

ANNUAL
REPORT

2015

ENHANCING ROAD SAFETY

SHAPING FUTURE MOBILITY



AUTOMOBILE ASSOCIATION
OF SINGAPORE

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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.

VISION

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



PRESIDENT'S MESSAGE



2015 has been a momentous year as we bade farewell to our founding Prime Minister, Mr Lee Kuan Yew, and celebrated the Golden Jubilee of Singapore. It was also the first year where Singapore's General Election took place with all the 89 seats contested.

At AA Singapore, we are continuously looking at providing value-added services for our Members. We have since improvised our International Driving Permit (IDP) system to allow walk-in IDP applicants to complete their applications online using smartphones or tablets. With the enhancement, we have greatly reduced the waiting time for applicants and IDP are processed and printed within minutes. Applicants can now collect their IDP instantly.

Besides IDP online application, AA Singapore Insurance Agency (AAS-IA) has also launched an online application for travel insurance purchase, with a 20% discount off the premium for TourCare Plus for its Members to better cater to their lifestyle needs.

We are glad to secure over 90 new promotions in various platforms such as the Members' Birthday Treats and Year Long booklets. Two special editions of the AA Membership Privilege Booklet and Christmas booklet were produced last year, allowing Members to enjoy hundreds of fabulous deals, discounts and contests.

“ AA Singapore has been actively promoting road safety and organising outreach programmes for the motoring community. ”

With the growing trend in social media among our younger drivers, we have increased our online presence by publishing online quizzes and informative articles on Facebook, in eDMs and on our website. In doing this, we hope to reach out to more Members and members of the public.

As we cater to the growing demand for our services, we need to ensure that we operate as efficiently as possible to minimise our impact on the environment. We believe in playing an active role by adopting responsible and sustainable green practices in our corporate activities. Moving forward, we will be embarking on mobile applications and producing our magazines and annual reports in digital format. We are certainly taking prudent measures to reduce carbon emissions and explore alternatives for a greener and sustainable environment.

Our Events and Activities team also ensures that the leisure activities of our Members have been well-organised. Our AA Autoventure promises a unique experience for its Members, and in 2015 the team embarked on two new Autoventure trips – a Fly-Drive trip to New Zealand, covering both the North Island and the South Island in 14 days, with 9 cars and 19 participants, and the first driving holiday to Myanmar for 21 days, covering main places of visits like the Golden Rock in Kaithiyo, Bagan and Yangon, with

7 cars and 23 participants. We also organised the first day-coach trip to Kluang, Malaysia. During our annual Makan Trail trip, organised in collaboration with Lianhe Wanbao for the 7th consecutive year, we travelled to Malacca, Penang and Ipoh with a total of 22 cars and 65 participants. All the trips received good reviews and, with your continuous support, I look forward to organising more of such trips in the coming year.

AA Singapore has been actively promoting road safety and organising outreach programmes for the motoring community. Marking the Third United Nations Global Road Safety Week, we participated in the Singapore Road Safety Month with an exhibition and carnival held at the Marina Bay Sands Convention Centre. To promote the importance of road safety, we produced the *Always Belt-up Children* car decals and distributed them to our Members and visitors at the carnival, using them to serve as constant reminders to the drivers on road safety.

In a separate movement, we are pleased to have supported the good cause championed by global campaign #SaveKidsLives and collected over 2,000 signatures from members of the public on the Pledge Wall. The Pledge Wall has been making rounds at our AA events throughout the year.

110th anniversary
AA Singapore will celebrate its 110th anniversary in 2017 and organise events and activities for its Members

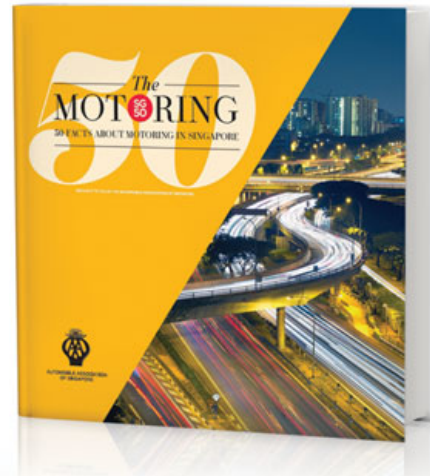


In celebration of Singapore's Golden Jubilee, AA Singapore has also launched a coffee table book, titled *The Motoring 50*, which features the 50 facts about motoring in Singapore and the developments that have led to today's motoring landscape. The book allows readers to learn about little known facts of Singapore's striving motoring heritage. Covering more than just automobiles, they contain interesting snippets about the colourful motoring history of the roads, people and events that have shaped this interesting history.

As part of our efforts to further engage our Members and members of the public, we have created an online version of the coffee table book at aas.com.sg/motoring50 for public viewing.

We have our share of memorable and exciting events throughout the year as we celebrated our many firsts in 2015. As an affiliated member to FIA, AA Singapore strives to take on an engaging role among the members of FIA Region II, the motoring community and the members of public. To facilitate discussions on road safety and mobility, we organised a two-day conference at the Mandarin Orchard Hotel, which brought together some of the world's top thinkers and experts to explore new mobility paradigms and concepts.

The Asia Pacific Road Safety and Mobility Conference was well-attended by the motoring industry and members of the public. We are also pleased to have Mr Chee Hong Tat, Minister of State, Ministry of Health and Ministry of Communications and Information, as the Guest-of-Honour at the conference. We thank the Executive Committee and President of FIA Region II, the Presidents and Delegates of FIA Region II Club, and Tunku Temonggong



Johor Tunku Idris ibni Sultan Ibrahim for their presence and support in advocating in road safety.

Through this event, we raised our profile and reinforced our efforts in enhancing road safety and mobility for all road users.

To conclude the two-day conference and keep the conversations going, AA Singapore hosted an AA Dinner, which was graced by Guest-of-Honour Dr Lam Pin Min, Minister of State for Health.

The year also ended on an exciting note together with our Members as the Wheels, Reels and Carnival event returned for the third year with more excitement and challenges. Celebrating our 108th year anniversary, AA Singapore organised the event with the theme *Discovering Singapore's Motoring Heritage*, a motoring heritage exhibition, and a display of vintage and classic cars.

This event saw more than 70 cars participate in the Wheels Challenge and participants drove to various historical significant checkpoints around Singapore. At each pit stop, participants engaged in traditional games and quizzes to accumulate points for the game. Besides the Wheels Challenge for the public category, we held a Corporate Wheels Challenge for our corporate partners and donated \$10,000 to The Straits Times School Pocket Money Fund. The Wheels, Reels and Carnival event concluded with the Reels segment of a drive-in movie.





Besides organising activities, AA Singapore continues to look into the motoring needs of its Members and maintaining its position as the leading provider in the roadside assistance services.

AA Singapore has been the service provider for EMAS vehicle recovery services for the past 18 years. Our service has been further extended for another 18 months with effect from February 2016. This is an affirmation of our service excellence in the industry and we look forward to more years to come.

In July, AA Singapore started a joint venture with the Singapore Police Co-operative Society to provide manpower services to conduct practical driving tests.

Besides the AA-SPCS, we started the AAS Academy to provide Crash Prevention Programme for commercial drivers. AA Singapore is proud

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

Like any organisation, AA Singapore must continue to remain relevant and sustainable in the industry. Hence, we are constantly looking into ways to improve our products and services and service delivery. To take on a new brand approach, we have engaged an external consultant to look into our brand preposition. In time to come, we hope to share with you how we will move forward to achieve sustainability goals and continuous growth.

In the coming year, AA Singapore will celebrate its 110th anniversary in 2017 and organise events and activities for its Members. We will continue to stay committed and actively reach out to our Members and members of the public to create greater awareness for the Association.

We thank all Members for their support. Without your support, we would not be where we are today. We will continue to look into bringing better benefits and privileges to our Members.

We also thank our partners who have helped AA Singapore to bring about more benefits and greater value to its Members. Last but not least, my heartfelt appreciation goes to my fellow General Committee members, the management and staff of AA Singapore for your relentless hard work and commitment in making AA Singapore the most trusted motoring partner.

Bernard Tay
President

GENERAL COMMITTEE



Tan Chian Khong
Treasurer



Chia Ho Choon
Secretary



Bernard Tay
President



Low Beng Tin
Deputy
President



Lee Han Yang
Committee
Member



Tay Boon Keng
Committee
Member



S Chandra Mohan
Committee Member

Robert Tan
Committee Member



Wan Fook Kong
Committee Member

Thomas Yeoh
Committee Member



Chan Chik Weng
Committee Member

Rankin B. Yeo
Committee Member

YEAR IN REVIEW



“ AA Singapore will continue to serve its Members and satisfy their needs through more collaborations with its partners and merchants, exclusive privileges and attractive offerings. ”

DRIVEN TO SERVE, POWERED TO HELP

Increasing Convenience, Enhancing Efficiency

Improvements to our International Driving Permit (IDP) system now allow walk-in IDP applicants to use their own smartphones or tablets to complete their IDP applications online. With the enhanced system, we are able to process and print the required IDP within minutes. This has greatly reduced the waiting time needed for applicants to collect their IDP.

