Journeying With You
Since 1907

AUTOMOBILE ASSOCIATION
OF SINGAPORE

WIDENING OUR PRESENCE
ACHIEVING NEW HEIGHTS

Annual Report 2019

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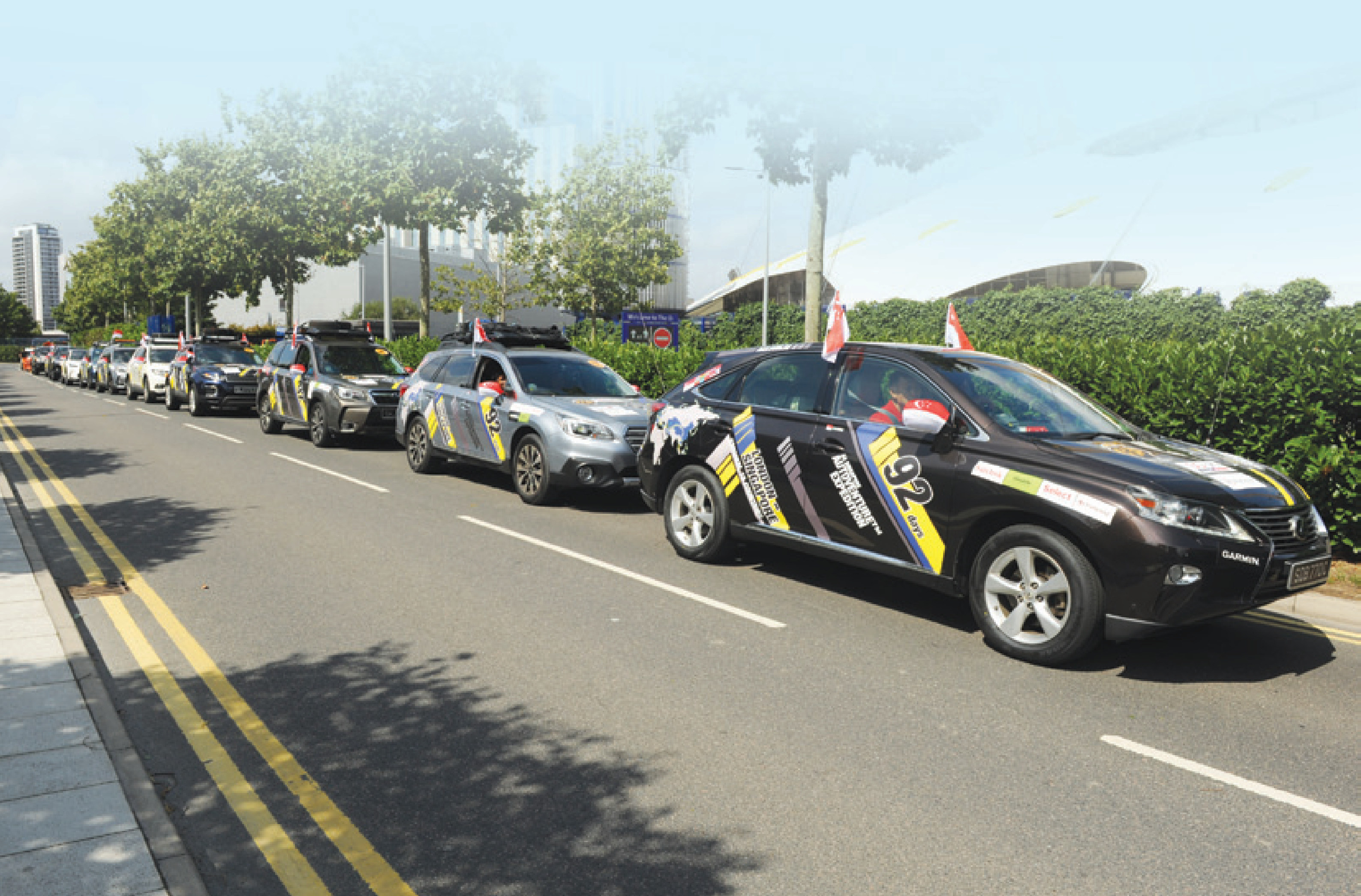


VISION

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.

VALUE

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

LOYAL

We believe in building loyal and trusted relationships.

ADVANCED

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

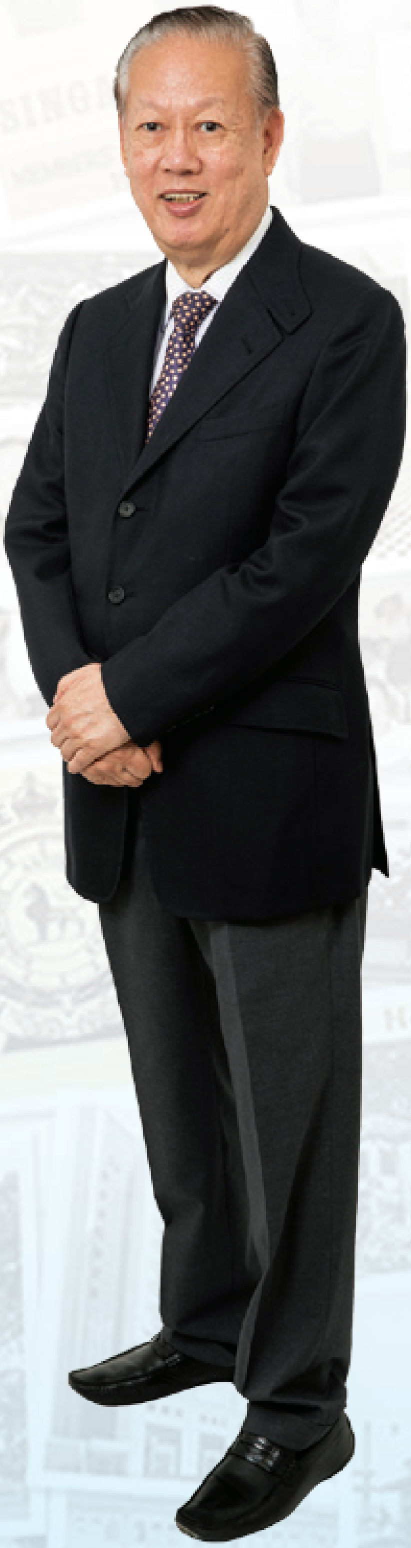
UNITED

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



> **Through these years, the Association has worked to support and sustain our Members, and our commitment to you has not wavered.**

Dear AA Members

SERVING OUR MEMBERS

The Association has been serving our AA Members for 113 years; we have weathered storms with our Members and shared our journey as a family. Through these years, we have worked to support and sustain our Members, employees, partners; and our commitment to you has not wavered.

The world is currently battling an unprecedented COVID-19 pandemic and it has impacted everyone in terms of our personal lives and businesses. As the leading motoring Association, we continue to provide our essential service of roadside assistance during this period while complying to the measures imposed by the Government. We have always placed the health and safety of our Members, employees, and the community as our top priority. We have also implemented safe distancing measures and ensured that our AA crew screened their temperature twice daily as well as wearing masks and gloves when responding to roadside assistance requests from Members.

As our backend employees transit to working from home during this period, we continue to provide our Membership services, Insurance services and offer Academy training programmes through remote sites. Members may experience slower response and longer waiting time for our service and we greatly appreciate your patience and understanding as we work through this together during these uncertain times.

As we brave through this pandemic, the Association will strive to provide the best and bring more benefits to you.

ENHANCED MEMBERSHIP BENEFITS

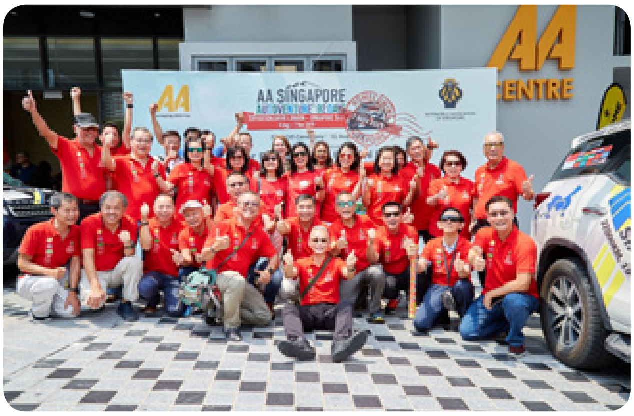
2019 had been an exciting year as AA Singapore implemented various initiatives to enhance the overall Membership benefits to our Members and celebrated Singapore's Bicentennial year. The Association achieved another milestone as we moved into our AA Centre.

At AA Singapore, we are continuously providing value-added services for our Members. As part of our digitalisation efforts to bring greater flexibility to our Members, we have replaced our physical Membership card with a digital Membership e-card in March 2019. In line with the Personal Data Protection Act, we have also issued unique Membership numbers in place of NRIC numbers. The digital Membership e-card provides Members with the same level of service, benefits and privileges as the physical card at a greater convenience.

Besides the Membership card, the Association has digitalised the Highway to an integrated online website as well as an interactive app, for the ease of our Members to access to the different viewing platforms at all times. The app is now readily available for Members to download on both iOS and Android platform. By going digitalised, we are reducing carbon footprint and improving efficiency on our processes. We hope that Members will find accessibility and an overall enhanced Membership experience within these changes.

In 2019, we have secured more privileges and better deals for our Members. From car-related privileges such as overseas car rental, to lifestyle benefits which include food and beverages discounts, we have it available for our Members. On top of the wide array of privileges, our car rental partner, JR Hokkaido Rent A Car, has increased their discount rate to 30% for AA Members to enjoy.

In view of catering the different needs of our Members, AAS Insurance Agency (AAS-IA) and Liberty Insurance Pte Ltd launched a Young or New Drivers Motor Insurance in April 2019; specifically designed for young drivers below the age of 24, or new drivers with less than two years of driving experience. These group of drivers are generally classified as one of the high-risk groups, where they are more likely to be involved in an accident due to the lack of driving experience, which will result in a higher excess and premium loadings on their motor insurance plan. Our Young or New Drivers Motor Insurance policy allows young or new drivers to attend AAS Academy's Safe Driver Program and aims to correct safety misconceptions and improve drivers' driving behaviours resulting in lower additional premium loading and lower policy excess. You may refer to our AAS-IA website at aas-insurance.com.sg/quote-request/newdriver for more details.



AUTOVENTURE™ (AV) has always been popular among our Members. Last year, AA Singapore joined in the Bicentennial celebrations by organising our longest AUTOVENTURE™ trip, a 92-day London-Singapore AUTOVENTURE™ Expedition drive from 8 August to 7 November 2019. The convoy of 16 cars and 31 participants clocked over 22,000km as they drove through countries such as Greece, Turkey, Iran, Uzbekistan and China. The participants had the opportunity to meet new friends, learn different cultures and driving habits of each country while enjoying the mesmerising scenery.

The participants also celebrated our Singapore's National Day with Singapore's High Commissioner to the United Kingdom, Her Excellency Ms Foo Chi Hsia in London, and we are honoured to have Her Excellency to flag off the expedition drive. Besides Her Excellency, Ms Foo Chi Hsia, the participants had the opportunity to meet with several of our Singapore Representatives along the trip. In Vienna, Austria, the group met with Mr Rayner Gan, First Secretary, Singapore Permanent Mission to the United Nations Office and Other International Organisations. In Chengdu, China, our participants met Consulate-General Mr Steven Pang. In Kuala Lumpur, Malaysia, our participants met Singapore's High Commissioner to Malaysia, His Excellency Mr Vanu Gopala Menon.

PRESIDENT'S MESSAGE

The convoy returned to Singapore on 7 November as we held a Homecoming Celebration for the participants. We were honoured to have our Guest-of-Honour Mr Melvin Yong, MP for Tanjong Pagar GRC and Special Guest, Her Excellency, Ms Kara Owen, British High Commissioner to Singapore to join us at the celebration and witnessed the Association's achievement.

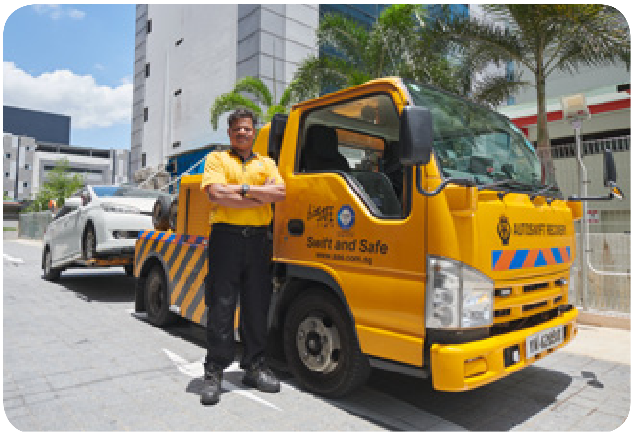
Following the success of 2018's AA-Wanbao 8D7N Fly-Drive to Jeju Island and Seoul, the Association collaborated with Lianhe Wanbao, signing a Memorandum of Understanding (MOU) with Korean Tourism Organization (KTO), Gangwon Province and Asiana Airlines; to organise a 11D10N South Korea round trip last year. Starting from Seoul, the participants travelled a round trip in South Korea. Some of the notable stops include Suncheonman Wetland Reserve, Busan Gamcheon Culture Village as well as Mount. Seorak National Park.

Further to our AV trips, our local talks and courses were also well-received by Members; in 2019, a total of 27 motoring as well as lifestyle workshops were organised and coordinated. To better cater and design the courses to our Members' preferences, in demand workshops such as Basic Car Maintenance Clinic, Know Your Car Course, Defensive Driving Course, Kimchi Making Workshop and Korean Language Workshop were regularly arranged. The Association has also collaborated with partners such as GetDocPlus to organise Kidney and Osteoporosis-related health talks, in view of providing a more holistic Membership service and going beyond motoring needs for our Members.

MOTORING NEEDS

I am delighted to share that in 2019, we received over 23,000 roadside assistance requests from our Members. Majority of these jobs that requested for mechanic assistance were attended within 45 minutes.

We are also pleased to share that we have secured a 2-year contract with the Immigration and Checkpoints Authority Singapore to provide vehicle recovery service within Singapore's boundary for both Woodlands and Tuas checkpoints and a dedicated resource has been allocated to each checkpoint. The Association will continue to look into providing our services to partners and new businesses.



BEYOND MOTORING NEEDS

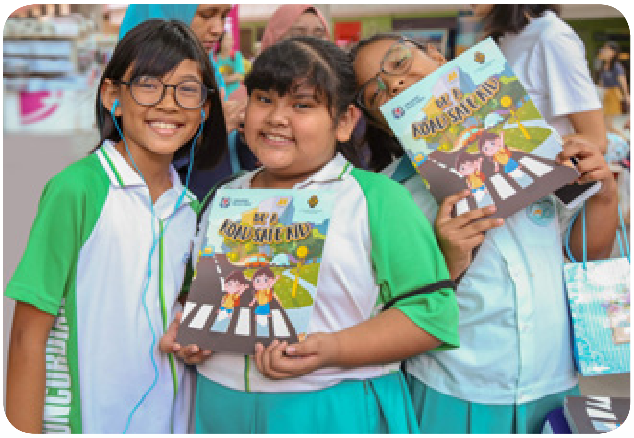
Together with Fédération Internationale de l'Automobile (FIA), AAS Academy organised the FIA-AA Singapore Smart Driving Challenge 2019. The Challenge, which was held worldwide, aimed to promote and encourage drivers to drive safe in every road journey; with the intention to cultivate eco-friendly driving to minimise the damage of pollution for the environment. The Challenge spanned over a three-month duration, which included four competition heats and a final competition round held in Paris, France. We are pleased to share that Mr. Tang Tuck Yee emerged as the Champion of the Singapore Challenge and was selected to compete in the global challenge held in Paris, France, alongside winners from countries globally.

AA Singapore was honoured to co-host the Global Mobility Alliance (GMA) Technology Symposium: Disruptive New Technologies Shaping Mobility Clubs of the Future conference. Together with the international delegates, the Association explored the technology disruption themes whilst participating in interactive and collaborative discussion around mobility club impacts.

