



AUTOMOBILE ASSOCIATION  
OF SINGAPORE

# CHANGING ENVIRONMENTS

CONSTANT VALUES



## VISION

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

## MISSION

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

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

To excel in our products, services and people.

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# VALUE

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

# ADVANCED

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

# LOYAL

We believe in building loyal and trusted relationships.

# UNITED

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

# ETHICAL

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

# PRESIDENT'S MESSAGE

“2014 has  
been a good  
year for AA  
Singapore.”

## **2014: A JOURNEY OF PROMISING CHANGES**

I am pleased to announce that 2014 has been a good year for AA Singapore.

We settled quickly and smoothly into Kallang Bahru. With the ample parking facilities and easy access to food outlets, the centre has been well received by our Members. More Members are visiting the new office for International Driving Permit (IDP) and other membership services.

AA @ GB Point was not the only new premises we operated from in 2014. We moved out of Pearls Centre and in June 2014, we opened another outlet at 51@AMK. This new branch boasts better features that help to improve accessibility and meet your needs — particularly its longer opening hours, its central location, and its proximity to the Ang Mo Kio MRT Station and Ang Mo Kio Bus Interchange. With the enhancements, we are pleased to see an increase in traffic to AA @ 51 AMK by both AA Members and non-members. This shows we are on the right track towards serving you better.

Apart from the two new offices, we also acquired a commercial building at 217 East Coast Road for investment. This mixed-use building housed assortment of dining outlets, retail shops and offices. The rental income provides an alternative source of income for AA Singapore, allowing us to grow and enhance our range of services to you.

**Bernard Tay**  
President



While we see the importance of physical premises for organisational growth, we also recognise the need to continually improve our administrative systems and procedures for efficiency. In particular, we have enhanced the International Driving Permit (IDP) application process by allowing the applicant's photograph and driving class details to be printed on a sticker, which will be pasted on the IDP booklet, eliminating the need for a physical photograph. In addition, tablets are now used for walk-in IDP applications. These improvements shorten the application processing time and help reduce the chances of errors and fraud, bringing you better protection.

Over at the AA Winners' Club, enhancements were made to provide better gameplay. Over 60 fruit machines have been thoughtfully selected to ensure that we could offer a wide selection of game variety and satisfying experience. AA @ 51 AMK is now installed with over 30 game machines, with the Jackpot Management System integrating all the machines, including those at AA @ GB Point, to provide you with greater convenience, flexibility and security. We have extended the Happy Hours at the AA Winners' Club at both branches, creating more opportunities for all of you to interact with one another and chances for more time-based mystery jackpot wins.

2014 was also an exciting year for AA Autoventure, as it strived to turn innovative ideas into actual new



driving experiences for you. During the period from 7 May to 6 June 2014, AA Autoventure, partnering Prime Travel, organised an ambitious 30-day fly-drive, bringing the convoy across Japan. On 16 November 2014, a 44-car convoy formed by 131 participants set out on a mouth-watering journey to Penang, Malaysia, and Hat Yai, Thailand, on 6D5N trip for the Lianhe Wanbao Makan Trail. We were pleasantly surprised and greatly encouraged by the largest turnout ever for this event.

Providing essential automobile services has always been our paramount concern. To better serve you, our subsidiary, AutoSwift Recovery Pte Ltd, made modifications to 5 Isuzu pickup trucks to increase the capacities of these service vehicles for carrying more batteries and power tools to ensure we are able to serve you



better. With more batteries and equipment on board, AutoSwift could extend the coverage of its recovery service, significantly improving staff productivity and efficiency. Such an improvement was one of many ongoing initiatives of AA Singapore.

We were pleased to observe an increase in the number of AA Members visiting AA Approved Workshops and AA Recommended Tyre Shops in 2014. This rise in patronage clearly underscored the growth of the AA Singapore brand's prestige and trustworthiness. By the end of 2014, there was a 20% increase in the patronage of AA Approved Workshops and a 37% increase in that of AA Recommended Tyre Shops. Moving forward, we will continue to build on your support and the trust you have in us.

Apart from our other services, our insurance products have always

been well-received. Hence, we added two new motor insurance plans in 2014 to our existing spread of insurance plans to provide you with more options. One of them was the AA Motor Plus, a customised plan that offered higher personal accident and medical expense coverage. The other was the AA Senior Motor Plus for senior drivers, the first of its kind in Singapore. These two comprehensive plans have received positive response since their launch. In addition, we have also set up a branch of AAS Insurance Agency (AAS-IA) at AA @ 51 AMK for your convenience.

The implementation of the PDPA/DNC regulation also induced changes to our corporate practices. We have reviewed our practices, including our telemarketing initiatives, and made necessary adjustments so as to comply with the new regulation.



## 2015: A WAY FORWARD

We hope to offer more in 2015.

What we have accomplished at the beginning of the year was the

“Moving forward, we will continue to build on your support and the trust you have in us.”





launch of the online application system for TourCare Plus on AAS-IA's website, to allow you to buy the travel insurance easily online. TourCare Plus is a comprehensive travel insurance plan we offer in collaboration with Liberty Insurance. With our partners, we will also be rolling out more customised insurance policies to better meet your needs – policies for women, students, domestic workers, homeowners, and, of course, drivers.

More information on these insurance products will be released soon.

Surely, road trip lovers shall not wait in vain. In fact, AA Autoventure will be bringing you to places previously not ventured into, such as Yunnan and Tibet, China, and Myanmar. I foresee that we will have many exhilarating and rewarding trips this year.

I am confident 2015 will be another fruitful and exciting year. I invite you

to visit us at our two new offices more frequently and take advantage of the facilities and the networking opportunities. Keep a close lookout for our activities and products coming your way.

A handwritten signature in black ink, appearing to read 'Bernard Tay'.

**Bernard Tay**  
President

# GENERAL COMMITTEE



**Bernard Tay**  
President

**Low Beng Tin**  
Deputy  
President

**Rankin B. Yeo**  
Treasurer

**Chia Ho Choon**  
Secretary

**Lee Han Yang**  
Committee  
Member

**S Chandra Mohan**  
Committee  
Member





**Tan Chian Khong**  
Committee  
Member

**Wan Fook Kong**  
Committee  
Member

**Robert Tan**  
Committee  
Member

**Chan Chik Weng**  
Committee  
Member

**Thomas Yeoh**  
Committee  
Member

**Tay Boon Keng**  
Committee  
Member

# YEAR IN REVIEW



“We continued to build our Members’ trust in the AA Singapore brand.”

## CHANGING ENVIRONMENTS

It has been more than a year since AA Singapore moved into GB Point in November 2013 (official opening in April 2014). This was followed shortly by the move of the AA outlet at Pearls Centre to 51@AMK, marking 2014 as a year of change. The change was not just in the physical locations, but also in the systems put in place to enhance our services for AA Members.

AA @ 51 AMK was opened on 28 June 2014. The ease of access to the more centrally located outlet with an MRT station and a major bus interchange situated nearby led to an increase in the number of Members and the public dropping by. The extended operating hours also enhanced the attractiveness of the outlet.

Changes also happened to the International Driving Permit (IDP)

system, which was further enhanced to facilitate the processing of IDP applications by using tablets to complete IDP applications for walk-in customers. The tablets also allowed the Membership and Customer Service staff to take customers’ photographs on the spot, eliminating the need for physical copies. The photographs, driving class details and date of issue of the IDP, including the applicant’s name, address and date of birth, are now printed on stickers, minimising the risk of administrative errors and fraud, and at the same time, improved the processing time.

## New Environments, Greater Ease of Play

Increasing variety and opportunities were the themes of AA Winners’ Club in 2014. Taking advantage of the move from Pearls Centre to 51@AMK, AA Singapore increased the

number of game machines at the outlet to provide greater variety to our Members in order to serve them better.

The 51@AMK outlet was installed with the Jackpot Management System (JMS) as part of an integrated system linked to the one in the GB Point outlet. The integration provided greater convenience, flexibility and security for AA Winners' Club Members to play their favourite fruit machines at both branches. AA Singapore has over 60 note-operated fruit machines, offering Members greater game variety that greatly enhanced player experience.

AA Members can look forward to even more time-based mystery jackpot wins and greater opportunity to network and get to know one

another better with increased Happy Hours sessions at the AA Winners' Club at GB Point and 51@AMK.

Our congratulations to the over 200 lucky winners who garnered prizes and walked away with Mystery Jackpots winnings ranging from \$100 to \$24,695, without having to secure any winning combination on the fruit machines!

### Seeking New Environments, New Experiences

The iconic AA Autoventure is constantly looking to bring new driving experiences to our Members. Working with Prime Travel, which has the expertise in organising tours to Japan, AA Autoventure organised a first-of-its-kind 30-day driving tour across Japan – 30D29N Fly-Drive Cross Japan Tour from 7 May to 6 June 2014. During the inaugural



fly-drive, Members enjoyed the lovely parks and sights and delicious Japanese cuisine. Although it was a long drive, Anita Teo, an AA Member who went on the trip, praised the Autoventure as being "very well-planned".

