Journeying With You
Since 1907

AUTOMOBILE ASSOCIATION
OF SINGAPORE


# Always There for You, In Times of Needs

# Your Preferred Essential Motoring Partner

Annual Report 2020

# Contents



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

# Mission
To represent our Members' interest and satisfy their needs for value and peace of mind. To be the voice of motorists and serve as a bridge between the motoring public and relevant agencies. To excel in our products, services and people.

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

## Loyal
We believe in building loyal and trusted relationships.

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

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

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

# President's Message

> **With the flexibility of digitalisation and Members' convenience in mind, the Association aims to constantly provide a well-rounded Membership benefits in the coming years.**

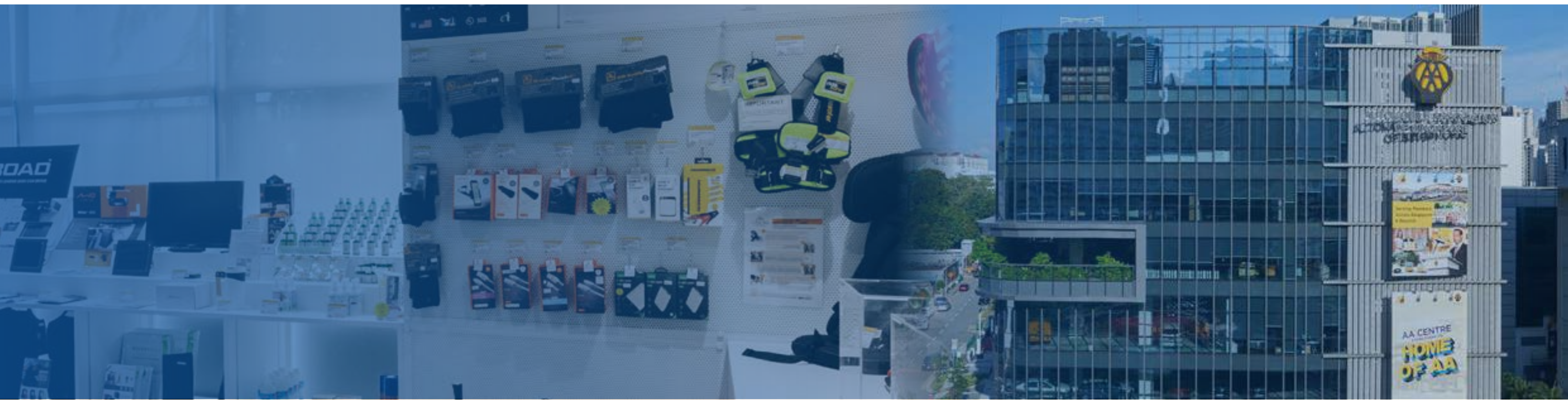
### Dear AA Members

### OUR JOURNEY AS AA FAMILY

Year 2020 has been a year of challenges, as the world combatted an unprecedented COVID-19. The pandemic has impacted each of us in both our personal lives as well as businesses. Since the onset of COVID-19, AA Singapore has been responding to the pandemic decisively as we navigate through the uncertainties. To stay ahead, the Association is constantly evolving and anticipating Members' needs as well as the community at large. The Association has been adapting to changes, such as extending our services to online platforms. We believe that by expanding our avenues, the Association can better cater to our Members and the community at a wider reach while providing a set of holistic service.

AA Singapore strives to support our Members, staff and partners through the years. To better safeguard the wellbeing of the community, the Association has put in place precautionary measures to help Singapore mitigate the virus spread and to keep the community transmission low. The Association has stepped up on the cleaning measures at office premises, implemented temperature screening, and ensured that the provision of surgical masks and hand sanitisers where necessary. As our employees transited to working from home during these trying times, AA has continued to provide our Membership and Insurance services and virtual Academy training programmes for Members who wish to attend our workshops via online means. The Association continue to provide our essential service of roadside assistance amidst the COVID-19 pandemic, even during the Circuit Breaker period, to deliver our promise to our Members. I would like to take this opportunity to thank Members for your support and trust in us.

# President's Message




We continued to invest in training and development of our employees due to the challenges ahead. To help our employees remain relevant and maintain their competitive edge, we constantly evaluate their training needs and enhance our training programmes. During the Circuit Breaker, the Association also took the opportunity to further expand the capability of our employees through relevant training, supported by government grants. As the Association embraced the digital transformation, we continued to prepare our employees with these digital solutions to further enhance and support their work.

In May 2020, we have seen our first postponement of the Annual General Meeting ('AGM') due to the COVID-19 pandemic. Following the guidelines from Ministry of Home Affairs on the COVID-19 (Temporary Measures), Act 2020, (Alternative Arrangements for Meetings for Registered Societies) Order 2020, the Association held its first virtual AGM on 16 September 2020. Members were required to pre-register through the AGM web link and to access AGM-related documents and to attend the virtual AGM on the actual day. A live webcast was broadcasted via a virtual platform.

We have also postponed our plans to conduct our official opening at AA Centre, due to the safe distancing measures imposed by the Multi-Ministry Taskforce for COVID-19. As Singapore is progressively easing its circuit breaker measures, we look forward to showcase our new building to our Members in 2021, with hassle-free services and added recreational facilities.

Together with the world as we battle through this pandemic, the Association promises to strive to provide the best, delivering better benefits to you. While there are challenging times ahead, we will continue to adopt innovative service models to remain competitive. The effects of COVID-19 may last for some time, but the Association is prepared for a long recovery road through prudent management and continued transformation of our Association. We will continue to adopt a disciplined approach as we look for more opportunities to grow the Association.

## GREATER MEMBERSHIP BENEFITS

2020 was a year of change for both AA as well as the world, but the Association continue to focus on delivering our best services for our Members while putting Members at the heart of what we do.

Amidst the pandemic, the Association remains committed to using technologies to enrich Members' experience, to improve and enhance our touchpoints. Initiatives such as a WhatsApp helpline, designed to cater to Membership-related enquiries, was rolled out for Members' convenience. Members are able

# President's Message

to reach us timelier and the Association is able to follow up on Members' feedback in a more efficient manner. One other initiative includes organising a series of complimentary Members-exclusive webinars, where Members received practical tips on safe driving during the COVID-19 pandemic. With the flexibility of digitalisation and Members' convenience in mind, the Association aims to constantly provide a well-rounded Membership benefits in the coming years.

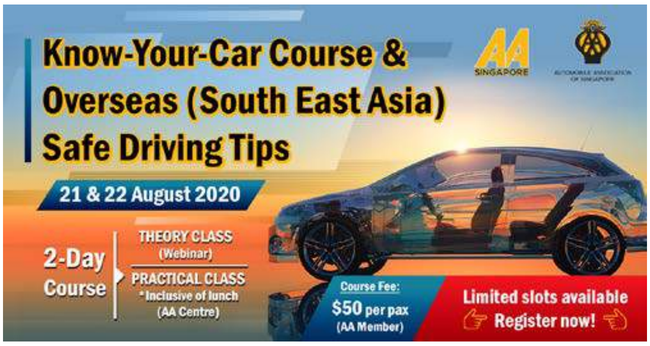
The Association is dedicated in providing continuous enhancements of its products offerings. With the motoring community's health and welfare in mind, an anti-bacterial treatment, *Bactakleen*, was extended to our Members to help protect them as well as their loved ones. With such initiatives in mind, we hope to keep Members protected and assured.

Besides delivering enhanced services, AA Singapore rolled out an interactive contest, *AA Spot-Your-Car* ('*SYC*') campaign, from January to October 2020. I would also like to take this opportunity to thank our Members for your strong participation in making this campaign a success.

Apart from our Members, the Association also strongly supports the community as well. With the frontline healthcare staff battling the COVID-19 pandemic, AA delivered 1,000 cupcakes to the staff of Singapore General Hospital to keep their spirits up. With this act as a form of support, the Association hopes that the healthcare community stays strong as the world combats the pandemic.