Creating Trendier Looks, Offering Sweeter Deals

In our continuous efforts to bring quality and concise contents to our Members, we have revamped the *Highway Magazine* to give it a modern and refreshed look. In contrast to the previous magazine, the new edition incorporates a QR code and informative motoring and lifestyle contents for our Members.



16 trips
organised by Autoventure
team in 2015

21 days
the very first driving holiday
to Myanmar

We have also produced 2 editions of the AA Membership Privilege Booklet at the beginning of last year and during Christmas, allowing Members to enjoy hundreds of fabulous deals, discounts and contests.

Traversing New Grounds, Revisiting Long-time Charms

Constantly striving to expand our horizons, we embarked on two new Autoventure trips in April 2015. The first is a Fly-Drive trip to New Zealand, covering both the North Island and South Island in 14 days. A total of 9 cars with 19 participants were treated to the scenic sights on this peaceful island country had to offer. Also in the same month, AA Autoventure organised its very first driving holiday to Myanmar. The 21-day drive covered main places of attractions like the Golden Rock in Kaithiyo, Bagan and Yangon, with a convoy of 7 cars and 23 participants. We also brought AA Members on our first 1-day coach trip to Kluang, Malaysia, on 19 September.



The annual affair of the Lianhe Wanbao Makan Trail to Malacca, Penang and Ipoh, organised for the seventh consecutive year, saw a total of 22 cars and 65 participants. All in all, the Autoventure team organised 16 trips in 2015.



33%

increase in total gross weighted premiums

460%

jump in the number of online application

Augmenting the Value of Protection

Since our launch of comprehensive motor insurance plans with Liberty Insurance in 2014, there has been a continued positive growth, with a 33% increase in total gross weighted premiums collected for year ending 2015. Renewal retention was at a healthy rate of 75%.

Catering also to the lifestyle needs of our Members, we launched the online application system for travel insurance purchase with a 20% premium discount (TourCare Plus) on AA Singapore Insurance Agency's (AAS-IA) website. By the end of 2015, there was an observed increase of 460% jump in the number of online application. Moving forward, AA Members can look forward to more insurance products with comprehensive benefits.

Paving the Way for Safer Roads

2015 has been a brisk and exciting year for the Association.

Road safety has always been at the forefront of the Association's focus. AA Singapore participated in the Singapore Road Safety Month, launched with an exhibition and carnival held at Marina Bay Sands Convention Centre on 9 and 10 May 2015. Nearly 500 members of the public signed on the Pledge Wall for #SaveKidsLives, a global campaign to raise awareness of child safety on roads. Car decals reminding drivers to *Always Belt-up Children* was distributed to AA Members and visitors at the carnival. The Association also made use of various communications avenues like social media and the AA Connections e-newsletter to actively promote the importance of road safety.

Recognising the rapid changes in road conditions and vehicle technology, AA Singapore organised its first ever Asia Pacific Road Safety and Mobility Conference on 28 and 29 October 2015. Featuring world-renowned speakers and engaging in knowledge sharing discussions,



500

members of public signed on the Pledge Wall for **#SaveKidsLives** during Singapore Road Safety Month

the conference discussed issues and trends that would affect the way we use our roads in the future. An AA Dinner held at the end of the day successfully concluded the event. We can certainly look forward to hosting more of such conferences in future.

Celebrating 50 Years of Motoring Achievements

In celebration of Singapore's Golden Jubilee, AA Singapore published *The Motoring 50* coffee table book, chronicling 50 facts about the motoring history in Singapore. Launched on 4 September 2015, the book showcased the humble beginnings and the developments that led to the streets we have today.

AA Singapore wrapped up the SG50 celebration with Wheels, Reels and Carnival 2015, a three-part event that consisted of the Heritage Drive around Singapore, Drive-in Movie Screening and Carnival, engaging in fun and games with AA Members and the public. On 19 and



“ We will continue to offer seamless service and boundless benefits for everyone. ”

20 December, Leisure Park Kallang was bustling with activities introducing the motoring heritage of Singapore, while celebrating the achievements of the Association and our journey as a nation. Conscious of our need to give back to the community, we held the Corporate Wheels Challenge and donated \$10,000 to The Straits Times School Pocket Money Fund.

Presenting Finer Attractions, Reaping Heftier Rewards

It has been more than two years since we embarked on major investments in the AA Winners' Club at GB Point and 51@AMK, furnishing them with new layouts, new machines and the Jackpot Management System (JMS),



26%

**improvement on net takings
from the major investments
AA Winners' Club at GB Point
and 51@AMK**

which offers greater convenience and security. Members had the flexibility to move around playing their favourite fruit machines at both GB Point and 51@AMK. This attracted more players, improving our net takings by about 26% for the period under review.

Members can take their pick amongst a great variety of 64 note/card operated fruit machines with exciting jackpot themes, game titles and smaller denominations, with multiple lines to provide players with different thrills of playing. Some of the latest machines are configured with multiple games, exciting features and graphics that greatly enhance player experience and allow players to choose their preferred number of free games featured or to increase their number of free games won.

Members stand to win mystery Jackpots, with four tiers of rewards and time-based jackpots at random, without having to secure any winning combination. Congratulations to one of our Ordinary AA Member, who won our biggest-ever Jackpot of \$64,747 on 23 May 2015 and to the over 500 lucky winners who walked away with Mystery Jackpots ranging from \$100 to \$28,879. You could be the next biggest winner this year.

Raising the Validation of Our Efficient Service

We are committed to serving the motoring needs of our Members and ensuring service excellence remains an important aspect to us. We are pleased to note that over 92% of roadside assistance calls were received and answered within 30 seconds by our call centre. The phone

“ We are committed to serving the motoring needs of our Members and ensuring service excellence remains an important aspect to us. ”

92%

roadside assistance calls were received and answered within 30 seconds

call abandon rate has also subsequently fallen by 18.9%, allowing us to service more of our Members efficiently. We also saw an increase in Members enjoying their full membership entitlements. The number of Members who called for roadside assistance service 6 times has risen by 0.05% from the year before.

Developing Strategic Alliances, Enabling New Growth

On a separate note, we are pleased to announce 2 new subsidiaries, the AA-SPCS Services Pte Ltd, incorporated in July as a joint venture between AA Singapore and the Singapore Police Co-operative Society to provide manpower services for the conduct of practical driving tests.



1st

International Road Transport Union (IRU) Accredited Training Institute (ATI) in both Asia and Singapore



The other subsidiary is the AAS Academy. Its primary objective is to provide post basic training for drivers and related professionals. At present, the AAS Academy offers Crash Prevention Programme for commercial drivers and the training courses have begun since it was formed. AA Singapore is proud to be the 1st International Road Transport Union (IRU) Accredited Training Institute (ATI) here in both Asia and Singapore. The IRU Academy is the

training arm of IRU, which has a presence in 74 countries and offers professional certification to commercial drivers in the European Union. The Crash Prevention Programme is recognised by the IRU as a core module of any professional driving training. This course will cover mandatory training topics that enable commercial drivers to obtain the internationally recognised Certificate of Professional Competence issued by the IRU.

Improving the Present, Nurturing the Future

Going beyond our motoring goals, we also partnered with Beyond Social Services to carry out corporate social responsibility activities and spread awareness for the work that Beyond Social Services is doing. In conjunction with Earth Day, we held a donation drive to collect old clothes and newspapers in March. The proceeds from the items collected were subsequently donated in full to the organisation. On 5 August 2015, together with AA Member volunteers, we participated in a community mapping activity that aims to understand the needs of residents residing in Bukit Ho Swee. The data collected from this exercise helps





“As we enter 2016 as a 109-year-old association, we are grateful to our Members for their lifelong support, for bringing us to where we are today.”



Beyond Social Services to better distinguish the household needs of families living within the block and to be able to offer appropriate aid to them.

At AA Singapore, we believe it is important to support the younger generation in their education as they are the driving force of the future. Through partnerships across various institutions, we sponsored academic prizes to cultivate students' continued interest in the automotive industry. A total of \$800 prize money was awarded to the outstanding students of Singapore Polytechnic and ITE College West.



Steering towards Greater Aspirations Ahead

AA Singapore will continue to serve its Members and satisfy their needs through more collaborations with its partners and merchants, exclusive privileges and attractive offerings. As we enter 2016 as a 109-year-old association, we are grateful to our Members for their lifelong support, for bringing us to where we are today. We will continue to offer seamless service and boundless benefits for everyone.

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, 20 May 2015 at 6:30 pm.

PRESENT:

Bernard Tay, Chairman and President
Low Beng Tin, Deputy President
Chan Chik Weng
Chia Ho Choon
Lee Han Yang
Wan Fook Kong
Robert Tan
Tay Boon Keng
S Chandra Mohan

In accordance with Clause 14c of the Constitution, the quorum for an AGM should be 35. Mr Roma Luo, the audit representative from Messrs Lo Hock Ling & Co. confirmed that at the close of 6:30 pm, the total number of members present was 75. As there was a quorum, the President called the Meeting to order.

1 PRESIDENT'S ADDRESS

The President highlighted the following points:

We are pleased to announce that 2014 has been a good year for AA Singapore.