In a separate event, the Lianhe Wanbao Makan Trail celebrated its sixth year with the biggest turnout of a total of 131 participants and a convoy of 44 cars for the 6D5N trip that brought them to Penang, Malaysia, and Hat Yai, Thailand.

### Venturing into New Roads

Changes also took place in our investment venture, with our new property acquisition. Last year, AA Singapore completed the purchase of Tides at 217 East Coast Road. The locale is a well-known F&B-cum-lifestyle enclave on the eastern side





of Singapore bustling with activities. With over 22,000 sq ft of lettable area and filled with F&B and retail outlets as well as offices, Tides has been evaluated to yield good returns on investment. The gains from this investment will help us grow and, as a result, allow us to serve you better.

### CONSTANT VALUE

#### Bringing Peace of Mind to Members, wherever They are

AA Singapore continued to strive for service excellence and to provide our

Members with help to the best of our efforts. Our roadside assistance service rendered to Members increased by 1.17% in 2014 compared to 2013.

Our subsidiary, AutoSwift Recovery Pte Ltd (ASR), purchased and retrofitted 5 Isuzu pickup trucks with a higher laden weight, thus enabling us to equip our service vehicles with more batteries and reduce the need for replenishing them during service crew's shift.

The enhanced pickup trucks also had improved configuration of tool cabinets for better organisation of tools, thereby increasing productivity and efficiency. These enhancements allowed our service crew to respond faster to our Members' service requests. Some of these trucks are also equipped with compressors that enable power tools, facilitating us to better serve our Members.

As we continued to build our Members' trust in the AA Singapore brand, we saw an increase of more than 20% in the number of AA Members visiting AA Approved Workshops and an increase of more than 37% in the number of Members patronising the AA Recommended Tyre Shops in 2014 as compared to the year before.

### Members' Security Takes Precedence

The PDPA/DNC recognises both the rights of customers/Members to protect their personal data as well as the needs of companies to collect, use or disclose personal data for legitimate and reasonable purposes. While this

“We constantly remain sensitive to the varied needs of our Members.”



new requirement sets limitations for AA Singapore, especially with regard to telemarketing, we have put in place best practices to ensure compliance, upholding AA Singapore's position and competitiveness as a trusted organisation.

### **Caring for Our Members, Always**

In our constant improvement of our care for our Members, AA Singapore launched 2 co-branded comprehensive motor insurance plans with Liberty Insurance in 2014. The AA Motor Plus was customised to offer higher personal accident and medical expense coverage, while the AA Senior Motor Plus is the first motor insurance policy in Singapore tailor-made for senior drivers. We have had received good response since the launch.

2014 also marked the first year of AA Singapore Insurance Agency (AAS-IA) having set up a branch at AA @ 51 AMK. The branch provides greater flexibility and ease for Members who want to find out more about the various insurance plans for Members and to sign up.



### **INTO THE FUTURE**

#### **Providing More Choices**

We constantly remain sensitive to the varied needs of our Members. Hence, working together with Liberty Insurance, we launched the online application system for TourCare Plus, a comprehensive travel insurance plan, in January 2015, allowing AA Members to purchase travel insurance easily through AAS-IA's website.

Moving ahead, AA Members can expect more specially designed insurance policies with more attractive and comprehensive benefits. These new insurance products, jointly offered with our partners - AIG and Liberty Insurance, will include policies targeted for ladies, students, home owners, domestic workers and drivers.

#### **Driving into New Environments**

Based on feedback and a wish list from AA Members, the Autoventure team is planning for some first-time explorations for 2015. These include a 15D14N fly-drive trip to Yunnan, China (3 - 17 March), Drive with a Heart Singapore-to-Myanmar trip with visits to orphanages, as well as the 46-day Great Discovery Drive from Singapore to Tibet, China. Members can look forward to an interesting palette of activities this year.

In 2015, AA Singapore is geared towards providing more and improved products and services to better serve the needs of our Members. These enhancements are set to bring us to new level of service quality for all our Members.





“AA Singapore is geared towards providing more and improved products and services to better serve the needs of our Members.”



# MINUTES OF THE ANNUAL GENERAL MEETING

**M**inutes of the Annual General Meeting (AGM) of Members of the Automobile Association of Singapore held at SAFRA Toa Payoh, 293 Lorong 6 Toa Payoh, Level 3, Rooms 1 to 6 (Reef) Singapore 319387 on Wednesday, 28 May 2014 at 6:30 pm.

## **PRESENT:**

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

In accordance with Clause 14c of the Constitution, the quorum for an AGM should be 35. Mr Roma Luo, the audit representative from Messrs Lo Hock Ling & Co. confirmed that at the close of 6:35 pm, the total number of Members present was 58. As there was a quorum, President called the Meeting to order.

## **1 PRESIDENT'S ADDRESS**

The President highlighted the following points:

In November 2012, to better cope with operational costs related to membership and vehicle recovery services, we increased membership and vehicle recovery fees, the first such revision since 1986. We are happy that despite the fee increase, Members continued to show their support and AA's membership figure stands at 83,000 today.

The Association recognised that the AA Centre at River Valley was no longer able to cater to the growing and changing needs of our Members. Age was setting in, both in terms of its assets and its building features. After months of intensive search, in November 2013, we moved to GB Point at Kallang Bahru.

The new location gave us an opportunity to review our operational flow and customer touch points, within the membership services hall and our jackpot room.

The membership services hall now boasts an open layout with seats allowing Members to lounge and relax while waiting to be served. Service personnel now engage Members and walk-in customers in a more proactive manner, a change from the

number queue system back at River Valley.

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

Our premises at GB Point will continue to see improvements. Paperless automated application processes will be introduced and application for the International Driving permit (IDP) is already fully automated. We are also collaborating with like-minded partners who can showcase their services at our premises.

AA Insurance Services has co-launched a new insurance product for Members who are over 65 years of age with Liberty Insurance Singapore called the AA Senior Motor Plus. It is the first motor insurance policy designed for senior drivers in Singapore who have been facing demands for higher premiums and some were even refused coverage. We think AA Senior Motor Plus is the answer.

AA Insurance Services has also entered a new partnership with NTUC Income to launch a co-branded comprehensive motor insurance plan - AA



Auto Insurance. This plan is specially customised to offer more competitive car insurance premium rates for AA Members. The partnership also allows us to leverage on our partner's Orange Force Accident Response Team, on call 24/7 to assist insured Members at accident scenes anytime and anywhere on the island.

We are also working together with the Singapore Optometric Association to provide free eye check-ups for AA Members and we are exploring related services with SOA.

In addition, AA Singapore is taking steps towards better engaging Members and non-members alike via online media. This year, we are revamping our corporate website to better align with the ongoing service and operational enhancements, to be more relevant and intuitive for users. Our official Facebook page, started in year 2011, has also crossed 4,000 likes, and we look forward to introducing more social media campaigns for your continued support.

AAShop is being revamped and we have been listening to Members' feedback and note a need to expand the range and quality of motoring and lifestyle products offered to include health-related gadgets, travel

appliances, high-tech items and mandatory car accessories such as GPS and rear view mirrors with built-in camera.

Our well-received AA Autoventure trips have become very popular since its debut in 1979. The name Autoventure has become synonymous with safe and well-paced convoy vacations. Last year, we added South Korea to our list of fly-drive round-island trips, which have met with encouraging response from Members. This year, we will include places as far away as Scotland and Melbourne; and a Cross Japan trip lasting all of 30 days that is taking place now by early June. London is also on our map in 2015 and that will take 60 days.

Our Roadside Assistance Services continue to be depended upon, recording more than 41,000 service requests being attended to by our mechanics and tow crew in 2013. This is an approximate 14% increase from 2012.

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

With the many positive changes we are undergoing, AA looks forward to better serving you.

## **2 TO CONFIRM THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 28 MAY 2013**

### **Q1 Page 15**

Mr Tan Tok Jin referred to Question 3 on why the SME cash grant to AA was not reflected in 2011. The reply given by the President, as shown in the Minutes, was that in 2011, the amount was offset against tax. Mr Tan Tok Jin commented that we should not offset the tax payable with the SME cash grant as they were separate matters.

**A1** Mr Roma Luo, the audit representative from Messrs Lo Hock Ling & Co. replied that it was a presentation issue. At that point of time, AA was not sure whether the SME cash grant received by AA was tax payable or non-tax payable. There was no impact of true and fair view as the amount was still charged to statement of comprehensive income. However, Mr Tan's comments would be duly noted.

There were no other comments and the Minutes were confirmed as proposed by Mr Tay Choon Mong and seconded by Tan Tok Jin.