ACTIVE ADVOCATE OF ROAD SAFETY

As a motoring leader in Singapore, AA Singapore participated in the #SpeakUp campaign during the UN Global Road Safety week. Through this campaign, the Association received pledges and raised awareness of vehicle blind spots in view of improving the safety of pedestrians at traffic junctions. We were honoured to have Members supporting and pledging the movement to minimise these risks, thereby creating safer roads for pedestrians.

The Association collaborated with NTU students on The Safe Seat campaign, where it aims to encourage parents to secure their children in proper child car restraints; and to raise awareness to promote safer commute for the children in Singapore. AA Singapore distributed the 'Be A Road Safe Kid' storybooks and conducted a storytelling session at the National Library where parents and children had a better understanding of the dangers on road.



As an advocate of road safety, the Association is actively participating and coming up with new initiatives to shape a better and more holistic society. In July 2019, AAS Academy participated in a road safety event – RoadSense Carnival, where we had a booth to raise awareness of Personal Mobility Device (PMD) safety and road hazard perception. There, we quizzed the public and helped to correct some of the common misconceptions on both PMD and road safety matters.

RELOCATION TO AA CENTRE

Seven years ago, AA Singapore shifted out from its iconic headquarters, at River Valley, and relocated to GB Point in Kallang Bahru. Many had fond memories of our former premises.

In September 2019, AA Singapore successfully relocated our corporate office to the new AA Centre at 2 Kung Chong Road. The relocation serves as a consolidation of our resources and services into one building as we aim to provide better assistance, hassle-free services in a one-stop centre, and greater convenience for our Members as well as the public.

While we are now fully functioning at AA Centre with additional recreational facilities, such as a road safety circuit and leisure lounge for you and your family; we are happy to share that our services at both GB Point as well as 51@Ang Mo Kio are still in operations to better reach out to the public in the heartland and bringing convenience to you. As an advocate of road safety, I am also delighted to announce that the road safety corner for young children, which includes mini driving circuits, aims to educate our young road users the importance of road safety. Feel free to bring along your young family members to any of our outlets to explore the circuits and learn about road safety. You are always welcomed to visit our premises and enjoy the facilities.

CHALLENGES AHEAD

Moving into 2020, we foresee a challenging year ahead, for both Singapore as well as the world. As AA Singapore plays our part in safeguarding the well-being of our Members, employees, and the local community, we will continue to strive to play an active role in the various community efforts and shaping a better and more sustainable society.

Last but not least, I would like to express my sincere appreciation to all our Members for your unwavering support and trust. On behalf of AA Singapore and the General Committee, I thank you for accompanying us and keeping the Association driving in the years ahead.

Be vigilant and stay safe.

Thank you.

Bernard Tay
President

GENERAL COMMITTEE

BERNARD TAY
President

LOW BENG TIN
Deputy President

ALVIN PHUA
Secretary

RANKIN B. YEO
Treasurer

CHAN CHIK WENG
Committee Member

CHIA HO CHOON
Committee Member

S CHANDRA MOHAN
Committee Member

EDWIN TAN
Committee Member

TAY BOON KENG
Committee Member

DARRYL WEE
Committee Member

DAVID WONG
Committee Member

THOMAS YEOH
Committee Member

RESOURCE PANEL

TAN HUN TWANG

WONG SIEW HONG

YEAR
IN REVIEW

OFFERING BETTER PRIVILEGES AND BENEFITS

In 2019, the Association rolled out various initiatives and expanded our product offerings to cater to the diverse needs of our Members.

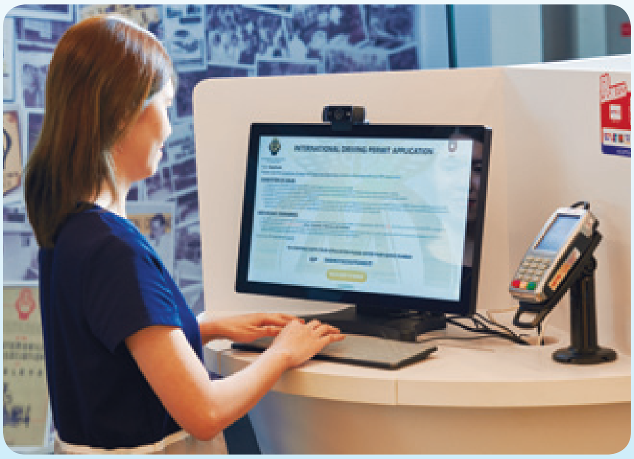
As part of our digitalisation efforts to reduce its carbon footprint, we rolled out a digital Membership card in place of the physical Membership card in March 2019. We have also issued a new Membership number in line with the Personal Data Protection Act. The Membership experience has been further enhanced, as AA Members can simply flash their digital Membership card on their mobile devices and enjoy the same level of service, benefits and privileges as the physical card. The Membership e-card brings about flexibility to all especially when travelling overseas, while enjoying the benefits from the participating overseas merchants.

Besides the e-card, the Association has digitalised the Highway to an integrated online website @ aa-highway.com.sg and it is also available on an interactive app. For the ease of our Members to access the Highway at all times, the app is now readily available for Members to download on both iOS and Android platform.

We have also introduced the online self-help kiosk for application of International Driving Permit. Members of public can now apply their IDP through the kiosk and photographs can be taken instantly. This service is currently available at AA Centre.

In addition, the Association secured a list of 116 privileges for our Members to enjoy. Following our partnership with JR Hokkaido Rent-A-Car (JR Hokkaido) in 2018, we have further increased the car rental discount to 30% for our Members. As part of the privileges to AA Members, we conducted regular lucky draws and contests with complimentary giveaway movie tickets to reward our Members for their utmost support. As part of the Membership benefits, we also offer free talks such as the Kidney@Work for AA Members.

With the growing trend of Singaporeans embarking on overseas trips, a series of both travel and lifestyle-related products are now available at our AAShop. From travel-related items such as AIRSIM SG10 Prepaid SIM Card and Tic Skin and Shower V2 Bottle; to lifestyle-related products which includes AirTamer A315 Rechargeable Personal Air Purifier, there are available stocks in the AAShop for you. On top of these products, we have also brought in car-related items such as 3M Waterless Wash & Wax, and an array of dash cams, for our Members to take care of their motoring needs.



YEAR
IN REVIEW

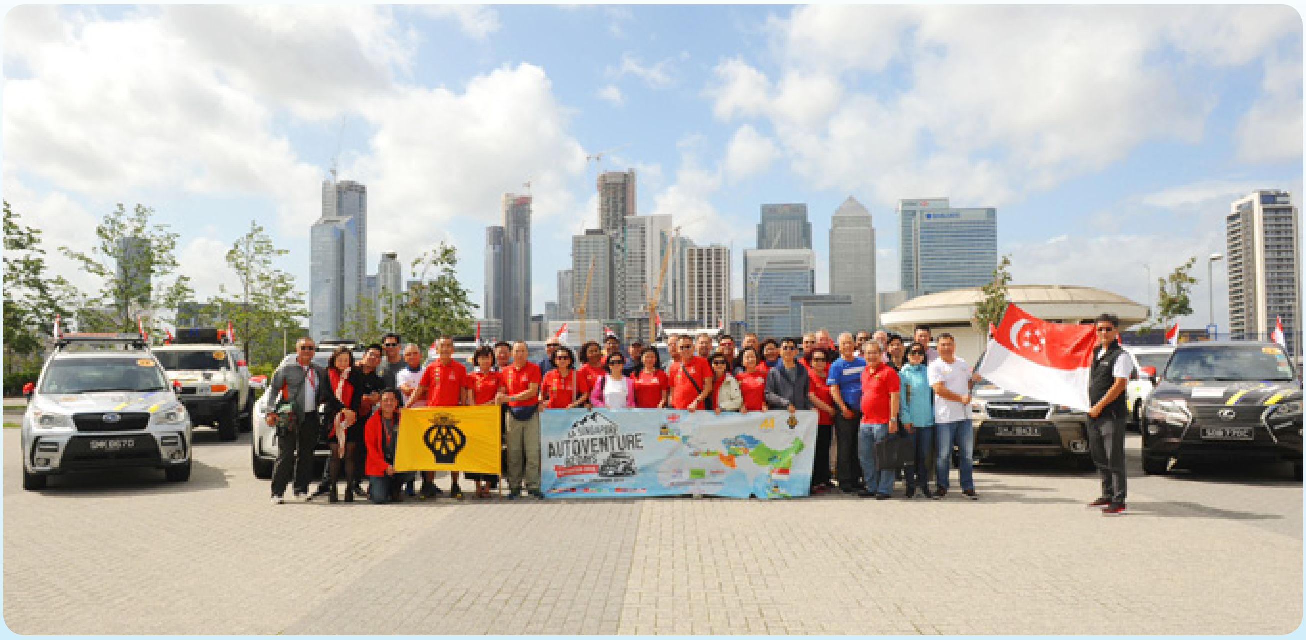
EXPLORING NEW ESCAPADES

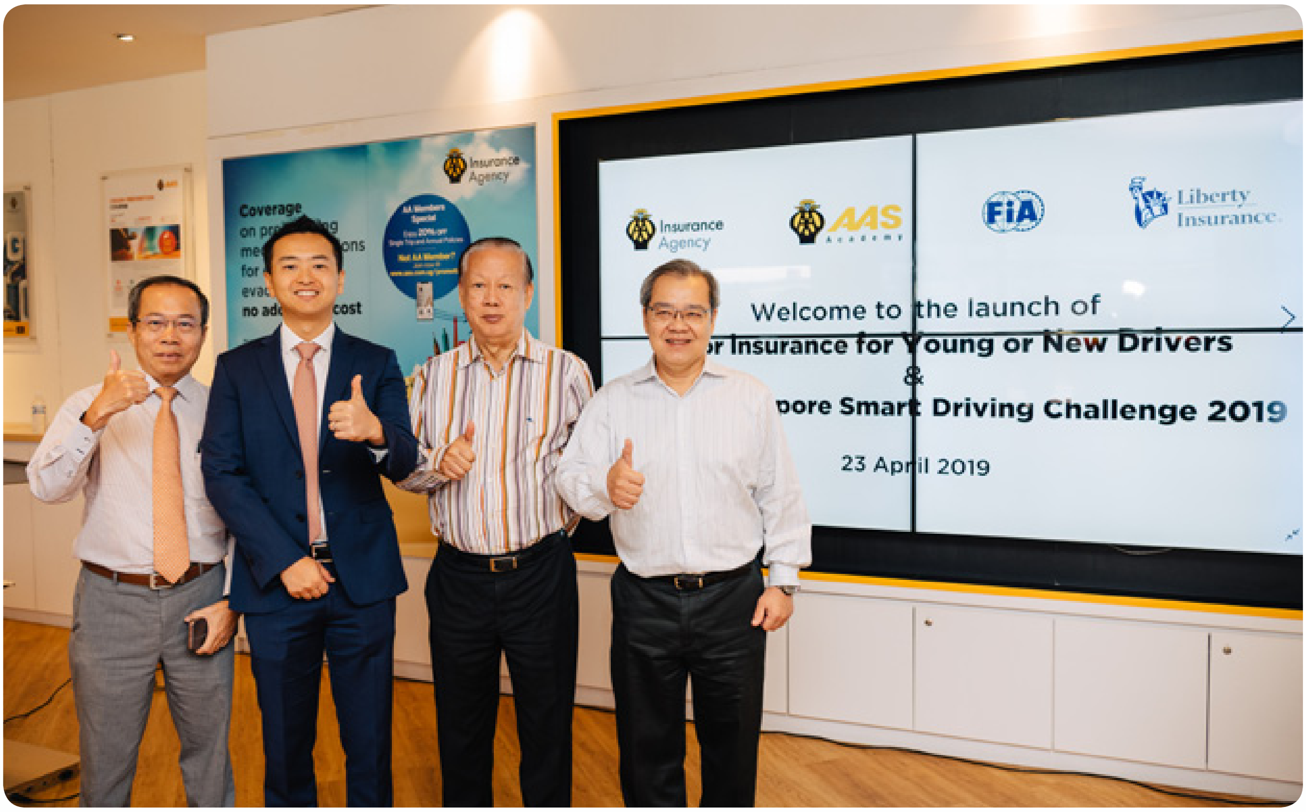
The Autoventure™ drives have always been well-received by AA Members and the Association has been organising the drives for more than 30 years with the aim of drivers' safety in mind. In 2019, a total of 16 AV trips were organised for our AA Members.

2019 was a significant year for the Association as we organised a 92-day London-Singapore Expedition Drive, in support of the Singapore Bicentennial celebrations and the SG-UK Partnership for Future. The London-Singapore Expedition Drive was the longest drive organised by the Association, clocking in a total of 22,000km. The participants celebrated Singapore's National Day in London and attended the Evensong at Westminster Abbey as part of the National Day Celebration. It was a meaningful experience for all involved. Flagged off in London on 10 August 2019 by Singapore's High Commissioner to the United Kingdom, Her Excellency Ms Foo Chi Hsia, the convoy of 16 cars and 31 participants visited 15 countries, such as Germany, Croatia, Turkey, Iran, Uzbekistan and China, and overcame different terrains and changing weather conditions. During the drive, the participants had the opportunity to meet several of our Singapore representatives such as Mr Rayner Gan, First Secretary, Singapore Permanent Mission to the United Nations Office and Other International Organisations; Consulate-General Mr Steven Pang in Chengdu, China and Singapore's High Commissioner to Malaysia, His Excellency Mr Vanu Gopala Menon. The participants received overseas media attention while spreading the Singaporean spirit and Bicentennial message during their 3 months drive. The participants were welcomed by Mr Melvin Yong, MP for Tanjong Pagar GRC and the British High Commissioner to Singapore, Her Excellency Ms Kara Owen, at the Homecoming Celebrations on 7 November 2019.

Besides the London-Singapore Expedition Drive, the Association has further collaborated with Lianhe Wanbao, Korean Tourism Organization (KTO), Gangwon Province and Asiana Airlines to organise a 11D10N South Korea round trip. This trip marks the 11th year between the partnership of AA Singapore and Lianhe Wanbao.

In addition to the AV trips, I am delighted to share that we have organised 27 motoring and lifestyle workshops and courses for our Members. Motoring workshops such as Basic Car Maintenance Clinic, Know Your Car Course and Defensive Driving Course as well as lifestyle workshops such as Kimchi-making workshop are the most well-liked courses. The Association will continue to organise more interesting and relevant workshops and courses to better cater our Members' preferences.





PROVIDING ENHANCED ROAD PROTECTION

At AA Singapore, we are constantly reviewing our products to enhance our services and offerings to our Members. AAS Insurance Agency (AAS-IA) further expanded their range of insurance products in 2019 and together with Liberty Insurance Singapore, AAS-IA launched the Young or New Drivers Motor Insurance policy, specially designed for young or new drivers below the age of 24, or new drivers with less than two years of driving experience. Our Young or New Drivers Motor Insurance policy allows young or new drivers to attend AAS Academy's Safe Driver Program, correcting safety misconceptions and improve drivers' driving behaviours resulting in lower additional premium loading and lower policy excess.

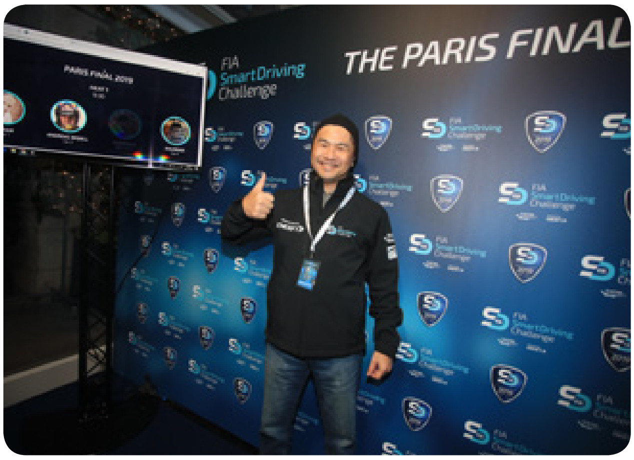
Following the rollout of the AA Personal Mobility Plus insurance in 2018, which was designed to better protect Personal Mobility Devices (PMD) riders, AAS-IA also extended the insurance for Commercial Use in view of the growing popularity of commercial PMD users. The AA Personal Mobility Plus (Commercial) covers the insured for a sum of up to S$100,000 in the event of an accidental death or permanent disability, and up to S$200,000 for personal liability claims if the insured is legally liable for causing third party injury. The insured can also claim for medical expenses of up to S$2,000.