## ENHANCED SERVICES

Autoventure™ ('AV') has always been popular among our Members, however, due to the travel restrictions amid the pandemic, our driving holidays have been suspended indefinitely. Nevertheless, in-lieu of the driving holidays, the Association organised an array of virtual tours as our AV team brought our Members to different countries through the digital world. Webinars such as *Road Trip to China* and *Discover* the *Beauty of Iran*, were one of the virtual tours provided to Members. Besides the Members-exclusive virtual tours, AA collaborated with Korea Tourism Organisation ('KTO') and Jeju Tourism Organisation ('JTO') to roll out a *two-part Discover Korea YouTube Live Stream*, to bring Korea




closer to the community. Further to the virtual tours, a series of local talks and courses were introduced to our Members. In 2020, a total of 27 motoring as well as lifestyle workshops were planned. Courses such as *Know-Your-Car Course & Overseas Safe Driving Tips, Yoga classes*, as well as *Zumba classes* were organised. In addition, a series of Kids-related courses, which includes *Clayart workshops* and *Paper Quilling classes*, were also introduced to the young family members. With these workshops, the Association hopes to provide our Members with a more holistic Membership services, and going beyond motoring needs.

As Singapore is progressively easing the COVID-19 measures, the Association is closely monitoring the updates on border measures. We look forward to welcoming you back to our Autoventure drives as soon as we are allowed to resume these activities. In the meantime, I urge our fellow Members to get vaccinated against the virus to protect yourself and your loved ones.

## MOTORING LANDSCAPE

With Members' convenience and safety in mind, the Association extended an appointment-based battery diagnostic for the motoring community. Members are offered the option to book an appointment and schedule for AA's battery specialist to run a check

## President's Message

on their battery condition at the convenience of their home. The on-site battery diagnostic service provides accurate equipment readings as well as an analysis on the vehicle's battery to check if it is roadworthy. AA carries a wide array of battery models to suit different car makes and models, and we ensure that the maintenance-free batteries deliver high performance at minimum care.


Our AAS Insurance Agency ('AAS-IA'), introduced Singapore's first Commercial Personal Mobility Devices ('PMD') Insurance, an approved insurance policy by the Land Transport Authority. PMD users can sign up for a AA Personal Mobility Plus coverage, with added benefits such as a complimentary 1-year Social Membership as well as a PMD & Bicycle Safety Course.

### LOOKING FORWARD

In 2020, the Association has reviewed the AA constitution to keep pace with developments and changes that we are experiencing. The amendments will be proposed at the upcoming Annual General Meeting. Members can access to the AGM documents by pre-registering through the AGM link available on the Notice of AGM.

Moving into 2021, the General Committee, together with the Management, will continue to review our services and product offerings to address the changing trends and Members' needs. We will remain focus on our strategic plans to develop a competitive and sustainable growth for AA Singapore while continuing to provide essential services for the motoring community. The Association is currently working on the digital transformation which involves redefining business processes to improve productivity and effectiveness, as well as elevating Members' overall experience. With the digital transformation, Members can look forward to a seamless experience with AA.

In 2021, we will be enhancing our 24/7 on-demand roadside assistance app where Members are able to view the driver's location in real-time and the estimated time of arrival as well as tracking your vehicle while on tow. The Association will also be introducing Digital Racing in the second quarter of 2021 for Members to experience competitive simulated auto racing. Members can keep a lookout as we will be launching the Digital Racing at our premises. We encourage Members to step forward to support more of our initiatives through your participation and involvement. We thank Members for your strong support for the tough road ahead.

My appreciation also goes to my fellow GC Members who gave up their time for the benefit of our Members and the Association. Their contributions ensure that we continue to have a vibrant and financially healthy Association that is well-placed to meet future challenges. I would like to thank the management team and staff for their hard work in the past year. It has been a challenging yet fruitful year.

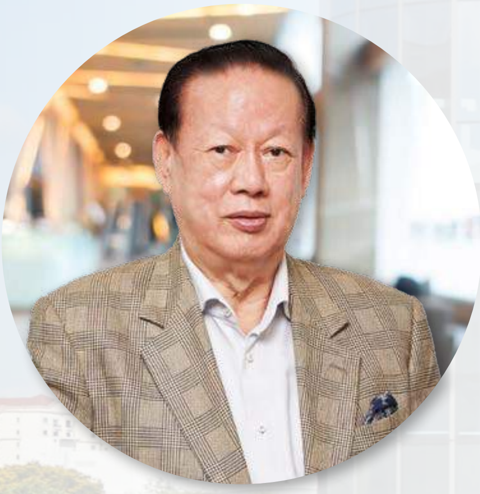
Lastly, to all our members, I would like to express my sincere gratitude for your unwavering support and trust in the Association. On behalf of AA Singapore and the General Committee, I thank you for accompanying us and keeping the Association driving in the years ahead.

Be vigilant and stay safe.

Thank you.

**Bernard Tay**
President

# General Committee



**BERNARD TAY**
*President*

**LOW BENG TIN**
*Deputy President*

**ALVIN PHUA**
*Secretary*

**RANKIN B. YEO**
*Treasurer*

# General Committee

**CHIA HO CHOON**
*Committee Member*

**S CHANDRA MOHAN**
*Committee Member*

**EDWIN TAN**
*Committee Member*

**TAY BOON KENG**
*Committee Member*

**DARRYL WEE**
*Committee Member*

**DAVID WONG**
*Committee Member*

**WONG SIEW HONG**
*Committee Member*

**THOMAS YEOH**
*Committee Member*

# Resource Panel

KOH ING CHIN

ONG CHEE BENG

TAN HUN TWANG

DAMIAN TAY

WOO YEW LOK

## IMPROVING SERVICES AND CONTINUED CONVENIENCE

In 2020, the Association successfully relocated our outlet 51@AMK to AA @ Broadway Plaza, 4190 Ang Mo Kio Ave 6, #03-03 Broadway Plaza, Singapore 569841. The outlet at Broadway Plaza is now fully functioning and offering recreational amenities such as lounge area, relaxation corner, as well as a more spacious fruit machine room, with a refreshed look. The new outlet also includes a children road safety circuit, which aims to educate our young road users the importance of road safety. With a refurbished outlet in the heartland, the Association hopes to better reach out to the community and bringing convenience to you.

In May, AA Singapore was honoured to receive 'Singapore's Best Employers 2020' award from The Straits Times and market research firm Statista during the Circuit Breaker. The ranking was based on an extensive survey of more than 8,000 employees and over 160,000 evaluations, and we were ranked 27th out of 150 companies selected. The Association is deeply honoured by this award and we are glad to be able to support our employees during this difficult time.



# Year In Review

Following the postponement of Annual General Meeting ('AGM') in May due to the COVID-19 pandemic, the Association held its very first virtual AGM on 16 September 2020. Following the guidelines from Ministry of Home Affairs on the COVID-19 (Temporary Measures), Act 2020, (Alternative Arrangements for Meetings for Registered Societies) Order 2020, Members were required to pre-register through the AGM weblink in order to access AGM-related documents and to attend the virtual AGM on the actual day. A live webcast was broadcasted via a virtual platform.

Further to the virtual AGM, AA has also provided an array of online options, such as offering motoring webinars, as well as a new WhatsApp helpline at 9779 3028 to cater to any Membership-related enquiries. In addition, AAShop has also expanded with online options. Other than the AAShop website, we have extended your shopping needs to online shopping platforms such as *Lazada* and *Shopee* as well. Members can be sure to shop hassle-free at your convenience through these platforms. With these new initiatives, Members can be assured that the Association will continue to provide a holistic service while moving into year 2021.

At AA Singapore, it is of our Members' best interest that we continuously furnish you with value-added services, in view of bringing the AA community a more comprehensive Membership package.

We continue to explore collaborations with new partners to bring exclusive deals and promotions to our Members. In 2020, AA Singapore has secured 140 partners onboard the Partners Privilege Programme and we will continue to review and strengthen our valuable partnerships. It is always rewarding when we find Members enjoying the services provided by us. From motoring deals, travelling promotions, to dining privileges, AA will continue to provide an array of choices to suit the different needs of our Members. Other than the rewards, the Association has created campaigns and themes for festive seasons, such as Chinese New Year and Christmas, in view of providing a suite of offerings for all Members.