**3 TO RECEIVE AND, IF APPROVED, PASS THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2013**

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

**Q1 Page 27 - Current Assets**

Mr Tan Tok Jin referred to the cash and cash equivalents of over \$95 million and enquired if there was an Investment Committee set up to see through and to ensure that the monies were well looked after.

**A1** The President replied that for any increased investment returns, there will be a risk involved – the higher the returns, the higher the risk involved. Therefore, we preferred to put the monies in safe investments with the bank so that the principal amounts were protected. The GC Members were very conservative and they wanted to ensure that the monies were well protected as these monies belong to the public, although the interest rates were very low.

**Q2 Page 41, Note 7 - Other Income**

Mr Tan Tok Jin referred to Note 7 and noted that there was no Dividend Income for 2013 as compared to a Dividend Income of \$144,390/- for the previous year.

**A2** Mr Jasper Tay informed that there was no Dividend Income for 2013 because the financial instrument was sold off. However, there was a profit of \$126,750/- from the

sale. The Committee decided to sell because there was an imminent call date.

**Q3 Page 47, Note 14 - Investments in Subsidiary Companies**

Mr Tan Tok Jin referred to Note 14. He noticed that AA Vehicle Inspection Centre Pte Ltd and AA Travel & Tours Pte Ltd had been dormant companies for many years. He suggested to the Committee to strike them off rather than waste monies on these two companies.

**A3** The President replied that the Committee would look into it. For the time being, they were looking into other businesses to make these two companies active again as incorporating a new company would also incur costs.

**Q4 Page 48, Note 17 - Trade and Other Receivables**

Mr Tan Tok Jin referred to Note 17 on the bad debts written off against allowance of \$345,323/-, which AA Singapore was supposed to collect back from the tenant. However, after spending about \$100,000 on legal fees, he noted that the bad debts of \$345,323/- were written off instead.

**A4** The President referred him to the explanation given under A4 on Page 14 of the Minutes of last year's AGM. He said that it was a commercial transaction and in business, either you make it or you do not. The Association did their best and it was unfortunate that it had to happen.

**Q5 Page 42, Note 10 - Donation and Community Services**

Mr Tay Choon Mong referred to Note 10 on Donation and Community Services. He noticed that there was a drastic difference between 2012 and 2013. In 2012, the amount was \$171,290/- but in 2013, the amount was only \$13,150/-.

**A5** The President said that we usually donate to causes related to road safety.

Mr Lee Wai Mun explained that in 2012, we had our 105th Anniversary Celebrations in which the Prime Minister, Mr Lee Hsien Loong was invited. At the Gala Dinner, we raised monies for three specific charities, explaining the higher donations in 2012.

There were no other comments and the accounts were approved as proposed by Tan Tok Jin and seconded by Mr Lee Swee Kee.

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

The President informed that under the Association's Constitution, the term of office of 6 committee Members had expired and there was a need to elect 6 Members to the GC. As he was an interested party who was also standing for election, the chair was handed over to the Deputy President, Mr Low Beng Tin.

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

Mr Roma Luo, the audit representative from the auditors, reported that 6 nominations were received at 5:00 pm on 16 May 2014, being the time and date set for nominations to be closed.

The 6 nominees duly nominated were:

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

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

The Deputy President welcomed the newly elected Members to the GC.

## **5 TO APPOINT AUDITORS FOR THE ENSUING YEAR**

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

The motion was proposed by Mr Chow Wing Yit and seconded by Mr Tay Choon Mong and Messrs Lo Hock Ling & Co. was re-appointed auditors for the ensuing year.

## **6 TO CONSIDER AND, IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATIONS, PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE ASSOCIATION, SET OUT IN THE APPENDIX, MARKED "APPENDIX – PROPOSED AMENDMENTS**

### **TO THE CONSTITUTION OF AUTOMOBILE ASSOCIATION OF SINGAPORE"**

The Deputy President mentioned that a copy of the proposed amendments had been circulated to Members together with the May/June issue of Highway magazine, and via mail together with the Letter of Notification of AGM for non-subscribers of the Highway.

He then invited Dr S. Chandra Mohan, a GC Member to take us through the proposed amendments.

Dr Mohan started the discussion by stating that at last year's AGM, Members were informed that we had found a location to relocate from our previous premises in River Valley. He mentioned that (as Members were aware), we had since relocated to GB Point in November 2013. As GB Point is leased, the Association will continue our search for a permanent home.

Last year, the President also informed the Members that the Association would continue to source for our next permanent location since our building in River Valley was sold. We had since found a property which could be purchased for investment or converted for future use if necessary. The proposed purchase of this property at 217 East Coast Road would be put forward for the Members' decision under Agenda Item 7.

1. However, we had been advised that our Constitution as currently

worded was very restrictive and did not permit the Association to purchase or invest in buildings and properties that were not for our use.

Hence, we had proposed two changes to the two clauses, Clause 3(l) and Clause 12 (i). We would only proceed to discuss and seek Members' approval for the purchase of 217 East Coast Road only after Members had approved of the changes to Clause 3(l) and Clause 12(i) of the Constitution. Should Members vote against the proposed amendments, then Item 7 on the proposed purchase of the property would not even be discussed.

Mr Tan Pui Hee commented that the risks involved in purchasing the property would seem to contradict the President's earlier comments on being conservative in investment policies.

The President clarified that he was referring to investments in securities whereby returns and exchange rates are subject to fluctuation but for property, it could still be managed.

Mr Tan Pui Hee queried on whether other AA worldwide invested in properties too.

The President replied that since Singapore is a small country, the Association could not afford to engage in investments with higher risk.

Mr Tan Tok Jin enquired if the motion to adopt the proposed amendments required a 75% approval.

Dr Mohan replied that we needed a two-third majority of Members present and voting. Besides, the proposed amendments had to be approved by The Registrar of Societies too.

The Deputy President informed that the motion for adoption of the proposed amendments would be put to vote (en-bloc) by a show of yellow voting cards of those eligible to vote. The yellow card was issued to all eligible Members at the time of registration of attendance earlier.

The voting results were as follows:-

For – 65

Against – Nil

Abstaining – Nil

In accordance with Clause 19e of the Constitution, the Deputy President declared that the proposed amendments to the Constitution had been approved by a two-third majority of Members present and voting.

**7 TO RESOLVE THAT APPROVAL BE AND IS HEREBY GIVEN FOR THE PURCHASE OF 217 EAST COAST ROAD, SINGAPORE 428915 SUBJECT TO THE VENDOR AGREEING TO ALL THE ASSOCIATION'S PRECONDITIONS OF PURCHASE AND AT A CONSIDERATION NOT EXCEEDING S\$43 MILLION EXCLUDING STAMP DUTY, PROFESSIONAL FEES AND ALL OTHER NECESSARY COSTS AND EXPENSES INCIDENTAL TO THE PURCHASE.**

Mr Jasper Tay went through some of the details of the property with the aid of presentation slides.

He mentioned that we were looking for an investment tool that would allow us to hedge against inflation and also of lower risk, which was principal guaranteed, as well as to offer us the opportunity for capital gain. So with regards to this property, it would give us a gross annual return of 4.5%. Should the Association decide to in future, we may also locate our office or clubhouse there.

**Q1 Mr Loo Giap Soon enquired on how much the renovation costs would be.**

**A1** Mr Wan Fook Kong, a GC Member, replied that the building was originally built in 1960 and there was quite a substantial renovation in 2011. So it is unlikely that we would need to incur any expenditure on renovation. Besides, there were tenants already occupying the premises.

**Q2** Mr Chan Sig Yam enquired on the breakdown of the total costs and the number of valuation reports procured.

**A2** Mr Wan Fook Kong replied that the stamp duty was S\$1.284 million and the estimated legal fee was S\$50,000/-. The structural due negligence costs about S\$40,000 and all these will add up to a total of S\$44.4 million including the valuation fees incurred.

Mr Wan next informed that three reputable valuation firms were engaged and they were Colliers International, Jones Lang LaSalle and Savills Singapore.

**Q3** Mr Chan Sig Yam asked if the seller was eager to sell and if we could try to obtain a better price since the existing property market is "soft".

**A3** Mr Wan Fook Kong replied that the market is "soft" for residential properties but not for commercial properties. The market for commercial space was not big and office rent was in fact increasing.

Mr Wan then mentioned that the intended property is a freehold property which is fully commercial (retails & offices) and located in a part of Singapore where there is limited office space. Hence, he believed that the opportunity for growth in respect of the location is good.

**Q4** Mr Tay Choon Mong commented that the price of the intended property is still on the high side and that the Association should not rush into the sale.

**A4** Mr Wan Fook Kong replied that the purchase option still has not been signed yet and the decision is for the Members to decide.

**Q5** Mr Tay Choon Mong commented that Members' approval must also be sought for any future

property that the Association intended to purchase.

