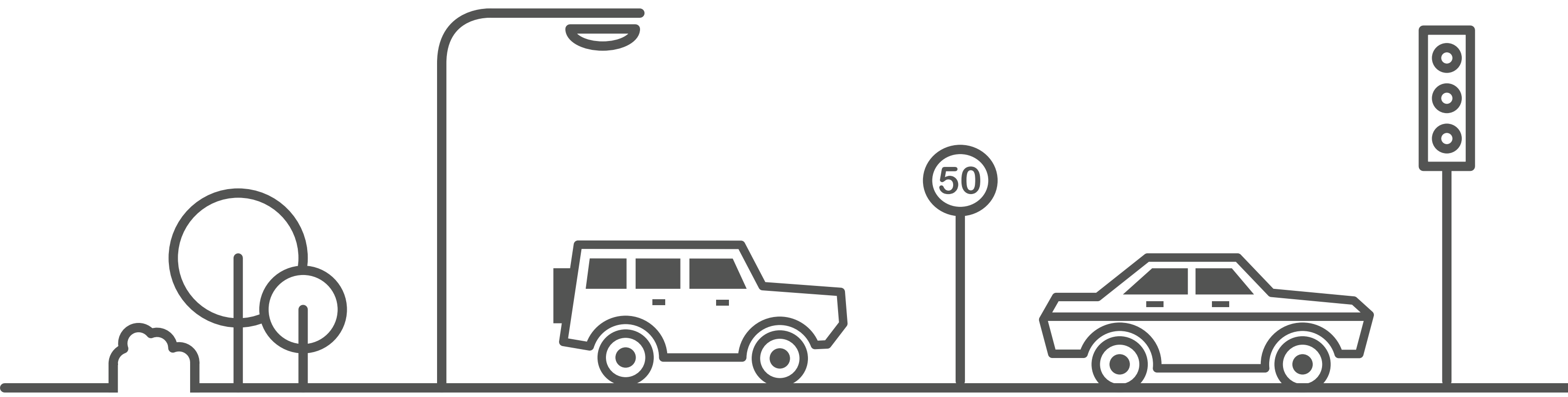
AUTOMOBILE ASSOCIATION
OF SINGAPORE

SAFE ROADS,
PEACE OF MIND

ANNUAL REPORT **2016**




Membership
Services


SINGAPORE
AA
AUTOMOBILE ASSOCIATION
OF SINGAPORE
Roadside
Assistance
Call 6748 9911 or visit

CONTENTS

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.

PRESIDENT'S MESSAGE

"WE MANAGED TO IMPROVE OUR SERVICE STANDARDS FOR ROADSIDE ASSISTANCE SERVICES WITH A 23% INCREASE IN RESPONSE TIME"

The Association was kept busy in 2016 as we implemented several initiatives to enhance our benefits to members.

AAS Insurance Agency (AAS-IA) established a new partnership with Tokio Marine Life Insurance Singapore Ltd. (TMLS) to revamp and offer Group Term Life insurance solutions to AA Members and their families. The AA Life Protector or AA Life Protector Plus schemes are exclusive to this partnership and it will ensure that policyholders are adequately covered in the event of death, total and permanent disability and terminal illness. AAS-IA also rolled out new motor and travel insurance policy plans with Tokio Marine Insurance Singapore Ltd. (TMiS) such as the AA Motor 365 and AA Xplora 365.

Under our partnership with Liberty Insurance, AAS-IA observed positive growth with a 5% increase in motor insurance needs, a 30% increase in travel insurance applications and a 45% increase in revenue (AA TourCare Plus).

In 2016, we introduced the new 24-month battery warranty, an extension from the 15-month warranty offered previously. The 24-month car battery protection is the longest ever battery warranty in Singapore and we hope that through this, members are able to enjoy greater value on their battery purchases.

PRESIDENT'S MESSAGE

Last year, we successfully launched the *Highway* magazine mobile app on both Android and iOS platforms, making it readily accessible to our keen readers.

Aside from the app, the Association also recently revamped our website with a new look and improved the navigation to make it more user-friendly for our members. Greater awareness of our online presence led to a more than 49% increase in online applications for International Driving Permit (IDP) in 2016.

As we continue to cater to our members' lifestyle needs, we managed to secure 95 new privilege partners for our members to enjoy even greater perks, deals and promotions. We incorporated festive gift tag stickers into the Christmas booklet which we hope members were able to make use of to spread the joy of giving and gifting.

Our Autoventure trips have been well received year after year, spurring the Autoventure team to work harder to create unforgettable holidays for our members. The most eventful trip held last year was undoubtedly the 36-day Scenic Drive to Zhang Jia Jie, Shangri-La & Li Jiang, China. The journey, travelled with 10 cars and 18 participants, covered over 15,000km in total and treated members to the most remarkable scenery along the way. The 18-day Autoventure drive to Cambodia and Ho Chi Minh, Vietnam was also particularly memorable for our members as the convoy obtained the opportunity to drive into the Angkor Wat. Vehicles are otherwise prohibited to enter the historical site if not for the support and special approval from Cambodia's Ministry of Tourism.

Through a video contest held amongst tertiary students, the Association selected its first ever AA Autoventure Ambassador who joined the Fly-Drive trip to Taiwan. The Ambassador created a post-trip video capturing highlights of the journey which was released online on social media channels, helping the Association reach out to the young drivers' community.

AA Winners' Club members had more reasons to cheer as more than 500 lucky members walked away with Mystery/Time-Based Jackpot winnings totaling to over $168,000. It is my pleasure to congratulate two of our members who received the biggest Jackpot payouts of the year of $23,900 and $19,200 respectively.

PRESIDENT'S
MESSAGE

The Association is also pleased to note that we managed to maintain and improve our service standards for Roadside Assistance Services with a 23% increase in response for breakdown service to members within 30 minutes and an 18% increase in response for tow service within 45 minutes.

On a separate note, AA dedicates itself as an advocate for road safety. There are news of road traffic accidents daily and it is disheartening to know that many of these accidents can be prevented with the right road safety habits. More preventive actions can be done to raise awareness and deter potential accident risks. Children are the most vulnerable road users and we recognise the need to educate the wider public on the importance of using a child restraint system amongst parents. The Association launched the "Always Belt-up Children – Safe Kids on Roads" children activity book on 8 October, especially for young children and their parents. The books not only contained useful information about the various child restraint systems, it also included information to educate parents on their appropriate methods of use. With colourful illustrations, the book aims to educate the children on correct road behaviours and serve as reminders to their parents to set a good role example. Over 30,000 copies of the books were distributed to K1 and K2 students in PCF centres islandwide, private pre-schoolers and the general public through our road safety events.

AA Singapore also introduced the "I Pledge to be a 5-Star Safe Road User!" online pledge to remind road users to stay safe on roads. With every online pledge received, AA Singapore would donate $5 to The Straits Times School Pocket Money Fund (STSPMF) where funds raised will go towards school pocket money disbursements and support of social and educational development of children and youth in low-income families. At the end of the campaign, over 2,000 pledges were collected and the Association donated a total of $15,000 to the good cause.

It is also important not only to raise awareness, but also to ensure that drivers have the right knowledge and skills to maintain good road safety. AAS Academy has been conducting Crash Prevention Course for commercial drivers as IRU's first accredited training institute in Southeast Asia. In 2016, the Academy delivered the Crash Prevention Course to more than 100 drivers. The course has also been translated in Mandarin to reach out to a wider public.

AAS Academy acquired the Online Driver Risk Assessment and Training System in 2016, expanding its curriculum to serve both commercial and non-commercial drivers. The system provides insight into the drivers' driving profiles and understanding them will help to create safer drivers and safer roads. Since the launch of the programme, over 2,000 AA Members have completed the assessment.

PRESIDENT'S MESSAGE

I strongly recommend our AA Members to participate in this programme with us.

The Academy has also achieved the Royal Prevention of Safety Prevention Association (RoSPA) Course and Centre Approval to deliver the Certification of Professional Competence (CPC) courses designed and developed to enhance the skills and risk awareness of commercial drivers.

The Association rounded off the year with the demolition ceremony held at 2 Kung Chong Road last November. Since then, our subsidiary AutoSwift Recovery, previously operating at the Kung Chong premise, has relocated their office to 10 Kallang Way. All our technical services are now operating at 10 Kallang Way.

As we enter our 110th anniversary year in 2017, I wish to thank all our members for their continued support over the years. Your support is what keeps the Association going as we embark on a new decade and journey to continue serving our members and strengthen our presence in the motoring community.

I look forward to celebrating every new milestone together with our members on the road ahead.

Bernard Tay
President

GENERAL COMMITTEE

BERNARD TAY
PRESIDENT

LOW BENG TIN
DEPUTY PRESIDENT

THOMAS YEOH
COMMITTEE MEMBER

TAY BOON KENG
COMMITTEE MEMBER

RANKIN B. YEO
COMMITTEE MEMBER

DAVID WONG
COMMITTEE MEMBER

CHIA HO CHOON
SECRETARY

TAN CHIAN KHONG
TREASURER

S CHANDRA MOHAN
COMMITTEE MEMBER

CHAN CHIK WENG
COMMITTEE MEMBER

LEE HAN YANG
COMMITTEE MEMBER

ROBERT TAN
COMMITTEE MEMBER

LEADING THE WAY

PROVIDING CONTINUED CONVENIENCE AND ACCESS

The enhancements made in our International Driving Permit (IDP) application process proved to be effective as we witnessed a 49% jump in online applications from the year before with an increase in total IDP transactions by over 20% from 50,273 in year 2015 to 64,120 in year 2016.

Given the advancements of the digital age, the Association launched the *Highway* mobile app, giving Members flexibility and better accessibility to the e-magazine on the go. The mobile app is available on both the Apple App Store and Google Play Store.

"THE EIGHTH YEAR OF COLLABORATION WITH LIANHE WANBAO GARNERED 47 CARS AND 137 PARTICIPANTS, A TWO-FOLD INCREASE IN PARTICIPATION FROM 2015."

EXPLORING NEW HORIZONS, CREATING LIFETIME ADVENTURES

The AA team continuously works hard to organise memorable trips for our Members each year. Covering over 15,000km in total, 10 cars and 18 participants embarked on our longest trip for 2016 - a 36-day drive to Zhang Jia Jie, Shangri-La & Li Jiang, China in October. Another notable trip was the 18-day Autoventure drive to Cambodia and Vietnam (Ho Chi Minh) in August, where support from Cambodia's Ministry of Tourism gave special approval for the convoy of 9 cars and 20 participants to drive into Angkor Wat.