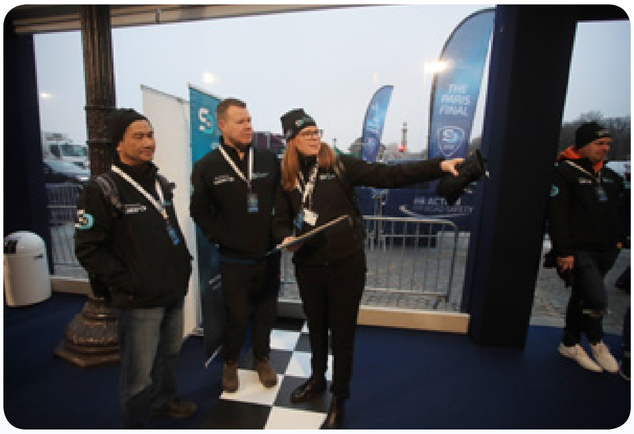
YEAR
IN REVIEW

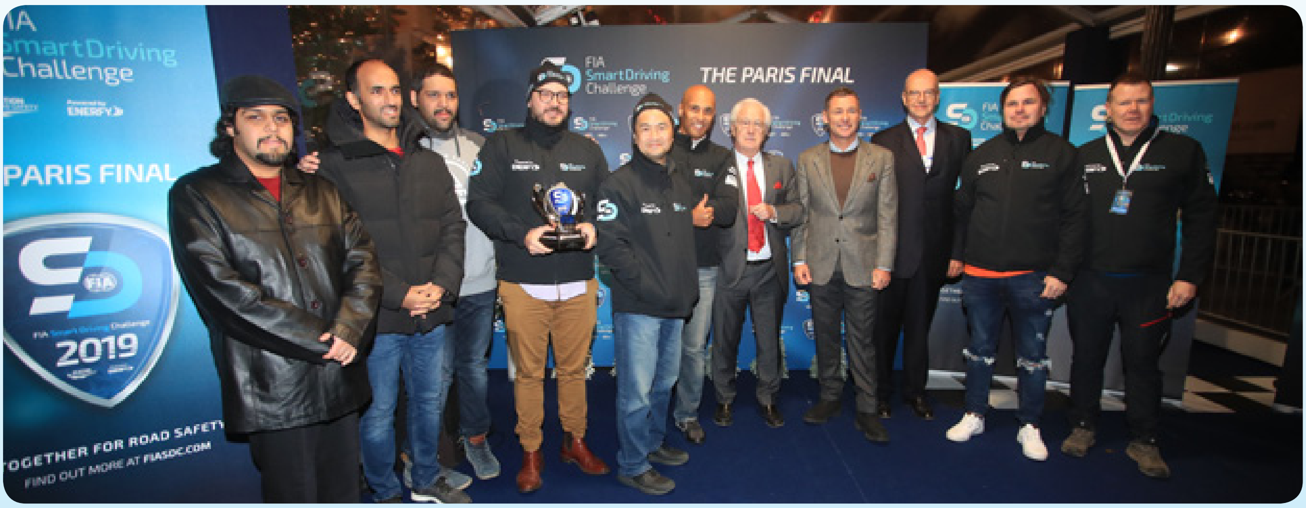
SUPPORTING MEMBERS WITH TRAINING NEEDS

The Association actively advocates road safety for all road users and offers various road safety tips and courses for the benefit of motorists. AA Singapore's training arm – AAS Academy partook in the RoadSense Carnival, organised by Traffic Police and Singapore Road Safety Council in celebrations of the Road Safety Month 2019. With the increasing popularity of PMDs, the Academy promoted and raised awareness on safety and road hazard perception of PMDs to both riders and pedestrians through the exhibition booth.

Together with the Fédération Internationale de l' Automobile (FIA), AAS Academy, introduced the FIA-AA Singapore Smart Driving Challenge in 2019, as part of the FIA Smart Driving Challenge, a worldwide competition that aims to promote motorists to drive safely and in an eco-friendly manner to minimise pollution for the environment. Participants of the FIA-AA Smart Driving Challenge were required to install an OBD II Device and pair the devices. Their drive trips' data will be sent to a digital platform, which evaluates their driving in real time via artificial intelligence. Participants also received bespoke trainings on eco-driving and safe driving by AAS Academy, to better help them improve on their driving behaviour. With a total of 3 heats over the span of one month and competed with 100 AA Members, Mr Tang Tuck Yee victoriously emerged as the Singapore Winner. Mr Tang also competed in the finals of the Challenge against seven other finalists from around the world in Paris, France.







ROAD SAFETY INITIATIVES

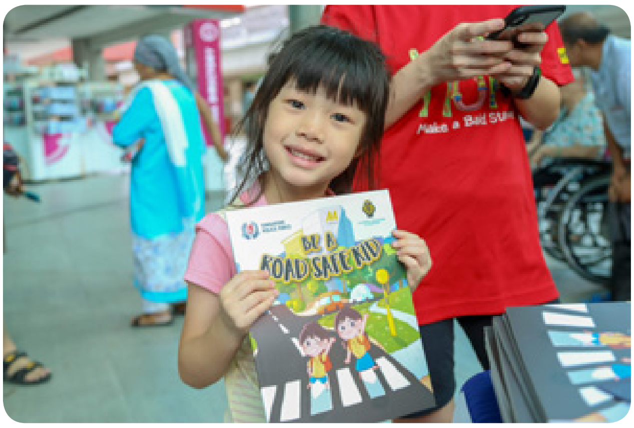
In 2019, we collaborated with Nanyang Technological University Singapore (NTU) on the campaign titled "The Safe Seats" as part of the undergraduates final-year project. The campaign aims to encourage parents in Singapore with children aged 0 -10 to secure their children in appropriate child restraints at all times when travelling in cars. The Safe Seat campaign was carried out over four months and reaching out to over 200,000 parents to reinforce the importance of the child restraint usage.

We supported the "Save Lives #SpeakUp" campaign during the UN Global Road Safety Week by producing the blind spot video for pedestrians to illustrate where blind spots are present and how it affected the pedestrian's safety when crossing the road at traffic junctions, particularly where discretionary turns are allowed. AA Members and Members of public were invited to support the movement to minimise such risks on our roads.

As part of the #3500 Lives campaign, the Association displayed the "Watch Out for Pedestrians" by H.S.H Princess, Charlene of Monaco and Charles Leclerc, FIA Formula one Racing Driver, as well as "Slow Down for Kids", by Patrick Dempsey, Actor, Director, Producer and Race Car Driver at JCDecaux bus shelter panels. The Association continues to support global road safety campaign initiatives by FIA.

PAVING SAFER ROADS

Serving our Members with excellent services has always been the key focus of the Association. In 2019, our subsidiary, Autoswift Recovery, has delivered a total of 23,000 roadside assistance requests from our Members. The Association is also pleased to secure a 2-yr contract with Immigration and Checkpoints Authority Singapore to provide vehicle recovery service within Singapore boundary for both Woodlands and Tuas checkpoints and a dedicated resource has been allocated to each checkpoint.



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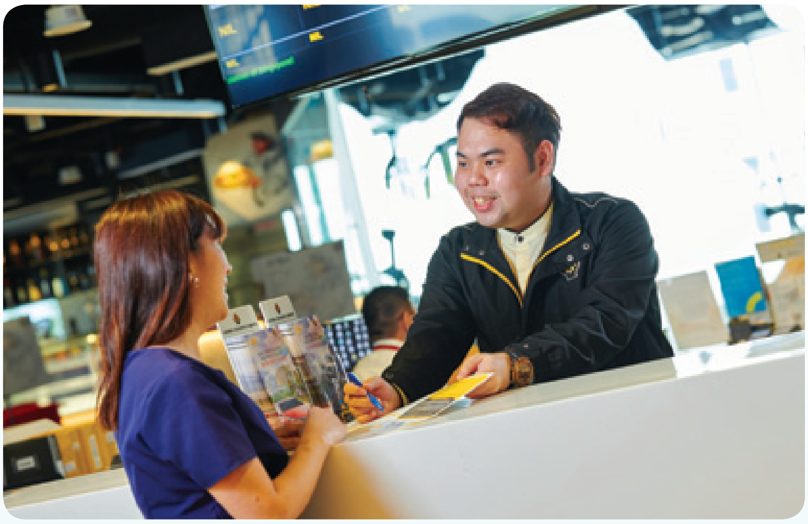

VENTURING INTO NEW ENVIRONMENTS

In 2019, AA Singapore successfully relocated to a 7-storey building at Kung Chong Road. This change not only marks the change in physical location, but the Association has also consolidated our resources and services into one building to provide better assistance and hassle-free services in a one-stop centre, and greater convenience for our Members as well as the public. While we are now fully functioning at AA Centre with additional recreational facilities, such as leisure lounge and road safety circuit for you and your family to come together and enjoy; we are happy to share that our services at both GB Point as well as Ang Mo Kio are still in operations to better reach out to the public in the heartland and bring convenience to them. Members are always welcomed to visit our premises and enjoy the facilities designed just for you.

MOVING FORWARD

Overall, 2019 was an exciting year for the Association as we moved into our AA Centre and introduced digitalisation for some of our services, as well as continuing our advocacy on road safety. AA Singapore will continue to enhance our Membership services, and help to shape a better and sustainable society for our fellow motorists. Moving on, the Association welcome a brisk and fulfilling year ahead in 2020; as we prepare for our Official Opening of AA Centre, and we are eager to showcase our new building to you.

MINUTES OF THE
ANNUAL GENERAL MEETING

Minutes of the Annual General Meeting (AGM) of Members of the Automobile Association of Singapore held at Fort Canning Lodge (YWCA), 6 Fort Canning Road, Level 2 Sophia Cooke Ballroom, Singapore 179494 on Wednesday, 8 May 2019 at 6:30 pm.

PRESENT:

Bernard Tay, Chairman and President
Low Beng Tin
Chia Ho Choon
Rankin B. Yeo
S Chandra Mohan
Tay Boon Keng
David Wong
Alvin Phua
Edwin Tan

In accordance with Clause 14c of the Constitution, the quorum for an AGM should be 35.

Ms Lo Wei Shih, the representative from the auditors, Messrs Lo Hock Ling & Co. confirmed that at the close of 6:30 pm, the total number of members present was 103. As there was a quorum, President called the Meeting to order.

1 PRESIDENT'S ADDRESS

The President highlighted the following points:

In 2018, the Association expanded our privilege by partnering GetDoc to extend GetDocPlus to our members, at no additional cost. Through GetDocPlus, members are able to enjoy great savings on health services including preferential rates for dental, health screenings, traditional Chinese medicine and chiropractic care. More privileges were secured in 2018, offering a wider range of motoring and lifestyle discounts and perks. This includes JR Hokkaido Rent A car, our new addition of car rental partner in Hokkaido, Japan. Members were eligible for a new privilege offered by Hertz when they applied for International Driving Permit, which covered a free additional driver for worldwide car rentals and additional discount on top of the prevailing rates.

In addition, AAS-IA launched the AA Personal Mobility insurance in March to provide better protection to PMD users and pedestrians. AA Personal Mobility Plus covers the insured for a sum of up to $50,000 in the event of accidental death or permanent disability. It provides up to $100,000 for personal liability claims and reimburses medical claims of up to $1,000 per person per policy year. Families with multiple users may also opt to purchase a Family Plan with cumulative discounts built-in. With the growing demand in safety products on personal mobility, new products such as helmets, bicycle care and light accessories were also made available in our AAShop for members and the public.

AAS Insurance Agency (AAS-IA) also expanded their range of insurance products and they now offer customised business insurance packages for SMEs specialising in Office, Services, Retail, and Food and Beverage. Their cost effective and flexible products allow for better management of risk exposure while protecting the business and their employees at the same time.

MINUTES OF THE
ANNUAL GENERAL MEETING

2018 marks the 10th year anniversary of our annual AUTOVENTURE™ collaboration with Lianhe Wanbao. For the past 9 years, driving holidays were organised to Malaysia and Thailand. To celebrate this milestone, the first Fly-Drive trip of this collaboration was organised to bring the convoy of 38 cars and 98 participants in an 8D7N trip to Jeju Island and Seoul. The Association also embarked on a 38-day drive to Fujian, China from 1 October to 7 November 2018, clocking in the longest drive of 2018 for AA Singapore. A total of 33 motoring and lifestyle workshops and courses were held last year, with popular courses such as the Defensive Driving Course, Basic Car Maintenance Clinic and Know Your Car Course frequently arranged for members.

In March 2018, the Association hosted the Overseas Safe Driving Forum, themed "One Life Lost is One Too Many", to help the public understand what is needed when preparing for a drive overseas, recognising potential hazards and minimising their driving risks. The forum garnered over 300 local and overseas participants, with presentations by local and renowned speakers from Australia and Malaysia, sharing the different driving challenges of their own country.

In May 2018, the Association supported the launch of the annual Singapore Road Safety Month, organised by Singapore Road Safety Council, focusing on engaging motorcyclists and heavy vehicle drivers.

We also partnered with KK Women's and Children's Hospital and Taxi Baby to form the Childhood Injury Prevention Alliance, to promote awareness on child passenger safety in cars. In support of Singapore Road Safety Month 2018, AA Singapore and Taxi Baby co-organised community children's car seat check to improve the awareness and correct usage of child safety restraints in vehicles in Singapore.

In June 2018, AAS Academy achieved its new milestone as SkillsFuture Singapore (SSG) approved the enhanced funding for the Crash Prevention Course. By utilising this funding, Singaporeans and Permanent Residents will be able to enjoy between 80% to 95% subsidy of their MOE-approved course fee. The Academy also began extending its Crash Prevention Course for Motorcycles from December 2018 and delivered its first lesson for Income Orange Force Response Riders, garnering a positive response.

The AAS Academy also conducted its first overseas training for French MNC Air Liquide in Bangkok, Thailand. As part of Air Liquide's Southeast Asia region-wide safety campaign, the workshop was attended by Safety Managers and Logistic Managers from seven different regions across Southeast Asia.

As part of the National Day celebrations, the Association participated in the Teck Ghee Road Safety Carnival for Seniors and Families, co-organised by the People's Association and Singapore Road Safety Council, where Prime Minister Mr Lee Hsien Loong and other Grassroots Advisers graced the event. The carnival was held to educate residents of all ages on the importance of road safety through various activities, booths, demonstrations to highlight the importance for all users to be considerate to one another.

AA Singapore continues its road safety efforts with Federation Internationale de l'Automobile (FIA) and partnering Motor Sports Singapore at September's Formula 1 Singapore Grand Prix in Singapore to raise awareness on the #3500LIVES global campaign and educating event-goers through displayed road safety exhibits.

AutoSwift Recovery Pte Ltd has secured a two years renewal with Singapore Grand Prix to provide Race Circuit support during the Singapore Formula One races. In addition, AutoSwift Recovery signed a two years agreement with Singapore Grand Prix to provide Traffic Support during the event.

We are proud to have launched our second edition of children books titled 'Be A Road Safe Kid' at the Singapore Road Safety Council's Gala Dinner in October 2018 with Guest-of-Honour Mrs Josephine Teo, Minister for Manpower and Second Minister for Home Affairs, officiating the launch.

AA Singapore has stepped up its digital transition in the past year. Last May, the Association ended the print for Highway Magazine and went fully digital on mobile app. In our latest shift towards digitalisation this year, Highway has become an all-digital magazine, with the introduction of new mobile-friendly Highway website and revamped mobile app on Android and iOS platforms. The digital edition of Highway contains the same great content as the print magazine with the convenience of being able to enjoy it from your desktop, tablet or mobile device, plus additional features such as zoom-in capability and embedded website links.