**A5** Mr Wan Fook Kong replied that Members' approval would be required.

**Q6** Mr Chuah Teong Peng asked if the intended property had the same or smaller area than AA Centre.

**A6** Mr Wan Fook Kong replied that the area is smaller.

**Q7** Mr Chan Sig Yam asked how much cleaning of the intended property would be required.

**A7** Mr Wan Fook Kong replied that we may not be required to do so and the building was already tenanted.

There were no more queries or comments and the Deputy President informed that the motion for approval to purchase the property at 217 East Coast Road would be put to vote (en-bloc) by a show of green voting cards of those eligible to vote.

The voting results were as follows:-

For – 50  
Against – 9  
Abstaining – Nil

In accordance with Clause 21d of the Constitution, the Deputy President declared that the proposed purchase of the property at 217 East Coast Road had been approved by the majority of Members present and voting.

**8 TO TRANSACT ANY OTHER BUSINESS OF WHICH NOTICE IN WRITING HAS BEEN RECEIVED BY THE CHIEF EXECUTIVE OFFICER BY 5:00 PM ON 21 MAY 2014.**

The Deputy President informed that as at 5:00 pm on 21 May 2014, there were no letters received from Members.

**9 DEPUTY PRESIDENT THANKED ALL MEMBERS FOR ATTENDING THE AGM**

As there was no other business to be discussed, the Deputy President formally declared the Meeting closed at 7:50 pm.

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





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# PARTICULARS OF THE ASSOCIATION

As at 31 December 2014

## 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. Rankin B. Yeo	Treasurer
Dr. S Chandra Mohan	Committee Member
Mr. Wan Fook Kong	Committee Member
Mr. Lee Han Yang	Committee Member
Mr. Chan Chik Weng	Committee Member
Prof. Tay Boon Keng	Committee Member
Mr. Tan Chian Khong	Committee Member
Mr. Robert Tan	Committee Member
Mr. Thomas Yeoh	Committee Member

## 5. AUDIT SUB-COMMITTEE

Mr. Tan Chian Khong  
Dr. S Chandra Mohan  
Mr. Robert Tan  
Mr. Bernard Tay Ah Kong (Ex-Officio)

## 6. FINANCE SUB-COMMITTEE

Mr. Rankin B. Yeo  
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. Tan Chian Khong  
Mr. Chan Chik Weng  
Mr. Bernard Tay Ah Kong (Ex-Officio)

# PARTICULARS OF THE ASSOCIATION

As at 31 December 2014

## **8. INVESTMENT SUB-COMMITTEE**

Mr. Low Beng Tin  
Mr. Wan Fook Kong  
Mr. Rankin B. Yeo  
Mr. Bernard Tay Ah Kong (Ex-Officio)

## **9. NOMINATION SUB-COMMITTEE**

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

## **10. PRINCIPAL BANKER / FINANCE COMPANY**

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

## **11. AUDITORS**

Lo Hock Ling & Co.  
Chartered Accountants Singapore



# STATEMENT BY THE GENERAL COMMITTEE

In our opinion, the accompanying financial statements of Automobile Association of Singapore (the "Association") and its subsidiary companies (collectively the "Group") set out on pages 26 to 60 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Association as at 31 December 2014 and the results and changes in funds of the Group and the Association and cash flows of the Group for the year ended on that date.

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

On behalf of the General Committee

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Bernard Tay Ah Kong  
President

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Rankin B. Yeo  
Treasurer

Singapore, 23 March 2015

# INDEPENDENT AUDITORS' REPORT

To the Members of Automobile Association of Singapore

## ***Report on the Financial Statements***

We have audited the accompanying financial statements of Automobile Association of Singapore (the "Association") and its subsidiary companies (collectively the "Group") set out on pages 26 to 60, which comprise the balance sheets (statements of financial position) of the Group and of the Association as at 31 December 2014, and the statements of comprehensive income and statements of changes in funds of the Group and of the Association, and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

## ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

# INDEPENDENT AUDITORS' REPORT

To the Members of Automobile Association of Singapore

## *Opinion*

In our opinion, the consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in funds of the Association are properly drawn up in accordance with the provisions of the Societies Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Association as at 31 December 2014 and the results and changes in funds of the Group and of the Association and cash flows of the Group for the year ended on that date.

## *Report on Other Legal and Regulatory Requirements*

In our opinion,

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

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

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

Singapore, 23 March 2015

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

# STATEMENTS OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2014

	Notes	Group		Association	
		2014 \$	2013 \$	2014 \$	2013 \$
<b>INCOME</b>					
Membership subscriptions and entrance fees		3,475,283	3,660,967	3,354,680	3,399,940
Vehicle recovery and towing services		10,903,980	11,501,779	63,530	73,980
Fruit machine net takings		3,385,042	2,064,373	3,385,042	2,064,373
Income from other services	4	2,952,414	2,926,009	2,394,513	2,261,463
Interest income	5	968,538	567,347	1,004,934	356,488
Rental income (net)	6	1,132,017	402,453	116,411	48,219
Other income	7	748,383	430,273	2,317,824	2,266,966
Total income		23,565,657	21,553,201	12,636,934	10,471,429
<b>LESS EXPENDITURE</b>					
Depreciation expenses	8	2,355,409	1,249,276	1,414,313	569,094
Employee benefits expenses	9	13,876,254	14,398,015	4,525,823	4,766,004
Membership promotion, publicity and meetings		643,349	724,841	643,349	724,841
Finance cost	10	-	-	6,247	-
Other expenses	11	5,273,636	5,893,008	5,562,305	6,043,146
Total expenditure		22,148,648	22,265,140	12,152,037	12,103,085
Surplus/(deficit) from operations before tax		1,417,009	(711,939)	484,897	(1,631,656)
Gain on disposal of assets held-for-sale	12	-	52,060,777	-	52,060,777
Surplus before tax		1,417,009	51,348,838	484,897	50,429,121
Income tax expense	13	(179,578)	(121,989)	(85,345)	(35,838)
Surplus for the year		1,237,431	51,226,849	399,552	50,393,283
<b>OTHER COMPREHENSIVE INCOME</b>					
<u>Items that may be reclassified</u> <u>subsequently to profit or loss:</u>					
Reversal upon disposal of available-for-sale financial assets		(62,100)	(131,550)	(62,100)	(131,550)
Net changes in fair value of available-for-sale financial assets		(129,725)	(36,400)	(129,725)	(36,400)
Other comprehensive income for the year, net of tax		(191,825)	(167,950)	(191,825)	(167,950)
Total comprehensive income for the year		1,045,606	51,058,899	207,727	50,225,333

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

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

	Notes	Group		Association	
		2014 \$	2013 \$	2014 \$	2013 \$
<b>ASSETS</b>					
<u>Non-Current Assets</u>					
Property, plant and equipment	14	14,681,769	14,479,167	3,781,238	3,350,252
Investment property	15	44,264,280	-	-	-
Available-for-sale financial assets	16	11,406,725	8,217,550	11,406,725	8,217,550
Investments in subsidiary companies	17	-	-	4,386,502	4,386,502
Amount due by subsidiary companies	18	-	-	45,000,000	-
Total Non-Current Assets		70,352,774	22,696,717	64,574,465	15,954,304
<u>Current Assets</u>					
Inventories	19	41,819	30,275	41,819	20,377
Trade and other receivables	20	8,631,885	5,240,040	4,232,835	1,936,889
Amounts due by subsidiary companies	18	-	-	11,746,068	58,056,381
Cash and cash equivalents	21	40,018,173	95,514,023	11,271,825	17,405,337
Total Current Assets		48,691,877	100,784,338	27,292,547	77,418,984
Total Assets		119,044,651	123,481,055	91,867,012	93,373,288
<b>TOTAL FUNDS, RESERVES AND LIABILITIES</b>					
<b>FUNDS AND RESERVES</b>					
Accumulated fund		107,368,646	106,131,215	78,470,268	78,070,716
Fair value reserve	22	(32,775)	159,050	(32,775)	159,050
Total Funds and Reserves		107,335,871	106,290,265	78,437,493	78,229,766
<b>LIABILITIES</b>					
<u>Non-Current Liabilities</u>					
Subscriptions received in advance	23	1,774,209	2,428,299	1,773,347	2,399,308
Deferred tax liabilities	24	468,780	380,505	-	-
Trade and other payables	25	410,927	327,335	410,927	327,335
Total Non-Current Liabilities		2,653,916	3,136,139	2,184,274	2,726,643
<u>Current Liabilities</u>					
Subscriptions received in advance	23	1,776,356	2,203,730	1,740,162	2,090,282
Trade and other payables	25	7,171,754	11,771,099	4,412,213	9,001,871
Amounts due to subsidiary company	18	-	-	5,009,220	1,290,803
Current tax payables		106,754	79,822	83,650	33,923
Total Current Liabilities		9,054,864	14,054,651	11,245,245	12,416,879
Total Liabilities		11,708,780	17,190,790	13,429,519	15,143,522
Total Funds, Reserves and Liabilities		119,044,651	123,481,055	91,867,012	93,373,288