During the Circuit Breaker, the Association ensured the continuity of our services and offerings to Members. Employees were on work-from-home arrangements, through the use of video-conferencing platforms, to continue working on the various programmes. The Association elevated our Members' experience by continuing to provide Membership and Insurance services through remote sites, as well as offering virtual road safety training programmes and leisure activities to engage our Members. Members are now offered to a wide variety of options through myriad channels to reach us, at the convenience of their comfort. As an essential service provider, our Members experienced undisrupted Vehicle Recovery Service / Roadside Assistance Service during the Circuit Breaker. We made a conscious effort to upkeep the cleanliness and hygiene of our fleet of vehicles. In view of this, we rolled out an additional measure by


sanitising the fleet regularly with an anti-bacterial treatment, *Bactakleen*. The anti-bacterial treatment has been further extended to Members and we welcome our Members to contact us for the service. Due to the pandemic, the Association discontinued our practice of allowing car owners into the cabin of our recovery trucks and ferrying Members to their destination while their vehicle is on tow. This might have inconvenienced Members but it was a necessary approach and we thank our Members for your understanding.



## KEEPING MEMBERS ENGAGED

As travel is at an enforced standstill around the world, the Association's Autoventure™ ('AV') drives were put on hold until travel restrictions are being lifted. In view of helping Members and the community to occupy their time meaningfully amidst the Circuit Breaker, a total of 27 leisure and travel-related online workshops were planned. Web classes such as *HIIT & Conditioning, Yoga*, as well as *Zumba*, were regularly arranged to keep our Members active. As Singapore slowly eases the restrictions as we enter Phase 2 and Phase 3 of Safe Re-Opening, the Association also organised an array of physical workshops to cater to the various interests of our Members, such as *mooncake-making, art jamming,* and *cycling trail at Pulau Ubin*. With safe management measures in place, such as social distancing, wearing of masks, as well as washing and sanitising of hands before and after workshops, the Association ensures a safe yet creative outlet for the Members.

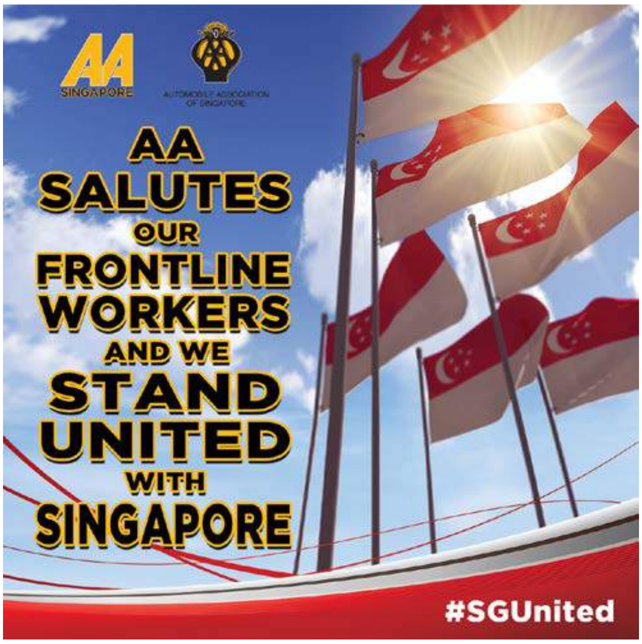
In addition to leisure-related workshops, the Association's training arm, AAS Academy, has also organised a string of exclusive online seminars, which were provided complimentary to all Members. Webinars such as *Driving During COVID-19 Circuit Breaker* and *Eco-Driving* were frequently planned to share safe driving tips amongst the motoring community. Through online gatherings and webinars, Members received overview of the COVID-19 (Temporary Measures) Act, to help them better understand their driving habits and to drive more efficiently, as well as the relevant regulations designed amidst the pandemic.

# Year
# In Review

## CARING FOR THE COMMUNITY

With Singapore's SGUnited initiatives in mind, the Association also strongly supports the community. With the frontline healthcare staff battling the COVID-19 pandemic, AA delivered 1,000 cupcakes to the staff of Singapore General Hospital to keep their spirits up. In addition, a banner encouraging frontline workers was also placed at the building of AA Centre, as a form of support and unity as we combat the pandemic together.

Besides supporting the frontline healthcare workers, the Association also supported ITE's outstanding graduates "Nitec in Automotive Technology" and contributed to their course medals and book prizes for automotive courses at the ITE College West to pursue excellence in Technical and Vocational Education and Training (TVET). In addition, AA Singapore also contributed to the ITE College West Token Scheme where students from financially challenged families are issued with tokens that may be redeemed for value meals at the College cafeterias.




As a strong advocate of road safety, the Association is constantly participating and designing new initiatives to shape a more holistic society for both motorists as well as pedestrians. In September to October 2020, together with the Fédération Internationale de l'Automobile ('FIA'), AA successfully organised the FIA-AA #Thisismystreet Campaign, where we aimed to promote a healthier environment and lessen the impact of road traffic on young people. As part of the campaign, participants submitted entries of their design. The winning entries were displayed at a mini gallery at AA Centre. There were also pledge boards, where AA Members and the public were welcomed to pledge support for the campaign. In addition, road safety posters were rolled out progressively on AA Singapore's social media platforms to further raise awareness of the campaign. We were honoured that the social media campaign achieved over 120,000 responses.


To support the World Day of Remembrance on 15 November 2020, the Association joined the world in paying tribute to the victims as we mark the day to remember those killed and injured in road accidents and thinking of their loved ones. As a motoring leader in Singapore, AA Singapore urge all road users to be considerate and never take road safety for granted.


# Year
# In Review

## A PEACE OF MIND

The Association is constantly looking at ways to better deliver improved services to our Members as well as the society. With the community's health in mind, AAS Insurance Agency ('AAS-IA') has extended the hospital and surgical expenses to cover COVID-19 medical treatment for the *AA MaidCare Plus* policy. This extended policy allows better management of risk exposure while protecting Members and their family members.

At AA, we are dedicated to provide continuous enhancements of its products offerings to shape a better and more holistic society. AAS-IA introduced Singapore's first Commercial Personal Mobility Devices ('PMD') Insurance coverage, an approved insurance policy by Land Transport Authority ('LTA'). This policy aims to protect PMD users from costs and expenses that they may incur due to third-party liabilities arising from the negligent use of PMD. In addition, PMD users can sign up for a *AA Personal Mobility Plus* coverage, with added benefits such as a complimentary 1-year Social Membership as well as a PMD & Bicycle Safety Course. With these added benefits, the Association aims to shape a community with good road safety awareness.

The Association has also partnered with Singapore Motor Workshop Association ('SMWA') to establish a certification framework to raise the safety standards of automotive workshops. The framework aims to improve the working environment in the practice, as well as to raise the overall service quality standards of the automotive workshop industry. There will be a greater assurance and confidence to the consumers through these certified automotive workshops.

## DRIVING INTO THE FUTURE

As the world moves into 2021, the Association will continue to safeguard the interest of our Members during these challenging times, and look forward to building on our successful history with you as we anticipate the future needs of road users and be ready to adapt to changes.


# Minutes of the Annual General Meeting

**Minutes of the Annual General Meeting (AGM) of Members of the Automobile Association of Singapore held by way of electronic means on Wednesday, 16 September 2020 at 6:30 pm.**

**PRESENT:**
Bernard Tay, Chairman and President
Low Beng Tin
Alvin Phua
Rankin B. Yeo

**VIA LIVE WEBCAST:**
Chan Chik Weng
S Chandra Mohan
Tay Boon Keng
Thomas Yeoh Eng Leong
David Wong
Chia Ho Choon
Edwin Tan
Darryl Wee
Wong Siew Hong

**SCRUTINEER (IN PERSON)**
Mr Raymond Lam, DrewCorp Services Pte Ltd

**POLLING AGENT (ATTENDED VIA LIVE WEBCAST)**
Mr Pay Jia Hao, Ardent Business Advisory Pte Ltd

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

Mr Raymond Lam, the representative from the Scrutineer, DrewCorp Services Pte Ltd confirmed that at the close of 6:30 pm, the total number of members present was 47. As there was a quorum, President called the Meeting to order.

## 1. President's Address

The President highlighted the following points:

This year, we are presenting to you live from the AA Centre at 2 Kung Chong Road. We would have liked very much to welcome AA Members personally at AA Centre and answer your questions in person. However, even though we are in the Phase 2 of post-Circuit Breaker, there is a need to continue with social distancing measures to minimise community spread of COVID-19. It is also for the same reason that we postponed our AGM this year from the usual May to September, to safeguard our Members' health and well-being.

In September 2019, AA Singapore successfully shifted our corporate office from GB Point, to our current 7-storey building here at Kung Chong Road. The new AA Centre is housing AA Singapore and its subsidiaries in the same building, bringing greater convenience to Members and the public.