The annual collaboration with Lianhe Wanbao saw the team travelling to Phuket for an 8-day tropical escapade. The trip marks the eighth consecutive year of collaboration with the Chinese paper and garnered strong involvement of 47 cars and 137 participants, a two-fold increase in participation from 2015.

A total of 16 Autoventure trips were held in 2016.

MAKING LIFE MORE REWARDING

2016 was another good year for our AA Winners' Club members with more than 500 lucky members walking away with the Mystery/Time-Based Jackpot winnings totaling to over $168,000. We congratulate two of our members on obtaining the two biggest Jackpot payouts of $23,900 and $19,200.

With increasing demand for play, a total of 11 new machines were installed at our AA Winners' Clubs. Apart from regularly changing the Jackpot machines to enhance players' enjoyment, emphasis was placed on the Jackpot Management System which rewards players with Mystery Jackpot winnings, which does not require players to secure any winning combination on the jackpot machines.

SPREADING LOVE WITHIN THE COMMUNITY

AA regularly participates in corporate social responsibility activities. On 3 September, 30 volunteers comprising AA Members and AA Staff took part in Mooncakes with Love, a community event organised by the People's Association's (PA) where volunteers personally made and delivered mooncakes to over 200 households of needy seniors in the Chong Pang neighbourhood. The event was organised as part of the Mid-Autumn Festival celebrations. We look forward to seeing our AA Members at similar events in the future and spread good cheer within the community.

DEVELOPING THE EFFICIENCY OF OUR SERVICES

Maintaining service excellence has always been a primary concern for the Association. Overall response time of breakdown service to Members within 30 minutes increased by 23% in 2016, an improvement from 2015. The response time for tow service calls attended to within 45 minutes also improved by 18%. The Association will continue to refine its service standards to be the reliable roadside assistance provider of which Members put their trust in.

DELIVERING COMPREHENSIVE PROTECTION AND PEACE OF MIND

To continue bringing affordable insurance coverage and policies to our Members, in 2016, AAS Insurance Agency announced its new partnership with Tokio Marine Life Insurance Singapore Ltd. (TMLS) to offer Group Term Life insurance solutions. Under the new insurance partnership, AA Members and their families can look forward to affordable insurance coverage at TMLS. The change also saw AAS-IA rolling out new policy plans with Tokio Marine Insurance Singapore Ltd. (TMiS) such as the AA Motor 365 and AA Xplora 365 which have received positive response from Members so far.

Positive growth was observed in 2016, with a 5% increase in motor insurance needs engaged by Members under Liberty Insurance's offerings. In 2015, we launched the online application system for travel insurance purchase. The move proved effective in 2016 as rising trends in global travel saw a 30% increase in online application for travel insurance purchase with a 45% increase in revenue (AA TourCare Plus) generated on AAS-IA's website.

YEAR IN REVIEW

FOSTERING ROAD SAFETY AND RAISING AWARENESS

In 2016, news of road accidents involving children on the roads prompted the Association to take more preventive action in raising awareness to educate the wider public on the importance of using a proper child restraint system and practicing better road habits.

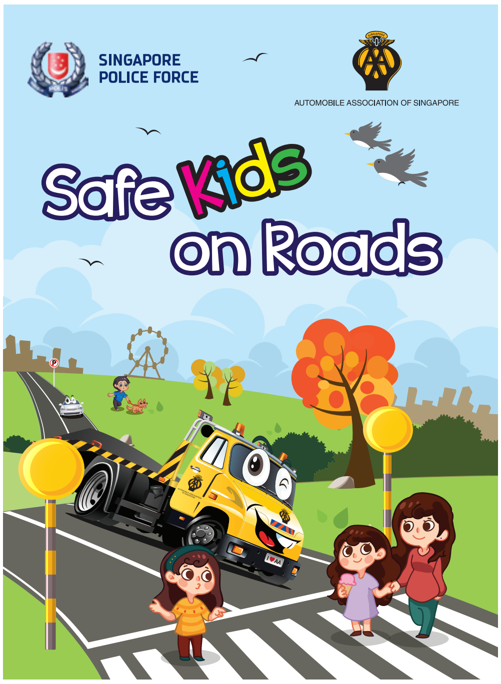
The Association launched the "Always Belt-up Children – Safe Kids on Roads" children activity book on 8 October 2016. Following the launch, the books were distributed to all K1 and K2 students in PCF centres islandwide. The book made use of child-friendly activities to educate children on adopting correct road behaviours and serve as reminders to their parents on the right practices.

At the book launch, AA Singapore also introduced the "I Pledge to be a 5-Star Safe Road User!" online pledge. For every online pledge received, AA Singapore would donate $5 to The Straits Times School Pocket Money Fund (STSPMF). At the conclusion of the campaign on 31 December 2016, the Association collected over 2,000 online pledges and donated a total sum of $15,000 to STSPMF.

Other road safety efforts undertaken by the Association include its participation in Singapore Road Safety Month, production of over 2,000 copies of educational road safety posters distributed to all Primary, Secondary and Tertiary schools in Singapore, radio advertisements that discourage speeding, and the installation of a 3D 'trick-eye' art illustration promoting the road safety message in AA @ 51 AMK's outlet.

WORKING WITH OUR PARTNERS TOWARDS A SHARED VISION

Since the incorporation of AA-SPCS Services Pte Ltd in July 2015, the joint venture between AA Singapore and the Singapore Police Co-operative Society proved to be successful with our driving testers receiving compliments from members of the public in demonstrating their professionalism in discharging their duties. AA-SPCS will continue to provide the manpower services for the conduct of practical driving tests.



EDUCATING THE NEXT GENERATION OF SAFE DRIVERS

In 2016, AAS Academy acquired the Online Driver Risk Assessment and Training System. Since its launch, over 2,000 AA Members have completed the programme. The system provides great insight of the drivers' driving profiles, and understanding them is a step towards creating safer drivers and safer roads.

The Academy also partnered with the Royal Prevention of Safety Prevention Association (RoSPA), a global road safety expert based in the United Kingdom to deliver courses professionally designed and developed to enhance the skills and risk awareness of commercial drivers. In the fourth quarter of 2016, AAS Academy received RoSPA's course and centre approval to deliver the Certificate of Professional Competence (CPC) courses.

In the year of review, the Crash Prevention Course was delivered to more than 100 drivers. The course has also been translated to be delivered in Mandarin in order to cater to the diversity of drivers in Singapore. Short workshops were also introduced for both commercial and non-commercial drivers on ways to manage and negotiate road hazards.

RoSPA
accidents don't have to happen

RoSPA Course and Centre Approval

This is to certify

AAS Academy Pte Ltd

Achieved Course and Centre Approval

For their Driver CPC Modules and Driver Behaviour and Line Managers Workshop

On 06/10/2016

Expiry Date 06/10/2018

Valid Location Singapore

Tom Mullarkey MBE
Chief Executive

The Royal Society for the Prevention of Accidents
Patron: Her Majesty The Queen
Registered Charity No. 207823

YEAR
IN REVIEW

CULTIVATING A CULTURE OF GROWTH AND POSITIVITY

As part of our efforts to foster greater employee engagement and interaction, the Staff Welfare and Recreation Club (SWRC) organised recreational activities such as AA Movie Night in April and the AA Staff Dinner & Dance in July 2016.

The Association places great importance in maintaining and strengthening employees' engagement to ensure a positive working environment. An Employee Opinion Survey was conducted in 2016 to better understand the needs of the staff. The report indicated that over 90% of staff held pride in their work and are proud to be part of the organisation.

SUSTAINING SINGAPORE'S DIRECTION TOWARDS ROAD SAFETY

Overall, 2016 was another eventful year for the Association as it maintained its presence in both the motoring community and as a firm advocate of road safety. Looking ahead, the Association will continue to be the voice of motorists as the leader in the industry while it adapts to the evolving transport infrastructure in Singapore. An exciting year lies ahead in 2017 as the Association prepares for its 110th Anniversary and we are eager to step into the next chapter with our Members.

MINUTES OF THE ANNUAL GENERAL MEETING

MINUTES OF THE ANNUAL GENERAL MEETING (AGM) OF MEMBERS OF THE AUTOMOBILE ASSOCIATION OF SINGAPORE HELD AT FORT CANNING LODGE (YWCA), 6 FORT CANNING ROAD, LEVEL 2 SOPHIA COOKE BALLROOM, SINGAPORE 179494 ON WEDNESDAY, 25 MAY 2016 AT 6:30 PM.

PRESENT:

Bernard Tay, Chairman and President
Chia Ho Choon
Rankin B. Yeo
Thomas Yeoh Eng Leong
Chan Chik Weng
Tay Boon Keng
Wan Fook Kong

In accordance with Clause 14c of the Constitution, the quorum for an AGM should be 35. Mr Roma Luo, the representative from the auditors, Messrs Lo Hock Ling & Co. confirmed that at the close of 6:30 pm, the total number of members present was 82. As there was a quorum, President called the Meeting to order.

1 PRESIDENT'S ADDRESS

The President highlighted the following points:

2015 has been a significant year as we bade farewell to our founding Prime Minister, Mr Lee Kuan Yew, and celebrated the Golden Jubilee of Singapore.

At AA Singapore, we are constantly looking at providing value-added services for our Members. The Association has launched an online application for travel insurance purchase. Members who apply online will receive a 20% discount off the premium for TourCare Plus.

We have improved the International Driving Permit (IDP) system to allow walk-in IDP applicants to complete their applications online using smartphones or tablets. With the enhancement, we have greatly reduced the waiting time for applicants and IDPs are processed and printed within minutes. Applicants can now collect their IDPs instantly.

We have increased our online presence to reach out not only to our own Members but also to members of the public. The Highway magazine is now also available on the Android platform and the Highway app can be downloaded via the Google Play Store.

It will be available on the iOS platform in June and Members can download the app via the Apple Store. We will continue to add more features as we go along and shortly; we will also be producing our annual reports in digital format. We are taking measures to reduce carbon emissions and explore alternatives for a greener and sustainable environment.

From 3rd quarter 2016, our AA car batteries will come with an extended warranty and it will be revised from 15 months to 24 months.

Last year, our Events and Activities team embarked on two new Autoventure trips – a Fly-Drive trip to New Zealand, covering both the North and South Islands in 14 days, with 19 participants, and the first driving holiday to Myanmar for 21 days, with 23 participants. We also organised our first day-coach trip to Kluang, Malaysia for 78 participants.