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

# CONSOLIDATED STATEMENT OF CHANGES IN FUNDS

For the Year Ended 31 December 2014

Group	Notes	Accumulated fund \$	Fruit machine replacement reserve \$	Fair value reserve \$	Total \$
Balance as at 1 January 2013		54,401,966	502,400	327,000	55,231,366
Total comprehensive income for the year		51,226,849	-	(167,950)	51,058,899
Transfer to fruit machine replacement reserve, net of reserve utilised	26	502,400	(502,400)	-	-
Balance as at 31 December 2013		106,131,215	-	159,050	106,290,265
Total comprehensive income for the year		1,237,431	-	(191,825)	1,045,606
Balance as at 31 December 2014		107,368,646	-	(32,775)	107,335,871

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

# STATEMENT OF CHANGES IN FUNDS

For the Year Ended 31 December 2014

Association	Notes	Accumulated fund \$	Fruit machine replacement reserve \$	Fair value reserve \$	Total \$
Balance as at 1 January 2013		27,175,033	502,400	327,000	28,004,433
Total comprehensive income for the year		50,393,283	-	(167,950)	50,225,333
Transfer to fruit machine replacement reserve, net of reserve utilised	26	502,400	(502,400)	-	-
Balance as at 31 December 2013		78,070,716	-	159,050	78,229,766
Total comprehensive income for the year		399,552	-	(191,825)	207,727
Balance as at 31 December 2014		78,470,268	-	(32,775)	78,437,493

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2014

	Notes	2014 \$	2013 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Surplus before tax		1,417,009	51,348,838
Adjustments for:			
Depreciation expense	8	2,355,409	1,249,276
Interest income	5	(968,538)	(567,347)
Property, plant and equipment written off		56,603	56,822
(Gain)/loss on disposal of			
- available-for-sale financial assets		(18,000)	(126,750)
- assets held-for-sale	12	-	(52,060,777)
- property, plant and equipment		(1,507)	19,906
Operating surplus/(deficit) before working capital changes		2,840,976	(80,032)
(Increase)/decrease in inventories		(11,544)	12,323
Increase in receivables		(3,295,381)	(858,781)
(Decrease)/increase in payables		(4,612,513)	6,637,596
Decrease in subscriptions received in advance		(1,081,464)	(809,700)
<b>Cash (used in)/generated from operations</b>		(6,159,926)	4,901,406
Interest received		3,460	1,579
Income tax paid		(64,371)	(128,887)
<b>Net cash (used in)/from operating activities</b>		(6,220,837)	4,774,098
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Increase in fixed deposits pledged with banks and/or with maturities over 3 months		(9,710,393)	(7,231,355)
Interest received		868,614	646,777
Purchase of bonds		(6,381,000)	(1,500,000)
Redemption of mature bonds		-	1,000,000
Purchase of property, plant and equipment	28	(2,433,925)	(3,746,042)
Purchase of investment property	15	(44,409,280)	-
Proceeds from disposal of			
- available-for-sale financial assets		3,018,000	1,600,500
- assets held-for-sale		-	60,329,223
- property, plant and equipment		62,578	4,501
Net cash (used in)/from investing activities		(58,985,406)	51,103,604
Net (decrease)/increase in cash and cash equivalents		(65,206,243)	55,877,702
Cash and cash equivalents at beginning of the year		73,941,457	18,063,755
Cash and cash equivalents at end of the year	21	8,735,214	73,941,457

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



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

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

## 1. GENERAL INFORMATION

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.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

The financial statements are presented in Singapore dollars ("S\$"), 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 2014.

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

### (b) Significant Accounting Estimates and Judgments

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

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

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

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

The cost of property, plant and equipment and investment property are depreciated on a straight line basis over their estimated useful lives. Management's estimates of the useful lives of these property, plant and equipment and investment property are disclosed in notes 2(e) and 2(f) 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 charges could be revised. The carrying amount of property, plant and equipment and investment property and the depreciation charge for the year are disclosed in notes 14 and 15 to the financial statements respectively.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 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 \$106,754 (2013: \$79,822) and \$83,650 (2013: \$33,923) respectively. The deferred tax liability of the Group is \$468,780 (2013: \$380,505). 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 \$2,928,952 (2013: \$3,072,907) and \$1,822,929 (2013: \$103,610) respectively. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current credit worthiness and the past collection history of each customer. If the financial condition of these customers were to deteriorate, resulting in an impairment of their ability to make payment, additional allowance will be required.

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

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

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

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

##### *(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.

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

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

### (d) Investment in Subsidiary

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

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

Subsidiaries are 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.

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

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

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

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

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 Association. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

#### *(ii) Acquisitions*

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

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 retained earnings if required by a specific Standard.

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

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

### (e) Property, Plant and Equipment

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

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any, and reinstating the site to its original condition (reinstatement costs) are capitalised as part of the cost of the property, plant and equipment.

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

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

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

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets is recognised in profit or loss in the year the asset is derecognised.

### (f) 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, if any. Freehold land is not depreciated. The cost of the building erected on the freehold land is depreciated on the straight line basis over 25 years so as to write off the cost of the asset over its estimated useful life.

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.

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

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

### (g) Financial Assets

#### A. Classification

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

#### *(i) Available-For-Sale Financial Assets*

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

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

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

#### *(ii) Loans and Receivables*

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

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

#### B. Recognition and Derecognition

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

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

#### C. Determination of Fair Value

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

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

### (g) Financial Assets *(continued)*

#### *D. Impairment of Financial Assets*

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

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

A significant or prolonged decline in the fair value of an available-for-sale equity investment is considered in determining whether the investment is impaired. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is reclassified from total funds to profit or loss. Impairment losses recognised in profit or loss for 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.

#### *(ii) Impairment of Loans and Receivables*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The amount of the reversal shall be recognised in profit or loss.

### (h) 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

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

### (i) 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.

### (j) Financial Liabilities

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

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

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

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

### (k) Income Taxes

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

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

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

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

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

### (l) Revenue Recognition

#### *(i) Subscriptions and Fees Income*

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

Subscriptions received in advance

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

#### *(ii) Fruit Machine Takings*

Fruit machine takings are recognised as revenue upon receipt.

#### *(iii) Service Income*

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

#### *(iv) Interest Income*

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

#### *(v) Rental Income*

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

#### *(vi) Dividend Income*

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

### (m) Government Grants

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

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

### (n) 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.

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

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

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

### (p) Provisions

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

### (q) Leases

#### *(i) Finance Leases*

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

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

### (q) Leases (continued)

#### *(ii) Operating Leases*

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

When the Group is the lessor, assets leased out under operating leases are included in 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.

## 3. PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiary companies are detailed in note 17 to the financial statements.

## 4. INCOME FROM OTHER SERVICES

	Group		Association	
	2014 \$	2013 \$	2014 \$	2013 \$
Insurance commission	442,638	563,878	-	-
Consignment sales commission	831,716	927,164	831,716	927,164
International driving permit fees	855,085	743,866	855,085	743,866
Event income	253,697	217,096	253,697	217,096
Income from sales of accessories	57,148	55,514	57,148	55,514
Sales of fleet management solution	-	11,538	-	11,538
Call centre fees	3,150	5,400	3,150	5,400
Agency fees	10,619	30,179	10,619	30,179
Vehicle evaluation fees	39,565	54,175	39,565	54,175
Miscellaneous income	448,336	301,238	343,533	216,531
Sundry sales and services	10,460	15,961	-	-
	<u>2,952,414</u>	<u>2,926,009</u>	<u>2,394,513</u>	<u>2,261,463</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 5. INTEREST INCOME

	Group		Association	
	2014 \$	2013 \$	2014 \$	2013 \$
Interest income from:				
- bank accounts	3,460	1,579	3,460	1,579
- fixed deposits	638,353	295,599	410,913	84,740
- bonds	326,725	270,169	326,725	270,169
- amounts owing by subsidiary companies	-	-	263,836	-
	<u>968,538</u>	<u>567,347</u>	<u>1,004,934</u>	<u>356,488</u>

## 6. RENTAL INCOME

	Group		Association	
	2014 \$	2013 \$	2014 \$	2013 \$
Gross rental from:				
- investment property	777,903	-	-	-
- leasehold property	573,804	544,876	116,411	49,290
	<u>1,351,707</u>	<u>544,876</u>	<u>116,411</u>	<u>49,290</u>
Less: Property related expenses				
- investment property	(98,332)	-	-	-
- leasehold property	(121,358)	(142,423)	-	(1,071)
	<u>(219,690)</u>	<u>(142,423)</u>	<u>-</u>	<u>(1,071)</u>
	<u>1,132,017</u>	<u>402,453</u>	<u>116,411</u>	<u>48,219</u>