The Association has also launched our AA Membership e-card in March this year. The new e-card was conceptualised as part of AA Singapore's efforts to reduce its carbon footprint and bring greater flexibility and convenience to their members. In compliance with the Personal Data Protection Act (PDPA) to further protect our members' data, the e-card will display your new Membership Number in place of NRIC. The physical AA card will cease to be valid by 31 August 2019.

These digital membership cards can be accessed via the Association's free AA Singapore app, available for download on members' mobile devices from the Apple App Store and Google Play Store. Having the e-card on mobile device allows members to make the most out of their membership benefits wherever they go, without the worry of misplacing or damaging a physical card. Members can simply present their e-card on their mobile devices to enjoy the benefits, anytime, anywhere; as well as enjoying the overseas reciprocal services and the wide array of worldwide discounts under the AAA Discounts and Rewards℠ Scheme. AA Singapore will continue to look into new ways to innovate and enhance the overall membership experience.

To further support our efforts as an eco-conscious association, we will also be ceasing the print of annual reports moving forward. All annual reports will continue to be available in digital format, accessible through the AA website.

As an advocate for road safety, AA Singapore has been actively promoting the importance of road safety, raising awareness and educating motorists through community outreach programmes and campaigns. Young or new drivers are much more likely to be involved in an accident than an older driver as they are still developing their driving skills. Their age and lack of experience put them in a higher risk group. A higher rate of accidents among young drivers would also result in paying a higher premium for their car insurance. Whenever there is a new driver in the family, car owners can expect up to $3,000 policy excess and 20% or more premium loading for their motor insurance.

AAS-IA has recently collaborated with Liberty Insurance to offer an enhanced insurance policy for the Young or New drivers where their policy excess and premium loading would be substantially reduced when they attend our "Safe Driving Course", conducted by AAS Academy. Drivers who install the DriveWell™ app would also be rewarded with petrol vouchers.

In another road safety initiative, AA Singapore also launched the FIA-AA Singapore Smart Driving Challenge 2019 for AA Members, where the competition rewards smart, safe and environmental-friendly drivers. The competition will commence from 15 July 2019 to 13 October 2019 and top drivers will stand to win attractive prizes, including the grand prize trip to Paris.

For those who are interested to find out more about the Young or New drivers policy and the FIA-AA Singapore Smart Driving Challenge, please feel free to approach our staff after the AGM.

MINUTES OF THE
ANNUAL GENERAL MEETING

As an affiliated club of FIA organisation, it has brought many benefits and providing us with insights of the global motoring scene. We have been actively participating in FIA's organisation and AA Singapore supported the launch of #3500LIVES road safety campaign, displaying a 12 metres billboard "Use a Child Safety Seat" message endorsed by Michelle Yeoh, actress, producer and UNDP goodwill ambassador at People's Park Centre for nine months in 2017. In 2018, we featured "Buckle Up" message endorsed by two-time FIA Formula One World Champion Fernando Alonso, and extended the campaign visuals to Suntec Singapore International Convention and Exhibition Centre. This year, the FIA - AA Singapore Smart Driving Challenge is also one of the initiatives we have brought to Singapore. As a Vice-President of FIA Region II, and in FIA's World Council for Automobile Mobility and Tourism, FIA Audit Committee and FIA Nomination Committee, I am happy to represent both Singapore and the region on these FIA Committees. I will continue to build on the stronger ties with the FIA and Region II clubs to bring about greater benefits and worldwide reciprocal services to Members.

Back in November 2013, the Association relocated to GB Point and in 2015, members were informed that we had the intention to redevelop Kung Chong building. The new building will house AA Singapore and its subsidiary AutoSwift Recovery in the same building and it will improve the overall operational efficiency and allow better sharing of resources. In January 2017, we held our Groundbreaking Ceremony and last year, we had our Topping-Up Ceremony in June to mark the completion of the structural phase. This year could be our final year to hold our Annual General Meeting in YWCA as we moved into our new AA Centre in the second half of 2019. Located in the automotive cluster in Leng Kee and Alexandra, the AA Centre will not only provide a one-stop service, bringing greater convenience to our members and public but also offers a seamless experience for everyone. We look forward to receiving you at the new building in the second half of this year.

On behalf of the General Committee (GC), Management and staff of AA Singapore, I would like to extend my heartfelt appreciation to Mr Robert Tan, who have been serving in the GC since 2001. Robert has made an invaluable contribution, offering his wisdom, knowledge and sharing his expertise to the Association. Robert has expressed his intention of not standing for re-election and we thank him for all that he has contributed to the Association and we wish him all the best. 2019 will continue to be a challenging year for the automotive industry as we anticipate the future needs of road users and be ready to adapt to changes. Our common goal for the Association is to stay on the cutting edge of developments and continue to explore and bring in better benefits to our members. The General Committee, together with the Management of AA Singapore, will be collaborating on ways to remain competitive and evolve continually to prepare for the future changes ahead.

On behalf of the Association, I thank my fellow General Committee members, Resource Panel members, AA Management and staff, and our valued AA Members, for your strong support and contributions. I look forward to building on our successful history with you. Thank you.

2 TO CONFIRM THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 23 MAY 2018

There were no comments and the Minutes were confirmed as proposed by Mr Shiao Chung Chiang and seconded by Mr Tay Choon Mong.

3 TO RECEIVE AND, IF APPROVED, ADOPT THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018.

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

QUESTION ON PAGE 27 – EXPENDITURE OF EMPLOYEE BENEFITS EXPENSE

Mr Tay Choon Mong questioned why there was a great drop in the expenditure for employee benefits expense from $12,730,435 in 2017 to $7,889,888 in 2018.

The President replied that the drop was attributed to the loss of LTA's EMAS contract.

There were no other comments and the annual report and audited financial statements were approved as proposed by Mr Tay Choon Mong and seconded by Mr Shiao Chung Chiang.

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 we need to elect 6 members to the General Committee.

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

Ms Lo Wei Shih, the representative from the auditors, reported that 6 nominations were received at 5:00 pm on 26 April 2019, being the time and date set for nominations to be closed.

The 6 nominees duly nominated are:
Mr Low Beng Tin
Mr Chia Ho Choon
Mr David Wong
Mr Rankin Yeo
Dr S Chandra Mohan
Dr Edwin Tan

There are 6 candidates for the 6 vacancies. All the 6 are deemed elected.

The President welcomed the newly elected members to the General Committee.

5 TO APPOINT AUDITORS FOR THE ENSUING YEAR

The 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 to re-elect Messrs Lo Hock Ling & Co as auditors was then proposed by Mr Tan See Peng and seconded by Mr Fong Yue Kwong.

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

6 TO TRANSACT ANY OTHER BUSINESS OF WHICH NOTICE IN WRITING HAS BEEN RECEIVED BY THE CHIEF EXECUTIVE OFFICER BY 5:00 PM ON TUESDAY, 30 APRIL 2019.

The President informed that as at 5:00 pm on Tuesday, 30 April 2019, there were no letters received from members.

7 THE PRESIDENT THANKED ALL MEMBERS FOR ATTENDING THE AGM.

As there was no other business to be discussed, the President formally declared the Meeting closed at 6:55 pm.

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

FINANCIAL CONTENTS

CORPORATE
INFORMATION 2019
AUTOMOBILE ASSOCIATION OF SINGAPORE

1. **INSTRUMENT OF SETTING UP THE ASSOCIATION**

   Constitution of Automobile Association of Singapore

2. **UNIQUE ENTITY NUMBER OF THE ASSOCIATION**

   S61SS0040C

3. **REGISTERED ADDRESS**

   2 Kung Chong Road, #06-01 AA Centre, Singapore 159140

4. **GENERAL COMMITTEE**

Name	Designation
Mr. Bernard Tay	President
Mr. Low Beng Tin	Deputy President
Mr. Alvin Phua	Secretary
Mr. Rankin B. Yeo	Treasurer
Ltc (Ret) Chan Chik Weng	Committee Member
Dr. S Chandra Mohan	Committee Member
Mr. Chia Ho Choon	Committee Member
Dr. Edwin Tan	Committee Member
Prof. Tay Boon Keng	Committee Member
Mr. Darryl Wee	Committee Member
Mr. David Wong	Committee Member
Mr. Thomas Yeoh	Committee Member

5. **MEMBERSHIP SUB-COMMITTEE**

   Mr. Alvin Phua
   Mr. Darryl Wee
   Mr. Tan Hun Twang
   Mr. Bernard Tay (Ex-Officio)

6. **CONSTITUTION REVIEW SUB-COMMITTEE**

   Dr. S Chandra Mohan
   Mr. Chia Ho Choon
   Prof. Tay Boon Keng
   Mr. Wong Siew Hong
   Mr. Bernard Tay (Ex-Officio)

7. **AUDIT SUB-COMMITTEE**

   Mr. Alvin Phua
   Dr. Edwin Tan
   Mr. Tan Hun Twang
   Mr. Bernard Tay (Ex-Officio)

CORPORATE
INFORMATION 2019
AUTOMOBILE ASSOCIATION OF SINGAPORE

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

Mr. Rankin B. Yeo
Mr. Chia Ho Choon
Mr. Thomas Yeoh
Mr. Bernard Tay (Ex-Officio)

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

Mr. Low Beng Tin
Mr. Rankin B. Yeo
Ltc. Chan Chik Weng
Mr. Bernard Tay (Ex-Officio)

10. **KUNG CHONG REDEVELOPMENT SUB-COMMITTEE**

Mr. David Wong
Mr. Chia Ho Choon
Mr. Bernard Tay (Ex-Officio)

11. **JACKPOT SUB-COMMITTEE**

Mr. Low Beng Tin
Mr. Darryl Wee
Dr. Edwin Tan
Mr. Bernard Tay (Ex-Officio)

12. **DIGITAL REVIEW COMMITTEE**

Mr. Darryl Wee
Dr. Edwin Tan
Mr. Wong Siew Hong
Mr. Bernard Tay (Ex-Officio)

13. **PRINCIPAL BANKERS**

DBS Bank Ltd
Standard Chartered Bank (Singapore) Limited

14. **AUDITORS**

Lo Hock Ling & Co.
Chartered Accountants Singapore

STATEMENT BY THE GENERAL COMMITTEE

In our opinion, the accompanying financial statements of Automobile Association of Singapore (the "Association") and its subsidiary companies (collectively the "Group") set out on pages 27 to 76 are drawn up so as to give a true and fair view of the financial position of the Group and the Association as at 31 December 2019 and the financial performance and changes in funds of the Group and the Association and cash flows of the Group for the financial year covered by the financial statements.

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

On behalf of the General Committee

Bernard Tay Ah Kong
President

Rankin B. Yeo
Treasurer

Singapore, 31 March 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AUTOMOBILE ASSOCIATION OF SINGAPORE

Report on the Audit of the Financial Statements

Opinion

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 27 to 76, which comprise the statements of financial position (balance sheets) of the Group and of the Association as at 31 December 2019, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in funds of the Association are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Association as at 31 December 2019 and of the consolidated financial performance, consolidated changes in funds and consolidated cash flows of the Group, and of the financial performance and changes in funds of the Association for the year ended on that date.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in Corporate Information, the Statement by the General Committee and other sections of the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and General Committee for the Financial Statements

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

Responsibilities of Management and General Committee for the Financial Statements (Continued)

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AUTOMOBILE ASSOCIATION OF SINGAPORE

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the regulations enacted under the Act, and the provisions of the Singapore Companies Act, Chapter 50 to be kept by the Association and by the subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept.

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

(i) any profits from the private lotteries were accrued to any individuals; or

(ii) any commission either in money or money's-worth, including by way of free tickets or chances, was paid in respect of the sales of tickets or chances.

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

Singapore, 31 March 2020

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	Group 2019 $	Group 2018 $	Association 2019 $	Association 2018 $
INCOME					
Membership subscriptions and entrance fees		2,784,646	2,948,289	2,785,574	2,949,216
Vehicle recovery and towing services		953,882	786,243	32,430	47,090
Fruit machine net takings	3	2,505,686	1,922,343	2,505,686	1,922,343
Income from other services	4	3,521,908	5,286,074	2,935,404	2,613,674
Interest income	5	966,688	928,870	1,008,681	953,483
Rental income (net)	6	824,832	935,541	54,438	94,727
Other income	7	469,122	1,862,861	1,038,977	2,774,165
Total income		12,026,764	14,670,221	10,361,190	11,354,698
LESS EXPENDITURE					
Depreciation expense	8	1,197,742	1,088,096	241,634	403,710
Amortisation of intangible assets	14	45,857	47,750	45,565	46,586
Amortisation of right-of-use asset	15	648,315	–	648,315	–
Employee benefits expense	9	5,433,481	7,889,888	2,664,383	3,465,378
Impairment on financial assets	21	20,263	100,955	–	–
Membership promotion, publicity and meetings		799,951	884,919	805,951	888,619
Finance costs	28	46,281	–	46,281	–
Other expenses	10	3,956,098	4,476,286	4,231,566	4,813,687
Total expenditure		12,147,988	14,487,894	8,683,695	9,617,980
(Deficit)/surplus before tax		(121,224)	182,327	1,677,495	1,736,718
Income tax (expense)/benefits	11	(168,013)	123,391	(150,049)	(101,895)
(Deficit)/surplus for the year		(289,237)	305,718	1,527,446	1,634,823
OTHER COMPREHENSIVE INCOME					
Items that may be reclassified subsequently to profit or loss:					
Net changes in fair value of financial assets, at FVOCI	17	442,990	(561,075)	311,800	(368,385)
Other comprehensive income for the year, net of tax		442,990	(561,075)	311,800	(368,385)
Total comprehensive income for the year		153,753	(255,357)	1,839,246	1,266,438
Surplus/(deficit) attributable to:					
Members of the Association		(318,933)	(66,473)	1,527,446	1,634,823
Non-controlling interests		29,696	372,191	–	–
		(289,237)	305,718	1,527,446	1,634,823
Total comprehensive income attributable to:					
Members of the Association		124,057	(627,548)	1,839,246	1,266,438
Non-controlling interests		29,696	372,191	–	–
		153,753	(255,357)	1,839,246	1,266,438

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

	Notes	Group 2019 $	Group 2018 $	Association 2019 $	Association 2018 $
ASSETS					
Non-Current Assets					
Property, plant and equipment	12	32,020,416	25,234,121	826,996	512,085
Investment property	13	39,412,619	39,408,414	–	–
Intangible assets	14	80,663	130,389	80,663	126,228
Right-of-use assets	15	898,277	–	898,277	–
Available-for-sale financial assets	16	–	–	–	–
Financial assets, at FVOCI	17	14,194,990	13,752,000	11,126,800	10,815,000
Investments in subsidiary companies	18	–	–	4,386,502	4,386,502
Amount due from subsidiary companies	19	–	–	60,100,000	53,600,000
		86,606,965	78,524,924	77,419,238	69,439,815
Current Assets					
Inventories	20	59,639	88,326	59,929	51,794
Trade and other receivables	21	1,535,023	1,704,418	649,652	673,436
Amount due from subsidiary companies	19	–	–	3,045,378	7,134,337
Cash and cash equivalents	22	30,378,897	38,529,432	11,096,955	14,268,197
		31,973,559	40,322,176	14,851,914	22,127,764
Total Assets		118,580,524	118,847,100	92,271,152	91,567,579
TOTAL FUNDS, RESERVES AND LIABILITIES					
FUNDS AND RESERVES					
Accumulated fund		107,584,753	108,015,720	82,160,020	80,744,608
Fair value reserve	23	(132,010)	(575,000)	(155,200)	(467,000)
Fruit machine replacement reserve	24	513,219	464,181	513,219	464,181
Total funds and reserves attributable to members of the Association		107,965,962	107,904,901	82,518,039	80,741,789
Non-controlling interests	18	–	1,016,591	–	–
Total Funds and Reserves		107,965,962	108,921,492	82,518,039	80,741,789
LIABILITIES					
Non-Current Liabilities					
Subscriptions received in advance	25	1,948,805	2,356,395	1,948,805	2,355,461
Deferred tax liabilities	26	3,000	3,000	–	–
Trade and other payables	27	120,000	–	120,000	–
Lease liabilities	28	462,359	–	462,359	–
Amount due to a subsidiary company	19	–	–	3,040,101	3,040,101
		2,534,164	2,359,395	5,571,265	5,395,562
Current Liabilities					
Subscriptions received in advance	25	1,694,057	1,952,208	1,688,079	1,951,275
Trade and other payables	27	5,757,003	5,357,803	1,625,952	1,991,624
Lease liabilities	28	476,043	–	476,043	–
Amount due to subsidiary companies	19	–	–	251,774	1,385,429
Current tax liabilities		153,295	256,202	140,000	101,900
		8,080,398	7,566,213	4,181,848	5,430,228
Total Liabilities		10,614,562	9,925,608	9,753,113	10,825,790
Total Funds, Reserves and Liabilities		118,580,524	118,847,100	92,271,152	91,567,579