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

We moved out of Pearls Centre and in June 2014, we opened another outlet at 51@AMK. This new branch boasts

better features that help to improve accessibility and meet members' needs, particularly the longer opening hours, its central location, and proximity to the Ang Mo Kio MRT Station and Ang Mo Kio Bus Interchange. The new branch had garnered positive responses from both AA members and non-members.

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

We have enhanced our systems and processes to better serve you.

Firstly, we have enhanced the International Driving Permit (IDP) application process by allowing the applicant's photograph and driving class details to be printed on a sticker, which will be pasted on the IDP booklet. This eliminates the need for applicants to bring physical photographs.

Our customer service officers now serve walk-in IDP applications using tablets. Instead of members and non-members queuing, the customer service officers can now go forward to serve them. These improvements shorten the application processing time and help reduce the chances of errors and fraud.

Secondly, at the AA Winners' Club, we have implemented the Jackpot Management

System, which integrates all the fruit machines at AA@ GB Point and AA@ 51AMK, to provide you with greater convenience, flexibility and security. We have also launched the Gold Mystery Jackpot prizes and have since given out two top jackpot prizes, one in August 2014 and the other earlier this month.

Finally, our subsidiary, AutoSwift Recovery Pte Ltd, made modifications to 5 Isuzu pickup trucks to increase the capacities for carrying more batteries and power tools to ensure better service for our members. With more batteries and equipment on board, AutoSwift could extend the coverage of its recovery service, significantly improving staff productivity and efficiency.

We will continue in our quest to improve processes and enhance our systems to better serve members.

2014 was also an exciting year for AA Autoventure and new driving experiences were created and realised. From 7 May to 6 June 2014, AA Autoventure organised an ambitious 30-day fly-drive, bringing the convoy across Japan. Although it was a long drive, one of our members that went on the trip, praised the Autoventure as being very well-planned.

And in November, we had the largest turn out for the Lianhe Wanbao Makan Trail with 44 cars and 131 participants. The convoy set out on a 6D5N mouth-watering journey to Penang and Hat Yai.

This year, AA Autoventure will be bringing you to places previously not ventured into, such as Yunnan which took place earlier in the year. We have just welcomed the members back from their Myanmar Autoventure on 15 May. Finally, we have scheduled a 45-day drive all the way to Tibet in August.

We are also happy to observe an increase in the number of AA members visiting AA Approved Workshops and AA Recommended Tyre Shops in 2014. There was an increase of 20% and 37% respectively. Thank you for your support and we will continue to maintain and grow the trust you have in the AA brand.

Two new motor insurance plans in 2014 - the AA Motor Plus and the AA Senior Motor Plus for senior drivers, have been well received since their launch. We have also set up a branch of AAS Insurance Agency (AAS-IA) at our Ang Mo Kio outlet for your convenience.

We will be working very closely with our partners to roll out more customised insurance policies to better meet your needs. More information will be shared later.

We are planning more activities for our members and I encourage you to participate. A peek into the activities we have lined in celebration for SG50. We will be launching a coffee table book - Motoring 50, which celebrates 50 years of motoring in Singapore. We are also organising the Asia Pacific Road Safety and Mobility Conference this October. Do keep an eye out for more information coming your way.

Finally, I would like to share that we have intention of redeveloping our premises at Kung Chong and we are in the process of getting consultants to look at the feasibility of doing so. We will update members in due course when we have more concrete plans.

2 TO CONFIRM THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 28 MAY 2014

Mr David Chan wished to express a token of appreciation to Mr Wan Fook Kong on his insights on the investment properties.

There were no comments and the Minutes were confirmed as proposed by Mr David Chan and seconded by Mr James Han Tek Kwang

3 TO RECEIVE AND, IF APPROVED, PASS THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014

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

Q1 Page 44 – Note 11. Other Expenses

Mr Tay Choon Mong commented on the audit fee and asked if it was very high, reasonable or on a low side?

A1 The President replied that there was a slight increase of over a thousand dollars compared to the previous year. The President felt that it was justifiable as the Singapore Professional Accountants had to comply with new set of rules and regulations.

The President also emphasised on engaging competent Auditors rather than those with lower fees and ensuring that they are remunerated accordingly.

Q2 Page 42 – Note 6. Rental Income

Mr Tan Tok Jin enquired about the investment property which received an income of over \$700,000/-. As the investment property was \$44 million, what was the yield of the investment property and was the investment property wholly rented out?

A2 The President replied that the analyzed yield was about 4.47% as it was only taken into the books from July.

Q3 Page 55 – Note 29(b). Related Party Disclosures - With entities in which certain General Committee members have substantial interests

Mr Tan Tok Jin enquired about the donation and sponsorship expenses and how it was connected to the General Committee.

A3 The President replied that part of the donations was given to the Singapore Road Safety Council in which he was also the Chairman.

Mr David Chan enquired if gaming was generating positive cashflow for AA and what was the revenue from gaming. He asked about the prizes offered as incentives for Members to play. He enquired about eateries in the outlets at GB Point and 51 Ang Mo Kio.

The President informed Members that AA Winners' Club provided \$ 3.38 million net taking for 2014. The jackpot prizes and payouts are controlled by the authorities and are restricted so as not to entice gambling. For the record, AA Winners' Club had given out jackpot prizes of \$ 24,000 in August 2014 and \$28,000 in May 2015. AA Winners Club also organise happy hours for members.

The President shared that there were plans for a café in GB Point, which would be opening soon. Currently, there is no café in the outlet at Ang Mo Kio. Members could check with the staff for recommendations.

There were no other comments and the accounts were approved as proposed by Mr Niam Seng Wang, Henry and seconded by Mr David Chan.

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 the need to elect 6 members to the GC.

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

Mr Roma Luo, the audit representative from the auditors, reported that 6 nominations were received at 5:00 pm on 8 May 2015, being the time and date set for nominations to be closed.

The 6 nominees duly nominated were:

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

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

The President welcomed the newly elected members to the GC.

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 was proposed by Mr Wan Tuck Wah and seconded by Mr Niam Seng Wang, Henry and 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 WEDNESDAY, 13 MAY 2015.

The President informed that as at 5:00 pm on 13 May 2015, one letter was received from member who brought up the following matter:

To issue Life Membership immediately to members who have made full payment for the remaining period in meeting the 30 years criteria.

The President quoted the current Constitution clause 4(g) which stated as follows:

Any Ordinary Member who has been continuously a subscribing Ordinary Member of the Association for 30 years shall upon completion of this term of membership become a Life Member and shall not be required to pay any further subscription. The Life Membership shall only apply to Ordinary Members who joined before 1st of January 2008.

Thus, in according to the Constitution clause 4(g), the member has to be a subscribing Ordinary Member continuously for 30 years before Life Membership can be conferred.

7 THE PRESIDENT THANKED ALL MEMBERS FOR ATTENDING THE AGM

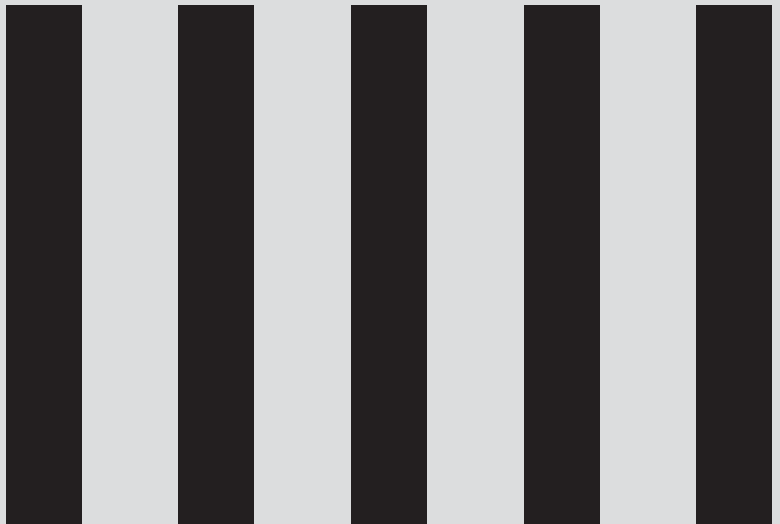
As there was no other business to be discussed, the President formally declared the Meeting closed at 7:05 pm.

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

Mr David Chan thanked the committee for their good work.

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PARTICULARS OF THE ASSOCIATION

As at 31 December 2015

1. INSTRUMENT OF SETTING UP THE ASSOCIATION

Constitution of Automobile Association of Singapore

2. UNIQUE ENTITY NUMBER OF THE ASSOCIATION

S61SS0040C

3. REGISTERED ADDRESS

535 Kallang Bahru #02-08 GB Point Singapore 339351

4. GENERAL COMMITTEE

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

5. AUDIT SUB-COMMITTEE

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

6. FINANCE AND INVESTMENT SUB-COMMITTEE

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

7. HUMAN RESOURCE AND REMUNERATION SUB-COMMITTEE

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

PARTICULARS OF THE ASSOCIATION

As at 31 December 2015

8. NOMINATION SUB-COMMITTEE

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

9. PRINCIPAL BANKER / FINANCE COMPANY

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

10. AUDITORS

Lo Hock Ling & Co.
Chartered Accountants Singapore

STATEMENT BY THE GENERAL COMMITTEE

In our opinion, the accompanying financial statements of Automobile Association of Singapore (the "Association") and its subsidiary companies (collectively the "Group") set out on pages 26 to 66 are drawn up so as to give a true and fair view of the financial position of the Group and the Association as at 31 December 2015 and the financial performance and changes in funds of the Group and the Association and cash flows of the Group for the year ended on that date.