In collaboration with Lianhe Wanbao, AA Singapore organised the Makan Trail event for the 7th consecutive year, where 22 cars and 65 participants travelled with our team to Malacca, Penang and Ipoh. These activities have been very well received and we look forward to organising more of such trips.

This year, we will be organising a 9-day trip to Hua Hin, Thailand in June and a 36-day trip from Singapore to Zhang Jia Jie and Lijiang (China) in October.

AA Singapore has been actively promoting road safety and has organised several outreach programmes for the motoring community. We held an exhibition at the Marina Bay Sands Convention Centre during the Singapore Road Safety Month. To promote the importance of road safety, we produced and distributed the "Always Belt-up Children" car decals to our Members and visitors at the event.

We are also proud to be a member of the FIA supporting the good cause for the #SaveKidsLives campaign, led by the United Nations. We have featured the #SaveKidsLives video, filmed by acclaimed movie director Luc Besson at our AA Events and collected over 2,000 signatures from members of the public on the pledge wall.

Membership of the FIA has brought many benefits to AA Singapore. We have been actively participating in FIA's organisation. I am happy to serve as a Vice-President of FIA Region II, and in FIA's World Council for Automobile Mobility and Tourism, FIA Audit Committee and FIA Nomination Committee, which is both a pleasure and honour to represent both Singapore and the region on these FIA Committees. I will continue to foster stronger relationships with the FIA and Region II clubs to bring about more and better benefits and worldwide reciprocal services to Members.

In October last year, we organised a successful two-day conference at the Mandarin Orchard Hotel, which brought together world's experts and thinkers to explore new mobility paradigms and concepts.

In celebration of Singapore's Golden Jubilee last year, we launched a coffee table book titled "The Motoring 50", which featured the 50 facts about motoring in Singapore and the developments that led to today's motoring landscape. An online version of the book is currently available on our website for public viewing.

The Association ended the year with Wheels, Reels and Carnival 2015 in December, a three-part event which was also a charity drive and we were able to donate $10,000 to The Straits Times School Pocket Money Fund.

Last year, Members were informed that we intend to redevelop our branch office at Kung Chong Road. The new Kung Chong building will house AA Singapore and its subsidiary, AutoSwift Recovery in the same building. This is to improve the overall operational efficiency and allow better sharing of resources. In addition, the Gross Floor Area will be increased by approximately 56,600 sqft after the redevelopment.

By redeveloping Kung Chong, it will offer a better exposure for AA Singapore to the automotive cluster at Alexandra and Leng Kee.

The estimated cost of redevelopment is about $25 million, which would be totally funded by our AA reserves and we will not be taking any loans for the redevelopment. Despite this expenditure, our net reserves will continue to remain healthy.

During the construction period, we will be relocating AutoSwift Recovery and we will ensure that there will be no disruptions in the provision of our technical services. The completion date of our new Kung Chong building is targeted for late 2018.

A subsidiary, AAS Academy has been set up to provide post basic training for drivers and related professionals. At present, the AAS Academy offers Crash Prevention Programme for commercial drivers and the training courses have begun since it was formed.

AA Singapore is proud to be the first International Road Transport Union (IRU) Accredited Training Institute (ATI) in both Asia and Singapore.

The AAS Academy's Online Driver Risk Assessment will be provided to all AA Members by the third quarter of this year. This is an online assessment tool that rates the driver's driving risk level and is designed to highlight areas of concern that can impact a driver's own safety and the safety of other road users. Based on the driver's answers, an individual profile is compiled and a customised solution is offered to target the specific needs of that particular driver. Members are urged to look out for more information coming their way.

We thank all Members for their strong support throughout these years.

2 TO CONFIRM THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 20 MAY 2015

There were no comments and the Minutes were confirmed as proposed by Mr Shiao Chung Chiang and seconded by Mr Chin Pay Fah.

3 TO RECEIVE AND, IF APPROVED, ADOPT THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

The annual report and audited financial statements were put before the meeting for discussion.

Q1 PAGE 52 – NOTE 16

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Mr Tan Tok Jin wanted to know the interest rates for the quoted non-equity investments and how much interest income would AAS receive?

A1 The President replied that the investments consisted of quoted commercial bonds and preference shares with interest/dividend yield ranging from 2.95% to 5.38% per annum.

Q2 PAGE 52 – NOTE 16

QUOTED NON-EQUITY INVESTMENTS

Mr Tan Tok Jin then enquired on those redeemable in 2049 and how much interest income would AAS be receiving and does AAS have an Investment Committee?

A2 The CFO replied that it was 5% interest for the $6 million invested. AAS had an Investment Committee to decide when to purchase the bonds and to sell them if the market conditions are favourable. At this moment in time, the Committee would put those bonds on hold for long term because the interest rates would definitely be higher than the current interest rates.

MINUTES OF THE ANNUAL GENERAL MEETING

Q3 MR TAN TOK JIN ASKED THE CFO WHETHER THE INVESTMENT COMMITTEE WOULD BE BUYING ANY MORE OF THOSE BONDS OFFERING 4% TO 6%.

A3 The CFO replied that the decision was up to the Investment Committee as they had to weigh the risks. At this point in time, the Committee had several other factors to consider including the Association's long term investments.

Q4 PAGE 45 - NOTE 3

INCOME FROM OTHER SERVICES

Mr Tan Tok Jin next enquired on the income of $992,250 received from a subsidiary for services for provision of driving testers and instructors and if that was a net or gross income and the amount of expenses incurred.

A4 The CFO replied that it was a gross income from a joint venture with Singapore Police Co-operative Society (SPCS) where the joint venture provided manpower services to conduct practical driving tests on behalf of the Traffic Police.

Q5 PAGE 55 – NOTE 20

TRADE AND OTHER RECEIVABLES

Mr Tan See Peng referred to the legal case between AAS and MCST 918 and enquired if there were any settlement or agreement to settle the dispute with regards to the two properties.

A5 The CEO replied that the matter was not a legal case. The $1.2 million was a sum held by the purchaser of our River Valley property for reinstatement and other works needed. We have followed up and are continuing to follow-up on this matter and we will be expecting a resolution this coming year.

There were no other comments and the accounts were approved as proposed by Mr Shiao Chung Chiang and seconded by Mr Tan See Peng.

4 TO ELECT SIX MEMBERS TO THE COMMITTEE FOR THE ENSUING TERM

President informed that he was an interested party since he was also standing for election to the General Committee ("GC").

For good corporate governance, President would hand over the post of Chairman of the Meeting to the Secretary, Mr Chia Ho Choon, who would chair the Meeting from this point onwards.

Mr Chia Ho Choon informed that under the Association's Constitution, the term of office of 6 committee members had expired and we need to elect 6 members to the GC.

Mr Chia also informed that the auditors, Messrs Lo Hock Ling & Co. had duly verified and confirmed the nominations received.

Mr Roma Luo, the representative from the auditors, reported that 6 nominations were received at 5:00 pm on 13 May 2016, being the time and date set for nominations to be closed.

The 6 nominees duly nominated were:

Mr Bernard Tay
Mr Lee Han Yang
Mr Chan Chik Weng
Mr Tan Chian Khong
Prof Tay Boon Keng
Mr Thomas Yeoh Eng Leong

There were 6 candidates for the 6 vacancies and all the 6 were deemed elected.

Mr Chia welcomed the newly elected members to the GC.

5 TO APPOINT AUDITORS FOR THE ENSUING YEAR

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

Mr Tan Tok Jin brought up an unpleasant incident that happened when the former AAS auditors of many years was changed after the new GC was elected. They were unhappy and attended the AGM to raise objections. Mr Tan pointed out the dangers of a close relationship being developed if AAS used the same auditors for too long.

Mr Bernard Tay explained the previous change was made because the former auditor was a sole proprietor with no other partners to head the audit. The Association adopted the listing rules of a public company and so as to ensure proper corporate governance, the partner in charge of the audit would have to be rotated once every 5 years. However, the Association need not necessarily have to change the firm of auditors.

Mr Tan Tok Jin pointed out that even by rotating the partner in charge, the firm's audit and work practices relatively remained the same.

Mr Bernard Tay agreed to take note of Mr Tan Tok Jin's comments and would discuss it with the GC so as to prevent a similar incident from happening again if the Association decides to change the auditors in future.

Mr Bernard Tay then mentioned that for Members' information, KPMG was engaged to do a review to ensure that the Association's corporate governance was in compliance with the requirements of prevailing laws which also included the appointment of auditors.

The motion to re-elect Messrs Lo Hock Ling & Co as auditors was then proposed by Mr Tan See Peng and seconded by Mr Niam Seng Wang.

Messrs Lo Hock Ling & Co. was re-appointed auditors for the ensuing year.

6 TO TRANSACT ANY OTHER BUSINESS OF WHICH NOTICE IN WRITING HAS BEEN RECEIVED BY THE CHIEF EXECUTIVE OFFICER BY 5:00 PM ON 18 MAY 2016

The Chairman informed the Meeting that as at 5:00 pm on 18 May 2016, there were 3 written notices were received from Members.

Item 1 submitted by Hoe Lye Soon

In the light of recent calls for a car-lite environment, increasingly, vehicle owners cannot but felt discriminated despite contributing a significant portion of the government's revenue. What can AAS do to protect car owners' interests and that motorists' interests are not further discriminated?

The Chairman informed the Meeting that the government strategy was to create a well-connected and reliable public transport framework. Going car-lite was to facilitate better road planning and efficient sharing of resources amongst different users. This was to embrace alternative form of transportation like cycling, using personal mobility devices and walking by making journeys safe and comfortable. Given our dense urban landscape, embracing a car-lite environment will help Singapore optimise our limited available land space and improve overall transport flow among motorists.

To address various concerns from motorists, the Association did gather feedback from motorists and Members as well as engage in regular dialogue sessions with the authorities. By doing this, we hope to highlight the ground sentiments of the motorists and allow the relevant authorities to make informed decisions when planning or improving the infrastructure.

Item 2 also submitted by Hoe Lye Soon

As at 25 May 2016, how many members were eligible to be converted to Life Members under clause 4(g) of the Constitution? What is the impact, if any, on the Association's income?

The Chairman informed that as of May 2016, the Association had 15,315 Life Members. These numbers are expected to increase by another 50% in the next 10 years. The Association was aware of the financial impact of these growing numbers. Hence, this category of membership was no longer available for members who joined after 31 December 2007.

Item 3 submitted by Tay Bin Joo

The Chairman will summarise the details due to the length of his letter.

Mr Tay Bin Joo suggested that the Association should participate and be involved in infrastructure and road safety initiatives as well as to inculcate good driving behaviours.