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

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS

For the year ended 31 December 2019

Group	Notes	Accumulated fund $	Fair value reserve $	Fruit machine replacement reserve $	Total funds and reserves attributable to members of the Association $	Non-controlling interests $	Total funds and reserves $
Balance as at 1 January 2018		108,233,741	(13,925)	312,633	108,532,449	579,600	109,112,049
Total comprehensive income for the year		(66,473)	(561,075)	–	(627,548)	372,191	(255,357)
Transactions with owners, recognised directly in total funds and reserves							
Transfer to fruit machine replacement reserve, net of reserve utilised	24	(151,548)	–	151,548	–	–	–
Changes in ownership interests in subsidiary without a change in control							
Dilution of interests in subsidiary		–	–	–	–	289,800	289,800
Dividends paid to non-controlling shareholder of subsidiary company		–	–	–	–	(225,000)	(225,000)
		(151,548)	–	151,548	–	64,800	64,800
Balance as at 31 December 2018		108,015,720	(575,000)	464,181	107,904,901	1,016,591	108,921,492
Adjustment on adoption of FRS 116 Leases	2.2	(62,996)	–	–	(62,996)	–	(62,996)
Restated balance as at 1 January 2019		107,952,724	(575,000)	464,181	107,841,905	1,016,591	108,858,496
Total comprehensive income for the year		(318,933)	442,990	–	124,057	29,696	153,753
Transactions with owners, recognised directly in total funds and reserves							
Transfer to fruit machine replacement reserve, net of reserve utilised	24	(49,038)	–	49,038	–	–	–
Changes in ownership interests in subsidiary with a change in control							
Derecognition of interests in subsidiary		–	–	–	–	(1,046,287)	(1,046,287)
		(49,038)	–	49,038	–	(1,046,287)	(1,046,287)
Balance as at 31 December 2019		107,584,753	(132,010)	513,219	107,965,962	–	107,965,962

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

STATEMENT OF
CHANGES IN FUNDS

For the year ended 31 December 2019

Association	Notes	Accumulated fund $	Fair value reserve $	Fruit machine replacement reserve $	Total $
Balance as at 1 January 2018		79,261,333	(98,615)	312,633	79,475,351
Total comprehensive income for the year		1,634,823	(368,385)	–	1,266,438
Transactions with owners, recognised directly in total funds and reserves					
Transfer to fruit machine replacement reserve, net of reserve utilised	24	(151,548)	–	151,548	–
Balance as at 31 December 2018		80,744,608	(467,000)	464,181	80,741,789
Adjustment on adoption of FRS 116 Leases	2.2	(62,996)	–	–	(62,996)
Restated balance as at 1 January 2019		80,681,612	(467,000)	464,181	80,678,793
Total comprehensive income for the year		1,527,446	311,800	–	1,839,246
Transactions with owners, recognised directly in total funds and reserves					
Transfer to fruit machine replacement reserve, net of reserve utilised	24	(49,038)	–	49,038	–
Balance as at 31 December 2019		82,160,020	(155,200)	513,219	82,518,039

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Notes	Group 2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
(Deficit)/surplus before tax		(121,224)	182,327
Adjustments for:			
Bad debts written off - trade		–	5,686
Depreciation expense	8	1,197,742	1,088,096
Amortisation on intangible assets	14	45,857	47,750
Amortisation of right-of-use assets	15	648,315	–
Impairment loss on financial assets	21	20,263	100,955
Intangible assets written off		–	2,079
Property, plant and equipment written off		8,734	34,468
Provisions written back	29	(89,540)	(1,216,039)
Interest income	5	(966,688)	(928,870)
Finance costs relating to lease liabilities	28	62,104	–
Loss on disposal of intangible assets		3,869	–
Loss/(gain) on disposal of property, plant and equipment		18,485	(72,747)
Operating surplus/(deficit) before working capital changes		827,917	(756,295)
Decrease/(increase) in inventories		28,687	(8,030)
Decrease in receivables		163,549	1,122,080
Decrease in payables		(842,341)	(1,167,051)
(Decrease)/increase in subscriptions received in advance		(665,741)	148,031
Cash used in operations		(487,929)	(661,265)
Interest received		69,266	14,684
Income tax paid		(270,920)	(474,674)
Net cash used in operating activities		(689,583)	(1,121,255)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease in fixed deposits pledged with banks and/or with maturities over 3 months		1,460,910	17,359,889
Interest received		883,005	966,727
Additions to financial assets, at FVOCI	17	–	(3,523,500)
Additions to intangible assets	14	–	(4,380)
Additions to investment properties	13	(312,498)	–
Additions to property, plant and equipment	12	(6,258,044)	(9,466,353)
Proceeds from disposal of property, plant and equipment		6,162	171,998
Proceeds from partial disposal of interests in a subsidiary	18	–	289,800
Return of capital arising from liquidation of a subsidiary company to non-controlling interests	18	(1,046,287)	–
Net cash (used in)/from investing activities		(5,266,752)	5,794,181
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of lease liabilities	28	(671,186)	–
Payment of interest on lease	28	(62,104)	–
Dividends paid to non-controlling shareholder of subsidiary		–	(225,000)
Net cash used in financing activities		(733,290)	(225,000)
Net (decrease)/increase in cash and cash equivalents		(6,689,625)	4,447,926
Cash and cash equivalents at beginning of the year		17,853,979	13,406,053
Cash and cash equivalents at end of the year	22	11,164,354	17,853,979

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

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 Chapter 311. Its registered office is located at 2 Kung Chong Road, #06-01 AA Centre, Singapore 159140.

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 18 to the financial statements.

During the financial year, the Association did not conduct any fund-raising appeal as defined in the Societies Regulations issued under the Societies Act.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

These financial statements are prepared in accordance with the historical cost convention except as disclosed in the accounting policies below, and comply with Financial Reporting Standards in Singapore ("FRSs"), including related Interpretations promulgated by the Accounting Standards Council, as required by the Companies Act, Chapter 50.

2.2 Adoption of FRSs effective in financial year 31 December 2019

In the current financial year, the Group adopted all the new and amended FRSs which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2019. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRSs, as disclosed below.

Adoption of FRS 116 Leases

The Group adopted FRS 116 on 1 January 2019. FRS 116 supersedes FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases-Incentives* and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group adopted FRS 116 on 1 January 2019 (date of initial adoption) using the modified retrospective method of adoption. Under this method, the standard is applied retrospectively with the cumulative effect of application recognised as an adjustment to the opening balance of accumulated fund at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying FRS 17 and INT FRS 104 at the date of initial application.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of FRSs effective in financial year 31 December 2019 (Continued)

Adoption of FRS 116 Leases (Continued)

The effect of adopting FRS 116 on the financial statements of the Group and the Association as at 1 January 2019 was as follows:

	Group and Association
	Increase/ (decrease) $
Right-of-use assets	1,546,592
Lease liabilities	1,609,588
Accumulated fund	(62,996)

The Group has lease contracts for property and equipment. Before the adoption of FRS 116, the Group classified each of its leases (as lessee) at the inception date as an operating lease. The accounting policy prior to 1 January 2019 is disclosed in note 2.19.2.

Upon adoption of FRS 116, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 1 January 2019 is disclosed in note 2.19.1. The Standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets associated with the leases were recognised based on the carrying amount as if the standard had always been applied, using the incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of FRSs effective in financial year 31 December 2019 (Continued)

Adoption of FRS 116 Leases (Continued)

Leases previously accounted for as operating leases (Continued)

Based on the above, as at 1 January 2019:

- right-of-use assets of $1,546,592 were recognised;
- additional lease liabilities of $1,609,588 were recognised; and
- the net effect of these adjustments of $62,996 had been adjusted to accumulated fund. Comparative information is not restated.

The lease liabilities as at 1 January 2019 is reconciled to the operating lease commitments as of 31 December 2018, as follows:

		Group	Association
		$	$
Operating lease commitments disclosed as at 31 December 2018 [note 32(i)]		1,041,702	713,259
Add: Capitalisation of extension options		1,263,882	1,263,882
Add: Low value operating lease commitments as at 31 December 2018		42,856	42,856
Less: Commitments relating to short-term leases		(622,793)	(294,350)
		1,725,647	1,725,647
Less: Discounted using the Group's incremental borrowing rate		5%	5%
Lease liabilities as at 1 January 2019 (note 28)	(A)	1,609,588	1,609,588

The associated right-of-use assets ("ROU") were measured on a retrospective basis as if the new rules had always been applied.

ROU recognised as at 1 January 2019 was as follows:

		Group	Association
		$	$
Cost (note 15)		2,682,773	2,682,773
Less: Accumulated amortisation (note 15)		(1,136,181)	(1,136,181)
	(B)	1,546,592	1,546,592
Net impact on accumulated fund on 1 January 2019: (A) - (B)		62,996	62,996

2.3 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Significant Accounting Estimates and Judgments (Continued)

(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/Amortisation of Intangible Assets*

The cost of property, plant and equipment, investment property and intangible assets are depreciated/amortised on a straight line basis over their estimated useful lives. Management's estimates of the useful lives of these property, plant and equipment, investment property and intangible assets are disclosed in notes 2.10, 2.11 and 2.12 respectively. Changes in the expected usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation/amortisation charges could be revised. The carrying amounts of property, plant and equipment, investment property and intangible assets and their respective depreciation/amortisation charge for the year are disclosed in notes 12, 13 and 14 to the financial statements.

(ii) *Expected Credit Losses on Receivables*

Expected credit losses ("ECLs") are probability-weighted estimates of credit losses over the life of a financial instrument. In estimating ECLs to determine the probability of default of its receivables, the Group has used historical information, such as past credit loss experience. Where applicable, historical data are adjusted to reflect the effects of current conditions as well as management's assessment of future economic conditions based on observable market information, which involved significant estimates and judgement.

ECLs recognised on the Group's receivables as at the balance sheet date are disclosed in note 21 to the financial statements.

(iii) *Leases*

Incremental Borrowing Rate

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

The Group estimates the IBR using observable inputs (such as prevailing prime lending rates) when available and is required to make certain entity-specific estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Significant Accounting Estimates and Judgments (Continued)

(A) Key Sources of Estimation Uncertainty (Continued)

(iii) Leases (Continued)

Estimation of Lease Term

When determining the lease term of a lease contract, management considers all relevant factors that create an economic incentive for the Group to exercise an extension option, including any expected changes in circumstances since the commencement date that is within its control and affects its ability to exercise or not to exercise an option to extend. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

(B) Critical Judgments Made in Applying Accounting Policies

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

(i) Impairment of 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 fair value less cost of disposal. Estimating the value in use requires critical judgment on the part of the management 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.

(ii) Impairment of Investments in Subsidiary Companies

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

2.4 FRSs issued but not yet effective

The Group has not applied any new FRS that has been issued but is not yet effective. The General Committee plans to adopt these FRSs in the first financial year commencing on or after their respective effective dates.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Revenue Recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

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

(i) *Subscriptions and Fees Income*

Membership subscriptions received are recognised as revenue when they fall due over the period covered by the subscriptions.

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.

Entrance fees received are recognised as revenue at the point when applicants are admitted as members of the Association.

(ii) *Fruit Machine Takings*

Fruit machine takings are recognised as revenue upon receipt.

(iii) *Service Income*

Revenue from rendering of services is recognised when services have been performed and performance obligations have been fulfilled.

(iv) *Interest Income*

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

(v) *Rental Income*

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

2.6 Government Grants

Government grants are recognised when there is reasonable assurance that the grant will be received and the conditions attached to the grant will be complied with. Grants related to income are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 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.

2.8 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 accumulated fund), in which case, it is recognised in other comprehensive income or directly to accumulated fund accordingly.

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

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

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

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

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

2.9 Financial Assets

A. *Classification*

Financial assets are classified into the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The basis of classification depends on the Group's business model and the contractual cash flow characteristics of the financial assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial Assets (Continued)

B. *At initial recognition*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not have a significant financing component are measured at their transaction price at initial recognition.

C. *At subsequent measurement*

There are three prescribed subsequent measurement categories - at amortised cost, FVOCI and FVPL, depending on the Group's business model for managing the financial assets and the cash flow characteristics of the assets.

The Group's financial assets are categorised as follows:

(i) *Financial assets, at amortised cost*

These comprise loans and other receivables due from related companies and cash and cash equivalents, measured at amortised cost subsequent to initial recognition, as these represent contractual cash flows which are solely payments of principal and interest. A gain or loss on a financial asset that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

(ii) *Financial assets, at fair value through other comprehensive income (FVOCI)*

These comprise quoted commercial bonds, held to collect contractual cash flows consisting solely of payments of principal and interest and to sell these assets. Movements in fair values of investments classified as FVOCI are presented as "fair value gains and losses" in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

D. *Impairment of Financial Assets*

The Group assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost, and recognises a loss allowance accordingly.

At each reporting date, the debt instruments are assessed to determine whether there is significant increase in credit risk on the debt instruments since initial recognition. If there is a significant increase in credit risk since initial recognition, lifetime expected credit losses will be calculated and recognised in the loss allowance. If credit risk on the debt instrument has not increased significantly since initial recognition, the loss allowance is measured based on 12-month expected credit losses. Adjustments to the loss allowance are recognised in profit or loss as an impairment gain or loss.

For trade receivables, the Group applies the simplified approach permitted by FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Property, Plant and Equipment

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

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

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

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

Motor vehicles and equipment	5 - 10 years
Tow trucks	10 years
Furniture, fittings, plant and equipment and office equipment	5 years
Fruit machines	4 years
Renovations	3 - 10 years
Technical equipment	5 years

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

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and shall be included in profit or loss when the item is derecognised.

2.11 Investment Property

Investment property, which is held on a long term basis for investment potential and rental income, is stated at cost less accumulated depreciation and impairment loss, recognised in accordance with note 2.18 to the financial statements.

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

Freehold property	25 years

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Investment Property (Continued)

The costs of major renovations and improvements are capitalised as additions and the carrying amount of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvements are charged to profit or loss when incurred.

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

2.12 Intangible Assets

Intangible assets are measured initially at cost. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite useful lives are amortised over their estimated useful lives when the assets are available for use. In addition, they are subject to annual impairment testing. Intangible assets are written off when, in the opinion of the directors, no further future economic benefits are expected to arise.

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

Computer software	5 years

2.13 Investments in Subsidiaries

(i) *Subsidiary and Basis of Consolidation*

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

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed, 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 which control ceases.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Investments in Subsidiaries (Continued)

(ii) *Acquisitions*

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

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

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

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

(iii) *Disposals*

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

(iv) *Transactions with Non-Controlling Interests*

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Inventories

Inventories, consisting of car products and accessories, travel guide books and maps, 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 on the first-in-first-out basis.

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.

2.15 Trade and Other Receivables

Trade and other receivables that do not have a significant financing component are measured at their transaction price at initial recognition, and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses, as explained in note 2.9 (D).

2.16 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.