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

On behalf of the General Committee

Bernard Tay Ah Kong
President

Tan Chian Khong
Treasurer

Singapore, 22 March 2016

INDEPENDENT AUDITORS' REPORT

To the Members of Automobile Association of Singapore

Report on the Financial Statements

We have audited the accompanying financial statements of Automobile Association of Singapore (the "Association") and its subsidiary companies (collectively the "Group") set out on pages 26 to 66, which comprise the balance sheets (statements of financial position) of the Group and of the Association as at 31 December 2015, and the statements of comprehensive income and statements of changes in funds of the Group and of the Association, and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT

To the Members of Automobile Association of Singapore

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in funds of the Association are properly drawn up in accordance with the provisions of the Societies Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Association as at 31 December 2015 and the financial performance and changes in funds of the Group and of the Association and cash flows of the Group for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion,

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

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

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

Singapore, 22 March 2016

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

STATEMENTS OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2015

	Notes	Group		Association	
		2015 \$	2014 \$	2015 \$	2014 \$
INCOME					
Membership subscriptions and entrance fees		3,413,458	3,475,283	3,370,884	3,354,680
Vehicle recovery and towing services		11,068,862	10,903,980	56,920	63,530
Fruit machine net takings		4,267,085	3,385,042	4,267,085	3,385,042
Income from other services	3	3,780,356	2,952,414	2,238,992	2,394,513
Interest income	4	1,051,613	968,538	1,148,629	1,004,934
Rental income (net)	5	1,869,792	1,132,017	139,019	116,411
Other income	6	989,313	748,383	2,298,985	2,317,824
Total income		26,440,479	23,565,657	13,520,514	12,636,934
LESS EXPENDITURE					
Depreciation expense	7	2,770,496	2,355,409	1,637,026	1,414,313
Amortisation of intangible assets	15	1,440	-	-	-
Employee benefits expenses	8	15,043,691	13,876,254	4,307,973	4,525,823
Membership promotion, publicity and meetings		649,525	643,349	649,525	643,349
Finance cost	9	-	-	-	6,247
Other expenses	10	5,393,171	5,273,636	5,702,769	5,562,305
Total expenditure		23,858,323	22,148,648	12,297,293	12,152,037
Surplus from operations before tax		2,582,156	1,417,009	1,223,221	484,897
SG50 celebration expenses net of recoveries	11	(490,160)	-	(490,160)	-
Surplus before tax		2,091,996	1,417,009	733,061	484,897
Income tax expense	12	(379,358)	(179,578)	(225,095)	(85,345)
Surplus for the year		1,712,638	1,237,431	507,966	399,552
OTHER COMPREHENSIVE INCOME					
<u>Items that may be reclassified</u>					
<u>subsequently to profit or loss:</u>					
Reversal upon disposal of available-for-sale financial assets		-	(62,100)	-	(62,100)
Net changes in fair value of available-for-sale financial assets		(320,750)	(129,725)	(247,880)	(129,725)
Other comprehensive income for the year, net of tax		(320,750)	(191,825)	(247,880)	(191,825)
Total comprehensive income for the year		1,391,888	1,045,606	260,086	207,727
<u>Surplus attributable to:</u>					
Members of the Association		1,648,470	1,237,431	507,966	399,552
Non-controlling interest		64,168	-	-	-
		1,712,638	1,237,431	507,966	399,552
<u>Total comprehensive income attributable to:</u>					
Members of the Association		1,327,720	1,045,606	260,086	207,727
Non-controlling interest		64,168	-	-	-
		1,391,888	1,045,606	260,086	207,727

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

	Notes	Group		Association	
		2015 \$	2014 \$	2015 \$	2014 \$
ASSETS					
<u>Non-Current Assets</u>					
Property, plant and equipment	13	13,236,260	14,681,769	2,642,418	3,781,238
Investment property	14	43,916,280	44,264,280	-	-
Intangible assets	15	62,295	-	-	-
Available-for-sale financial assets	16	14,130,975	11,406,725	11,158,845	11,406,725
Investments in subsidiary companies	17	-	-	4,386,502	4,386,502
Amount due by subsidiary companies	18	-	-	45,000,000	45,000,000
		<u>71,345,810</u>	<u>70,352,774</u>	<u>63,187,765</u>	<u>64,574,465</u>
<u>Current Assets</u>					
Inventories	19	37,658	41,819	37,658	41,819
Trade and other receivables	20	6,656,516	8,631,885	4,432,710	4,232,835
Amounts due by subsidiary companies	18	-	-	16,842,273	11,746,068
Cash and cash equivalents	21	44,727,455	40,018,173	7,145,716	11,271,825
		<u>51,421,629</u>	<u>48,691,877</u>	<u>28,458,357</u>	<u>27,292,547</u>
Total Assets		<u>122,767,439</u>	<u>119,044,651</u>	<u>91,646,122</u>	<u>91,867,012</u>
TOTAL FUNDS, RESERVES AND LIABILITIES					
FUNDS AND RESERVES					
Accumulated fund		109,013,516	107,368,646	78,974,634	78,470,268
Fair value reserve	22	(353,525)	(32,775)	(280,655)	(32,775)
Fruit machine replacement reserve	23	3,600	-	3,600	-
Total funds and reserves attributable to members of the Association		<u>108,663,591</u>	<u>107,335,871</u>	<u>78,697,579</u>	<u>78,437,493</u>
Non-controlling interest		214,168	-	-	-
Total Funds and Reserves		<u>108,877,759</u>	<u>107,335,871</u>	<u>78,697,579</u>	<u>78,437,493</u>
LIABILITIES					
<u>Non-Current Liabilities</u>					
Subscriptions received in advance	24	2,785,098	1,774,209	2,785,072	1,773,347
Deferred tax liabilities	25	468,780	468,780	-	-
Trade and other payables	26	370,639	410,927	370,639	410,927
		<u>3,624,517</u>	<u>2,653,916</u>	<u>3,155,711</u>	<u>2,184,274</u>
<u>Current Liabilities</u>					
Subscriptions received in advance	24	2,065,420	1,776,356	2,057,874	1,740,162
Trade and other payables	26	7,874,230	7,171,754	4,614,823	4,412,213
Amounts due to subsidiary companies	18	-	-	2,951,776	5,009,220
Current tax liabilities		325,513	106,754	168,359	83,650
		<u>10,265,163</u>	<u>9,054,864</u>	<u>9,792,832</u>	<u>11,245,245</u>
Total Liabilities		<u>13,889,680</u>	<u>11,708,780</u>	<u>12,948,543</u>	<u>13,429,519</u>
Total Funds, Reserves and Liabilities		<u>122,767,439</u>	<u>119,044,651</u>	<u>91,646,122</u>	<u>91,867,012</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS

For the Year Ended 31 December 2015

Group	Note	Accumulated fund \$	Fruit machine replacement reserve \$	Fair value reserve \$	Total funds and reserves attributable to member of the Association \$	Non-controlling interest \$	Total funds and reserves \$
Balance as at 1 January 2014		106,131,215	-	159,050	106,290,265	-	106,290,265
Total comprehensive income for the year		1,237,431	-	(191,825)	1,045,606	-	1,045,606
Balance as at 31 December 2014		107,368,646	-	(32,775)	107,335,871	-	107,335,871
Total comprehensive income for the year		1,648,470	-	(320,750)	1,327,720	64,168	1,391,888
Transaction with owners, recognised directly in equity							
Cash subscribed by non-controlling shareholder		-	-	-	-	150,000	150,000
Transfer to fruit machine replacement reserve, net of reserve utilised	23	(3,600)	3,600	-	-	-	-
		(3,600)	3,600	-	-	150,000	150,000
Balance as at 31 December 2015		109,013,516	3,600	(353,525)	108,663,591	214,168	108,877,759

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

STATEMENT OF CHANGES IN FUNDS

For the Year Ended 31 December 2015

Association	Note	Accumulated fund \$	Fruit machine replacement reserve \$	Fair value reserve \$	Total \$
Balance as at 1 January 2014		78,070,716	-	159,050	78,229,766
Total comprehensive income for the year		399,552	-	(191,825)	207,727
Balance as at 31 December 2014		78,470,268	-	(32,775)	78,437,493
Total comprehensive income for the year		507,966	-	(247,880)	260,086
Transaction with owners, recognised directly in equity					
Transfer to fruit machine replacement reserve, net of reserve utilised	23	(3,600)	3,600	-	-
		(3,600)	3,600	-	-
Balance as at 31 December 2015		78,974,634	3,600	(280,655)	78,697,579