To showcase AA's new building to Members, the Association plans to hold our official opening of AA Centre next year, as we were unable to do so in 2020 due to the pandemic. Members can expect hassle-free services with greater convenience and a seamless experience at the same time. Our common goal for the Association is to stay on the cutting edge of developments and continue to explore and bring in better benefits to our Members.

We continue to operate our GB Point and AMK outlets for Members and the public who prefer our services in the heartland. On this note, I would also like to inform Members that we will be moving out of 51@AMK outlet in October 2020 to Broadway Plaza, situated at 4190 Ang Mo Kio Ave 6, 8 minutes away from the current location.

As an advocate of road safety, we are pleased to share that AA has created a road safety corner for young children across all our AA premises, to educate our young road users about the importance of road safety. However, as with the other recreational facilities, the road safety corner is temporarily closed due to COVID-19 safety measures.

The Association continues its road safety efforts, jointly with the UN Global Road Safety week, as we

# Minutes of the Annual General Meeting

#SpeakUp and save lives. Through this campaign, we pledge and raise awareness on vehicles' blind spots to improve the safety of pedestrians at traffic junction. We also educate road users on the importance of staying alert at traffic junctions even when the green light is on.

In March 2019, the Association officially replaced our Membership card with a digital card, as part of our digitalisation efforts to reduce carbon footprint and bring greater flexibility to our Members. Members can simply present their digital card on their mobile devices to enjoy the benefits as well as enjoying the overseas reciprocal services and the worldwide discounts under the AAA Discounts and Rewards Scheme.

The Highway publication was also digitalised to both an integrated online website as well as an interactive app. Members can now access the e-magazine from their desktop or mobile device and it is available on both Android and iOS platforms.

In April 2019, AAS Insurance Agency launched the Young or New Drivers Motor Insurance. This insurance was specifically designed to provide better protection for young drivers below the age of 24, or new drivers with less than two years of driving experience. AA Young or New Drivers Motor Insurance offers young or new drivers the option to lower their premium loading and policy excess. In addition, this insurance also allows young or new drivers to attend AAS Academy's Safe Driver Programme, as it aims to correct safety misconceptions and improve drivers' driving behaviours.

Another notable event held in 2019 was the 92-day London-Singapore AUTOVENTURE expedition drive. As Singapore commemorated the 200th anniversary of the founding of modern Singapore, AA Singapore joined in the Bicentennial celebrations by organising an expedition drive. From 10 August to 7 November 2019, the convoy of 16 cars and 31 participants clocked over 22, 000km as they drove through 15 countries. The participants also celebrated National Day with Singapore's High Commissioner Her Excellency Ms Foo Chi Hsia in London, and we were honoured to have Her Excellency to flag off the expedition drive. On 7 November, we celebrated our milestone of organising the longest AUTOVENTURE drive and held a Homecoming Celebration for the participants. Guest-of-Honour Mr Melvin Yong, who was the MP for Tanjong Pagar GRC in 2019 and Special Guest, Her Excellency, Ms Kara Owen, British High Commissioner to Singapore graced the celebration. The 92-day expedition not only fostered lasting friendships, but also put AA's Overseas Safe Driving tips into good practices.

Besides the AV trips, our popular activities include the local talks and courses where a total of 27 motoring as well as lifestyle workshops were organised and coordinated in 2019. To better cater and design the courses to our Members' preference, in demand workshops such as Basic Car Maintenance Clinic, Know Your Car Course and Kimchi Making Workshop were regularly arranged.

Moving on, Year 2020 / 2021 will continue to be a challenging year for the automotive industry. COVID-19 has become a global health crisis, which has caused severe economic impact and social distress. Inevitably, the Association is financially impacted as well. Amidst these uncertain times, we will continue to explore in the world of digitalisation as we try to adapt through these extraordinary times. The Association continues to provide our roadside assistance service as an essential service to our Members while adhering to the Safe Management Measures. I would like to take this opportunity to thank our Members for your patience and understanding for the longer response time during the Circuit Breaker.

The Association has also taken advantage of the Circuit Breaker period to further examine our work systems and operations. COVID-19 has compelled us to be better prepared for the future. This includes looking at the AA Constitution to see if any amendments are needed to keep pace with developments and changes that we are experiencing.

Our employees too, have adapted to the change and continue to provide our services and programmes through remote sites. AA Singapore was honoured to receive 'Singapore's Best Employers 2020' award from The Straits Times and market research firm Statista during the Circuit Breaker. The ranking was based on an extensive survey of more than 8,000 employees and over 160,000 evaluations, and we were ranked 27th out of 150 companies selected. The Association is deeply honoured by this award and we are glad to be able to support our employees during this difficult time.

# Minutes of the Annual General Meeting

Following the Phase 2 of Safe-Reopening announcement by the Multi-Ministerial Taskforce, Singapore has gradually re-opened its economy in a three-phased approach to resume activities safely. In line with the Phase 2 of Safe-Reopening, I am pleased to share that the Association has resumed most of our services. I would like to assure you of our commitment towards the continuity of services amidst the COVID-19 crisis.

On this note, I would also like to extend my sincere gratitude to our General Committee member, LTC (retired) Chan Chik Weng, for his contributions and dedication to the Association. LTC Chan will be stepping down from his role as a General Committee Member after 14 years. The President appreciates the unwavering commitment and valuable insights that he has brought to the Committee. Once again, thank you for the efforts in serving the Committee.

On behalf of the Association, I thanked the fellow General Committee Members, Resource Panel Members, AA Management and staff, and our valued AA Members, for their strong support and contributions. AA will continue to safeguard the interest of our Members during these challenging times, and look forward to building on our successful history with you as we anticipate the future needs of road users and be ready to adapt to changes.

Lastly, I would also like to thank the AA Members for your attendance, and your patience in respect of holding the Annual General Meeting amidst the current COVID-19 situation. We welcome your feedback pertaining to the virtual AGM.

## 2. To confirm the Minutes of the Annual General Meeting held on 8 May 2019

As there were no comments received as at 5pm on 4 September, the President handed over to the Scrutineer to announce the results. Based on the proxy forms received at 5pm on 9 September 2020 on Agenda item 1, the result of the vote was as follows:

Votes For: 100%
Votes Against: 0%

On behalf of the Chairman, the Scrutineer declared that the Minutes of the Annual General Meeting held on 8 May 2019 had been approved by the Meeting.

## 3. To receive and, if approved, adopt the Annual Report and Audited Financial Statements for the year ended 31 December 2019

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

As there were no comments received as at 5pm on 4 September, the President handed over to the Scrutineer to announce the results. Based on the proxy forms received at 5pm on 9 September 2020 on Agenda item 2, the result of the vote was as follows:

Votes For: 100%
Votes Against: 0%

On behalf of the Chairman, the Scrutineer declared that the Annual Report and Audited Financial Statements for the year ended 31 December 2019 had been received, approved and adopted by the Meeting.

## 4. To elect six members to the Committee for the ensuing term

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

For good corporate governance, President handed over the post of Chairman of the Meeting to the Deputy President, Mr Low Beng Tin, who chaired the Meeting from this point onwards.

Mr Low Beng Tin 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.

Mr Low also informed that the Scrutineer had duly verified and confirmed the nominations received. The Scrutineer reported that 7 nominations were received as at 5:00 pm on 31 August 2020, being the time and date set for nominations to be closed.

# Minutes of the Annual General Meeting

The 7 nominees were:

Mr Bernard Tay
Mr Alvin Phua
Prof Tay Boon Keng
Mr Thomas Yeoh Eng Leong
Mr Darryl Wee
Mr Wong Siew Hong
Mr Khng Joo Seng

There were 7 candidates for the 6 vacancies.

Mr Low handed over to the Scrutineer to announce the results.

Based on the proxy forms received as at 5.00pm on 9 September 2020 on Agenda item 3, the results of the nomination were:

Mr Bernard Tay: 26 votes
Mr Alvin Phua: 26 votes
Professor Tay Boon Keng: 26 votes
Mr Thomas Yeoh Eng Leong: 26 votes
Mr Darryl Wee: 26 votes
Mr Wong Siew Hong: 26 votes
Mr Khng Joo Seng: 0 vote

On behalf of the Chairman, the Scrutineer declared that Mr Bernard Tay, Mr Alvin Phua, Professor Tay Boon Keng, Mr Thomas Yeoh Eng Leong, Mr Darryl Wee and Mr Wong Siew Hong had been elected to the General Committee.