2.17 Financial Liabilities

Financial liabilities include trade and other payables and payables to related parties. 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 not at fair value through profit or loss, directly attributable transaction costs.

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

A financial liability is derecognised when the contractual obligation is discharged or cancelled or expires. 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.

2.18 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. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less cost of disposal and its value in use. The value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Impairment of Non-Financial Assets (Continued)

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

2.19 Leases

2.19.1 Accounting policies applied on and after 1 January 2019, the initial application date of FRS 116:

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

(a) As lessee

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

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortisation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are amortised on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in note 2.18.

The Group's right-of-use assets are presented in note 15.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced to reflect lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are presented in note 28.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Leases (Continued)

2.19.1 Accounting policies applied on and after 1 January 2019, the initial application date of FRS 116: (Continued)

(a) As lessee (Continued)

Short-term leases and leases of low-value assets

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

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Group's investment property is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.19.2 Accounting policies applied before 1 January 2019, the initial application date of FRS 116:

(a) As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

The accounting policy applicable to the Group as a lessor in the comparative period was the same as under FRS 116.

2.20 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.

2.21 Financial Guarantee Contracts

Financial guarantee contracts are financial instruments issued by a financial institution on behalf of the Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Related Parties

A related party is defined as follows:

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

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

(ii) Has significant influence over the Association; or

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

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

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

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

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

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

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

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

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

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

3. FRUIT MACHINE NET TAKINGS

	Group and Association	
	2019	2018
	$	$
Income		
Fruit machine gross collections and related income	21,294,347	19,361,644
Operating lease income	28,800	28,800
	21,323,147	19,390,444
Less: Expenditure		
Fruit machine operating expenses	18,801,638	17,118,835
Finance costs relating to lease liabilities (note 28)	15,823	–
Operating lease expense	–	349,266
	18,817,461	17,468,101
	2,505,686	1,922,343

4. INCOME FROM OTHER SERVICES

	Group		Association	
	2019 $	2018 $	2019 $	2018 $
Insurance commission	438,950	418,354	–	–
Consignment sales commission	308,152	456,853	308,152	456,853
Service income from:				
- training	42,250	67,229	–	–
- provision of driving testers and instructors	–	1,947,960	–	–
International driving permit fees	2,143,947	1,775,289	2,143,947	1,775,289
Event income	273,706	178,136	273,706	178,136
Income from sales of accessories	81,219	82,199	81,658	71,596
Agency fees	2,722	2,143	2,722	2,143
Income from detailing services	27,985	110,784	–	–
Sales of goods	8,322	4,485	–	–
Sales of system codes and licence fees	20,000	66,000	–	–
Vehicle evaluation fees	10,945	10,105	10,945	10,105
Miscellaneous income	163,710	166,537	114,274	119,552
	3,521,908	5,286,074	2,935,404	2,613,674

5. INTEREST INCOME

	Group		Association	
	2019 $	2018 $	2019 $	2018 $
Interest income from:				
- bank accounts	69,266	42,464	28,872	9,226
- fixed deposits	427,022	447,556	132,854	201,041
- bonds	470,400	438,850	267,900	261,205
- loans to subsidiary companies	–	–	579,055	482,011
	966,688	928,870	1,008,681	953,483

6. RENTAL INCOME

	Group 2019 $	Group 2018 $	Association 2019 $	Association 2018 $
Gross rental from				
- investment property	1,092,644	1,171,952	–	–
- leasehold property	15,447	11,411	54,438	94,727
	1,108,091	1,183,363	54,438	94,727
Less: Property related expenses				
- investment property	283,259	247,822	–	–
	283,259	247,822	–	–
	824,832	935,541	54,438	94,727

7. OTHER INCOME

	Group 2019 $	Group 2018 $	Association 2019 $	Association 2018 $
Administrative and service income	–	–	884,682	1,457,824
Compensation received from insurance company	8,740	5,686	–	–
Gain on disposal of property, plant and equipment	–	84,946	–	–
Government grants	162,200	325,494	64,755	100,302
Other income received from insurance company	4,920	4,568	–	–
Provisions written back (note 29)	89,540	1,216,039	89,540	1,216,039
Sundry income	203,722	226,128	–	–
	469,122	1,862,861	1,038,977	2,774,165

8. DEPRECIATION EXPENSE

	Group 2019 $	Group 2018 $ (Reclassified - note 39)	Association 2019 $	Association 2018 $ (Reclassified - note 39)
Depreciation on property, plant and equipment	889,449	792,303	241,634	403,710
Depreciation on investment property	308,293	295,793	–	–
	1,197,742	1,088,096	241,634	403,710

9. EMPLOYEE BENEFITS EXPENSE

	Group		Association	
	2019 $	2018 $	2019 $	2018 $
Salaries and other related costs	4,831,192	6,999,822	2,366,986	3,090,286
Employer's contributions to Central Provident Fund	557,167	832,751	281,390	353,044
Other benefits	45,122	57,315	16,007	22,048
	5,433,481	7,889,888	2,664,383	3,465,378

10. OTHER EXPENSES

	Group		Association	
	2019 $	2018 $	2019 $	2018 $
Audit fees	65,900	66,100	33,000	31,400
Bad debts written off	–	8,626	–	–
Donations and sponsorships	34,400	167,712	34,400	142,712
Highway magazine	323,420	371,418	323,420	371,418
Intangible assets written off	–	2,079	–	–
Maintenance of property, plant and equipment	775,718	818,687	278,112	258,293
Operating lease expenses	604,206	1,118,811	674,585	727,980
Other administrative and operating expenses	1,920,203	1,752,392	819,158	879,541
Property, plant and equipment written off	8,734	34,468	–	34,468
Loss on disposal of property, plant and equipment	18,485	12,199	1,003	12,199
Loss on disposal of intangible assets	3,869	–	–	–
Towing and vehicle recovery expenses	201,163	123,794	2,067,888	2,355,676
	3,956,098	4,476,286	4,231,566	4,813,687

11. INCOME TAX EXPENSE/(BENEFITS)

	Group 2019 $	Group 2018 $	Association 2019 $	Association 2018 $
Provision for current taxation	158,551	256,202	140,000	101,900
Under/(over)-provision of taxation in prior year	9,462	(14,225)	10,049	(5)
Provision for deferred taxation written back (note 26)	–	(365,368)	–	–
	168,013	(123,391)	150,049	101,895
Reconciliation of income expense/(benefits):				
(Deficit)/surplus before tax	(121,224)	182,327	1,677,495	1,736,718
Tax at statutory rate of 17%	(20,609)	30,995	285,174	295,242
Tax effects of:-				
Non-taxable income	(1,761,644)	(1,879,927)	(1,590,999)	(1,779,898)
Non-deductible expenses	1,781,289	1,830,203	1,476,228	1,635,056
Statutory stepped income exemption	(23,909)	(64,359)	(17,425)	(25,925)
Corporate tax rebate	(18,278)	(37,676)	(13,281)	(21,994)
Deferred tax assets not recognised	227,040	344,944	–	–
Deferred tax assets previously not recognised	(5,245)	(320,250)	–	–
Tax incentive	(13,992)	(12,320)	–	–
Under/(over)-provision of taxation in prior year	9,462	(14,225)	10,049	(5)
Others	(6,101)	(776)	303	(581)
	168,013	(123,391)	150,049	101,895

As at the balance sheet date, the Group has unutilised tax losses amounting to approximately $3,535,000 (2018: $2,331,000) and unutilised capital allowances of approximately $294,000 (2018: $ Nil) 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 approximately $649,000 (2018: $396,000) arising from the above unutilised tax losses and capital allowances are not recognised in the accounts due to the uncertainty of future taxable profits being available against which the tax benefits can be utilised.

Approximate unrecognised deferred tax assets (less deferred tax liabilities) are attributable to the following:

	Group 2019 $	Group 2018 $	Association 2019 $	Association 2018 $
Property, plant and equipment	(247,000)	(221,000)	–	–
Unutilised tax losses	599,000	396,000	–	–
Unutilised capital allowances	50,000	–	–	–
	402,000	175,000	–	–

12. PROPERTY, PLANT AND EQUIPMENT

(a) Group

Group	Leasehold property $	Leasehold property under construction $	Motor vehicles and equipment $	Tow trucks $	Furniture, fittings, plant and equipment and office equipment $	Fruit machines $	Renovations $	Technical equipment $	Total $
Cost									
At 1 January 2018	-	14,284,109	650,401	4,289,247	3,131,689	2,177,495	2,688,966	6,435	27,228,342
Additions	-	9,115,477	163,374	22,117	44,980	88,452	24,304	7,649	9,466,353
Disposals/written off	-	-	(131,674)	(629,229)	(211,412)	(398,925)	(50,419)	(7,805)	(1,429,464)
At 31 December 2018 - as previously reported	-	23,399,586	682,101	3,682,135	2,965,257	1,867,022	2,662,851	6,279	35,265,231
Reclassification to intangible assets (note 14)	-	-	-	-	(995,301)	-	-	-	(995,301)
At 1 January 2019	-	23,399,586	682,101	3,682,135	1,969,956	1,867,022	2,662,851	6,279	34,269,930
Additions	1,225,535	5,421,663	-	50,711	787,274	191,262	32,680	-	7,709,125
Disposals/written off	-	-	(1,994)	(16,820)	(716,104)	(297,430)	(886,302)	(6,279)	(1,924,929)
Reclassification	28,821,249	(28,821,249)	-	-	-	-	-	-	-
At 31 December 2019	30,046,784	-	680,107	3,716,026	2,041,126	1,760,854	1,809,229	-	40,054,126
Accumulated depreciation									
At 1 January 2018	-	-	419,715	2,872,296	2,608,750	1,933,512	2,526,911	554	10,361,738
Charge for the year	-	-	63,670	257,928	289,546	150,168	76,186	1,391	838,889
Disposals/written off	-	-	(21,515)	(678,848)	(202,015)	(365,725)	(26,116)	(1,526)	(1,295,745)
At 31 December 2018 - as previously reported	-	-	461,870	2,451,376	2,696,281	1,717,955	2,576,981	419	9,904,882
Reclassification to intangible assets (note 14)	-	-	-	-	(869,073)	-	-	-	(869,073)
At 1 January 2019	-	-	461,870	2,451,376	1,827,208	1,717,955	2,576,981	419	9,035,809
Charge for the year	286,160	-	34,403	259,576	151,108	111,453	46,330	419	889,449
Disposals/written off	-	-	(1,994)	(16,581)	(704,725)	(297,430)	(869,980)	(838)	(1,891,548)
At 31 December 2019	286,160	-	494,279	2,694,371	1,273,591	1,531,978	1,753,331	-	8,033,710
Carrying amount									
At 31 December 2019	29,760,624	-	185,828	1,021,655	767,535	228,876	55,898	-	32,020,416
At 31 December 2018 - reclassified (note 39)	-	23,399,586	220,231	1,230,759	142,748	149,067	85,870	5,860	25,234,121

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Group (Continued)

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $7,709,125 (2018: $9,466,353). This amount includes $1,451,081 (2018: $ Nil) unbilled redevelopment costs of the leasehold property which the Group has withheld payment to the main contractor, as explained in note 27. The remaining additions to property, plant and equipment amounting to $6,258,044 (2018: $9,466,353) was purchased for cash.

Leasehold Property under Construction

The former building on leasehold land was demolished in 2016 and redeveloped into a new seven-storey building which was completed in the current financial year.

As at 31 December 2018, the carrying amount of leasehold property under construction consists of the following:

	2018 $
Cost of leasehold land	6,796,153
Development expenditure	16,603,433
	23,399,586

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Association

	Motor vehicles and equipment $	Furniture, fittings and office equipment $	Fruit machines $	Renovations $	Total $
Cost					
At 1 January 2018	247,855	2,563,160	2,177,495	2,480,541	7,469,051
Additions	163,374	29,948	88,452	–	281,774
Disposals/written off	(47,811)	(152,565)	(398,925)	–	(599,301)
At 31 December 2018 - as previously reported	363,418	2,440,543	1,867,022	2,480,541	7,151,524
Reclassification to intangible assets (note 14)	–	(995,301)	–	–	(995,301)
At 1 January 2019	363,418	1,445,242	1,867,022	2,480,541	6,156,223
Additions	–	339,079	191,262	32,680	563,021
Disposals/written off	(1,994)	(570,504)	(297,430)	(737,312)	(1,607,240)
At 31 December 2019	361,424	1,213,817	1,760,854	1,775,909	5,112,004
Accumulated depreciation					
At 1 January 2018	111,265	2,090,533	1,933,512	2,466,143	6,601,453
Charge for the year	55,747	235,797	150,168	8,584	450,296
Disposals/written off	(21,515)	(151,298)	(365,725)	–	(538,538)
At 31 December 2018 - as previously reported	145,497	2,175,032	1,717,955	2,474,727	6,513,211
Reclassification to intangible assets (note 14)	–	(869,073)	–	–	(869,073)
At 1 January 2019	145,497	1,305,959	1,717,955	2,474,727	5,644,138
Charge for the year	34,403	88,149	111,453	7,629	241,634
Disposals/written off	(1,994)	(564,029)	(297,430)	(737,311)	(1,600,764)
At 31 December 2019	177,906	830,079	1,531,978	1,745,045	4,285,008
Carrying amount					
At 31 December 2019	183,518	383,738	228,876	30,864	826,996
At 31 December 2018 - reclassified (note 39)	217,921	139,283	149,067	5,814	512,085

13. INVESTMENT PROPERTY

	Group Freehold Property 2019 $	Group Freehold Property 2018 $
Cost		
At 1 January	44,409,280	44,409,280
Additions	312,498	–
At 31 December	44,721,778	44,409,280
Accumulated depreciation and impairment loss		
At 1 January	5,000,866	4,705,073
Depreciation charge for the year	308,293	295,793
At 31 December	5,309,159	5,000,866
Carrying amount		
At 31 December	39,412,619	39,408,414

(a) The fair value of the above investment property of the Group amounted to approximately $43 million (2018: $43 million) as at 31 December 2019. This is determined based on a desktop valuation performed on 31 December 2019 (2018: 23 November 2018) by an independent appraiser, Jones Lang LaSalle, who holds a recognised and relevant professional qualification. This desktop valuation assumed no significant changes have been made to the investment property since the last formal valuation on 16 January 2018 ("Latest Valuation"). The Latest Valuation was based on the investment method of valuation and cross-checked by direct comparisons with transactions of comparable properties within the vicinity and elsewhere.

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

(c) Direct operating expenses arising from income generating investment property amounted to $271,457 (2018: $206,519).

Direct operating expenses arising from non-income generating investment property amounted to $11,802 (2018: $41,303).

14. INTANGIBLE ASSETS

	Computer software $
(a) Group	
Cost	
At 1 January 2018	5,670
Additions	4,380
Written off	(5,670)
At 31 December 2018 - as previously reported	4,380
Reclassified from property, plant and equipment (note 12)	995,301
At 1 January 2019	999,681
Disposal	(4,380)
At 31 December 2019	995,301
Accumulated amortisation and impairment losses	
At 1 January 2018	2,646
Amortisation for the year	1,164
Written off	(3,591)
At 31 December 2018 - as previously reported	219
Reclassified from property, plant and equipment (note 12)	869,073
At 1 January 2019	869,292
Amortisation for the year	45,857
Disposals	(511)
At 31 December 2019	914,638
Carrying amount	
At 31 December 2019	80,663
At 31 December 2018 - reclassified (note 39)	130,389
(b) Association	
Cost	
At 1 January 2018 and 31 December 2018 - as previously reported	–
Reclassified from property, plant and equipment (note 12)	995,301
At 1 January 2019 and 31 December 2019	995,301
Accumulated amortisation and impairment losses	
At 1 January 2018 and 31 December 2018 - as previously reported	–
Reclassified from property, plant and equipment (note 12)	869,073
At 1 January 2019	869,073
Amortisation for the year	45,565
At 31 December 2019	914,638
Carrying amount	
At 31 December 2019	80,663
At 31 December 2018 - reclassified (note 39)	126,228

15. RIGHT-OF-USE ASSETS

	Group and Association		
	Properties $	Equipment $	Total $
Cost			
On date of adoption for FRS 116 Leases - 1 January 2019 (note 2.2)	2,653,666	29,107	2,682,773
Additions	–	–	–
At 31 December 2019	2,653,666	29,107	2,682,773
Accumulated amortisation			
On date of adoption for FRS 116 Leases - 1 January 2019 (note 2.2)	1,125,115	11,066	1,136,181
Amortisation for the year	642,494	5,821	648,315
At 31 December 2019	1,767,609	16,887	1,784,496
Carrying amount			
At 31 December 2019	886,057	12,220	898,277

The Group and the Association lease properties and equipment of which the lease periods range from 1 to 5 years, with option for extension. Lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes.