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2015

	Notes	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Surplus before tax		2,091,996	1,417,009
Adjustments for:			
Depreciation expense	7	2,770,496	2,355,409
Amortisation on intangible assets	15	1,440	-
Interest income	4	(1,051,613)	(968,538)
Property, plant and equipment written off		25,549	56,603
(Gain)/loss on disposal of			
- available-for-sale financial assets		-	(18,000)
- property, plant and equipment		(53,878)	(1,507)
Operating surplus before working capital changes		3,783,990	2,840,976
Decrease/(increase) in inventories		4,161	(11,544)
Decrease/(increase) in receivables		2,089,883	(3,295,381)
Increase/(decrease) in payables		662,188	(4,612,513)
Increase/(decrease) in subscriptions received in advance		1,299,953	(1,081,464)
Cash generated from/(used in) operations		7,840,175	(6,159,926)
Interest received		239	3,460
Income tax paid		(160,599)	(64,371)
Net cash from/(used in) operating activities		7,679,815	(6,220,837)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Increase in fixed deposits pledged with banks and/or with maturities over 3 months		(3,559,256)	(9,710,393)
Interest received		936,860	868,614
Purchase of bonds		(3,045,000)	(6,381,000)
Purchase of property, plant and equipment	28	(1,011,463)	(2,433,925)
Purchase of investment property	14	-	(44,409,280)
Purchase of intangible assets	15	(63,735)	-
Proceeds from cash subscribed by non-controlling shareholder		150,000	-
Proceeds from disposal of			
- available-for-sale financial assets		-	3,018,000
- property, plant and equipment		62,805	62,578
Net cash used in investing activities		(6,529,789)	(58,985,406)
Net increase/(decrease) in cash and cash equivalents		1,150,026	(65,206,243)
Cash and cash equivalents at beginning of the year		8,735,214	73,941,457
Cash and cash equivalents at end of the year	21	9,885,240	8,735,214

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

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

1. GENERAL INFORMATION

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

(b) Principal Activities

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

During the financial year, the Group adopted all the applicable new/revised FRSs which are effective on or before 1 January 2015.

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

(b) Significant Accounting Estimates and Judgments

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

(A) Key Sources of Estimation Uncertainty

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

(i) Depreciation/Amortisation of Property, Plant and Equipment, Investment Property and Intangible Assets

The cost of property, plant and equipment, investment property and intangible assets are depreciated/amortised on a straight line basis over their estimated useful lives. Management's estimates of the useful lives of these property, plant and equipment, investment property and intangible assets are disclosed in notes 2(h), 2(i) and 2(j) respectively. Changes in the expected usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation/amortisation charges could be revised. The carrying amount of property, plant and equipment, investment property and intangible assets and the depreciation/amortisation charge for the year are disclosed in notes 13, 14 and 15 to the financial statements respectively.

(ii) Income Taxes

Significant judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The current tax payables of the Group and the Association are \$325,513 (2014: \$106,754) and \$168,359 (2014: \$83,650) respectively. The deferred tax liability of the Group is \$468,780 (2014: \$468,780). The Association has no significant deferred tax liability as at the balance sheet date.

(iii) Allowance for Bad and Doubtful Debts

The impairment policy for bad and doubtful debts of the Group and the Association is based on the evaluation of collectability and ageing analysis of the accounts receivables and on management's judgment. At the balance sheet date, the trade receivables, net of allowance, of the Group and the Association amounted to \$3,560,660 (2014: \$2,928,952) and \$1,898,064 (2014: \$1,822,929) respectively. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current credit worthiness and the past collection history of each customer. If the financial condition of these customers were to deteriorate, resulting in an impairment of their ability to make payment, additional allowance will be required.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

(B) Critical Judgments Made in Applying Accounting Policies

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

(i) Impairment of Financial Assets

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

(ii) Impairment of Investments in Subsidiary Companies

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

(c) FRS and INT FRS not yet effective

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

- FRS 16 *Property plant and equipment* and FRS 38 *Intangible assets* (effective for annual periods beginning on or after 1 January 2016)

This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. This has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted in certain limited circumstances. These are where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

The amendment is not expected to have any significant impact on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

- FRS 1 *Presentation of financial statements* (effective for annual periods beginning on or after 1 January 2016)

This amendment clarifies guidance in FRS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

This amendment is not expected to have any significant impact on the financial statements of the Group.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

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

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

(d) Revenue Recognition

(i) *Subscriptions and Fees Income*

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

Subscriptions received in advance

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Revenue Recognition *(continued)*

(ii) Fruit Machine Takings

Fruit machine takings are recognised as revenue upon receipt.

(iii) Service Income

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

(iv) Interest Income

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

(v) Rental Income

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

(e) Government Grants

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

(f) Employee Benefits

(i) Defined Contribution Plans

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

(ii) Short Term Compensated Absences

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Income Taxes

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

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

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

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

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

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

(h) Property, Plant and Equipment

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Property, Plant and Equipment *(continued)*

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

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

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

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

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

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

(i) Investment Property

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

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

Freehold property	25 years
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The residual value and useful life of investment property are reviewed and adjusted as appropriate, at each balance sheet date.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Intangible Assets

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

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

Computer software	5 years
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(k) Financial Assets

A. Classification

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

(i) Loans and Receivables

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

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

(ii) Available-For-Sale Financial Assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Financial Assets *(continued)*

B. Recognition and Derecognition

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

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

C. Determination of Fair Value

The fair values of quoted financial assets are based on bid price as at balance sheet date. For quoted financial assets without an active market and for unquoted financial assets, the Group establishes fair value by using valuation techniques.

D. Impairment of Financial Assets

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

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

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

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

(ii) Impairment of Loans and Receivables

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Financial Assets *(continued)*

D. Impairment of Financial Assets *(continued)*

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

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

(l) Investments in Subsidiaries

(i) Subsidiary and Basis of Consolidation

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

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

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

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

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

(ii) Acquisitions

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Investments in Subsidiaries *(continued)*

(ii) Acquisitions (continued)

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

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

Any excess of the Group's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in 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 relative interests in the subsidiary. Any differences between the changes in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised within fund attributable to members of the Association.

(m) Inventories

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Cash and Cash Equivalents

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

(o) Financial Liabilities

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

Financial liabilities other than derivatives are recognised initially at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Financial liabilities with a short duration are not discounted.

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

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

(p) 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.

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

(q) Leases

Operating Leases

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Leases *(continued)*

Operating Leases (continued)

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

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

(r) 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.

(s) 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.

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

- (i) The entity and the Association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to each other).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the Association. If the Association is itself such a plan, the sponsoring employers are also related to the Association.
- (vi) The entity is controlled or jointly controlled by a person identified in (A).
- (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Association or to the parent of the Association.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

3. INCOME FROM OTHER SERVICES

	Group		Association	
	2015 \$	2014 \$	2015 \$	2014 \$
Insurance commission	419,443	442,638	-	-
Consignment sales commission	737,648	831,716	737,648	831,716
Service income from provision of driving testers and instructors	992,250	-	-	-
International driving permit fees	1,005,510	855,085	1,005,510	855,085
Event income	162,459	253,697	162,459	253,697
Income from sales of accessories	93,783	57,148	95,971	57,148
Call centre fees	-	3,150	-	3,150
Agency fees	17,764	10,619	17,764	10,619
Vehicle evaluation fees	39,160	39,565	39,160	39,565
Miscellaneous income	312,339	448,336	180,480	343,533
Sundry sales and services	-	10,460	-	-
	3,780,356	2,952,414	2,238,992	2,394,513

4. INTEREST INCOME

	Group		Association	
	2015 \$	2014 \$	2015 \$	2014 \$
Interest income from:				
- bank accounts	239	3,460	239	3,460
- fixed deposits	545,374	638,353	192,390	410,913
- bonds	506,000	326,725	506,000	326,725
- amounts owing by subsidiary companies	-	-	450,000	263,836
	1,051,613	968,538	1,148,629	1,004,934

5. RENTAL INCOME

	Group		Association	
	2015 \$	2014 \$	2015 \$	2014 \$
Gross rental from				
- investment property	1,643,791	777,903	-	-
- leasehold property	613,901	573,804	139,019	116,411
	2,257,692	1,351,707	139,019	116,411
Less: Property related expenses				
- investment property	(271,398)	(98,332)	-	-
- leasehold property	(116,502)	(121,358)	-	-
	(387,900)	(219,690)	-	-
	1,869,792	1,132,017	139,019	116,411

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

6. OTHER INCOME

	Group		Association	
	2015 \$	2014 \$	2015 \$	2014 \$
Administrative and service income from subsidiary companies	-	-	2,048,679	2,184,949
Compensation received from insurance company	114,019	49,652	-	-
Gain on disposal of available-for-sale financial assets	-	18,000	-	18,000
Gain on disposal of property, plant and equipment	53,878	2,321	53,878	2,321
Government grants	750,094	582,961	196,428	112,554
Other income received from insurance company	20,300	65,006	-	-
Sundry income	51,022	30,443	-	-
	<u>989,313</u>	<u>748,383</u>	<u>2,298,985</u>	<u>2,317,824</u>