## 7. OTHER INCOME

	Group		Association	
	2014 \$	2013 \$	2014 \$	2013 \$
Administrative and service income				
from subsidiary companies	-	-	2,184,949	2,067,794
Compensation received from insurance company	49,652	57,012	-	-
Gain on disposal of available-for-sale financial assets	18,000	126,750	18,000	126,750
Gain on disposal of property, plant and equipment	2,321	-	2,321	-
Government grants	582,961	192,274	112,554	72,422
Other income received from insurance company	65,006	34,998	-	-
Sundry income	30,443	19,239	-	-
	<u>748,383</u>	<u>430,273</u>	<u>2,317,824</u>	<u>2,266,966</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 8. DEPRECIATION EXPENSES

	Group		Association	
	2014	2013	2014	2013
	\$	\$	\$	\$
Depreciation on property, plant and equipment	2,210,409	1,249,276	1,414,313	569,094
Depreciation on investment property	145,000	-	-	-
	<u>2,355,409</u>	<u>1,249,276</u>	<u>1,414,313</u>	<u>569,094</u>

## 9. EMPLOYEE BENEFITS EXPENSE

	Group		Association	
	2014	2013	2014	2013
	\$	\$	\$	\$
Salaries and other related costs	12,668,635	13,218,093	4,078,464	4,303,676
Employer's contributions to Central Provident Fund	1,207,619	1,179,922	447,359	462,328
	<u>13,876,254</u>	<u>14,398,015</u>	<u>4,525,823</u>	<u>4,766,004</u>

## 10. FINANCE COST

	Association	
	2014	2013
	\$	\$
Interest expense on amount due to subsidiary companies	<u>6,247</u>	-

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 11. OTHER EXPENSES

	Group		Association	
	2014 \$	2013 \$	2014 \$	2013 \$
Allowance for doubtful debts - trade	-	160,390	-	137,642
Audit fee	52,590	50,200	28,140	26,800
Donation and sponsorships	54,520	13,150	1,520	7,150
Highway magazine	513,520	515,079	513,520	515,079
Loss on disposal of property, plant, and equipment	814	19,906	-	19,194
Maintenance of property, plant and equipment	1,878,903	2,307,96	291,198	717,767
Office rental	433,979	200,430	433,979	200,430
Operating lease expense	188,107	118,145	114,307	48,195
Others administrative and operating expenses	1,815,109	2,088,487	838,375	1,186,848
Property, plant and equipment written off	56,603	56,822	53,450	42,799
Towing and vehicle recovery expenses charged by				
- subsidiary companies	-	-	3,284,285	3,082,195
- third parties	279,491	362,434	3,531	59,047
	<u>5,273,636</u>	<u>5,893,008</u>	<u>5,562,305</u>	<u>6,043,146</u>

## 12. GAIN ON DISPOSAL OF ASSETS HELD-FOR-SALE

### Group and Association

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 on completion. The sum of \$1,200,000 was held by the purchaser's solicitors (note 20) 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 27) which shall be utilized over the next one year. As a result, the Association recorded the gain on disposal of assets held-for-sale amounting to \$52,060,777 in 2013 after deducting the direct costs of disposal and the above provision.

There was no update for the dispute with MCST 918 in current financial year.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 13. INCOME TAX EXPENSE

	2014 \$	Group 2013 \$	Association 2014 \$	2013 \$
Provision for current taxation	106,754	79,822	83,650	33,923
Provision for deferred taxation (note 24)	88,275	67,466	-	-
(Over)/under-provision in prior year	(15,451)	(25,299)	1,695	1,915
	179,578	121,989	85,345	35,838
Reconciliation of income tax expense:				
Surplus before tax	1,417,009	51,348,838	484,897	50,429,121
Tax at statutory rate of 17%	240,891	8,729,302	82,432	8,572,951
Tax effects of:-				
Non-deductible expenses	2,123,626	1,155,206	2,065,847	2,053,444
Non-taxable income	(2,034,356)	(9,622,506)	(2,015,837)	(10,564,104)
Statutory stepped income exemption	(52,852)	(60,515)	(25,925)	(9,456)
Tax rebate	(7,494)	-	(176)	-
Tax incentives	(22,100)	-	-	-
Enhanced capital allowance	(20,961)	(26,524)	-	-
(Over)/under-provision in prior year	(15,451)	(25,299)	1,695	1,915
Effect of concessionary tax rate	(22,871)	(18,912)	(22,871)	(18,912)
Deferred tax liabilities not recognised	(2,517)	(7,188)	-	-
Deferred tax liabilities previously not recognised	(6,517)	(1,575)	-	-
Others	180	-	180	-
	179,578	121,989	85,345	35,838

As at the balance sheet date, the Group has unutilised tax losses, unutilised capital allowances and unutilised donation amounting to approximately \$272,739 (2013: \$272,739), nil (2013: \$320,000) and nil (2013: \$250,000) 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 \$46,366 (2013: \$88,866) arising from the above tax losses are not recognised in the accounts due to the uncertainty of future taxable profits being available against which the tax losses can be utilised.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 14. PROPERTY, PLANT AND EQUIPMENT

(a)							
Group	Leasehold property \$	Motor vehicles and equipment \$	Tow trucks \$	Furniture, fittings and office equipment \$	Fruit machine \$	Renovation \$	Total \$
<b>Cost</b>							
At 1 January 2013	9,577,853	516,941	6,209,122	2,252,575	1,360,750	791,506	20,708,747
Additions	-	83,859	915,276	678,431	756,500	1,571,516	4,005,582
Disposals/written off	-	-	(17,000)	(34,690)	(437,100)	(151,596)	(640,386)
At 31 December 2013 and 1 January 2014	9,577,853	600,800	7,107,398	2,896,316	1,680,150	2,211,426	24,073,943
Additions	-	-	555,542	474,096	362,778	1,187,124	2,579,540
Disposals/written off	-	-	(775,592)	(269,985)	(42,800)	(141,623)	(1,230,000)
At 31 December 2014	9,577,853	600,800	6,887,348	3,100,427	2,000,128	3,256,927	25,423,483
<b>Accumulated depreciation</b>							
At 1 January 2013	1,841,896	380,589	3,789,309	1,407,237	931,254	554,372	8,904,657
Charge for the year	184,190	45,415	334,060	331,364	189,783	164,464	1,249,276
Disposals/written off	-	-	(2,977)	(17,901)	(426,848)	(111,431)	(559,157)
At 31 December 2013 and 1 January 2014	2,026,086	426,004	4,120,392	1,720,700	694,189	607,405	9,594,776
Charge for the year	184,190	26,918	429,192	444,884	386,095	739,130	2,210,409
Disposals/written off	-	-	(681,719)	(241,874)	(42,800)	(97,078)	(1,063,471)
At 31 December 2014	2,210,276	452,922	3,867,865	1,923,710	1,037,484	1,249,457	10,741,714
<b>Carrying amount</b>							
At 31 December 2014	7,367,577	147,878	3,019,483	1,176,717	962,644	2,007,470	14,681,769
At 31 December 2013	7,551,767	174,796	2,987,006	1,175,616	985,961	1,604,021	14,479,167

During the year, the Group acquired property, plant and equipment with an aggregate cost of \$2,579,540 (2013: \$4,005,582) of which \$96,760 (2013: \$259,540) was provision of reinstatement cost. Included in the carrying amount of renovation is an amount of provision of reinstatement costs of \$236,553 (2013: \$252,331).



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

(b) Association	Motor vehicles and equipment \$	Furniture, fittings and office equipment \$	Fruit machine \$	Renovation \$	Total \$
<b><u>Cost</u></b>					
At 1 January 2013	136,264	1,441,511	1,360,750	293,219	3,231,744
Additions	-	667,032	756,500	1,303,232	2,726,764
Disposals/written off	-	(118,639)	(437,100)	(151,596)	(707,335)
At 31 December 2013 and 1 January 2014	136,264	1,989,904	1,680,150	1,444,855	5,251,173
Additions	-	409,258	362,778	1,143,368	1,915,404
Disposals/written off	-	(51,921)	(42,800)	(141,623)	(236,344)
At 31 December 2014	136,264	2,347,241	2,000,128	2,446,600	6,930,233
<b><u>Accumulated depreciation</u></b>					
At 1 January 2013	101,412	771,589	931,254	161,302	1,965,557
Charge for the year	24,630	242,281	189,783	112,400	569,094
Disposals/written off	-	(95,451)	(426,848)	(111,431)	(633,730)
At 31 December 2013 and 1 January 2014	126,042	918,419	694,189	162,271	1,900,921
Charge for the year	6,133	362,888	386,095	659,197	1,414,313
Disposals/written off	-	(26,361)	(42,800)	(97,078)	(166,239)
At 31 December 2014	132,175	1,254,946	1,037,484	724,390	3,148,995
<b><u>Carrying amount</u></b>					
At 31 December 2014	4,089	1,092,295	962,644	1,722,210	3,781,238
At 31 December 2013	10,222	1,071,485	985,961	1,282,584	3,350,252

Included in the carrying amount of renovation is an amount of provision of reinstatement costs of \$236,553 (2013: \$252,331).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 15. INVESTMENT PROPERTY

	<b>Group Freehold Property</b>	
	<b>2014 \$</b>	<b>2013 \$</b>
<b>Cost</b>		
At 1 January	-	-
Addition	44,409,280	-
At 31 December	44,409,280	-
<b>Accumulated depreciation</b>		
At 1 January	-	-
Charge for the year	145,000	-
At 31 December	145,000	-
<b>Carrying amount</b>		
At 31 December	44,264,280	-

The fair value of the above investment property of the company, based on valuation report dated 3 March 2014 by an independent valuer who holds a recognised and relevant professional qualification, amounted to approximately \$45 million (2013: nil).