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Association	
	2019 $	2018 $	2019 $	2018 $
At the beginning of the financial year	–	10,789,575	–	7,659,885
* Reclassification at 1 January 2018 (note 17)	–	(10,789,575)	–	(7,659,885)
At the end of financial year	–	–	–	–

17. FINANCIAL ASSETS, AT FVOCI

	Group		Association	
	2019 $	2018 $	2019 $	2018 $
At the beginning of the financial year	13,752,000	–	10,815,000	–
* Reclassification at 1 January 2018 (note 16)	–	10,789,575	–	7,659,885
Additions	–	3,523,500	–	3,523,500
Fair value gain/(losses) recognised in other comprehensive income	442,990	(561,075)	311,800	(368,385)
At the end of financial year	14,194,990	13,752,000	11,126,800	10,815,000

17. FINANCIAL ASSETS, AT FVOCI (CONTINUED)

Financial assets, at FVOCI, held as non-current assets, are analysed as follows:

	Group		Association	
	2019 $	2018 $	2019 $	2018 $
- Redeemable in 2021	3,068,190	2,937,000	–	–
- Redeemable in 2022	2,514,510	2,467,500	2,514,510	2,467,500
* - Redeemable in 2024	3,015,000	2,928,000	3,015,000	2,928,000
- Redeemable in 2025	2,010,430	1,956,000	2,010,430	1,956,000
- Redeemable in 2026	2,040,370	2,001,000	2,040,370	2,001,000
- Redeemable in 2027	1,546,490	1,462,500	1,546,490	1,462,500
	14,194,990	13,752,000	11,126,800	10,815,000

The above investments, consisting of quoted commercial bonds with interest yield ranging from 2.80% to 4.15% (2018: 2.80% to 4.15%) per annum, are measured at fair value based on quoted market prices as at the balance sheet date.

* These bonds, with carrying amount of $3,015,000 (2018: $2,928,000) and maturing in July 2024, yield interest at 2.80% (2018: 2.80%) per annum. These investments are acquired by the Association on behalf of a subsidiary company, and the interest arising from these bonds are due and payable to the subsidiary. [Note 19(iii)]

18. INVESTMENTS IN SUBSIDIARY COMPANIES

	Association	
	2019 $	2018 $
(a) Unquoted shares, at cost	6,450,002	6,450,002
Less: Impairment losses	(2,063,500)	(2,063,500)
	4,386,502	4,386,502

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

18. INVESTMENTS IN SUBSIDIARY COMPANIES (CONTINUED)

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

Name of subsidiary companies	Principal activities	Country of incorporation/ Principal place of business	Percentage of ownership interest		Cost of investments	
			2019 %	2018 %	2019 $	2018 $
Autoswift Recovery Pte Ltd	Provision of vehicle recovery and towing services	Singapore	100	100	4,500,000	4,500,000
AAS Insurance Agency Pte. Ltd.	General insurance agents	Singapore	100	100	500,000	500,000
AA Vehicle Inspection Centre Pte Ltd	Investment holding	Singapore	100	100	1,000,000	1,000,000
A.A. Travel & Tours Pte. Ltd.	Dormant	Singapore	100	100	450,000	450,000
AAS @ 217 East Coast Road Pte. Ltd.	Investment in properties	Singapore	100	100	2	2
					6,450,002	6,450,002

Name of subsidiary companies	Principal activities	Country of incorporation/ Principal place of business	Percentage of ownership interest	
			2019 %	2018 %
Held by Autoswift Recovery Pte Ltd ("ASR")				
Res Q Me Pte. Ltd. [i]	Provision of vehicle recovery and towing services	Singapore	100	–
Held by AA Vehicle Inspection Centre Pte Ltd ("AAVIC")				
AAS Academy Pte. Ltd.	Provision of professional and vocational training for drivers	Singapore	100	100
AAS Surface Aesthetics Pte. Ltd.	Provision of detailing services	Singapore	100	100
AA-SPCS Services Pte. Ltd. [ii]	Provision of driving testers and instructors	Singapore	–	55

18. INVESTMENTS IN SUBSIDIARY COMPANIES (CONTINUED)

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

The financial statements of all the subsidiary companies of the Association were audited by Lo Hock Ling & Co.

(i) On 27 August 2019, ASR incorporated Res Q Me Pte. Ltd., a wholly-owned subsidiary company in Singapore, by way of subscription of 2 ordinary shares for total cash consideration of S$2.

(ii) On 1 January 2018, AAVIC reduced its equity interests in its subsidiary company, AA-SPCS Services Pte Ltd ("AA-SPCS"), from 70% to 55% by transferring 75,000 of its shares held in AA-SPCS to the non-controlling shareholder, SPCS Consultancy Pte Ltd, at the price of $3.864 per share, being the net asset value per share as at 31 December 2017. The total proceeds and profit arising from this partial disposal of investment in subsidiary amounted to $289,800 and $214,800 respectively.

During the financial year 2019, AA-SPCS went into members' voluntary liquidation. Upon the completion of the liquidation on 31 August 2019, a final return of capital of $1,046,287 was paid to non-controlling interests of AAVIC.

(c) Subsidiary with non-controlling interests ("NCIs")

For the year ended 31 December 2018, summarised financial information in respect of the Group's subsidiary that has NCIs is set out below. The summarised financial information below represents amounts before intra-group eliminations.

	AA-SPCS Services Pte. Ltd. 2018 $
Summarised statement of comprehensive income	
Revenue	1,947,960
Profit for the year	827,090
Total comprehensive income	827,090
Attributable to NCIs:	
Profit for the year	372,191
Total comprehensive income	372,191

18. INVESTMENTS IN SUBSIDIARY COMPANIES (CONTINUED)

(c) Subsidiary with non-controlling interests ("NCIs") (Continued)

	AA-SPCS Services Pte. Ltd. 2018 $
Summarised statement of financial position	
Non-current assets	–
Current assets	2,407,965
Current liabilities	(148,874)
Net assets	2,259,091
Net assets attributable to NCIs	1,016,591
Other summarised information	
Net cash inflow/(outflow) from:	
- operating activities	675,496
- investing activities	878,120
- financing activities	(506,099)
Net increase in cash and cash equivalents	1,047,517

19. AMOUNT DUE FROM/TO SUBSIDIARY COMPANIES

	Association	
	2019 $	2018 $
Due from subsidiary companies - non trade		
After 12 months (i)	60,100,000	53,600,000
Within 12 months (ii)	3,045,378	7,134,337
	63,145,378	60,734,337
Due to subsidiary companies		
After 12 months - non-trade (iii)	(3,040,101)	(3,040,101)
Within 12 months		
- trade	(124,010)	(16,604)
- non-trade (iv)	(127,764)	(1,368,825)
	(251,774)	(1,385,429)
	(3,291,875)	(4,425,530)

19. AMOUNT DUE FROM/TO SUBSIDIARY COMPANIES (CONTINUED)

(i) Non-trade receivables due from subsidiary companies - Non-current

These comprise unsecured loans to subsidiaries amounting to $60,100,000 (2018: $53,600,000) which bear interest at 1.00% (2018: 1.00%) per annum. These loans are not expected to be repaid within the next twelve months.

(ii) Non-trade receivables (net) due from subsidiary companies – Current

Included in these net current receivables are the following:

(a) In the previous financial year, designated funds amounting to $6,844,789 which a subsidiary company has placed in fixed deposits on behalf of the Association as at the balance sheet date. These designated fixed deposits, with maturities within 12 months, yield interest at rates ranging from 1.60% to 1.75% per annum which are due and payable to the Association upon maturity; and

(b) In the previous financial year, designated funds amounting to $3,000,000 which the Association placed in fixed deposits on behalf of a subsidiary company as at the balance sheet date. These designated fixed deposits, with maturities within 12 months, yield interest at 1.95% per annum which is payable to the subsidiary company upon maturity (note 22).

(iii) Non-trade payables due to subsidiary company – Non-current

Included in these non-current payables is a sum of $3,021,000 (2018: $3,021,000), being designated funds which a subsidiary company has placed with the Association for the purpose of investing in commercial bonds on the former's behalf. These investments, maturing in July 2024, yield interest at 2.80% (2018: 2.80%) per annum which is due and payable to the subsidiary (note 17).

(iv) Non-trade payables due to subsidiary companies - Current

In the previous financial year, included in these current payables due to subsidiary companies is a sum of $1,400,000 representing designated funds which the Association placed in fixed deposit on behalf of a subsidiary company as at the balance sheet date. These designated fixed deposits, with maturity within 12 months, yield interest at 1.95% per annum which is due and payable to the subsidiary (note 22).

Other than as mentioned above, the amounts due from/to subsidiary companies are unsecured, interest-free and receivable/repayable on demand.

20. INVENTORIES

Group and Association

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

21. TRADE AND OTHER RECEIVABLES

	Group		Association	
	2019	2018 [Reclassified (note 39)]	2019	2018 [Reclassified (note 39)]
	$	$	$	$
Trade receivables (a)	420,707	349,678	48,300	42,441
Allowance for expected credit losses				
Balance at beginning of the year	(100,955)	–	–	–
Allowance for the year	(20,263)	(100,955)	–	–
	(121,218)	(100,955)	–	–
Balance at end of the year	299,489	248,723	48,300	42,441
Accrued receivables	81,656	118,268	1,500	10,868
Goods and services tax receivable	–	182,783	–	–
Non-trade receivables (c)	97,186	88,889	77,527	82,642
Allowance for impairment losses				
Balance at beginning of the year	–	(25,407)	–	(25,407)
Bad debts written off against allowance	–	25,407	–	25,407
	–	–	–	–
Balance at end of the year	97,186	88,889	77,527	82,642
Deposits	498,309	410,656	294,095	288,595
Interest receivable	239,719	225,302	115,086	108,779
Prepayments	130,659	429,797	113,144	140,111
Recoverable costs (b)	188,005	–	–	–
	1,535,023	1,704,418	649,652	673,436

(a) Trade receivables are unsecured, non-interest bearing and are generally on 30 days' (2018: 30 days') terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The allowance for expected credit losses ("ECLs") of trade receivables are computed based on lifetime ECLs.

(b) Recoverable costs amounting to $188,005 (2018: $ Nil) represent construction costs that the Group paid on behalf of the main contractor to various sub-contractors for the redevelopment of its leasehold property. The Group expects to recover this amount from the main contractor by way of set off against the accrued redevelopment costs due to the main contractor, as explained in note 27 to the financial statements.

(c) Non-trade receivables are unsecured, interest-free and repayable on demand.

22. CASH AND CASH EQUIVALENTS

	Group		Association	
	2019	2018 [Reclassified (note 39)]	2019	2018 [Reclassified (note 39)]
	$	$	$	$
Fixed deposits	21,351,231	26,564,884	4,356,056	9,004,369
Cash and bank balances	9,027,666	11,964,548	6,740,899	5,263,828
Cash and cash equivalents (Statements of Financial Position)	30,378,897	38,529,432	11,096,955	14,268,197
Less:				
Fixed deposits with maturities over 3 months				
- Deposits pledged with banks*	250,625	559,727	250,625	559,727
- Unpledged deposits	18,963,918	20,115,726	4,055,431	7,400,000
	19,214,543	20,675,453	4,306,056	7,959,727
Cash and cash equivalents (Statement of Cash Flows)	11,164,354	17,853,979	6,790,899	6,308,470
Fixed deposits with maturities				
not more than 3 months	2,136,688	5,889,431	50,000	1,044,642
between 3 and 12 months	19,214,543	20,675,453	4,306,056	7,959,727
	21,351,231	26,564,884	4,356,056	9,004,369

The fixed deposits of the Group bear interest at rates ranging from 0.25% to 2.00% (2018: 0.25% to 1.95%) per annum.

In the previous financial year, fixed deposits amounting to S$4,400,000 with maturities within 12 months are placed with financial institutions on behalf of certain subsidiary companies. Interest income in respect of these fixed deposits are due and payable to the respective subsidiary companies, and are not recognised as interest income of the Association [Note 19 (ii)(b) and (iv)].

* These fixed deposits 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.

23. FAIR VALUE RESERVE

Group and Association

The fair value reserve comprises the cumulative net changes in the fair value of financial assets at FVOCI until such assets are derecognised.

24. FRUIT MACHINE REPLACEMENT RESERVE

	Group and Association	
	2019 $	2018 $
Balance at beginning of the year	464,181	312,633
Transfer from accumulated funds	240,000	240,000
Purchase of fruit machines	(190,962)	(88,452)
	49,038	151,548
Balance at end of the year	513,219	464,181

25. SUBSCRIPTIONS RECEIVED IN ADVANCE

	Group		Association	
	2019 $	2018 $	2019 $	2018 $
Contract liabilities to be recognised as revenue:				
After 12 months				
Life membership subscriptions	201,721	226,864	201,721	226,864
Ordinary and other membership subscriptions	1,747,084	2,129,531	1,747,084	2,128,597
	1,948,805	2,356,395	1,948,805	2,355,461
Within 12 months				
Life membership subscriptions	25,143	26,322	25,143	26,322
Ordinary and other membership subscriptions	1,668,914	1,925,886	1,662,936	1,924,953
	1,694,057	(a)1,952,208	1,688,079	(a)1,951,275
Total subscriptions received in advance	(b)3,642,862	4,308,603	(b)3,636,884	4,306,736

(a) Subscriptions recognised as revenue of the Group and the Association in 2019 which were included in subscriptions received in advance as at 1 January 2019 amounted to $1,952,208 and $1,951,275 respectively.

(b) Total subscriptions received in advance as at 31 December 2019 represent the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) by the Group and the Association as at the financial year end. These will be recognised as revenue by the Group and the Association when the subscriptions fall due over the financial years from 2020 to 2034 (2018: 2019 to 2031).

26. DEFERRED TAX LIABILITIES

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

	Group		Association	
	2019 $	2018 $	2019 $	2018 $
Balance brought forward	3,000	368,368	–	–
Deferred tax provision written back (note 11)	–	(365,368)	–	–
Balance carried forward	3,000	3,000	–	–

27. TRADE AND OTHER PAYABLES

	Group		Association	
	2019 $	2018 $	2019 $	2018 $
Due after 12 months				
Provision (note 29)	120,000	–	120,000	–
Due within 12 months				
Trade payables	144,271	51,785	–	–
Accrued operating expenses	2,646,076	2,523,416	969,220	907,743
* Accrued redevelopment costs of leasehold property	1,451,081	–	–	–
Deposits	570,255	387,411	103,348	97,799
Contract liabilities	159,904	110,419	145,010	88,855
Goods and services tax payable	133,849	153,530	102,952	127,785
Non-trade payables	554,807	1,757,061	208,662	413,142
Provisions (note 29)	96,760	366,976	96,760	356,300
Deferred operating lease	–	7,205	–	–
	5,757,003	5,357,803	1,625,952	1,991,624
Total trade and other payables	5,877,003	5,357,803	1,745,952	1,991,624

Trade and other payables due within 12 months are unsecured, non-interest bearing and are normally settled within 30 to 90 days (2018: 30 to 90 days) or on demand.

Contract liabilities relate to the Group's obligation to organise events, provide services and rental of office spaces to customers who have made advance service fee payments to the Group. Contract liabilities are recognised as revenue over the period when the services are provided. Revenue recognised in the current year that were included in contract liabilities at the beginning of the year amounted to $110,419 (2018: $34,252) and $88,855 (2018: $34,252) for the Group and the Association respectively.