7. DEPRECIATION EXPENSE

	Group		Association	
	2015 \$	2014 \$	2015 \$	2014 \$
Depreciation on property, plant and equipment	2,422,496	2,210,409	1,637,026	1,414,313
Depreciation on investment property	348,000	145,000	-	-
	<u>2,770,496</u>	<u>2,355,409</u>	<u>1,637,026</u>	<u>1,414,313</u>

8. EMPLOYEE BENEFITS EXPENSE

	Group		Association	
	2015 \$	2014 \$	2015 \$	2014 \$
Salaries and other related costs	13,417,343	12,563,169	3,823,689	4,038,236
Employer's contributions to Central Provident Fund	1,503,579	1,207,619	454,100	447,359
Other benefits	122,769	105,466	30,184	40,228
	<u>15,043,691</u>	<u>13,876,254</u>	<u>4,307,973</u>	<u>4,525,823</u>

9. FINANCE COST

	Association	
	2015 \$	2014 \$
Interest expense on amount due to subsidiary companies	-	<u>6,247</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

10. OTHER EXPENSES

	Group		Association	
	2015 \$	2014 \$	2015 \$	2014 \$
Audit fees	62,200	52,590	28,500	28,140
Donation and sponsorships	108,951	54,520	95,751	1,520
Highway magazine	510,055	513,520	510,055	513,520
Loss on disposal of property, plant, and equipment	-	814	-	-
Maintenance of property, plant and equipment	1,694,995	1,878,903	246,675	291,198
Office rental	433,979	433,979	433,979	433,979
Operating lease expense	238,625	188,107	164,825	114,307
Others administrative and operating expenses	2,065,367	1,815,109	1,044,108	838,375
Property, plant and equipment written off	25,549	56,603	16,133	53,450
Towing and vehicle recovery expenses charged by				
- subsidiary companies	-	-	3,161,790	3,284,285
- third parties	253,450	279,491	953	3,531
	<u>5,393,171</u>	<u>5,273,636</u>	<u>5,702,769</u>	<u>5,562,305</u>

11. SG50 CELEBRATION EXPENSES NET OF RECOVERIES

	Group and Association	
	2015 \$	2014 \$
<u>Expenditure</u>		
International Conference	221,128	-
Coffee Table Book	47,254	-
Heritage Drive for AA Wheel	174,012	-
Miscellaneous	165,085	-
	<u>607,479</u>	<u>-</u>
<u>Less: Amount recovered</u>		
Income from International Conference	56,000	-
Income from Heritage Drive for AA Wheel	61,319	-
	<u>117,319</u>	<u>-</u>
SG50 celebration expenses net of recoveries	<u>490,160</u>	<u>-</u>

This is relating to Singapore 50th years anniversary celebration events.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

12. INCOME TAX EXPENSE

	Group		Association	
	2015 \$	2014 \$	2015 \$	2014 \$
Provision for current taxation	309,904	106,754	168,359	83,650
Provision for deferred taxation (note 25)	-	88,275	-	-
Under/(over)-provision of taxation in prior year	69,454	(15,451)	56,736	1,695
	<u>379,358</u>	<u>179,578</u>	<u>225,095</u>	<u>85,345</u>
Reconciliation of income tax expense:				
Surplus before tax	2,091,996	1,417,009	733,061	484,897
Tax at statutory rate of 17%	355,639	240,891	124,620	82,432
Tax effects of:-				
Non-deductible expenses	2,316,754	2,123,626	2,193,811	2,065,847
Non-taxable income	(2,108,015)	(2,034,356)	(2,100,547)	(2,015,837)
Statutory stepped income exemption	(131,355)	(52,852)	(25,925)	(25,925)
Corporate tax rebate	(92,185)	(7,494)	(41,150)	(176)
Tax incentives	(6,370)	(22,100)	-	-
Enhanced capital allowance	(5,453)	(20,961)	-	-
Under/(over)-provision of taxation in prior year	69,454	(15,451)	56,736	1,695
Effect of concessionary tax rate	-	(22,871)	-	(22,871)
Deferred tax liabilities not recognised	(3,830)	(2,517)	-	-
Deferred tax liabilities previously not recognised	(32,455)	(6,517)	-	-
Others	17,174	180	17,550	180
	<u>379,358</u>	<u>179,578</u>	<u>225,095</u>	<u>85,345</u>

As at the balance sheet date, the Group has unutilised tax losses and unutilised capital allowances amounting to approximately \$277,114 (2014: \$272,739) and \$26,760 (2014: nil) respectively, available for set-off against future taxable income, subject to compliance with the Income Tax Act and the approval of the Comptroller of Income Tax.

Deferred tax assets amounting to \$51,659 (2014: \$46,366) arising from the above tax losses and capital allowances are not recognised in the accounts due to the uncertainty of future taxable profits being available against which the tax losses and capital allowances can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

13. PROPERTY, PLANT AND EQUIPMENT

(a) Group	Leasehold property \$	Motor vehicles and equipment \$	Tow trucks \$	Furniture, fittings and office equipment \$	Fruit machine \$	Renovation \$	Total \$
Cost							
At 1 January 2014	9,577,853	600,800	7,107,398	2,896,316	1,680,150	2,211,426	24,073,943
Additions	-	-	555,542	474,096	362,778	1,187,124	2,579,540
Disposals/written off	-	-	(775,592)	(269,985)	(42,800)	(141,623)	(1,230,000)
At 31 December 2014 and 1 January 2015	9,577,853	600,800	6,887,348	3,100,427	2,000,128	3,256,927	25,423,483
Additions	-	198,049	453,430	107,884	236,400	15,700	1,011,463
Disposals/written off	-	(92,488)	(10,646)	(74,448)	(144,000)	-	(321,582)
At 31 December 2015	9,577,853	706,361	7,330,132	3,133,863	2,092,528	3,272,627	26,113,364
Accumulated depreciation							
At 1 January 2014	2,026,086	426,004	4,120,392	1,720,700	694,189	607,405	9,594,776
Charge for the year	184,190	26,918	429,192	444,884	386,095	739,130	2,210,409
Disposals/written off	-	-	(681,719)	(241,874)	(42,800)	(97,078)	(1,063,471)
At 31 December 2014 and 1 January 2015	2,210,276	452,922	3,867,865	1,923,710	1,037,484	1,249,457	10,741,714
Charge for the year	184,190	41,378	460,968	467,294	403,149	865,517	2,422,496
Disposals/written off	-	(92,488)	(10,646)	(47,977)	(135,995)	-	(287,106)
At 31 December 2015	2,394,466	401,812	4,318,187	2,343,027	1,304,638	2,114,974	12,877,104
Carrying amount							
At 31 December 2015	7,183,387	304,549	3,011,945	790,836	787,890	1,157,653	13,236,260
At 31 December 2014	7,367,577	147,878	3,019,483	1,176,717	962,644	2,007,470	14,681,769

During the year, the Group acquired property, plant and equipment with an aggregate cost of \$1,011,463 (2014: \$2,579,540) of which nil (2014: \$96,760) was provision of reinstatement cost. Included in the carrying amount of renovation is an amount of provision of reinstatement costs of \$117,787 (2014: \$236,553).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

(b) Association	Motor vehicles and equipment \$	Furniture, fittings and office equipment \$	Fruit machine \$	Renovation \$	Total \$
<u>Cost</u>					
At 1 January 2014	136,264	1,989,904	1,680,150	1,444,855	5,251,173
Additions	-	409,258	362,778	1,143,368	1,915,404
Disposals/written off	-	(51,921)	(42,800)	(141,623)	(236,344)
At 31 December 2014 and 1 January 2015	136,264	2,347,241	2,000,128	2,446,600	6,930,233
Additions	198,049	73,228	236,400	15,700	523,377
Disposals/written off	(92,488)	(56,405)	(144,000)	-	(292,893)
At 31 December 2015	241,825	2,364,064	2,092,528	2,462,300	7,160,717
<u>Accumulated depreciation</u>					
At 1 January 2014	126,042	918,419	694,189	162,271	1,900,921
Charge for the year	6,133	362,888	386,095	659,197	1,414,313
Disposals/written off	-	(26,361)	(42,800)	(97,078)	(166,239)
At 31 December 2014 and 1 January 2015	132,175	1,254,946	1,037,484	724,390	3,148,995
Charge for the year	20,593	384,393	403,149	828,891	1,637,026
Disposals/written off	(92,488)	(39,239)	(135,995)	-	(267,722)
At 31 December 2015	60,280	1,600,100	1,304,638	1,553,281	4,518,299
<u>Carrying amount</u>					
At 31 December 2015	181,545	763,964	787,890	909,019	2,642,418
At 31 December 2014	4,089	1,092,295	962,644	1,722,210	3,781,238

Included in the carrying amount of renovation is an amount of provision of reinstatement costs of \$117,787 (2014: \$236,553).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

14. INVESTMENT PROPERTY

	Group Freehold Property	
	2015 \$	2014 \$
Cost		
At 1 January	44,409,280	-
Addition	-	44,409,280
At 31 December	44,409,280	44,409,280
Accumulated depreciation		
At 1 January	145,000	-
Charge for the year	348,000	145,000
At 31 December	493,000	145,000
Carrying amount		
At 31 December	43,916,280	44,264,280

The fair value of the above investment property of the Group amounts to approximately \$45 million (2014: \$45 million). This is based on valuation report dated 3 March 2014 by an independent valuers who holds a recognised and relevant professional qualification and taking into consideration current market information.