The Chairman answered that as a leading motoring Association in Singapore, we serve as a voice for the motorists. We have been actively participating in discussions and dialogue sessions with authorities and relevant agencies to raise motorists' concerns and promote road safety, such as the Singapore Road Safety Month as well as supporting the global campaign of #SaveKidsLives. As AAS is affiliated to FIA, we took on an active role of organising the Asia Pacific Road Safety and Mobility Conference where AA Members, FIA members and the public exchanged views with world-renowned experts in the motoring community last year.

The Chairman then mentioned that AAS Academy, a wholly-owned subsidiary of AAS was recently established. The primary objective of the Academy is to provide post basic training for drivers and related professionals. We are indeed proud to be the first International Road Transport Union (IRU) Accredited Training Institute in both Asia and Singapore.

We had recently acquired an Online Driver Risk Management System which assesses the risk level of the driver and this program is suitable for both car drivers and commercial drivers. At the end of the training program, a certificate of completion would be issued and training modules would be recommended for the driver to follow-up on.

This training program would be made available to all AA Members by the third quarter of the year and more details would be released to Members in time to come. Members were welcomed to participate in this program and the Academy also welcomed your feedback.

7 THE CHAIRMAN THANKED ALL MEMBERS FOR ATTENDING THE AGM

As there was no other business to be discussed, the Chairman formally declared the Meeting closed at 7:15 pm.

The Chairman thanked Members for taking their valuable time off to attend the Meeting and for their support and look forward to their continued support in the years ahead.

FINANCIAL CONTENTS

PARTICULARS OF THE ASSOCIATION

As at 31 December 2016

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**

Name	Designation
Mr. Bernard Tay Ah Kong	President
Mr. Low Beng Tin	Deputy President
Mr. Chia Ho Choon	Secretary
Mr. Tan Chian Khong	Treasurer
Dr. S Chandra Mohan	Committee Member
Mr. Lee Han Yang	Committee Member
Mr. Chan Chik Weng	Committee Member
Prof. Tay Boon Keng	Committee Member
Mr. Rankin B. Yeo	Committee Member
Mr. Robert Tan	Committee Member
Mr. Thomas Yeoh	Committee Member
Mr. David Wong	Co-opted Committee Member

5. **AUDIT SUB-COMMITTEE**

   Mr. Low Beng Tin
   Mr. Chia Ho Choon
   Mr. Rankin B. Yeo
   Mr. Bernard Tay Ah Kong (Ex-Officio)

6. **FINANCE AND INVESTMENT SUB-COMMITTEE**

   Mr. Tan Chian Khong
   Mr. Robert Tan
   Mr. Thomas Yeoh
   Mr. Bernard Tay Ah Kong (Ex-Officio)

7. **HUMAN RESOURCE AND REMUNERATION SUB-COMMITTEE**

   Mr. Lee Han Yang
   Mr. Low Beng Tin
   Mr. Chia Ho Choon
   Mr. Bernard Tay Ah Kong (Ex-Officio)

8. **NOMINATION SUB-COMMITTEE**

   Mr. Lee Han Yang
   Dr. S Chandra Mohan
   Prof. Tay Boon Keng
   Mr. Bernard Tay Ah Kong (Ex-Officio)

PARTICULARS OF THE ASSOCIATION

As at 31 December 2016

9. PRINCIPAL BANKER / FINANCE COMPANY

Standard Chartered Bank Singapore
Bank of East Asia Ltd
Malayan Banking Ltd
DBS Bank Ltd
United Overseas Bank Ltd
Sing Investments & Finance Limited
Hong Leong Finance Limited

10. 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 27 to 66 are drawn up so as to give a true and fair view of the financial position of the Group and the Association as at 31 December 2016 and the financial performance 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

Bernard Tay Ah Kong	Tan Chian Khong
President	Treasurer

Singapore, 30 March 2017

INDEPENDENT AUDITORS' **REPORT**

To the Members of Automobile Association of Singapore

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Automobile Association of Singapore (the "Association") and its subsidiary companies (the "Group") set out on pages 27 to 66, which consist of the following:

(a) consolidated financial statements of the Group comprising:

- consolidated statement of financial position (balance sheet) as at 31 December 2016;
- consolidated statement of comprehensive income for the year then ended;
- consolidated statement of changes in funds for the year then ended; and
- consolidated statement of cash flows for the year then ended; and

(b) financial statements of the Association comprising:

- statement of financial position (balance sheet) as at 31 December 2016;
- statement of comprehensive income for the year then ended; and
- statement of changes in funds for the year then ended;

(c) notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Association as at 31 December 2016 and of the consolidated financial performance, consolidated changes in funds and consolidated cash flows of the Group, and of the financial performance and changes in funds of the Association for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Statement by the General Committee set out on page 23 and annual report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and General Committee for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The General Committee's responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the General Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' **REPORT**

To the Members of Automobile Association of Singapore

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.

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

Singapore, 30 March 2017

STATEMENTS OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2016

		Group		Association	
	Notes	2016	2015	2016	2015
		$	$	$	$
INCOME					
Membership subscriptions and entrance fees		3,378,636	3,413,458	3,365,205	3,370,884
Vehicle recovery and towing services		15,565,876	11,068,862	56,458	56,920
Fruit machine net takings		4,027,027	4,267,085	4,027,027	4,267,085
Income from other services	3	4,550,921	3,780,356	2,407,825	2,238,992
Interest income	4	1,295,833	1,051,613	1,208,347	1,148,629
Rental income (net)	5	961,304	1,869,792	155,400	139,019
Other income	6	973,474	989,313	2,191,558	2,298,985
Total income		30,753,071	26,440,479	13,411,820	13,520,514
LESS EXPENDITURE					
Depreciation expense	7	3,176,776	2,770,496	1,489,949	1,637,026
Amortisation of intangible assets	14	12,898	1,440	–	–
Employee benefits expense	8	17,190,592	15,043,691	4,400,304	4,307,973
Membership promotion, publicity and meetings		1,046,480	649,525	1,046,480	649,525
Other expenses	9	6,049,888	5,393,171	5,606,373	5,702,769
Total expenditure		27,476,634	23,858,323	12,543,106	12,297,293
Surplus from operations before tax		3,276,437	2,582,156	868,714	1,223,221
Impairment loss on investment property	13	(3,568,280)	–	–	–
Loss on building demolition for leasehold property redevelopment	12	(203,046)	–	–	–
SG50 celebration expenses net of recoveries	10	–	(490,160)	–	(490,160)
(Deficit)/surplus before tax		(494,889)	2,091,996	868,714	733,061
Income tax expense	11	(499,951)	(379,358)	(113,784)	(225,095)
(Deficit)/surplus for the year		(994,840)	1,712,638	754,930	507,966
OTHER COMPREHENSIVE INCOME					
Items that may be reclassified subsequently to profit or loss:					
Reversal upon disposal of available-for-sale financial assets		54,675	–	54,675	–
Net changes in fair value of available-for-sale financial assets		(6,675)	(320,750)	(68,355)	(247,880)
Other comprehensive income/ (loss) for the year, net of tax		48,000	(320,750)	(13,680)	(247,880)
Total comprehensive income/ (loss) for the year		(946,840)	1,391,888	741,250	260,086

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

STATEMENTS OF
COMPREHENSIVE INCOME

For the Year Ended 31 December 2016

	Notes	Group 2016	Group 2015	Association 2016	Association 2015
		$	$	$	$
(Deficit)/surplus attributable to:					
Members of the Association		(1,147,901)	1,648,470	754,930	507,966
Non-controlling interests		153,061	64,168	–	–
		(994,840)	1,712,638	754,930	507,966
Total comprehensive (loss)/income attributable to:					
Members of the Association		(1,099,901)	1,327,720	741,250	260,086
Non-controlling interests		153,061	64,168	–	–
		(946,840)	1,391,888	741,250	260,086

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016

		Group		Association	
	Notes	2016	2015	2016	2015
		$	$	$	$
ASSETS					
Non-Current Assets					
Property, plant and equipment	12	11,216,571	13,236,260	1,473,577	2,642,418
Investment property	13	40,000,000	43,916,280	–	–
Intangible assets	14	50,532	62,295	–	–
Available-for-sale financial assets	15	10,608,675	14,130,975	7,574,865	11,158,845
Investments in subsidiary companies	16	–	–	4,386,502	4,386,502
Amount due by subsidiary companies	17	–	–	45,000,000	45,000,000
		61,875,778	71,345,810	58,434,944	63,187,765
Current Assets					
Available-for-sale financial assets	15	2,011,800	–	2,011,800	–
Inventories	18	72,313	37,658	72,313	37,658
Trade and other receivables	19	7,815,170	6,656,516	5,338,938	4,432,710
Amounts due by subsidiary companies	17	–	–	16,938,123	16,842,273
Cash and cash equivalents	20	50,615,590	44,727,455	9,682,905	7,145,716
		60,514,873	51,421,629	34,044,079	28,458,357
Total Assets		122,390,651	122,767,439	92,479,023	91,646,122
TOTAL FUNDS, RESERVES AND LIABILITIES					
FUNDS AND RESERVES					
Accumulated fund		107,772,582	109,013,516	79,636,531	78,974,634
Fair value reserve	21	(305,525)	(353,525)	(294,335)	(280,655)
Fruit machine replacement reserve	22	96,633	3,600	96,633	3,600
Total funds and reserves attributable to members of the Association		107,563,690	108,663,591	79,438,829	78,697,579
Non-controlling interests		367,229	214,168	–	–
Total Funds and Reserves		107,930,919	108,877,759	79,438,829	78,697,579
LIABILITIES					
Non-Current Liabilities					
Subscriptions received in advance	23	2,589,827	2,785,098	2,589,827	2,785,072
Deferred tax liabilities	24	368,368	468,780	–	–
Trade and other payables	25	356,300	370,639	356,300	370,639
		3,314,495	3,624,517	2,946,127	3,155,711
Current Liabilities					
Subscriptions received in advance	23	1,990,370	2,065,420	1,984,459	2,057,874
Trade and other payables	25	8,496,597	7,874,230	4,121,431	4,614,823
Amounts due to subsidiary companies	17	–	–	3,833,579	2,951,776
Current tax liabilities		658,270	325,513	154,598	168,359
		11,145,237	10,265,163	10,094,067	9,792,832
Total Liabilities		14,459,732	13,889,680	13,040,194	12,948,543
Total Funds, Reserves and Liabilities		122,390,651	122,767,439	92,479,023	91,646,122