Mr Low welcomed the newly elected members to the General Committee.

## 5. To appoint auditors for the ensuing year

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

Mr Low handed over to the Scrutineer to announce the results.

Based on the proxy forms received as at 5pm on 9 September 2020 on Agenda item 4, the result of the vote was:

Votes For: 100%
Votes Against: 0%

On behalf of the Chairman, the Scrutineer declared that the 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 4 September 2020

Mr Low informed the Meeting that as at 5:00 pm on 4 September 2020, there were no emails nor letters received from members.

## 7. Mr Low Beng Tin thanked all members for attending the AGM

As there was no other business to be discussed, Mr Low Beng Tin formally declared the Meeting closed at 6.48 pm.

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

# Financial Contents

# Corporate Information 2020

**Automobile Association of Singapore**

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

Constitution of Automobile Association of Singapore

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

S61SS0040C

**3. REGISTERED ADDRESS**

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

**4. GENERAL COMMITTEE**

| Name | Designation |
|---|---|
| Mr. Bernard Tay | President |
| Mr. Low Beng Tin | Deputy President |
| Mr. Alvin Phua | Secretary |
| Mr. Rankin B. Yeo | Treasurer |
| Dr. S Chandra Mohan | Committee Member |
| Mr. Chia Ho Choon | Committee Member |
| Dr. Edwin Tan | Committee Member |
| Prof. Tay Boon Keng | Committee Member |
| Mr. Darryl Wee | Committee Member |
| Mr. David Wong | Committee Member |
| Mr. Thomas Yeoh | Committee Member |
| Mr. Wong Siew Hong | Committee Member |

**5. MEMBERSHIP SUB-COMMITTEE**

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

**6. CONSTITUTION REVIEW SUB-COMMITTEE**

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

**7. AUDIT SUB-COMMITTEE**

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

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

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

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

Mr. Low Beng Tin
Mr. Rankin B. Yeo
Mr. Wong Siew Hong
Mr. Bernard Tay (Ex-Officio)

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

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

**11. JACKPOT SUB-COMMITTEE**

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

**12. DIGITAL REVIEW COMMITTEE**

Mr. Darryl Wee
Mr. Wong Siew Hong
Mr. Alvin Phua
Mr. Bernard Tay (Ex-Officio)

**13. PRINCIPAL BANKERS**

DBS Bank Ltd
Standard Chartered Bank (Singapore) Limited

**14. AUDITORS**

Lo Hock Ling & Co.
Chartered Accountants Singapore

# Statement by the General Committee

In our opinion, the accompanying financial statements of Automobile Association of Singapore (the "Association") and its subsidiary companies (collectively the "Group") set out on pages 26 to 67 are drawn up so as to give a true and fair view of the financial positions of the Group and the Association as at 31 December 2020 and the financial performance and changes in funds of the Group and the Association and cash flows of the Group for the financial year covered by the financial statements.

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

On behalf of the General Committee

| | |
|---|---|
| Bernard Tay Ah Kong<br>President | Rankin B. Yeo<br>Treasurer |

Singapore, 6 April 2021

# Independent Auditor's Report

**To the members of Automobile Association of Singapore**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Automobile Association of Singapore (the "Association") and its subsidiary companies (collectively the "Group") set out on pages 26 to 67, which comprise the statements of financial position (balance sheets) of the Group and of the Association as at 31 December 2020, the statements of comprehensive income and statements of changes in funds of the Group and of the Association, and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in funds of the Association are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Association as at 31 December 2020 and of the consolidated financial performance, consolidated changes in funds and consolidated cash flows of the Group, and of the financial performance and changes in funds of the Association for the year ended on that date.

### Basis for Opinion

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

### Other Information

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

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

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

### Responsibilities of Management and General Committee for the Financial Statements

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

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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

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

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

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

**Report on Other Legal and Regulatory Requirements**

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

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

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

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

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

Singapore, 6 April 2021

# Statements of Comprehensive Income

**For the year ended 31 December 2020**

| | Notes | Group 2020 $ | Group 2019 $ | Association 2020 $ | Association 2019 $ |
|---|---|---|---|---|---|
| INCOME | | | | | |
| Membership subscriptions and entrance fees | | 2,598,262 | 2,784,646 | 2,593,726 | 2,785,574 |
| Vehicle recovery and towing services | | 991,770 | 953,882 | 17,292 | 32,430 |
| Fruit machine net takings | 3 | 1,248,870 | 2,052,299 | 1,248,870 | 2,052,299 |
| Income from other services | 4 | 1,409,162 | 3,521,908 | 935,265 | 2,935,404 |
| Interest income | 5 | 780,340 | 966,688 | 952,994 | 1,008,681 |
| Lease income (net) | 6 | 1,479,694 | 824,832 | – | 54,438 |
| Other income | 7 | 1,909,130 | 469,122 | 1,448,071 | 1,038,977 |
| Total income | | 10,417,228 | 11,573,377 | 7,196,218 | 9,907,803 |
| LESS EXPENDITURE | | | | | |
| Depreciation expense | 8 | 2,024,227 | 1,392,670 | 471,830 | 436,562 |
| Amortisation of intangible assets | 14 | 49,842 | 45,857 | 44,567 | 45,565 |
| Employee benefits expense | 9 | 5,418,945 | 5,433,481 | 2,786,000 | 2,664,383 |
| Impairment losses on financial assets | 20 | 1,284 | 20,263 | – | – |
| Membership promotion, publicity and meetings | | 688,325 | 799,951 | 688,325 | 805,951 |
| Finance costs | 27 | 41,802 | 46,281 | 41,802 | 46,281 |
| Other expenses | 10 | 3,688,878 | 3,956,098 | 4,533,261 | 4,231,566 |
| Total expenditure | | 11,913,303 | 11,694,601 | 8,565,785 | 8,230,308 |
| (Deficit)/surplus before tax | | (1,496,075) | (121,224) | (1,369,567) | 1,677,495 |
| Income tax expense | 11 | (148,069) | (168,013) | (135,304) | (150,049) |
| (Deficit)/surplus for the year | | (1,644,144) | (289,237) | (1,504,871) | 1,527,446 |
| OTHER COMPREHENSIVE INCOME | | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | | |
| Net changes in fair value of financial assets, at FVOCI | 16 | 209,985 | 442,990 | 211,905 | 311,800 |
| Other comprehensive income for the year, net of tax | | 209,985 | 442,990 | 211,905 | 311,800 |
| Total comprehensive income for the year | | (1,434,159) | 153,753 | (1,292,966) | 1,839,246 |
| (Deficit)/surplus attributable to: | | | | | |
| Members of the Association | | (1,644,144) | (318,933) | (1,504,871) | 1,527,446 |
| Non-controlling interests | | – | 29,696 | – | – |
| | | (1,644,144) | (289,237) | (1,504,871) | 1,527,446 |
| Total comprehensive income attributable to: | | | | | |
| Members of the Association | | (1,434,159) | 124,057 | (1,292,966) | 1,839,246 |
| Non-controlling interests | | – | 29,696 | – | – |
| | | (1,434,159) | 153,753 | (1,292,966) | 1,839,246 |