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

15. INTANGIBLE ASSETS

	Group Computer Software	
	2015 \$	2014 \$
Cost		
At 1 January	-	-
Addition	63,735	-
At 31 December	63,735	-
Accumulated amortisation		
At 1 January	-	-
Amortisation for the year	1,440	-
At 31 December	1,440	-
Carrying amount		
At 31 December	62,295	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

	Group		Association	
	2015 \$	2014 \$	2015 \$	2014 \$
Quoted non-equity investments				
- Redeemable in 2017	2,037,000	2,096,000	2,037,000	2,096,000
- Redeemable in 2021	4,475,955	1,543,800	1,503,825	1,543,800
- Redeemable in 2022	1,492,500	1,506,525	1,492,500	1,506,525
- Redeemable in 2049	6,125,520	6,260,400	6,125,520	6,260,400
	<u>14,130,975</u>	<u>11,406,725</u>	<u>11,158,845</u>	<u>11,406,725</u>
Available-for-sale financial assets held as:				
Non-current assets	14,130,975	11,406,725	11,158,845	11,406,725
Current assets	-	-	-	-
	<u>14,130,975</u>	<u>11,406,725</u>	<u>11,158,845</u>	<u>11,406,725</u>

The above investments consist of quoted commercial bonds and preference shares with interest/dividend yield ranging from 2.95% to 5.38% (2014: 2.95% to 5.38%) per annum.

17. INVESTMENTS IN SUBSIDIARY COMPANIES

	Association	
	2015 \$	2014 \$
<u>Unquoted shares, at cost</u>		
At 1 January	6,450,002	6,450,002
Additions	-	-
At 31 December	6,450,002	6,450,002
<u>Less: Impairment loss</u>		
At 1 January	(2,063,500)	(2,063,500)
Reversal of impairment loss	-	-
At 31 December	<u>(2,063,500)</u>	<u>(2,063,500)</u>
	<u>4,386,502</u>	<u>4,386,502</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

17. INVESTMENTS IN SUBSIDIARY COMPANIES *(continued)*

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	
			2015 %	2014 %	2015 \$	2014 \$
* Autoswift Recovery Pte Ltd	Provision of vehicle recovery and towing service	Singapore	100	100	4,500,000	4,500,000
* AAS Insurance Agency Pte. Ltd.	General insurance agents	Singapore	100	100	500,000	500,000
* AA Vehicle Inspection Centre Pte Ltd	Investment holding	Singapore	100	100	1,000,000	1,000,000
* A.A. Travel & Tours Pte. Ltd.	Dormant	Singapore	100	100	450,000	450,000
* AAS @ 217 East Coast Road Pte. Ltd.	Holding of investments to derive investment income	Singapore	100	100	2	2
					6,450,002	6,450,002
<u>Held by AA Vehicle Inspection Centre Pte Ltd</u>						
▼* AAS Academy Pte. Ltd.	Provision of training establishment for drivers	Singapore	100	-	100,000	-
▼* AA-SPCS Services Pte. Ltd.	Provision of driving testers and instructors	Singapore	70	-	350,000	-

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

▼ Newly incorporation during the financial year ended 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

18. AMOUNTS DUE BY/TO SUBSIDIARY COMPANIES

	Association	
	2015 \$	2014 \$
(i) Amount due by subsidiary companies		
- Due after 12 months		
- non-trade*	45,000,000	45,000,000
- Due within 12 months		
- trade	7,375	-
- non-trade	16,834,898	11,746,068
	16,842,273	11,746,068
	<u>61,842,273</u>	<u>56,746,068</u>
(ii) Amount due to subsidiary companies		
- Due within 12 months		
- trade	1,926,296	2,597,841
- non-trade	1,025,480	2,411,379
	<u>2,951,776</u>	<u>5,009,220</u>

The Association placed the fixed deposits amounting to \$12,350,000 (2014: \$11,500,000) with financial institutions in the name of a subsidiary company before the year end. The fixed deposits earned interest rates ranges from 1.32% to 1.95% (2014: 1.25% to 1.32%) per annum and the maturity period between 1 to 10 months (2014: 7 to 10 months). Interest income in respect of these fixed deposits has been paid back to the Association.

* Included in amount due by subsidiary companies is an unsecured loan amounting to \$45 million (2014: \$45 million). This loan bears interest at 1.00% (2014: 1.00%) per annum and is not expected to be repaid within the next twelve months.

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

19. INVENTORIES

Group and Association

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

20. TRADE AND OTHER RECEIVABLES

	Group		Association	
	2015 \$	2014 \$	2015 \$	2014 \$
Trade receivables	3,560,660	2,953,680	1,898,064	1,822,929
Less: Allowance for doubtful debts				
Balance at beginning of the year	(24,728)	(24,728)	-	-
Bad debts written off against allowance	24,728	-	-	-
Balance at end of the year	-	(24,728)	-	-
	3,560,660	2,928,952	1,898,064	1,822,929
Accrued revenue	666,823	449,175	815,994	592,369
Deposits	342,792	316,265	309,602	282,635
Non-trade receivables	502,427	338,038	20,087	27,496
Goods and services tax receivable	-	2,969,573	-	-
Prepayments	383,814	429,882	188,963	307,406
* Retention sum receivables	1,200,000	1,200,000	1,200,000	1,200,000
	6,656,516	8,631,885	4,432,710	4,232,835

Trade receivables are non-interest bearing and are generally on 30 days' (2014: 30 days') terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

* In 2013, the Association disposed of the two strata lots of the freehold property for the consideration of \$61.8 million. The transaction for the sale was completed on 18 December 2013 and the Association agreed for the purchaser to retain the sum of \$1,200,000 from the balance payable to the Association upon completion. The sum of \$1,200,000 was held by the purchaser's solicitors as stakeholders pending the resolution of certain items disputed with the Management Corporation Strata Title Plan No. 918 (MCST 918). In connection with this dispute, the Association recorded a provision for rectification work and related costs of \$1,200,000 to cover the estimated costs (note 27) in 2013. There was no update for the dispute with MCST 918 in current financial year.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

21. CASH AND CASH EQUIVALENTS

	Group		Association	
	2015 \$	2014 \$	2015 \$	2014 \$
Fixed deposits	39,478,059	33,149,398	4,397,647	8,788,685
Cash and bank balances	5,249,396	6,868,775	2,748,069	2,483,140
Cash and cash equivalents (Statement of Financial Position)	44,727,455	40,018,173	7,145,716	11,271,825
Less:				
Fixed deposits pledged with banks and/or with maturities over 3 months	(34,842,215)	(31,282,959)	(4,397,647)	(8,788,685)
Cash and cash equivalents (Statement of Cash Flows)	9,885,240	8,735,214	2,748,069	2,483,140
Fixed deposits with maturities less than 3 months	5,984,800	3,209,524	1,348,956	1,343,085
between 3 and 12 months	33,493,259	29,939,874	3,048,691	7,445,600
	39,478,059	33,149,398	4,397,647	8,788,685

Fixed deposits of \$1,348,956 (2014: \$1,343,085) are pledged with certain banks to secure performance bonds issued in favour of Land Transport Authority in respect of certain service contracts undertaken by the Association and/or its wholly-owned subsidiary.

Fixed deposits of the Association amounting to \$1,024,346 (2014: \$6,423,000) are placed with financial institutions for the maturities of 9 months (2014: 7 to 12 months) on behalf of the subsidiary companies. Interest income in respect of these fixed deposits has been paid back to the subsidiary companies.

All fixed deposits bear interest at rates ranging from 0.25% to 1.90% (2014: 0.25% to 1.39%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

22. FAIR VALUE RESERVE

Group and Association

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

23. FRUIT MACHINE REPLACEMENT RESERVE

	Group and Association	
	2015	2014
	\$	\$
Balance at beginning of the year	-	-
Transfer from accumulated funds	240,000	240,000
Purchase of fruit machine	(236,400)	(240,000)
	3,600	-
Balance at end of the year	3,600	-

24. SUBSCRIPTIONS RECEIVED IN ADVANCE

	Group		Association	
	2015	2014	2015	2014
	\$	\$	\$	\$
<u>Due after 12 months</u>				
Life membership subscriptions	306,778	334,015	306,778	334,015
Ordinary and other membership subscriptions	2,478,320	1,440,194	2,478,294	1,439,332
	2,785,098	1,774,209	2,785,072	1,773,347
<u>Due within 12 months</u>				
Life membership subscriptions	27,237	27,574	27,237	27,574
Ordinary and other membership subscriptions	2,038,183	1,748,782	2,030,637	1,712,588
	2,065,420	1,776,356	2,057,874	1,740,162
Total subscriptions received in advance	4,850,518	3,550,565	4,842,946	3,513,509

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

25. DEFERRED TAX LIABILITIES

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

	Group	
	2015 \$	2014 \$
Balance at beginning of the year	468,780	380,505
Current year's provision for deferred taxation (note 12)	-	88,275
Balance at end of the year	468,780	468,780