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

CONSOLIDATED STATEMENT OF **CHANGES IN FUNDS**

For the Year Ended 31 December 2016

Group	Notes	Accumulated fund	Fair value reserve	Fruit machine replacement reserve	Total funds and reserves attributable to members of the Association	Non-controlling interests	Total funds and reserves
			$	$	$	$	$
Balance as at 1 January 2015		107,368,646	(32,775)	–	107,335,871	–	107,335,871
Total comprehensive income/(loss) for the year		1,648,470	(320,750)	–	1,327,720	64,168	1,391,888
Transaction with owners, recognised directly in equity							
Cash subscribed by non-controlling shareholder		–	–	–	–	150,000	150,000
Transfer to fruit machine replacement reserve, net of reserve utilised	22	(3,600)	–	3,600	–	–	–
		(3,600)	–	3,600	–	150,000	150,000
Balance as at 31 December 2015		109,013,516	(353,525)	3,600	108,663,591	214,168	108,877,759
Total comprehensive (loss)/income for the year		(1,147,901)	48,000	–	(1,099,901)	153,061	(946,840)
Transaction with owners, recognised directly in equity							
Transfer to fruit machine replacement reserve, net of reserve utilised	22	(93,033)	–	93,033	–	–	–
		(93,033)	–	93,033	–	–	–
Balance as at 31 December 2016		107,772,582	(305,525)	96,633	107,563,690	367,229	107,930,919

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

STATEMENT OF
CHANGES IN FUNDS

For the Year Ended 31 December 2016

Association	Notes	Accumulated fund	Fair value reserve	Fruit machine replacement reserve	Total
		$	$	$	$
Balance as at 1 January 2015		78,470,268	(32,775)	–	78,437,493
Total comprehensive income/(loss) for the year		507,966	(247,880)	–	260,086
Transaction with owners, recognised directly in equity					
Transfer to fruit machine replacement reserve, net of reserve utilised	22	(3,600)	–	3,600	–
		(3,600)	–	3,600	–
Balance as at 31 December 2015		78,974,634	(280,655)	3,600	78,697,579
Total comprehensive income/(loss) for the year		754,930	(13,680)	–	741,250
Transaction with owners, recognised directly in equity					
Transfer to fruit machine replacement reserve, net of reserve utilised	22	(93,033)	–	93,033	–
		(93,033)	–	93,033	–
Balance as at 31 December 2016		79,636,531	(294,335)	96,633	79,438,829

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the Year Ended 31 December 2016

	Notes	2016	2015
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES:			
(Deficit)/surplus before tax		(494,889)	2,091,996
Adjustments for:			
Depreciation expense	7	3,176,776	2,770,496
Amortisation on intangible assets	14	12,898	1,440
Property, plant and equipment written off		224,349	25,549
Loss on disposal of available-for-sale financial assets		58,500	–
Impairment loss on investment property	13	3,568,280	–
Loss on building demolition for leasehold property redevelopment	12	203,046	–
Interest income	4	(1,295,833)	(1,051,613)
Gain on disposal of property, plant and equipment		(1,627)	(53,878)
Operating surplus before working capital changes		5,451,500	3,783,990
(Increase)/decrease in inventories		(34,655)	4,161
(Increase)/decrease in receivables		(1,020,764)	2,089,883
Increase in payables		608,028	662,188
(Decrease)/increase in subscriptions received in advance		(270,321)	1,299,953
Cash generated from operations		4,733,788	7,840,175
Interest received		1,255	239
Income tax paid		(267,606)	(160,599)
Net cash from operating activities		4,467,437	7,679,815
CASH FLOWS FROM INVESTING ACTIVITIES:			
Increase in fixed deposits pledged with banks and/or with maturities over 3 months		(825,460)	(3,559,256)
Interest received		1,156,688	936,860
Purchase of available-for-sale financial assets		–	(3,045,000)
Purchase of property, plant and equipment	12	(1,239,021)	(1,011,463)
Purchase of intangible assets	14	(1,135)	(63,735)
Proceeds from disposal of available-for-sale financial assets		1,500,000	–
Proceeds from cash subscribed by non-controlling shareholder		–	150,000
Proceeds from disposal of property, plant and equipment		4,166	62,805
Net cash from/(used in) investing activities		595,238	(6,529,789)
Net increase in cash and cash equivalents		5,062,675	1,150,026
Cash and cash equivalents at beginning of the year		9,885,240	8,735,214
Cash and cash equivalents at end of the year	20	14,947,915	9,885,240

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

(a) Automobile Association of Singapore (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.

(b) 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 16 to the financial statements.

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.

During the financial year, the Group adopted all the applicable new/revised FRSs which are effective on or before 1 January 2016.

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/Amortisation of Property, Plant and Equipment, Investment Property and Intangible Assets

The cost of property, plant and equipment, investment property and intangible assets are depreciated/amortised on a straight line basis over their estimated useful lives. Management's estimates of the useful lives of these property, plant and equipment, investment property and intangible assets are disclosed in notes 2(h), 2(i) and 2(j) respectively. Changes in the expected usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation/amortisation charges could be revised. The carrying amount of property, plant and equipment, investment property and intangible assets and the depreciation/amortisation charge for the year are disclosed in notes 12, 13 and 14 to the financial statements respectively.

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 $658,270 (2015: $325,513) and $154,598 (2015: $168,359) respectively. The deferred tax liability of the Group is $368,368 (2015: $468,780). 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 $4,723,808 (2015: $3,560,660) and $2,789,701 (2015: $1,898,064) 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.

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) FRS and INT FRS not yet effective

The following are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2016 and which the Group has not early adopted:

- FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018)

  This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  - Step 1 : Identify the contract(s) with a customer
  - Step 2 : Identify the performance obligations in the contract
  - Step 3 : Determine the transaction price
  - Step 4 : Allocated the transaction price to the performance obligations in the contract
  - Step 5 : Recognise revenue when (or as) the entity satisfies a performance obligation

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

- FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018)

  The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 39.

  The Group is currently assessing the impact of FRS 109 and plans to adopt the new standard on the required effective date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) FRS and INT FRS not yet effective (continued)

- FRS 116 *Leases* (effective for annual periods beginning on or after 1 January 2019)

  Under FRS 17 Leases, lessees were required in make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). FRS 116 replaces that existing guidance in FRS 17 and requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. There is an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under FRS 116, a contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  The Group is currently assessing the impact of FRS 116 and plans to adopt the new standard on the required effective date.

(d) Revenue Recognition

(i) Subscriptions and Fees Income

Membership subscriptions (other than those paid in advance) and entrance fees are recognised as income when they are due and upon receipt from members.

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.

(ii) Fruit Machine Takings

Fruit machine takings are recognised as revenue upon receipt.

(iii) Service Income

Services income is recognised in profit or loss when services are rendered and invoiced.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Government Grants

Government grants are recognised when there is reasonable assurance that the grant will be received and the conditions attached to the grant will be complied with. Where the grant relates to an expense item, it is recognised in the profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

(f) 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.

(g) 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 accumulated fund 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.

(h) 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 Group and the cost of the item can be measured reliably.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Property, Plant and Equipment (continued)

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 estimated useful lives are as follows:

Motor vehicles and equipment	5 - 10 years
Tow trucks	10 years
Furniture, fittings and office equipment	5 years
Fruit machine	4 years
Renovation	3 - 10 years

Leasehold property is depreciated on the straight-line basis over the remaining lease period which expires in 2054. Leasehold property under construction is not depreciated as the asset is not available for use.

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.

(i) Investment Property

Investment property, which is held on a long term basis for investment potential and rental income, is stated at cost less accumulated depreciation and impairment loss, recognised in accordance with note 2(p) to the financial statements.

Freehold land is not depreciated. The cost of the building erected on the freehold land is depreciated on the straight line basis so as to write off the cost of the asset over its estimated useful life. The estimated useful life is as follows:

Freehold property	25 years

The residual value and useful life of investment property are reviewed and adjusted as appropriate, at each balance sheet date.

The cost of major renovations and improvements is capitalised as additions and the carrying amount of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is recognised in profit or loss.

Upon the disposal of the investment property, the difference between the estimated net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

(j) Intangible Assets

Intangible assets are accounted for using cost model. Capitalised cost are amortised on a straight-line basis over their estimated useful lives for those considered as finite useful lives from the point at which the assets are ready for use. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing. Intangible assets are written off where, in the opinion of the management , no further future economic benefits are expected to arise.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Intangible Assets (continued)

Cost relating to computer software acquired, which are not an integral part of related hardware, is capitalised and amortised on a straight-line basis over their estimated useful lives. The estimated useful lives are as follows:

Computer software	5 years

(k) Financial Assets

A. Classification

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

(i) 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.

(ii) 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.

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)

(k) 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. For quoted financial assets without an active market and for unquoted financial assets, the Group establishes fair value by using valuation techniques.

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 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.

(ii) 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 equity 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.

(l) Investments in Subsidiaries

(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 all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control cease.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Investments in Subsidiaries (continued)

(i) *Subsidiary and Basis of Consolidation (continued)*

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 Association. Consistent accounting policies are applied for like transactions and event in similar circumstances.

All intra-group balances, income and expenses and unrealised 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 Group. They are shown separately in the consolidated statement of comprehensive income, statement of changes in funds 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 transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

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 profit or loss 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 accumulated fund 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Investments in Subsidiaries (continued)

(iv) Transactions with Non-Controlling Interests

Changes in the Group ownership interests in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with fund owners of the Group. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their respective interests in the subsidiary. Any differences between the changes in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received are recognised within fund attributable to members of the Association.

(m) 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.

(n) 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/or deposits with maturities more than 3 months are excluded from cash and cash equivalents.

(o) Financial Liabilities

Financial liabilities include trade and other payables, payables to related parties and interest-bearing loans and borrowings. Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities other than derivatives are recognised initially at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. 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.

Interest-bearing liabilities are recognised initially fair value less attributable transaction costs. Subsequently to initial recognition, interest-bearing liabilities are stated at amortised costs with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

2. <u>SIGNIFICANT ACCOUNTING POLICIES</u> (continued)

(p) <u>Impairment of Non-Financial Assets</u>

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. 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 fair value less cost of disposal 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.

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 (except for impairment loss on goodwill) 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.

(q) <u>Leases</u>

<u>Operating Leases</u>

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 investment property/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.

(r) <u>Provisions</u>

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.