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

# Statements of Financial Position

**As at 31 December 2020**

| | Notes | Group 2020 $ | Group 2019 $ | Association 2020 $ | Association 2019 $ |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Non-Current Assets | | | | | |
| Property, plant and equipment | 12 | 32,258,233 | 32,020,416 | 1,535,644 | 826,996 |
| Investment property | 13 | 39,085,575 | 39,412,619 | – | – |
| Intangible assets | 14 | 164,727 | 80,663 | 74,616 | 80,663 |
| Right-of-use assets | 15 | 3,152,516 | 898,277 | 3,152,516 | 898,277 |
| Financial assets, at FVOCI | 16 | 12,147,205 | 14,194,990 | 12,147,205 | 11,126,800 |
| Investments in subsidiary companies | 17 | – | – | 4,386,502 | 4,386,502 |
| Amount due from subsidiary companies | 18 | – | – | 62,400,000 | 60,100,000 |
| | | 86,808,256 | 86,606,965 | 83,696,483 | 77,419,238 |
| Current Assets | | | | | |
| Financial assets, at FVOCI | 16 | 3,066,270 | – | – | – |
| Inventories | 19 | 65,050 | 59,639 | 58,168 | 59,929 |
| Trade and other receivables | 20 | 1,421,465 | 1,535,023 | 617,521 | 649,652 |
| Amount due from subsidiary companies | 18 | – | – | 2,031,058 | 3,045,378 |
| Cash and cash equivalents | 21 | 27,927,552 | 30,378,897 | 10,444,792 | 11,096,955 |
| | | 32,480,337 | 31,973,559 | 13,151,539 | 14,851,914 |
| Total Assets | | 119,288,593 | 118,580,524 | 96,848,022 | 92,271,152 |
| TOTAL FUNDS, RESERVES AND LIABILITIES | | | | | |
| FUNDS AND RESERVES | | | | | |
| Accumulated funds | | 105,970,529 | 107,584,753 | 80,685,069 | 82,160,020 |
| Fair value reserve | 22 | 77,975 | (132,010) | 56,705 | (155,200) |
| Fruit machine replacement reserve | 23 | 483,299 | 513,219 | 483,299 | 513,219 |
| Total Funds and Reserves | | 106,531,803 | 107,965,962 | 81,225,073 | 82,518,039 |
| LIABILITIES | | | | | |
| Non-Current Liabilities | | | | | |
| Subscriptions received in advance | 24 | 1,763,504 | 1,948,805 | 1,763,504 | 1,948,805 |
| Deferred tax liabilities | 25 | 3,000 | 3,000 | – | – |
| Trade and other payables | 26 | 276,419 | 120,000 | 276,419 | 120,000 |
| Lease liabilities | 27 | 2,487,301 | 462,359 | 2,487,301 | 462,359 |
| Amount due to subsidiary companies | 18 | – | – | 5,182,326 | 3,040,101 |
| | | 4,530,224 | 2,534,164 | 9,709,550 | 5,571,265 |
| Current Liabilities | | | | | |
| Subscriptions received in advance | 24 | 1,760,874 | 1,694,057 | 1,720,232 | 1,688,079 |
| Trade and other payables | 26 | 5,665,964 | 5,757,003 | 2,325,502 | 1,625,952 |
| Lease liabilities | 27 | 638,647 | 476,043 | 638,647 | 476,043 |
| Amount due to subsidiary companies | 18 | – | – | 1,093,594 | 251,774 |
| Current tax liabilities | | 161,081 | 153,295 | 135,424 | 140,000 |
| | | 8,226,566 | 8,080,398 | 5,913,399 | 4,181,848 |
| Total Liabilities | | 12,756,790 | 10,614,562 | 15,622,949 | 9,753,113 |
| Total Funds, Reserves and Liabilities | | 119,288,593 | 118,580,524 | 96,848,022 | 92,271,152 |

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

# Consolidated Statement of Changes in Funds

**For the year ended 31 December 2020**

| Group | Notes | Accumulated funds $ | Fair value reserve $ | Fruit machine replacement reserve $ | Total funds and reserves attributable to members of the Association $ | Non-controlling interests $ | Total funds and reserves $ |
|---|---|---|---|---|---|---|---|
| Balance as at 31 December 2018 | | 108,015,720 | (575,000) | 464,181 | 107,904,901 | 1,016,591 | 108,921,492 |
| Adjustment on adoption of FRS 116 Leases | | (62,996) | – | – | (62,996) | – | (62,996) |
| Restated balance as at 1 January 2019 | | 107,952,724 | (575,000) | 464,181 | 107,841,905 | 1,016,591 | 108,858,496 |
| Total comprehensive income for the year | | (318,933) | 442,990 | – | 124,057 | 29,696 | 153,753 |
| Transactions with owners, recognised directly in total funds and reserves | | | | | | | |
| Transfer to fruit machine replacement reserve, net of reserve utilised | 23 | (49,038) | – | 49,038 | – | – | – |
| Changes in ownership interests in subsidiary with a change in control | | | | | | | |
| Derecognition of interests in subsidiary | | – | – | – | – | (1,046,287) | (1,046,287) |
| | | (49,038) | – | 49,038 | – | (1,046,287) | (1,046,287) |
| Balance as at 31 December 2019 | | 107,584,753 | (132,010) | 513,219 | 107,965,962 | – | 107,965,962 |
| Total comprehensive income for the year | | (1,644,144) | 209,985 | – | (1,434,159) | – | (1,434,159) |
| Transactions with owners, recognised directly in total funds and reserves | | | | | | | |
| Transfer to fruit machine replacement reserve, net of reserve utilised | 23 | 29,920 | – | (29,920) | – | – | – |
| Changes in ownership interests in subsidiary with a change in control | | | | | | | |
| Derecognition of interests in subsidiary | | – | – | – | – | – | – |
| | | 29,920 | – | (29,920) | – | – | – |
| Balance as at 31 December 2020 | | 105,970,529 | 77,975 | 483,299 | 106,531,803 | – | 106,531,803 |

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

# Statement of Changes in Funds

**For the year ended 31 December 2020**

| Association | Notes | Accumulated funds $ | Fair value reserve $ | Fruit machine replacement reserve $ | Total $ |
|---|---|---|---|---|---|
| Balance as at 31 December 2018 | | 80,744,608 | (467,000) | 464,181 | 80,741,789 |
| Adjustment on adoption of FRS 116 Leases | | (62,996) | – | – | (62,996) |
| Restated balance as at 1 January 2019 | | 80,681,612 | (467,000) | 464,181 | 80,678,793 |
| Total comprehensive income for the year | | 1,527,446 | 311,800 | – | 1,839,246 |
| Transactions with owners, recognised directly in total funds and reserves | | | | | |
| Transfer to fruit machine replacement reserve, net of reserve utilised | 23 | (49,038) | – | 49,038 | – |
| Balance as at 31 December 2019 | | 82,160,020 | (155,200) | 513,219 | 82,518,039 |
| Total comprehensive income for the year | | (1,504,871) | 211,905 | – | (1,292,966) |
| Transactions with owners, recognised directly in total funds and reserves | | | | | |
| Transfer to fruit machine replacement reserve, net of reserve utilised | 23 | 29,920 | – | (29,920) | – |
| Balance as at 31 December 2020 | | 80,685,069 | 56,705 | 483,299 | 81,225,073 |

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

# Consolidated Statement of Cash Flows

**For the year ended 31 December 2020**

| | Notes | Group 2020 $ | Group 2019 $ |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Deficit before tax | | (1,496,075) | (121,224) |
| Adjustments for: | | | |
| Depreciation expense | 3, 8 | 2,462,296 | 1,846,057 |
| Amortisation of intangible assets | 14 | 49,842 | 45,857 |
| Impairment losses on financial assets | 20 | 1,284 | 20,263 |
| Property, plant and equipment written off | | – | 8,734 |
| Provisions written back | 28 | – | (89,540) |
| Interest income | 5 | (780,340) | (966,688) |
| Finance costs relating to lease liabilities | 27 | 74,812 | 62,104 |
| Loss on disposal of intangible assets | | – | 3,869 |
| (Gain)/loss on disposal of property, plant and equipment | | (16,580) | 18,485 |
| Operating surplus before working capital changes | | 295,239 | 827,917 |
| (Increase)/decrease in inventories | | (5,411) | 28,687 |
| Decrease in receivables | | 78,041 | 163,549 |
| Decrease in payables | | (91,039) | (842,341) |
| Decrease in subscriptions received in advance | | (118,484) | (665,741) |
| Cash generated from/(used in) operations | | 158,346 | (487,929) |
| Interest received | | 13,702 | 69,266 |
| Income tax paid | | (140,283) | (270,920) |
| Net cash from/(used in) operating activities | | 31,765 | (689,583) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Decrease in fixed deposits pledged with banks and/or with maturities over 3 months | | 7,316,841 | 1,460,910 |
| Interest received | | 800,871 | 883,005 |
| Additions to intangible assets | 14 | (133,906) | – |
| Additions to investment property | 13 | – | (312,498) |
| Additions to property, plant and equipment | 12 | (1,831,691) | (6,258,044) |
| Proceeds from disposal of property, plant and equipment | | 69,005 | 6,162 |
| Purchase of bonds | 16 | (808,500) | – |
| Return of capital arising from liquidation of a subsidiary company to non-controlling interests | 17 | – | (1,046,287) |
| Net cash from/(used in) investing activities | | 5,412,620 | (5,266,752) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Payment of lease liabilities | 27 | (504,077) | (671,186) |
| Payment of interest on lease | 27 | (74,812) | (62,104) |
| Net cash used in financing activities | | (578,889) | (733,290) |
| Net increase/(decrease) in cash and cash equivalents | | 4,865,496 | (6,689,625) |
| Cash and cash equivalents at beginning of the year | | 11,164,354 | 17,853,979 |
| Cash and cash equivalents at end of the year | 21 | 16,029,850 | 11,164,354 |

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

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

## 1. GENERAL INFORMATION

Automobile Association of Singapore (the "Association") is registered in the Republic of Singapore under the Societies Act Chapter 311. Its registered office is located at 2 Kung Chong Road, #06-01 AA Centre, Singapore 159140.