* Accrued redevelopment costs of leasehold property represent unbilled redevelopment costs due to the main contractor of the redevelopment project which has been completed during the current financial year, as disclosed in note 12(a). The main contractor went into financial difficulty during the course of the redevelopment project, and the Group had to settle certain subcontractors' costs amounting to $188,005 on behalf of the main contractor (reflected as "recoverable costs" in note 21) in order to complete the redevelopment project. The Group intends to recover this $188,005 from the main contractor by way of set off against the final payments due to the main contractor. The Group is also in the process of claiming liquidated damages against the main contractor for failure to fulfil his contractual obligations. The Group has withheld payment to the main contractor pending the settlement of all disputes and claims related to the redevelopment project.

28. LEASE LIABILITIES

	Group and Association			
	2019		2018	
	Minimum lease liabilities $	Present value of lease liabilities $	Minimum lease liabilities $	Present value of lease liabilities $
Lease payments due:				
Within 1 year	507,646	476,043	–	–
After 1 year but not later than 5 years	483,386	462,359	–	–
	991,032	938,402	–	–
Less: Amounts representing interest	52,630	–	–	–
	938,402	938,402	–	–

A reconciliation of liabilities arising from financial activities is as follows:

	Group and Association $
Lease liabilities as at 1 January 2019 (note 2.2)	1,609,588
Add: Accretion of interest	62,104
Less: Payment of lease liabilities during the year	
* - Interest	(62,104)
- Principal portion	(671,186)
Lease liabilities as at 31 December 2019	938,402

* Total interest on lease liabilities for the year amounting to $62,104 was charged to the statement of comprehensive income and presented as:

	$
Interest expense in respect of lease of premises for fruit machine operations (note 3)	15,823
"Finance costs"	46,281
Total interest on lease liabilities	62,104

29. PROVISIONS

	Group 2019 $	Group 2018 $	Association 2019 $	Association 2018 $
Provision for rectification works (a)				
At beginning of the financial year	–	1,200,000	–	1,200,000
Amount utilised	–	(100,000)	–	(100,000)
Amount written back	–	(1,100,000)	–	(1,100,000)
At end of the financial year	–	–	–	–
Provision for reinstatement costs (b)				
At beginning of the financial year	356,300	356,300	356,300	356,300
Amount utilised	(50,000)	–	(50,000)	–
Amount written back	(89,540)	–	(89,540)	–
At end of the financial year	216,760	356,300	216,760	356,300
Provision for capital expenditure (c)				
At beginning of the financial year	–	125,639	–	125,639
Amount utilised	–	(9,600)	–	(9,600)
Amount written back	–	(116,039)	–	(116,039)
At end of the financial year	–	–	–	–
Provision for warranty (d)				
At beginning of the financial year	10,676	10,676	–	–
Additional provision during the year	4,324	–	–	–
Discharge of warranty undertaking	(15,000)	–	–	–
At end of the financial year	–	10,676	–	–
	216,760	366,976	216,760	356,300
Represented by:				
Due after 12 months (note 27)	120,000	–	120,000	–
Due within 12 months (note 27)	96,760	366,976	96,760	356,300
	216,760	366,976	216,760	356,300

(a) In the previous financial year, a retention sum receivable represents part of the total sales proceeds of $61.8 million in respect of the Association's disposal of its two strata lots of the freehold property in 2013. Although the sales transaction was completed on 18 December 2013, the Association has agreed for the purchaser to retain the sum of $1,200,000 to be held by the purchaser's solicitors as stakeholders pending the resolution of certain items disputed with the Management Corporation Strata Title Plan No. 918 (MCST 918). In connection with this dispute, the Association has recorded a provision for rectification works and related costs of $1,200,000 to cover the estimated costs since 2013. The dispute has been resolved with the purchaser and the Association has received the retention sum of $1,100,000, after deduction of related costs, in 2018.

29. PROVISIONS (CONTINUED)

(b) The provision for reinstatement costs represents the estimated costs of dismantling, removing and restoring the related premises at the expiration of the lease periods. The estimated provision was determined based on quotations received from an independent contractor.

(c) The provision for capital expenditure represents the estimated costs of repairs and improvement works on common areas in the disposed freehold property [(note 29 (a) above)] expected to be borne by the Association. Following the settlement of the dispute in 2018, the unutilised provision amounting to $116,039 was reversed.

(d) The Group gives product warranty on certain products used in their car detailing services. Warranty periods range from 3 to 7 years. The provision for warranty represents the estimated costs that may be incurred by the Group in the event of claims by customers.

During the current financial year, the Group has discharged its warranty obligations by way of a Deed of Undertaking and Indemnity signed with a third party who, for a consideration of $15,000 payable by the Group, agreed to undertake the performance of the Group's obligations in respect of the service packages covered by the unexpired warranty period.

30. RELATED PARTY DISCLOSURES

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

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

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

		Association	
		2019 $	2018 $
(a)	With subsidiary companies		
	Administrative and service income	884,682	1,457,824
	Rental and facilities income	44,037	83,316
	Interest income	579,055	482,011
	Income from sale of accessories	439	–
	Proceeds from disposal of property, plant and equipment	973	–
	Subscription income	3,611	3,290
	Towing and vehicle recovery service charges	2,067,790	2,355,525
	Services, supplies and call centre expenses	88,058	100,211
	Promotion expenses	–	3,700
	Operating lease expenses	375,166	–
	Other expenses	–	8,593
	Publicity	6,000	–
	Purchase of assets	689	2,349
	Purchase of stocks	290	10,603

30. RELATED PARTY DISCLOSURES (CONTINUED)

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

	Group		Association	
	2019 $	2018 $	2019 $	2018 $
Donations and sponsorship expenses	32,900	46,245	32,900	46,245
Purchase of services	23,195	232,396	23,195	229,936
Non-trade payables	16,682	792	16,682	214

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

31. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation are as follows:-

	Group and Association	
	2019 $	2018 $
Salaries and other related costs	1,063,670	1,008,150
Employer's contributions to Central Provident Fund	104,210	95,631
Short-term employee benefits	1,167,880	1,103,781

32. OPERATING LEASE COMMITMENTS

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

The Group and the Association lease retail space and office premises from non-related parties under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights.

As disclosed in note 2.2, the Group has adopted FRS 116 on 1 January 2019. All lease payments have been recognised as ROU assets and lease liabilities on the balance sheet as at 1 January 2019, except for short-term leases and low value leases. As at 31 December 2019, the Association has an operating lease commitment amounting to $1,378,163 in respect of short-term lease of office premises from its subsidiary company.

As at 31 December 2018, the Group and the Association have the following commitments under non-cancellable operating leases where the Group and the Association are the lessees:

	2018	
	Group $	Association $
Lease payments due within 1 year	1,041,702	713,259

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.

32. OPERATING LEASE COMMITMENTS (CONTINUED)

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

The Group and the Association lease out the investment property and members' lounge, cafeteria and office premises to non-related parties under non-cancellable operating leases. As at the balance sheet date, lease commitments under non-cancellable operating leases where the Group and the Association are the lessors, are as follows:

	Group		Association	
	2019 $	2018 $	2019 $	2018 $
Lease income receivables				
- within 1 year	1,406,257	1,183,963	28,800	35,910
- after 1 year but not later than 5 years	1,655,476	975,586	52,800	–
	3,061,733	2,159,549	81,600	35,910

The above operating leases do not provide for contingent rents.

33. CAPITAL COMMITMENTS

As at the balance sheet date, the Group has capital commitments amounting to approximately $55,000 (2018: $6,513,000) in respect of contracted expenditure for the purchase of property, plant and equipment (2018: redevelopment of leasehold property) which have not been recognised in the financial statements.

34. 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:

34.1 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.

(i) Risk management

The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, including cash and cash equivalents, the Group mitigates credit risks by transacting with high credit rating counterparties and financial institutions which are regulated.

As at the balance sheet date, there were no significant concentrations of credit risk except for the amounts due from subsidiary companies (note 19). The long term loans amounting to $60.1 million (2018: $53.6 million) [note 19(i)], intended to fund the long term capital requirements of the relevant subsidiaries, are considered by the management to be in substance part of the Association's net investment in the said subsidiaries, and are accounted for in accordance with note 2.13. The short-term advances to subsidiary companies are part of the Association's funds management strategy. The Association's management is satisfied that there are sufficient financial assets and other committed credit lines to meet the cash flow needs of the Association.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.1 Credit risk (Continued)

(ii) Recognition of expected credit losses ("ECLs")

The Group's financial assets that are subject to credit losses where the ECLs model has been applied are trade receivables.

The Group assesses on forward looking basis the ECLs on its trade receivables, and recognises a loss allowance in accordance with FRS 109.

Based on the Group's historical collection trend, all outstanding trade receivables are generally settled within the credit term of 30 days. Trade receivables are assessed on a collective basis to determine whether there are changes in credit risk. If credit risk on the receivables has not increased significantly since initial recognition, the loss allowance is recognised based on 12-month ECLs. Lifetime ECLs are recognised for specific receivables for which credit risk is deemed to have increased significantly.

As at the balance sheet date, significant trade receivables for which lifetime ECLs were recognised amounted to $121,218 (2018: $100,955), as disclosed in note 21 to the financial statements.

34.2 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.

The table below summarises the maturity profile of the Group's financial liabilities at the balance sheet date based on contractual undiscounted payments.

	Within 1 year $	More than 1 year but not later than 5 years $	Total $
Group			
2019			
Trade and other payables	5,366,490	–	5,366,490
Lease liabilities	507,646	483,386	991,032
	5,874,136	483,386	6,357,522
2018			
Trade and other payables	4,719,673	–	4,719,673

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.2 Liquidity risk (Continued)

	Within 1 year $	More than 1 year but not later than 5 years $	Total $
Association			
2019			
Trade and other payables	1,281,230	–	1,281,230
Lease liabilities	507,646	483,386	991,032
Amount due to subsidiary companies	251,774	3,040,101	3,291,875
	2,040,650	3,523,487	5,564,137
2018			
Trade and other payables	1,418,684	–	1,418,684
Amount due to subsidiary companies	1,385,429	3,040,101	4,425,530
	2,804,113	3,040,101	5,844,214

34.3 Interest rate risk

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

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

Information relating to the Group's interest rate and terms of maturity of the Group's financial instruments are disclosed in the notes to the financial statements. The Group does not enter into derivatives to hedge its interest rate risk.

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

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

34.4 Market price risk

At the balance sheet date, the Group and the Association held quoted commercial bonds as financial assets at fair value through other comprehensive income.

Sensitivity analysis

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

	Group		Association	
	2019 $	2018 $	2019 $	2018 $
Fair value reserve	709,750	687,600	556,340	540,750

The changes in market price do not have any effect on the surplus of the Group and Association.

35. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair Value Hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

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

(b) Fair Value of Non-Financial Assets

The Group does not apply fair value accounting in the measurement of its non-financial assets. The only non-financial asset of the Group for which fair value is required to be disclosed is the investment property. The basis of valuation of the investment property, as described in note 13(a), represents recurring fair value measurements under Level 3 of the fair value hierarchy.

(c) Fair Value of Financial Instruments

(i) Financial instruments Carried at Fair Value

The only financial assets of the Group measured at fair value are quoted commercial bonds classified as financial assets at FVOCI, as disclosed in note 17. These fair values, based on quoted market prices as at the balance sheet date, are recurring fair value measurements under Level 1 of the fair value hierarchy.

35. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(c) Fair Value of Financial Instruments (Continued)

(ii) Financial Instruments Not Carried at Fair Value

The carrying amounts of cash and cash equivalents, receivables and payables classified as current assets and liabilities are measured on amortised cost basis. Financial instruments with a short duration are not discounted.

The long term loans to subsidiary companies amounting to $60.1 million (2018: $53.6 million, disclosed in note 19(i), which the management regards in substance to be part of the Association's net investment in the subsidiaries, are stated at cost less impairment loss, in accordance with note 2.13.

(d) Transfers Between Levels of Fair Value Hierarchy

During the financial year, there were no assets or liabilities transferred between Level 1 and Level 2 or transfers into or out of Level 3. The Group's policy is to recognise transfers (if any) between levels of fair value hierarchy at the end of the reporting period during which they occur.

(e) Valuation Policies and Procedures

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

36. FINANCIAL INSTRUMENTS BY CATEGORY

The aggregate carrying amounts of financial instruments by category, as specified in FRS 109, are as follows:

	Group		Association	
	2019 $	2018 $	2019 $	2018 $
Financial assets at FVOCI	14,194,990	13,752,000	11,126,800	10,815,000
Financial assets at amortised cost	31,783,261	39,621,270	74,778,841	75,535,859
Financial liabilities at amortised cost	6,304,892	4,719,673	5,511,507	5,844,214

37. RESERVES MANAGEMENT

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

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

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

AAS Insurance Agency Pte. Ltd. had complied with the above-mentioned regulatory capital requirement during the financial year.

There were no changes to the Group's approach to capital management since the previous financial year.

38. FINANCIAL GUARANTEE CONTRACTS

As at the balance sheet date, the Group and the Association have obtained letters of guarantee ("LOGs") issued by financial institutions in favour of various government authorities with maximum exposure amounting to approximately $91,000 and $50,000 (2018: $ Nil and $ Nil) respectively. As at the reporting date, the management do not consider it probable that a claim will be made against the Group or the Association under these LOGs.

39. COMPARATIVE FIGURES

As at 1 January 2019, the Group and the Association have reclassified the following items to better reflect the nature of these assets:

(a) certain assets with carrying amount of $126,228 have been reclassified from "Property, plant and equipment" to "Intangible assets"; and

(b) uncollected monies from fruit machines amounting to $568,620 have been reclassified from "Accrued receivables" within "Trade and other receivables" to "Cash and cash equivalents".

As a result, the relevant comparative figures in the financial statements have been reclassified to enhance comparability with the current year's financial statements, as explained below.

	2018			
	Group		Association	
	As previously reported $	Reclassified $	As previously reported $	Reclassified $
Statement of Comprehensive Income				
Depreciation expense (note 8)	1,134,682	1,088,096	450,296	403,710
Amortisation of intangible assets (note 14)	1,164	47,750	–	46,586
	1,135,846	1,135,846	450,296	450,296
Statement of Financial Position				
Property, plant and equipment (note 12)	25,360,349	25,234,121	638,313	512,085
Intangible assets (note 14)	4,161	130,389	–	126,228
Trade and other receivables (note 21)	2,273,038	1,704,418	1,242,056	673,436
Cash and cash equivalents (note 22)	37,960,812	38,529,432	13,699,577	14,268,197
	65,598,360	65,598,360	15,579,946	15,579,946

39. COMPARATIVE FIGURES (CONTINUED)

	2018	
	Group	
	As previously reported $	Reclassified $
Statement of Cash Flows		
Net cash used in operating activities		
Depreciation expense (note 8)	1,134,682	1,088,096
Amortisation on intangible assets (note 14)	1,164	47,750
Decrease in Receivables	(1,190,770)	(1,122,080)
Cash and cash equivalents at beginning of the year	(12,768,743)	(13,406,053)
Cash and cash equivalents at end of the year (note 22)	17,285,359	17,853,979
	4,461,692	4,461,692

40. EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

The outbreak of Coronavirus Disease (COVID-19) which started in December 2019 has spread to Singapore and various parts of the world. The rapid global spread of COVID-19 has caused many countries, including Singapore, to implement restrictive measures such as travel restrictions, quarantine orders, closing of entertainment venues and work places, and restricting movements of residents, to contain the spread of the virus. These containment measures have significantly disrupted businesses and supply chains, affecting many sectors of the economy.

The management expects that the performance of the Group and the Association subsequent to the balance sheet date will be adversely affected by these disruptions. However, the management is unable to reliably quantify the full negative impact of these disruptions on the Group's performance as at the date of issue of this report.

41. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Association and consolidated financial statements of the Group for the year ended 31 December 2019 were authorised for issue by the General Committee on 31 March 2020.

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