(s) <u>Related Parties</u>

A related party is defined as follows:

(A) A person or a close member of that person's family is related to the Association if that person:

(i) Has control or joint control over the Association;

(ii) Has significant influence over the Association; or

(iii) Is a member of the key management personnel of the Association.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Related Parties (continued)

(B) An entity is related to the Association if any of the following conditions applies:

(i) The entity and the Association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to each other).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the Association. If the Association is itself such a plan, the sponsoring employers are also related to the Association.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Association or to the parent of the Association.

3. INCOME FROM OTHER SERVICES

	Group		Association	
	2016	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**
Insurance commission	398,329	419,443	–	–
Consignment sales commission	655,677	737,648	655,677	737,648
Service income from:				
- training	12,000	–	–	–
- provision of driving testers and instructors	1,587,600	992,250	–	–
International driving permit fees	1,282,640	1,005,510	1,282,640	1,005,510
Event income	184,202	162,459	184,202	162,459
Income from sales of accessories	79,084	93,783	79,868	95,971
Agency fees	7,249	17,764	7,249	17,764
Vehicle evaluation fees	21,615	39,160	21,615	39,160
Miscellaneous income	322,525	312,339	176,574	180,480
	4,550,921	3,780,356	2,407,825	2,238,992

4. INTEREST INCOME

	Group		Association	
	2016	2015	2016	2015
	$	$	$	$
Interest income from:				
- bank accounts	1,255	239	1,218	239
- fixed deposits	798,278	545,374	260,829	192,390
- bonds	496,300	506,000	496,300	506,000
- amounts owing by subsidiary companies	–	–	450,000	450,000
	1,295,833	1,051,613	1,208,347	1,148,629

5. RENTAL INCOME

	Group		Association	
	2016	2015	2016	2015
	$	$	$	$
Gross rental from				
- investment property	959,515	1,643,791	–	–
- leasehold property	497,919	613,901	155,400	139,019
	1,457,434	2,257,692	155,400	139,019
Less: Property related expenses				
- investment property	(259,568)	(271,398)	–	–
- leasehold property	(236,562)	(116,502)	–	–
	(496,130)	(387,900)	–	–
	961,304	1,869,792	155,400	139,019

6. OTHER INCOME

	Group		Association	
	2016	2015	2016	2015
	$	$	$	$
Administrative and service income from subsidiary companies	–	–	1,981,787	2,048,679
Compensation received from insurance company	110,720	114,019	–	–
Gain on disposal of property, plant and equipment	1,627	53,878	1,627	53,878
Government grants	813,023	750,094	208,144	196,428
Other income received from insurance company	7,870	20,300	–	–
Sundry income	40,234	51,022	–	–
	973,474	989,313	2,191,558	2,298,985

7. DEPRECIATION EXPENSE

	Group		Association	
	2016	2015	2016	2015
	$	$	$	$
Depreciation on property, plant and equipment	2,828,776	2,422,496	1,489,949	1,637,026
Depreciation on investment property	348,000	348,000	–	–
	3,176,776	2,770,496	1,489,949	1,637,026

8. EMPLOYEE BENEFITS EXPENSE

	Group		Association	
	2016	2015	2016	2015
	$	$	$	$
Salaries and other related costs	15,390,432	13,417,343	3,920,591	3,823,689
Employer's contributions to Central Provident Fund	1,680,649	1,503,579	450,770	454,100
Other benefits	119,511	122,769	28,943	30,184
	17,190,592	15,043,691	4,400,304	4,307,973

9. OTHER EXPENSES

	Group		Association	
	2016	2015	2016	2015
	$	$	$	$
Audit fees	62,200	62,200	28,500	28,500
Donation and sponsorships	76,385	108,951	76,385	95,751
Highway magazine	550,042	510,055	550,042	510,055
Maintenance of property, plant and equipment	1,898,031	1,694,995	283,496	246,675
Office rental	453,234	433,979	453,234	433,979
Operating lease expense	327,790	238,625	164,827	164,825
Others administrative and operating expenses	2,191,450	2,065,367	979,860	1,044,108
Property, plant and equipment written off	224,349	25,549	274	16,133
Loss on disposal of available-for-sale financial assets	58,500	–	58,500	–
Towing and vehicle recovery expenses charged by				
- subsidiary companies	–	–	3,010,200	3,161,790
- third parties	207,907	253,450	1,055	953
	6,049,888	5,393,171	5,606,373	5,702,769

10. SG50 CELEBRATION EXPENSES NET OF RECOVERIES

	Group and Association	
	2016	2015
	$	$
Expenditure		
International Conference	–	221,128
Coffee Table Book	–	47,254
Heritage Drive for AA Wheel	–	174,012
Miscellaneous	–	165,085
	–	607,479
Less: Amount recovered		
Income from International Conference	–	56,000
Income from Heritage Drive for AA Wheel	–	61,319
	–	117,319
SG50 celebration expenses net of recoveries	–	490,160

This was relating to Singapore 50th years anniversary celebration events in 2015.

11. INCOME TAX EXPENSE

	Group		Association	
	2016	2015	2016	2015
	$	$	$	$
Provision for current taxation	651,667	309,904	154,598	168,359
Deferred taxation written back (note 24)	(100,412)	–	–	–
(Over)/under-provision of taxation in prior year	(51,304)	69,454	(40,814)	56,736
	499,951	379,358	113,784	225,095
Reconciliation of income tax expense:				
(Deficit)/surplus before tax	(494,889)	2,091,996	868,714	733,061
Tax at statutory rate of 17%	(84,131)	355,639	147,681	124,620
Tax effects of:-				
Non-deductible expenses	2,884,340	2,316,754	2,132,328	2,193,811
Non-taxable income	(2,083,774)	(2,108,015)	(2,070,360)	(2,100,547)
Statutory stepped income exemption	(89,869)	(131,355)	(25,925)	(25,925)
Corporate tax rebate	(73,141)	(92,185)	(27,944)	(41,150)
Tax incentives	–	(6,370)	–	–
Enhanced capital allowance	(49,959)	(5,453)	–	–
(Over)/under-provision of taxation in prior year	(51,304)	69,454	(40,814)	56,736
Deferred tax assets/ (liabilities) not recognised	26,533	(3,830)	–	–
Deferred tax liabilities/ (assets) previously not recognised	22,242	(32,455)	–	–
Others	(986)	17,174	(1,182)	17,550
	499,951	379,358	113,784	225,095

As at the balance sheet date, the Group has unutilised tax losses and unutilised capital allowances amounting to approximately $408,847 (2015: $277,114) and $26,760 (2015: $26,760) 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 $74,053 (2015: $51,659) arising from the above tax losses and capital allowances are not recognised in the accounts due to the uncertainty of future taxable profits being available against which the tax losses and capital allowances can be utilised.

12. PROPERTY, PLANT AND EQUIPMENT

(a) Group

Group	Leasehold property under construction	Leasehold property	Motor vehicles and equipment	Tow trucks	Furniture, fittings and office equipment	Fruit machine	Renovation	Total
	$	$	$	$	$	$	$	$
Cost								
At 1 January 2015	–	9,577,853	600,800	6,887,348	3,100,427	2,000,128	3,256,927	25,423,483
Additions	–	–	198,049	453,430	107,884	236,400	15,700	1,011,463
Disposals/written off	–	–	(92,488)	(10,646)	(74,448)	(144,000)	–	(321,582)
At 31 December 2015 and 1 January 2016	–	9,577,853	706,361	7,330,132	3,133,863	2,092,528	3,272,627	26,113,364
Transfer to leasehold property under construction	6,796,151	(6,796,151)	–	–	–	–	–	–
Elimination of accumulated depreciation on redevelopment	–	(2,503,848)	–	–	–	–	–	(2,503,848)
Additions	497,577	–	47,811	154,457	267,524	146,967	124,685	1,239,021
Disposals/written off	–	(277,854)	(61,990)	(1,046,650)	(171,087)	(86,000)	(792,557)	(2,436,138)
At 31 December 2016	7,293,728	–	692,182	6,437,939	3,230,300	2,153,495	2,604,755	22,412,399
Accumulated depreciation								
At 1 January 2015	–	2,210,276	452,922	3,867,865	1,923,710	1,037,484	1,249,457	10,741,714
Charge for the year	–	184,190	41,378	460,968	467,294	403,149	865,517	2,422,496
Disposals/written off	–	–	(92,488)	(10,646)	(47,977)	(135,995)	–	(287,106)
At 31 December 2015 and 1 January 2016	–	2,394,466	401,812	4,318,187	2,343,027	1,304,638	2,114,974	12,877,104
Charge for the year	–	184,190	58,048	1,047,517	379,561	372,052	787,408	2,828,776
Elimination of accumulated depreciation on redevelopment	–	(2,503,848)	–	–	–	–	–	(2,503,848)
Disposals/written off	–	(74,808)	(61,990)	(1,046,650)	(163,556)	(84,906)	(574,294)	(2,006,204)
At 31 December 2016	–	–	397,870	4,319,054	2,559,032	1,591,784	2,328,088	11,195,828
Carrying amount								
At 31 December 2016	7,293,728	–	294,312	2,118,885	671,268	561,711	276,667	11,216,571
At 31 December 2015	–	7,183,387	304,549	3,011,945	790,836	787,890	1,157,653	13,236,260

12. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Group (continued)

Leasehold Property under Construction

During the financial year, the Group demolished the building on leasehold land and commenced redevelopment of a new seven-story building which will be completed in 2018. As a result, the Group recognised the loss on building demolition amounting to $203,046 for the redevelopment of leasehold property and transferred leasehold land with carrying amount of $6,796,151 to the leasehold property under construction in the financial year.

Leasehold land with carrying amount of $6,796,151 was revalued at $19,400,000 as at 31 December 2016 by an independent professional valuer, Jones Lang LaSalle. The valuation was performed at market value basis and cross-checked with comparables land sales in the vicinity.

Tow Trucks

During the financial year, the Group carried out a review of the recoverable amounts of certain tow trucks which were purchased in prior years specifically for use in Land Transport Authority's towing contracts. The Group decided to accelerate the depreciation and charge an additional depreciation of $526,074 (2015: nil) in 2016 as the contracts will expire on July 2017 without further renewal.

Renovation

Included in the carrying amount of renovation is an amount of provision of reinstatement cost of $13,439 (2015: $117,787).