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

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

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

In the current financial year, the Group has adopted all the new and amended FRSs which are relevant to the Group and are effective for financial periods beginning on or after 1 January 2020. The adoption of these standards did not have material effect on the financial performance or position of the Group.

### 2.2 Significant Accounting Estimates and Judgments

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

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

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

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

The costs 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 2.9, 2.10 and 2.11 respectively. Changes in the expected usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation/amortisation charges could be revised. The carrying amounts of property, plant and equipment, investment property and intangible assets and their respective depreciation/amortisation charge for the year are disclosed in notes 12, 13 and 14 to the financial statements.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

*(ii)* *Expected Credit Losses on Receivables*

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

ECLs recognised on the Group's receivables as at the balance sheet date are disclosed in note 20 to the financial statements.

*(iii)* *Leases*

*Incremental Borrowing Rate*

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

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

*Estimation of Lease Term*

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

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

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

*(i)* *Impairment of Investment Property*

The Group carries its investment property at cost less accumulated depreciation and impairment loss. The Group engaged real estate valuation experts to assess the fair value as at 31 December 2020. The fair value of investment property is determined by a firm of independent professional valuers using the key assumptions as disclosed in note 13(a) to the financial statements. Although the appraised fair value is in excess of the carrying amount of the investment property, the management has decided not to reverse the impairment loss on the investment property in view of the current uncertainties in the economy.

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

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

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

*(i)* *Impairment of Investment Property* (continued)

In determining the fair value of the investment property based on the income method and cross-checked by direct comparisons with transactions of comparable properties within the vicinity and elsewhere requires significant judgment. The Group evaluates, among other factors, whether the recoverable amount of the investment property is less than its carrying amount, and the near-term outlook for the real estate market, which have direct impact on the input into the valuation approach.

*(ii)* *Impairment of Investments in Subsidiary Companies*

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

**2.3 FRSs issued but not yet effective**

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

The GC does not expect the adoption of the new FRSs that have been issued but are not yet effective to have material impact on the financial statements in the period of initial application.

**2.4 Revenue Recognition**

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

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

*(i)* *Subscriptions and Fees Income*

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

Subscriptions received in advance

- Life membership subscriptions received in advance are recognised as income on a straight line basis over a period of 30 years.

- Ordinary, Family and Corporate membership subscriptions received in advance are recognised as income in the year in which the subscriptions fall due.

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

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

**2.4 Revenue Recognition** (continued)

*(ii) Fruit Machine Takings*

Fruit machine takings are recognised as revenue upon receipt.

*(iii) Service Income*

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

*(iv) Interest Income*

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

*(v) Lease Income*

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

**2.5 Government Grants**

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

**2.6 Employee Benefits**

*(i) Defined Contribution Plans*

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

*(ii) Short Term Compensated Absences*

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

**2.7 Income Taxes**

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Income Taxes (continued)

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 funds 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 funds.

### 2.8 Financial Assets

*A. Classification*

Financial assets are classified into the following measurement categories:

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

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

*B. At initial recognition*

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

*C. At subsequent measurement*

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

The Group's financial assets are categorised as follows:

*(i) Financial assets, at amortised cost*

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Financial Assets (continued)

*C.* *At subsequent measurement* (continued)

*(ii)* *Financial assets, at FVOCI*

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

*D.* *Impairment of Financial Assets*

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

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

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

### 2.9 Property, Plant and Equipment

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

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

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Property, Plant and Equipment (continued)

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

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

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

### 2.10 Investment Property

Investment property, which is held on a long term basis for investment potential and lease income, is stated at cost less accumulated depreciation and impairment loss, recognised in accordance with note 2.17 to the financial statements.

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

| | |
|---|---|
| Freehold property | 25 years |

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

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

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

### 2.11 Intangible Assets

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

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

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

| | |
|---|---|
| Computer software | 5 years |
| Mobile application | 5 years |

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.12 Investments in Subsidiaries

*(i) Subsidiary and Basis of Consolidation*

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

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

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

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

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

*(ii) Acquisitions*

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.12 Investments in Subsidiaries (continued)

*(iii)* *Disposals*

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

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

*(iv)* *Transactions with Non-Controlling Interests*

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

### 2.13 Inventories

Inventories, consisting of car products and accessories, travel guide books and maps, are stated at the lower of cost and net realisable value after adequate allowance has been made for deteriorated, damaged, obsolete or slow-moving inventories. Cost is determined on the first-in-first-out basis.

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

### 2.14 Trade and Other Receivables

Trade and other receivables that do not have a significant financing component are measured at their transaction price at initial recognition, and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses, as explained in note 2.8 (D).

### 2.15 Cash and Cash Equivalents

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

### 2.16 Financial Liabilities

Financial liabilities include trade and other payables and payables to related parties. Financial liabilities are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.16 Financial Liabilities (continued)

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

### 2.17 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.

### 2.18 Leases

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

(a) As lessee

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

*Right-of-use assets*

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

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in note 2.17.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Leases (continued)

(a) As lessee (continued)

*Lease liabilities*

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

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

The Group's lease liabilities are presented in note 27.

*Short-term leases and leases of low-value assets*

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

(b) As lessor

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

### 2.19 Provisions

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

### 2.20 Financial Guarantee Contracts

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 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 the others).

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

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

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

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

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

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

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

## 3. FRUIT MACHINE NET TAKINGS

| | Group and Association | |
|---|---|---|
| | 2020<br>$ | 2019<br>$ |
| Income | | |
| Fruit machine gross collections and related income | 15,159,719 | 21,294,347 |
| Lease income | 28,800 | 28,800 |
| | 15,188,519 | 21,323,147 |
| Less: Expenditure | | |
| Depreciation of property, plant and equipment [note 12(c)] | 161,406 | 136,915 |
| Depreciation of right-of-use assets (note 15) | 276,663 | 316,472 |
| Fruit machine operating expenses | 13,468,570 | 18,801,638 |
| Interest on lease liabilities (note 27) | 33,010 | 15,823 |
| | 13,939,649 | 19,270,848 |
| | 1,248,870 | 2,052,299 |

## 4. INCOME FROM OTHER SERVICES

| | Group | | Association | |
|---|---|---|---|---|
| | 2020 $ | 2019 $ | 2020 $ | 2019 $ |
| Insurance commission | 427,354 | 438,950 | – | – |
| Consignment sales commission | 263,138 | 308,152 | 263,138 | 308,152 |
| Service income from training | 2,962 | 42,250 | – | – |
| International driving permit fees | 309,135 | 2,143,947 | 309,135 | 2,143,947 |
| Event income | 151,298 | 273,706 | 151,298 | 273,706 |
| Income from sales of accessories | 40,617 | 81,219 | 40,617 | 81,658 |
| Agency fees | 1,189 | 2,722 | 1,189 | 2,722 |
| Income from detailing services | – | 27,985 | – | – |
| Sales of goods | – | 8,322 | – | – |
| Sales of system codes and licence fees | 2,236 | 20,000 | – | – |
| Vehicle evaluation fees | 7,231 | 10,945 | 7,231 | 10,945 |
| Miscellaneous income | 204,002 | 163,710 | 162,657 | 114,274 |
| | 1,409,162 | 3,521,908 | 935,265 | 2,935,404 |

## 5. INTEREST INCOME

| | Group | | Association | |
|---|---|---|---|---|
| | 2020 $ | 2019 $ | 2020 $ | 2019 $ |
| Interest income from: | | | | |
| - bank accounts | 13,544 | 69,266 | 12,388 | 28,872 |
| - fixed deposits | 296,083 | 427,022 | 60,717 | 132,854 |
| - bonds | 470,713 | 470,400 | 268,141 | 267,900 |
| - loans to subsidiary companies | – | – | 611,748 | 579,055 |
| | 780,340 | 966,688 | 952,994 | 1,008,681 |