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

## 16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

	<b>Group and Association</b>	
	<b>2014 \$</b>	<b>2013 \$</b>
Quoted non-equity investments		
- Redeemable in 2015	-	3,062,100
- Redeemable in 2017	2,096,000	2,110,000
- Redeemable in 2021	1,543,800	1,552,050
- Redeemable in 2022	1,506,525	1,493,400
- Redeemable in 2049	6,260,400	-
	11,406,725	8,217,550
Available-for-sale financial assets held as:		
Non-current assets	11,406,725	8,217,550
Current assets	-	-
	11,406,725	8,217,550

The above investments consist of quoted commercial bonds and preference shares with interest/dividend yield ranging from 2.95% to 5.375% (2013: 2% to 4.15%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 17. INVESTMENTS IN SUBSIDIARY COMPANIES

	Association	
	2014 \$	2013 \$
<b>Unquoted shares, at cost</b>		
At 1 January	6,450,002	6,450,002
Additions	-	-
At 31 December	6,450,002	6,450,002
<b>Less: Impairment loss</b>		
At 1 January	(2,063,500)	(2,063,500)
Reversal of impairment loss-	-	-
At 31 December	(2,063,500)	(2,063,500)
	<u>4,386,502</u>	<u>4,386,502</u>

Name of subsidiary companies	Principal activities	Country of incorporation/ Place of business	Percentage of shareholdings		Cost of investment	
			2014 \$	2013 \$	2014 \$	2013 \$
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. (formerly known as AA Insurance Services Pte. Ltd.)	General insurance agents	Singapore	100	100	500,000	500,000
AA Vehicle Inspection Centre Pte Ltd	Dormant	Singapore	100	100	1,000,000	1,000,000
A.A. Travel & Tours Pte. Ltd.	Dormant	Singapore	100	100	450,000	450,000
AAS @ 217 East Coast Road Pte. Ltd. (formerly known as AA Traffic Pte. Ltd.)	Holding of investments to derive investment income	Singapore	100	100	2	2
					<u>6,450,002</u>	<u>6,450,002</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 18. AMOUNTS DUE BY/TO SUBSIDIARY COMPANIES

	Association	
	2014 \$	2013 \$
(i) Amount due by subsidiary companies - non-trade*		
Due after 12 months	45,000,000	-
Due within 12 months	11,746,068	58,056,381
	<u>56,746,068</u>	<u>58,056,381</u>
(ii) Amount due to subsidiary companies		
- Due within 12 months		
- trade	2,597,841	-
- non-trade	2,411,379	1,290,803
	<u>5,009,220</u>	<u>1,290,803</u>

The Association placed the fixed deposits amounting to \$11,500,000 (2013: \$63,500,000) with financial institutions in the name of one of subsidiary companies before the year end. The fixed deposits have the maturities between 7 to 10 months (2013: 1 to 10 months) and interest yield on fixed deposits ranges from 1.25% to 1.32% (2013: 0.8% to 1.12%) per annum. 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 (2013: nil). This loan bears interest at 1% (2013: nil) 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.

## 19. INVENTORIES

### Group and Association

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 20. TRADE AND OTHER RECEIVABLES

	Group		Association	
	2014 \$	2013 \$	2014 \$	2013 \$
Trade receivables	2,953,680	3,097,635	1,822,929	103,610
Less: Allowance for doubtful debts				
Balance brought forward	(24,728)	(209,661)	-	(207,681)
Current year's allowance	-	(160,390)	-	(137,642)
Bad debts written off against allowance	-	345,323	-	345,323
Balance carried forward	(24,728)	(24,728)	-	-
	2,928,952	3,072,907	1,822,929	103,610
Accrued revenue	592,369	232,939	592,369	232,939
Deposits	316,265	253,049	282,635	227,669
Deposits paid for purchase of office equipment	-	24,750	-	-
Non-trade receivables	194,844	223,028	27,496	31,996
Goods and services tax receivables	2,969,573	-	-	-
Prepayments	429,882	233,367	307,406	140,675
Retention sum receivables (note 12)	1,200,000	1,200,000	1,200,000	1,200,000
	8,631,885	5,240,040	4,232,835	1,936,889

Trade receivables are non-interest bearing and are generally on 30 days' (2013: 30 days') terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

## 21. CASH AND CASH EQUIVALENTS

	Group		Association	
	2014 \$	2013 \$	2014 \$	2013 \$
Fixed deposits	33,149,398	88,485,247	8,788,685	12,193,966
Cash and bank balances	6,868,775	7,028,776	2,483,140	5,211,371
Cash and cash equivalents (Statement of Financial Position)	40,018,173	95,514,023	11,271,825	17,405,337
Less:				
Fixed deposits pledged with banks and/or with maturities over 3 months	(31,282,959)	(21,572,566)	(8,788,685)	(9,893,966)
Cash and cash equivalents (Statement of Cash Flows)	8,735,214	73,941,457	2,483,140	7,511,371
Fixed deposits with maturities less than 3 months	3,209,524	68,250,647	1,343,085	3,637,966
between 3 and 12 months	29,939,874	20,234,600	7,445,600	8,556,000
	33,149,398	88,485,247	8,788,685	12,193,966

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 21. CASH AND CASH EQUIVALENTS *(continued)*

Fixed deposits of \$1,343,085 (2013: \$1,337,966) are pledged with certain banks to secure performance bonds issued in favour of Land Transport Authority in respect of certain service contracts undertaken by the Association and/or its wholly-owned subsidiary.

Interest yield on fixed deposits ranges from 0.25% to 1.388% (2013: 0.35% to 1.18%) per annum.

## 22. 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.

## 23. SUBSCRIPTIONS RECEIVED IN ADVANCE

	Group		Association	
	2014 \$	2013 \$	2014 \$	2013 \$
<b><u>Due after 12 months</u></b>				
Life membership subscriptions	334,015	361,590	334,015	361,590
Ordinary and other membership subscriptions	1,440,194	2,066,709	1,439,332	2,037,718
	<u>1,774,209</u>	<u>2,428,299</u>	<u>1,773,347</u>	<u>2,399,308</u>
<b><u>Due within 12 months</u></b>				
Life membership subscriptions	27,574	28,220	27,574	28,220
Ordinary and other membership subscriptions	1,748,782	2,175,510	1,712,588	2,062,062
	<u>1,776,356</u>	<u>2,203,730</u>	<u>1,740,162</u>	<u>2,090,282</u>
Total subscriptions received in advance	<u>3,550,565</u>	<u>4,632,029</u>	<u>3,513,509</u>	<u>4,489,590</u>

## 24. DEFERRED TAX LIABILITIES

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

	Group	
	2014 \$	2013 \$
Balance brought forward	380,505	313,039
Current year's provision for deferred taxation (note 13)	88,275	67,466
	<u>468,780</u>	<u>380,505</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 25. TRADE AND OTHER PAYABLES

	Group		Association	
	2014 \$	2013 \$	2014 \$	2013 \$
<b>Due after 12 months</b>				
Provision (note 27)	356,300	259,540	356,300	259,540
Deferred operating lease	54,627	67,795	54,627	67,795
	410,927	327,335	410,927	327,335
<b>Due within 12 months</b>				
Trade payables	72,504	395,795	-	-
Accrued operating expenses	3,848,311	4,099,042	1,853,142	2,121,598
Deposits	419,227	249,663	80,702	158,263
Goods and services tax payables	469,983	4,475,685	190,925	4,313,987
Non-trade payables	919,155	1,099,118	844,870	956,227
Provisions (note 27)	1,396,122	1,414,817	1,396,122	1,414,817
Deferred operating lease	46,452	36,979	46,452	36,979
	7,171,754	11,771,099	4,412,213	9,001,871
Total trade and other payables	7,582,681	12,098,434	4,823,140	9,329,206

## 26. FRUIT MACHINE REPLACEMENT RESERVE

	Group and Association	
	2014 \$	2013 \$
Balance at beginning of the year	-	502,400
Transfer from accumulated funds	-	254,100
Purchase of fruit machine	-	(756,500)
	-	(502,400)
Balance at end of the year	-	-

## 27. PROVISIONS

	Group and Association	
	2014 \$	2013 \$
Provision for:		
Rectification work (note 12)	1,200,000	1,200,000
• Reinstatement cost	356,300	259,540
Legal fee	31,305	50,000
* Capital expenditure	164,817	164,817
	1,752,422	1,674,357

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 27. PROVISIONS *(continued)*

	Group and Association	
	2014	2013
	\$	\$
Represented by:		
Due after 12 months (note 25)	356,300	259,540
Due within 12 months (note 25)	1,396,122	1,414,817
	<u>1,752,422</u>	<u>1,674,357</u>

- 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.