(b) **Association**

	Motor vehicles and equipment	Furniture, fittings and office equipment	Fruit Machine	Renovation	Total
	$	$	$	$	$
Cost					
At 1 January 2015	136,264	2,347,241	2,000,128	2,446,600	6,930,233
Additions	198,049	73,228	236,400	15,700	523,377
Disposals/written off	(92,488)	(56,405)	(144,000)	–	(292,893)
At 31 December 2015 and 1 January 2016	241,825	2,364,064	2,092,528	2,462,300	7,160,717
Additions	47,811	129,767	146,967	–	324,545
Disposals/written off	–	(27,267)	(86,000)	–	(113,267)
At 31 December 2016	289,636	2,466,564	2,153,495	2,462,300	7,371,995
Accumulated depreciation					
At 1 January 2015	132,175	1,254,946	1,037,484	724,390	3,148,995
Charge for the year	20,593	384,393	403,149	828,891	1,637,026
Disposals/written off	(92,488)	(39,239)	(135,995)	–	(267,722)
At 31 December 2015 and 1 January 2016	60,280	1,600,100	1,304,638	1,553,281	4,518,299
Charge for the year	43,594	319,720	372,052	754,583	1,489,949
Disposals/written off	–	(24,924)	(84,906)	–	(109,830)
At 31 December 2016	103,874	1,894,896	1,591,784	2,307,864	5,898,418
Carrying amount					
At 31 December 2016	185,762	571,668	561,711	154,436	1,473,577
At 31 December 2015	181,545	763,964	787,890	909,019	2,642,418

Included in the carrying amount of renovation is an amount of provision of reinstatement costs of $13,439 (2015: $117,787).

13. INVESTMENT PROPERTY

	Group Freehold Property	
	2016	2015
	$	$
Cost		
At 1 January and 31 December	44,409,280	44,409,280
Accumulated depreciation and impairment loss		
At 1 January	493,000	145,000
Depreciation charge for the year	348,000	348,000
Impairment loss charge for the year	3,568,280	–
At 31 December	4,409,280	493,000
Carrying amount		
At 31 December	40,000,000	43,916,280

The fair value of the above investment property of the Group amounted to approximately $40 million (2015: $45 million) as at 31 December 2016. This is based on valuation report dated 11 January 2017 (2015: 3 March 2015) performed by an independent valuer, Jones Lang LaSalle, who holds a recognised and relevant professional qualification. The valuation is based on the investment method of valuation and cross-checked the direct comparisons with transactions of comparable properties within the vicinity and elsewhere.

The investment property is leased to non-related parties under non-cancellable operating leases.

14. INTANGIBLE ASSETS

	Group Computer Software	
	2016	2015
	$	$
Cost		
At 1 January	63,735	–
Addition	1,135	63,735
At 31 December	64,870	63,735
Accumulated amortisation		
At 1 January	1,440	–
Amortisation for the year	12,898	1,440
At 31 December	14,338	1,440
Carrying amount		
At 31 December	50,532	62,295

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

	Group		Association	
	2016	2015	2016	2015
	$	$	$	$
Quoted non-equity investments				
- Redeemable in 2017	2,011,800	2,037,000	2,011,800	2,037,000
- Redeemable in 2021	3,033,810	4,475,955	–	1,503,825
- Redeemable in 2022	1,505,625	1,492,500	1,505,625	1,492,500
- Redeemable in 2049	6,069,240	6,125,520	6,069,240	6,125,520
	12,620,475	14,130,975	9,586,665	11,158,845
Available-for-sale financial assets held as:				
Non-current assets	10,608,675	14,130,975	7,574,865	11,158,845
Current assets	2,011,800	–	2,011,800	–
	12,620,475	14,130,975	9,586,665	11,158,845

The above investments consist of quoted commercial bonds and preference shares with interest/dividend yield ranging from 2.95% to 5.38% (2015: 2.95% to 5.38%) per annum.

16. INVESTMENTS IN SUBSIDIARY COMPANIES

	Association	
	2016	2015
	$	$
(a) Unquoted shares, at cost		
At 1 January	6,450,002	6,450,002
Additions	–	–
At 31 December	6,450,002	6,450,002
Less: Impairment loss		
At 1 January	(2,063,500)	(2,063,500)
Reversal of impairment loss	–	–
At 31 December	(2,063,500)	(2,063,500)
	4,386,502	4,386,502

16. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

(b) The subsidiary companies of the Association are as follows:

	Name of subsidiary companies	Principal activities	Country of incorporation/ Principal place of business	Percentage of ownership interest		Cost of investments	
				2016	2015	2016	2015
				%	%	$	$
*	Autoswift Recovery Pte Ltd	Provision of vehicle recovery and towing services	Singapore	100	100	4,500,000	4,500,000
*	AAS Insurance Agency Pte. Ltd.	General insurance agents	Singapore	100	100	500,000	500,000
*	AA Vehicle Inspection Centre Pte Ltd	Investment holding	Singapore	100	100	1,000,000	1,000,000
*	A.A. Travel & Tours Pte. Ltd.	Dormant	Singapore	100	100	450,000	450,000
*	AAS @ 217 East Coast Road Pte. Ltd.	Holding of investments to derive investment income	Singapore	100	100	2	2
						6,450,002	6,450,002
	Held by AA Vehicle Inspection Centre Pte Ltd						
*	AAS Academy Pte. Ltd.	Provision of training establishment for drivers	Singapore	100	100	100,000	100,000
*	AA-SPCS Services Pte. Ltd.	Provision of driving testers and instructors	Singapore	70	70	350,000	350,000

* These subsidiary companies were audited by Lo Hock Ling & Co.

16. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

(c) Subsidiary with non-controlling interests (NCI)

Summarised financial information in respect of the Group's subsidiary that has non-controlling interests is set out below. The summarised financial information below represents amounts before intra-group eliminations.

	AA-SPCS Services Pte. Ltd.	
	2016	**2015**
	$	**$**
Summarised statement of comprehensive income		
Revenue	1,587,600	992,250
Profit for the year	510,203	213,894
Total comprehensive income	510,203	213,894
Attributable to NCI:		
Profit for the year	153,061	64,168
Total comprehensive income	153,061	64,168
Summarised statement of financial position		
Non-current assets	7,059	7,811
Current assets	1,532,638	924,251
Non-current liabilities	–	–
Current liabilities	315,600	218,168
Net assets	1,224,097	713,894
Net assets attributable to NCI	367,229	214,168
Other summarised information		
Net cash inflow/(outflow) from:		
- operating activities	869,591	33,092
- investing activities	(849,567)	(138,979)
- financing activities	(2,325)	502,325
Net increase in cash and cash equivalents	17,699	396,438

17. AMOUNTS DUE BY/TO SUBSIDIARY COMPANIES

	Association 2016	Association 2015
	$	$
(i) Amount due by subsidiary companies		
- Due after 12 months		
- non-trade*	45,000,000	45,000,000
- Due within 12 months		
- trade	–	7,375
- non-trade	16,938,123	16,834,898
	16,938,123	16,842,273
	61,938,123	61,842,273
(ii) Amount due to subsidiary companies		
- Due within 12 months		
- trade	2,774,889	1,926,296
- non-trade	1,058,690	1,025,480
	3,833,579	2,951,776

The Association placed the fixed deposits amounting to $12,549,858 (2015: $12,350,000) with financial institutions in the name of a subsidiary company before the year end. The fixed deposits earned interest rates ranges from 1.30% to 1.90% (2015: 1.32% to 1.95%) per annum and the maturity period between 1 to 10 months (2015: 1 to 10 months). Interest income in respect of these fixed deposits has been paid back to the Association.

* Included in amount due by subsidiary companies is an unsecured loan amounting to $45 million (2015: $45 million). This loan bears interest at 1.00% (2015: 1.00%) per annum and is not expected to be repaid within the next twelve months.

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

18. INVENTORIES

Group and Association

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

19. TRADE AND OTHER RECEIVABLES

	Group		Association	
	2016	2015	2016	2015
	$	$	$	$
Trade receivables	4,723,808	3,560,660	2,789,701	1,898,064
Less: Allowance for doubtful debts				
Balance at beginning of the year	–	(24,728)	–	–
Bad debts written off against allowance	–	24,728	–	–
Balance at end of the year	–	–	–	–
	4,723,808	3,560,660	2,789,701	1,898,064
Accrued revenue	713,876	666,823	859,406	815,994
Deposits	437,869	342,792	326,388	309,602
Non-trade receivables	456,753	502,427	8,967	20,087
Prepayments	282,864	383,814	154,476	188,963
Retention sum receivables*	1,200,000	1,200,000	1,200,000	1,200,000
	7,815,170	6,656,516	5,338,938	4,432,710

Trade receivables are non-interest bearing and are generally on 30 days' (2015: 30 days') terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

* In 2013, 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 upon completion. The sum of $1,200,000 was held by the purchaser's solicitors as stakeholders pending the resolution of certain items disputed with the Management Corporation Strata Title Plan No. 918 (MCST 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 26) in 2013. The Association is currently in negotiation with the purchaser to resolve the outstanding issues in the coming year.

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

20. CASH AND CASH EQUIVALENTS

	Group		Association	
	2016	2015	2016	2015
	$	$	$	$
Fixed deposits	41,387,000	39,478,059	5,459,088	4,397,647
Cash and bank balances	9,228,590	5,249,396	4,223,817	2,748,069
Cash and cash equivalents (Statement of Financial Position)	50,615,590	44,727,455	9,682,905	7,145,716
Less:				
Fixed deposits pledged with banks and/or with maturities over 3 months	(35,667,675)	(34,842,215)	(5,459,088)	(4,397,647)
Cash and cash equivalents (Statement of Cash Flows)	14,947,915	9,885,240	4,223,817	2,748,069
Fixed deposits with maturities				
less than 3 months	7,076,370	5,984,800	1,357,045	1,348,956
between 3 and 12 months	34,310,630	33,493,259	4,102,043	3,048,691
	41,387,000	39,478,059	5,459,088	4,397,647

Fixed deposits of $1,357,045 (2015: $1,348,956) 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.

Fixed deposits of the Association amounting to $1,042,272 (2015: $1,024,346) are placed with financial institutions for the maturities of 9 months (2015: 9 months) on behalf of the subsidiary companies. Interest income in respect of these fixed deposits has been paid back to the subsidiary companies.

All fixed deposits bear interest at rates ranging from 0.35% to 1.41% (2015: 0.25% to 1.90%) per annum.