26. TRADE AND OTHER PAYABLES

	Group		Association	
	2015 \$	2014 \$	2015 \$	2014 \$
<u>Due after 12 months</u>				
Provision (note 27)	356,300	356,300	356,300	356,300
Deferred operating lease	14,339	54,627	14,339	54,627
	370,639	410,927	370,639	410,927
<u>Due within 12 months</u>				
Trade payables	79,114	72,504	-	-
Accrued operating expenses	4,657,836	3,848,311	2,239,655	1,853,142
Deposits	404,148	374,267	31,478	35,742
Deferred income	21,707	44,960	21,707	44,960
Goods and services tax payables	520,093	469,983	215,484	190,925
Non-trade payables	754,553	919,155	669,720	844,870
Provisions (note 27)	1,396,491	1,396,122	1,396,491	1,396,122
Deferred operating lease	40,288	46,452	40,288	46,452
	7,874,230	7,171,754	4,614,823	4,412,213
Total trade and other payables	8,244,869	7,582,681	4,985,462	4,823,140

Trade and other payables due within 12 months are unsecured, non-interest bearing and are normally settled within 30 to 90 days (2014: 30 to 90 days) or on demand.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

27. PROVISIONS

	Group and Association	
	2015	2014
	\$	\$
Provision for:		
Rectification work (note 20)	1,200,000	1,200,000
• Reinstatement cost	356,300	356,300
* Capital expenditure	164,817	164,817
Others	31,674	31,305
	<u>1,752,791</u>	<u>1,752,422</u>
Represented by:		
Due after 12 months (note 26)	356,300	356,300
Due within 12 months (note 26)	1,396,491	1,396,122
	<u>1,752,791</u>	<u>1,752,422</u>

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

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

28. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

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

	Group	
	2015	2014
	\$	\$
By cash	1,011,463	2,433,925
By provision for reinstatement cost	-	96,760
By trade-in property, plant and equipment	-	48,855
	<u>1,011,463</u>	<u>2,579,540</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

29. RELATED PARTY DISCLOSURES

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

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

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

(a) With subsidiary companies

	Association	
	2015	2014
	\$	\$
Administrative and service income	2,048,679	2,184,949
Rental and facilities income	64,116	58,716
Interest income	450,000	263,836
Sales of property, plant and equipment	111	602
Sales of inventories	2,188	-
Towing and vehicle recovery service charges	3,161,790	3,284,285
Services, supplies and call centre expenses	169,805	168,695
Interest expense	-	6,247

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

	Group		Association	
	2015	2014	2015	2014
	\$	\$	\$	\$
Sales of fleet management solution	-	655	-	655
Donation and sponsorship expenses	73,544	53,000	60,344	-
Legal and professional fees	98,540	40,000	3,540	40,000
Purchase of services	7,080	4,760	4,800	2,600

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

30. KEY MANAGEMENT PERSONNEL COMPENSATION

The total key management personnel compensation are as follows:-

	Group and Association	
	2015	2014
	\$	\$
Salaries and other related costs	1,063,990	899,921
Employer's contributions to Central Provident Fund	82,587	62,082
Short-term employee benefits	1,146,577	962,003

31. OPERATING LEASE COMMITMENTS

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

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

	Group		Association	
	2015	2014	2015	2014
	\$	\$	\$	\$
Lease expense payable				
- within 1 year	865,854	1,019,178	859,704	945,378
- after 1 year but not later than 5 years	176,103	1,041,957	176,103	1,035,807
	1,041,957	2,061,135	1,035,807	1,981,185

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

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

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

	Group		Association	
	2015	2014	2015	2014
	\$	\$	\$	\$
Lease income receivable				
- within 1 year	1,551,768	2,211,962	94,597	63,000
- after 1 year but not than 5 years	1,187,989	1,556,318	33,583	107,083
	2,739,757	3,768,280	128,180	170,083

The above operating leases do not provide for contingent rents.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

32. CAPITAL COMMITMENTS

As at the balance sheet date, the Group and the Association have capital commitments amounting to \$101,094 (2014: nil) in respect of contracted expenditure for purchase of property, plant and equipment which have not been recognised for in the financial statements.

33. FINANCIAL RISK MANAGEMENT

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

(i) Credit risk

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

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

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

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

During the financial year, the Group derived 38% (2014: 42%) of its total income from a major customer, located in Singapore. At the balance sheet date, 73% (2014: 88%) of total outstanding trade receivables was due from this major customer.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

33. FINANCIAL RISK MANAGEMENT *(continued)*

(i) Credit risk *(continued)*

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

	Group		Association	
	2015 \$	2014 \$	2015 \$	2014 \$
By business segments				
Insurance	56,296	49,234	-	-
Towing	1,162,689	1,066,555	21,555	16,871
Other services	2,341,675	1,813,163	1,876,509	1,806,058
	<u>3,560,660</u>	<u>2,928,952</u>	<u>1,898,064</u>	<u>1,822,929</u>

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record. Cash and cash equivalents that neither past due nor impaired are mainly deposits placed with reputable financial institutions with high credit-ratings.

Financial assets that are past due but not impaired

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

	Group		Association	
	2015 \$	2014 \$	2015 \$	2014 \$
Trade receivables past due:				
0 to 3 months	257,210	201,105	9,600	4,385
4 to 6 months	50,385	25,828	-	-
	<u>307,595</u>	<u>226,933</u>	<u>9,600</u>	<u>4,385</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

33. FINANCIAL RISK MANAGEMENT *(continued)*

(i) Credit risk *(continued)*

Financial assets that are impaired

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

	Group		Association	
	2015 \$	2014 \$	2015 \$	2014 \$
Trade receivables individually determined to be impaired	-	24,728	-	24,728

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

	Group		Association	
	2015 \$	2014 \$	2015 \$	2014 \$
Balance at beginning of the year	24,728	24,728	-	-
Bad debts written off against allowance	(24,728)	-	-	-
Balance at end of the year	-	24,728	-	-

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

(ii) Liquidity risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

33. FINANCIAL RISK MANAGEMENT *(continued)*

(iii) Interest rate risk

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

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

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

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

(iv) Market price risk

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

Sensitivity analysis

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

	Group		Association	
	2015 \$	2014 \$	2015 \$	2014 \$
Fair value reserve	706,549	570,336	557,942	570,336

This analysis assumes that all other variables remain constant.

34. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

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

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

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

Financial Instruments by Category

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

	Group		Association	
	2015 \$	2014 \$	2015 \$	2014 \$
Available-for-sale financial assets	14,130,975	11,406,725	11,158,845	11,406,725
Loans and receivables	51,000,157	45,250,603	73,231,736	71,943,322
Financial liabilities at amortised cost	5,895,651	5,214,237	5,892,629	7,742,974

35. CAPITAL MANAGEMENT

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

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

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

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

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

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

36. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Association and consolidated financial statements of the Group for the year ended 31 December 2015 were authorised for issue by the General Committee on 22 March 2016.

NOTICE OF THE ANNUAL GENERAL MEETING

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

Date: Wednesday, 25 May 2016
Time: 6.30pm
Venue: Fort Canning Lodge (YWCA)
6 Fort Canning Road
Level 2, Sophia Cooke Ballroom
Singapore 179494

AGENDA

1. President's Address
2. To confirm the Minutes of the Annual General Meeting held on 20 May 2015
3. To receive and, if approved, adopt the Annual Report and Audited Financial Statements for the year ended 31 December 2015
4. To elect six members to the Committee for the ensuing term
5. To appoint auditors for the ensuing year
6. To transact any other business of which notice in writing has been received by the Chief Executive Officer by 5pm on Wednesday, 18 May 2016

BY ORDER OF THE GENERAL COMMITTEE

CHIA HO CHOON
SECRETARY

29 April 2016

NOTE

- a. Members attending the Annual General Meeting must produce their valid membership card.
- b. To facilitate discussion, members are requested to notify AA Singapore in writing by 5pm on Wednesday, 18 May 2016, of any other business they wish to transact at the Meeting.
- c. Members are reminded of Clause 11(g) of the Association's Constitution: "All members of less than three years' standing shall not be eligible to vote at an AGM or EGM."
- d. Nominations for election to the posts in the Committee must be received by the Chief Executive Officer no later than 5pm on Friday, 13 May 2016. All envelopes must be clearly marked "**AA NOMINATIONS**". Nomination Forms may be collected upon verification of a valid AA membership card at 535 Kallang Bahru #02-08 GB Point Singapore 339351 between 8.30am to 6pm, Mondays to Fridays or at 51 Ang Mo Kio Ave 3 #02-02 51@AMK Singapore 569922 between 10am to 10pm, Mondays to Sundays.
- e. Members may collect the 2015 Annual Report at 535 Kallang Bahru, #02-08 GB Point Singapore 339351 or at 51 Ang Mo Kio Ave 3 #02-02 51@AMK Singapore 569922 prior to the AGM or collect a copy at the AGM. A soft copy will also be available at www.aas.com.sg.



AUTOMOBILE ASSOCIATION OF SINGAPORE

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