## 28. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

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

	Group	
	2014	2013
	\$	\$
By cash	2,433,925	3,746,042
By provision for reinstatement costs	96,760	259,540
By trade-in property, plant and equipment	48,855	-
	<u>2,579,540</u>	<u>4,005,582</u>

## 29. RELATED PARTY DISCLOSURES

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 29. RELATED PARTY DISCLOSURES *(continued)*

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

(a) **With subsidiary companies**

	Association	
	2014	2013
	\$	\$
Towing and vehicle recovery service charges	3,284,285	3,082,195
Services, supplies and call centre expenses	168,695	186,645
Interest expense	6,247	-
Administrative and service income	2,184,949	2,067,794
Rental and facilities income	58,716	11,986
Interest income	263,836	-
Sales of property, plant and equipment	602	7,111
Sales of inventories	-	9,898

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

	Group		Association	
	2014	2013	2014	2013
	\$	\$	\$	\$
Course fees	-	450	-	450
Donation and sponsorship expenses	53,000	1,000	-	1,000
Legal and professional fees	40,000	54,298	40,000	54,298
Purchase of services	4,760	4,560	2,600	2,400
Sales of fleet management solution	655	843	655	843

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

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

## 30. KEY MANAGEMENT PERSONNEL COMPENSATION

The total key management personnel compensation are as follows:-

	Group and Association	
	2014	2013
	\$	\$
Salaries and other related costs	899,921	824,562
Employer's contributions to Central Provident Fund	62,082	61,594
Short-term employee benefits	962,003	886,156

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 31. 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	
	2014 \$	2013 \$	2014 \$	2013 \$
Lease expense payable				
- within 1 year	1,019,178	688,178	945,378	614,378
- after 1 year but not later than 5 years	1,041,957	1,007,193	1,035,807	1,007,193
	<u>2,061,135</u>	<u>1,695,371</u>	<u>1,981,185</u>	<u>1,621,571</u>

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. Lease commitments under non-cancellable operating leases where the Group and the Association are the lessors, are as follows:

	Group		Association	
	2014 \$	2013 \$	2014 \$	2013 \$
Lease income receivable				
- within 1 year	2,211,962	497,440	63,000	40,440
- after 1 year but not later than 5 years	1,556,318	44,000	107,083	44,000
	<u>3,768,280</u>	<u>541,440</u>	<u>170,083</u>	<u>84,440</u>

The above operating leases do not provide for contingent rents.

## 32. 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 32. FINANCIAL RISK MANAGEMENT *(continued)*

### (i) Credit risk *(continued)*

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

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

During the financial year, the Group derived 42% [2013: 49%] of its total income from a major customer, located in Singapore. At the balance sheet date, 88% [2013: 86%] 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	
	2014 \$	2013 \$	2014 \$	2013 \$
By business segments				
Insurance	49,234	153,425	-	-
Towing	1,066,555	2,833,987	16,871	22,357
Other services	1,813,163	85,495	1,806,058	81,253
	2,928,952	3,072,907	1,822,929	103,610

#### *Financial assets that are neither past due nor impaired*

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

#### *Financial assets that are past due but not impaired*

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

	Group		Association	
	2014 \$	2013 \$	2014 \$	2013 \$
Trade receivables past due:				
0 to 3 months	201,105	176,778	4,385	56,811
4 to 6 months	25,828	30,250	-	286
	226,933	207,028	4,385	57,097

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 32. FINANCIAL RISK MANAGEMENT *(continued)*

### (i) Credit risk *(continued)*

#### *Financial assets that are impaired*

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

	Group		Association	
	2014 \$	2013 \$	2014 \$	2013 \$
Trade receivables individually determined to be impaired	24,728	24,728	-	-

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

	Group		Association	
	2014 \$	2013 \$	2014 \$	2013 \$
Balance at beginning of the year	24,728	209,661	-	207,681
Current year's allowance	-	160,390	-	137,642
Bad debts written off against allowance	-	(345,323)	-	(345,323)
Balance at end of the year	24,728	24,728	-	-

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

### (ii) Liquidity risk

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

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

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

### (iii) Interest rate risk

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 32. FINANCIAL RISK MANAGEMENT *(continued)*

### (iii) Interest rate risk *(continued)*

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

The interest rates and terms of maturity of financial assets of the Group and the Association are disclosed in notes 16, 18 and 21 to the financial statements.

### (iv) Market price risk

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

#### *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 and Association	
	2014 \$	2013 \$
Fair value reserve	570,336	410,878
Surplus	-	-

This analysis assumes that all other variables remain constant.

## 33. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 33. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES *(continued)*

### *Financial Instruments by Category*

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

	Group		Association	
	2014	2013	2014	2013
	\$	\$	\$	\$
Loans and receivables	48,220,176	100,520,696	71,943,322	77,257,932
Financial liabilities at amortised cost	5,729,180	10,319,303	7,978,859	8,840,878

## 34. 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. (formerly known as AA Insurance Services 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 during the financial year.

## 35. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Association and consolidated financial statements of the Group for the year ended 31 December 2014 were authorised for issue by the General Committee on 23 March 2015.



AUTOMOBILE ASSOCIATION OF SINGAPORE

Attach colour passport photograph here

## NOMINATION FORM

May 2015  
The Chief Executive Officer  
Automobile Association of Singapore  
535 Kallang Bahru  
#02-08 GB Point  
Singapore 339351

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

We, the undersigned, hereby nominate Mr/Ms \_\_\_\_\_ for election as COMMITTEE MEMBER of the General Committee of the Automobile Association of Singapore for the ensuing term 2015/2017 at the Annual General Meeting to be held on 20 May 2015 at the Fort Canning Lodge (YWCA), 6 Fort Canning Road, Level 2, Sophia Cooke Ballroom, Singapore 179494, at 6.30pm.

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

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

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

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

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

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

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

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

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

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

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

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**Note:** Clause 14(b)  
"Nominations for election to the Committee must be received at least 10 days before the date of the Annual General Meeting. Each member standing for election must be nominated by a member and seconded by another member, and the nominee must confirm on the letter of nomination his willingness to serve. Only members who have been members of the Association for not less than **three (3) continuous years** before the date of the Annual General Meeting shall be eligible to be elected to the Committee."

Nominations must be sent by post or delivered by hand to reach the Association's Chief Executive Officer not later than 5.00pm on 8 May 2015.

All envelopes shall be clearly marked "**AA NOMINATIONS**".

**For Official Use**

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

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

# NOTICE OF THE ANNUAL GENERAL MEETING

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

Date: Wednesday, 20 May 2015  
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 28 May 2014
3. To receive and, if approved, pass the Annual Report and Accounts for the year ended 31 December 2014
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 Wednesday, 13 May 2015

BY ORDER OF THE GENERAL COMMITTEE  
CHIA HO CHOON  
SECRETARY

30 April 2015

## NOTE

- a. Members attending the Annual General Meeting must produce their valid membership card.
- b. To facilitate discussion, members are requested to notify AA Singapore in writing by 5pm on Wednesday, 13 May 2015, 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, 8 May 2015. 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 2014 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](http://www.aas.com.sg).







## **AUTOMOBILE ASSOCIATION OF SINGAPORE**

### **Corporate Office**

535 Kallang Bahru #02-08 GB Point Singapore 339351  
Tel: 6333 8811 Fax: 6733 5094

### **Branch Office**

2 Kung Chong Road Singapore 159140  
Tel: 6333 8811 Fax: 6473 4996

### **Membership Services**

AA @ GB Point / AA Winners' Club @ GB Point  
535 Kallang Bahru #01-08 GB Point Singapore 339351  
Tel: 6333 8811 Fax: 6733 5094

### **AA @ 51 AMK / AA Winners' Club @ 51 AMK**

51 Ang Mo Kio Ave 3 #02- 02, 51 @AMK Singapore 569922  
Tel: 6455 2551