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. FRUIT MACHINE REPLACEMENT RESERVE

	Group and Association	
	2016	2015
	$	$
Balance at beginning of the year	3,600	–
Transfer from accumulated funds	240,000	240,000
Purchase of fruit machine	(146,967)	(236,400)
	93,033	3,600
Balance at end of the year	96,633	3,600

23. SUBSCRIPTIONS RECEIVED IN ADVANCE

	Group		Association	
	2016	2015	2016	2015
	$	$	$	$
Due after 12 months				
Life membership subscriptions	279,766	306,778	279,766	306,778
Ordinary and other membership subscriptions	2,310,061	2,478,320	2,310,061	2,478,294
	2,589,827	2,785,098	2,589,827	2,785,072
Due within 12 months				
Life membership subscriptions	27,012	27,237	27,012	27,237
Ordinary and other membership subscriptions	1,963,358	2,038,183	1,957,447	2,030,637
	1,990,370	2,065,420	1,984,459	2,057,874
Total subscriptions received in advance	4,580,197	4,850,518	4,574,286	4,842,946

24. DEFERRED TAX LIABILITIES

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

	Group	
	2016	2015
	$	$
Balance at beginning of the year	466,780	468,780
Deferred taxation written back (note 11)	(100,412)	–
Balance at end of the year	368,368	468,780

25. TRADE AND OTHER PAYABLES

	Group		Association	
	2016	2015	2016	2015
	$	$	$	$
Due after 12 months				
Provision (note 26)	356,300	356,300	356,300	356,300
Deferred operating lease	–	14,339	–	14,339
	356,300	370,639	356,300	370,639
Due within 12 months				
Trade payables	224,570	79,114	–	–
Accrued operating expenses	5,629,602	4,657,836	2,151,221	2,239,655
Deposits	267,019	404,148	37,817	31,478
Deferred income	21,720	21,707	21,720	21,707
Goods and services tax payables	588,401	520,093	195,831	215,484
Non-trade payables	418,396	754,553	367,953	669,720
Provisions (note 26)	1,338,439	1,396,491	1,338,439	1,396,491
Deferred operating lease	8,450	40,288	8,450	40,288
	8,496,597	7,874,230	4,121,431	4,614,823
Total trade and other payables	8,852,897	8,244,869	4,477,731	4,985,462

Trade and other payables due within 12 months are unsecured, non-interest bearing and are normally settled within 30 to 90 days (2015: 30 to 90 days) or on demand.

26. PROVISIONS

		Group and Association	
		2016	2015
		$	$
	Provision for:		
	Rectification work (note 19)	1,200,000	1,200,000
●	Reinstatement cost	356,300	356,300
*	Capital expenditure	138,439	164,817
	Others	–	31,674
		1,694,739	1,752,791
	Represented by:		
	Due after 12 months (note 25)	356,300	356,300
	Due within 12 months (note 25)	1,338,439	1,396,491
		1,694,739	1,752,791

● 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.

27. RELATED PARTY DISCLOSURES

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 between the Association and its related parties, not otherwise disclosed in the financial statements, are as follows:

	Association	
	2016	2015
	$	$
(a) With subsidiary companies		
Administrative and service income	1,981,787	2,048,679
Rental and facilities income	69,516	64,116
Interest income	450,000	450,000
Sales of property, plant and equipment	891	111
Sales of inventories	784	2,188
Towing and vehicle recovery service charges	3,010,200	3,161,790
Services, supplies and call centre expenses	139,012	169,805
Promotion expenses	16,260	–

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

	Group		Association	
	2016	2015	2016	2015
	$	$	$	$
Donation and sponsorship expenses	48,600	73,544	48,600	60,344
General expenses	130	–	130	–
Legal and professional fees	105,720	98,540	10,720	3,540
Purchase of services	6,960	7,080	5,400	4,800

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

28. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation is as follows:-

	Group and Association	
	2016	2015
	$	$
Salaries and other related costs	1,096,266	1,063,990
Employer's contributions to Central Provident Fund	98,709	82,587
Short-term employee benefits	1,194,975	1,146,577

29. OPERATING LEASE COMMITMENTS

(i) Where the Group and the Association are the lessees

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 the Association are the lessees:

	Group		Association	
	2016	2015	2016	2015
	$	$	$	$
Lease expense payable				
- within 1 year	1,252,548	865,854	814,304	859,704
- after 1 year but not later than 5 years	1,802,672	176,103	1,170,035	176,103
	3,055,220	1,041,957	1,984,339	1,035,807

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.

(ii) Where the Group and the Association are the lessors

The Group and the Association lease out the investment property and one unit of the leasehold property to non-related parties under non-cancellable operating leases. As at the balance sheet date, lease commitments under non-cancellable operating leases where the Group and the Association are the lessors, are as follows:

	Group		Association	
	2016	2015	2016	2015
	$	$	$	$
Lease income receivable				
- within 1 year	808,222	1,551,768	62,383	94,597
- after 1 year but not later than 5 years	463,576	1,187,989	52,800	33,583
	1,271,798	2,739,757	115,183	128,180

The above operating leases do not provide for contingent rents.

30. CAPITAL COMMITMENTS

As at the balance sheet date, the Group and the Association have capital commitments amounting to $1,666,023 (2015: $101,094) and $31,350 (2015: $101,094) in respect of contracted expenditure for the redevelopment of leasehold property and purchase of property, plant and equipment, which have not been recognised for in the financial statements.

31. 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.

Credit evaluations are performed on all tenants. Tenants are required to place security deposits with the Group at the commencement at each tenant term.

During the financial year, the Group derived 47% (2015: 38%) of its total income from a major customer, located in Singapore. At the balance sheet date, 83% (2015: 73%) 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.

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	
	2016	2015	2016	2015
	$	$	$	$
By business segments				
Insurance	104,971	56,296	–	–
Towing	1,536,040	1,162,689	16,548	21,555
Other services	3,082,797	2,341,675	2,773,153	1,876,509
	4,723,808	3,560,660	2,789,701	1,898,064

31. FINANCIAL RISK MANAGEMENT (continued)

(i) Credit risk (continued)

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. Cash and cash equivalents that neither past due nor impaired are mainly deposits placed with reputable financial institutions with high credit-ratings.

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 as follows:

	Group		Association	
	2016	2015	2016	2015
	$	$	$	$
Trade receivables past due:				
0 to 3 months	167,961	257,210	13,972	9,600
4 to 6 months	111,285	50,385	–	–
	279,246	307,595	13,972	9,600

Financial assets that are impaired

The gross amount of trade receivables individually determined to be impaired as at the balance sheet date are nil and the movements in the related allowance for doubtful debts are as follows:

	Group		Association	
	2016	2015	2016	2015
	$	$	$	$
Balance at beginning of the year	–	24,728	–	–
Bad debts written off against allowance	–	(24,728)	–	–
Balance at end of the year	–	–	–	–

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.

31. FINANCIAL RISK MANAGEMENT (continued)

(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 primarily 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.

Information relating to the Group's interest rate exposure is also disclosed in the notes to the financial statements. The Group does not enter into derivative to hedge its interest rate risk.

The effect of interest rate change on equity and profit is not significant as the Group's and the Association's financial instruments are either at fixed interest rate or non-interest bearing as at the balance sheet date.

(iv) Market price risk

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

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:

	Group		Association	
	2016	2015	2016	2015
	$	$	$	$
Fair value reserve	631,024	706,549	479,333	557,942

This analysis assumes that all other variables remain constant.

32 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

(i) Fair Value Hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used 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)

Fair value measurement that used inputs of different hierarchy levels are categorised in its entirely in the same level of the fair value hierarchy as the lowers level input that is significant to the entire measurement.

32 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

(ii) Assets and Liabilities Measured at Fair Value and Not Measured at Fair Value but which Fair Values are Disclosed

The following table shows an analysis of each class of assets and liabilities measured at fair value by the end of the reporting period:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Group				
2016				
Available-for-sale financial assets	12,620,475	–	–	12,620,475
Investment property	–	–	40,000,000	40,000,000
	12,620,475	–	40,000,000	52,620,475
2015				
Available-for-sale financial assets	14,130,975	–	–	14,130,975
Investment property	–	–	45,000,000	45,000,000
	14,130,975	–	45,000,000	59,130,975
Association				
2016				
Available-for-sale financial assets	9,586,665	–	–	9,586,665
2015				
Available-for-sale financial assets	11,158,845	–	–	11,158,845

The General Committee oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

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

(iii) Fair Value of Financial Instruments that are Not Carried at Fair Value

The carrying amounts of cash and cash equivalents, receivables and payables classified as current assets and liabilities approximate their fair values due to the short term nature.

Financial Instruments by Category

The aggregate carrying amounts of financial instruments classified into the following categories:

	Group		Association	
	2016	2015	2016	2015
	$	$	$	$
Loans and receivables	58,147,896	51,000,157	76,805,490	73,231,736
Financial liabilities at amortised cost	6,539,587	5,895,651	6,390,570	5,892,629

33 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 AAS Insurance Agency Pte. Ltd., the other entities in the Group are not subject to externally imposed capital requirements.

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

AAS Insurance Agency Pte. Ltd. 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 since the previous financial year.

34 EVENT OCCURRING AFTER REPORTING PERIOD

Subsequent to the financial year end, the Group has awarded a construction contract to a third party for the proposed redevelopment of a new seven-storey building at contract sum of approximately $16,430,000. The construction is expected to be completed in 2018.

35 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Association and consolidated financial statements of the Group for the year ended 31 December 2016 were authorised for issue by the General Committee on 30 March 2017.

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: Tuesday, 30 May 2017
Time: 6.30pm
Venue: Fort Canning Lodge (YWCA)
6 Fort Canning Road
Level 2, Sophia Cooke Ballroom
Singapore 179494

AGENDA

1. President's Address
2. To confirm the Minutes of the Annual General Meeting held on 25 May 2016
3. To receive and, if approved, adopt the Annual Report and Audited Financial Statements for the year ended 31 December 2016
4. To elect six members to the Committee for the ensuing term
5. To appoint auditors for the ensuing year
6. To transact any other business of which notice in writing has been received by the Chief Executive Officer by 5pm on Tuesday, 23 May 2017

BY ORDER OF THE GENERAL COMMITTEE

CHIA HO CHOON
SECRETARY

5 May 2017

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 Tuesday, 23 May 2017, 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, 19 May 2017. 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 or at 51 Ang Mo Kio Ave 3 #02-02 51@AMK Singapore 569922 between 10am to 10pm, Mondays to Sundays.

e. Members may collect the 2016 Annual Report at 535 Kallang Bahru, #02-08 GB Point Singapore 339351 or at 51 Ang Mo Kio Ave 3 #02-02 51@AMK Singapore 569922 prior to the AGM or collect a copy at the AGM. A soft copy will also be available at www.aas.com.sg.

AUTOMOBILE ASSOCIATION
OF SINGAPORE

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

AUTOMOBILE ASSOCIATION OF SINGAPORE

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Tel: 6333 8811 Fax: 6733 5094

Membership Services
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