## 6. LEASE INCOME

| | Group 2020 $ | Group 2019 $ | Association 2020 $ | Association 2019 $ |
|---|---|---|---|---|
| Gross lease from | | | | |
| - investment property | 1,096,607 | 1,092,644 | – | – |
| - leasehold property | 622,299 | 15,447 | – | 54,438 |
| | 1,718,906 | 1,108,091 | – | 54,438 |
| Less: Property related expenses | | | | |
| - investment property | 239,212 | 283,259 | – | – |
| | 239,212 | 283,259 | – | – |
| | 1,479,694 | 824,832 | – | 54,438 |

## 7. OTHER INCOME

| | Group 2020 $ | Group 2019 $ | Association 2020 $ | Association 2019 $ |
|---|---|---|---|---|
| Administrative and service income | 30,200 | – | 809,907 | 884,682 |
| Compensation received from insurance company | 45,180 | 13,660 | – | – |
| Gain on disposal of property, plant and equipment | 16,580 | – | – | – |
| Government grants | | | | |
| - Jobs Support Scheme (a) | 1,024,194 | – | 554,380 | – |
| - Rent concessions | 350,981 | – | – | – |
| - Other grants | 140,920 | 162,200 | 83,784 | 64,755 |
| Provisions written back (note 28) | – | 89,540 | – | 89,540 |
| Sundry income | 301,075 | 203,722 | – | – |
| | 1,909,130 | 469,122 | 1,448,071 | 1,038,977 |

(a) The Jobs Support Scheme ("JSS") grant is a wage co-funding grant given by the Singapore Government to help employers retain local employees during the period of economic uncertainty caused by the Covid-19 pandemic.

## 8. DEPRECIATION EXPENSE

| | Group 2020 $ | Group 2019 $ | Association 2020 $ | Association 2019 $ |
|---|---|---|---|---|
| Depreciation of | | | | |
| - Property, plant and equipment [note 12(c)] | 1,380,043 | 752,534 | 154,690 | 104,719 |
| - Investment property (note 13) | 327,044 | 308,293 | – | – |
| - Right-of-use assets (note 15) | 317,140 | 331,843 | 317,140 | 331,843 |
| | 2,024,227 | 1,392,670 | 471,830 | 436,562 |

## 9. EMPLOYEE BENEFITS EXPENSE

| | Group | | Association | |
|---|---|---|---|---|
| | 2020 $ | 2019 $ | 2020 $ | 2019 $ |
| Salaries and other related costs | 4,856,417 | 4,831,192 | 2,491,105 | 2,366,986 |
| Employer's contributions to Central Provident Fund | 535,856 | 557,167 | 280,613 | 281,390 |
| Other benefits | 26,672 | 45,122 | 14,282 | 16,007 |
| | 5,418,945 | 5,433,481 | 2,786,000 | 2,664,383 |

## 10. OTHER EXPENSES

| | Group | | Association | |
|---|---|---|---|---|
| | 2020 $ | 2019 $ | 2020 $ | 2019 $ |
| Audit fees | 63,523 | 65,900 | 33,000 | 33,000 |
| Donations and sponsorships | 27,610 | 34,400 | 27,610 | 34,400 |
| Highway magazine | 301,986 | 323,420 | 301,986 | 323,420 |
| Property, plant and equipment written off | – | 8,734 | – | – |
| Maintenance of property, plant and equipment | 708,618 | 775,718 | 270,589 | 278,112 |
| Lease expenses | | | | |
| - short term lease | – | 604,206 | 1,379,163 | 674,585 |
| - variable lease | 77,073 | – | 76,572 | – |
| Other administrative and operating expenses | 2,028,114 | 1,920,203 | 711,091 | 819,158 |
| Loss on disposal of property, plant and equipment | – | 18,485 | 16,675 | 1,003 |
| Loss on disposal of intangible assets | – | 3,869 | – | – |
| Rental rebate | 288,117 | | – | – |
| Towing and vehicle recovery expenses | 193,837 | 201,163 | 1,716,575 | 2,067,888 |
| | 3,688,878 | 3,956,098 | 4,533,261 | 4,231,566 |

## 11. INCOME TAX EXPENSE

| | Group 2020 $ | Group 2019 $ | Association 2020 $ | Association 2019 $ |
|---|---|---|---|---|
| Provision for current taxation | 156,388 | 158,551 | 135,424 | 140,000 |
| (Over)/under-provision of taxation in prior year | (8,319) | 9,462 | (120) | 10,049 |
| | 148,069 | 168,013 | 135,304 | 150,049 |
| Reconciliation of income tax expense: | | | | |
| (Deficit)/surplus before tax | (1,496,075) | (121,224) | (1,369,567) | 1,677,495 |
| Tax at statutory rate of 17% | (254,333) | (20,609) | (232,826) | 285,174 |
| Tax effects of:- | | | | |
| Non-taxable income | (1,348,548) | (1,761,644) | (1,161,673) | (1,590,999) |
| Non-deductible expenses | 1,889,030 | 1,781,289 | 1,558,655 | 1,476,228 |
| Statutory stepped income exemption | (24,797) | (23,909) | (17,425) | (17,425) |
| Corporate tax rebate | (16,219) | (18,278) | (11,224) | (13,281) |
| Deferred tax assets not recognised | 37,769 | 227,040 | – | – |
| Deferred tax assets previously not recognised | (109,325) | (5,245) | – | – |
| Tax incentive | (13,986) | (13,992) | – | – |
| (Over)/under-provision of taxation in prior year | (8,319) | 9,462 | (120) | 10,049 |
| Others | (3,203) | (6,101) | (83) | 303 |
| | 148,069 | 168,013 | 135,304 | 150,049 |

As at the balance sheet date, the Group has unutilised tax losses amounting to approximately $3,312,000 (2019: $3,400,000) and unutilised capital allowances of approximately $576,000 (2019: $ Nil) available for set-off against future taxable income, subject to compliance with the Income Tax Act and the approval of the Comptroller of Income Tax.

Deferred tax assets amounting to approximately $259,000 (2019: $331,000) arising from the following components are not recognised in the accounts due to the uncertainty of future taxable profits being available against which the tax benefits can be utilised.

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

| | Group 2020 $ | Group 2019 $ | Association 2020 $ | Association 2019 $ |
|---|---|---|---|---|
| Property, plant and equipment | (402,000) | (247,000) | – | – |
| Unutilised tax losses | 563,000 | 578,000 | – | – |
| Unutilised capital allowances | 98,000 | – | – | – |
| | 259,000 | 331,000 | – | – |

## 12. PROPERTY, PLANT AND EQUIPMENT

(a) Group

| | Leasehold property $ | Leasehold property under construction $ | Motor vehicles and equipment $ | Tow trucks $ | Furniture, fittings, plant and equipment and office equipment $ | Fruit machines $ | Renovations $ | Technical equipment $ | Total $ |
|---|---|---|---|---|---|---|---|---|---|
| Cost | | | | | | | | | |
| At 1 January 2019 | – | 23,399,586 | 682,101 | 3,682,135 | 1,969,956 | 1,867,022 | 2,662,851 | 6,279 | 34,269,930 |
| Additions | 1,225,535 | 5,421,663 | – | 50,711 | 787,274 | 191,262 | 32,680 | – | 7,709,125 |
| Disposals/written off | – | – | (1,994) | (16,820) | (716,104) | (297,430) | (886,302) | (6,279) | (1,924,929) |
| Reclassification | 28,821,249 | (28,821,249) | – | – | – | – | – | – | – |
| At 1 January 2020 | 30,046,784 | – | 680,107 | 3,716,026 | 2,041,126 | 1,760,854 | 1,809,229 | – | 40,054,126 |
| Additions | – | – | – | 595,592 | 213,873 | 209,920 | 812,306 | – | 1,831,691 |
| Disposals/written off | – | – | (61,994) | (813,464) | (19,168) | (192,100) | – | – | (1,086,726) |
| Reclassification | (3,132,354) | – | – | – | – | – | 3,132,354 | – | – |
| At 31 December 2020 | 26,914,430 | – | 618,113 | 3,498,154 | 2,235,831 | 1,778,674 | 5,753,889 | – | 40,799,091 |
| Accumulated depreciation | | | | | | | | | |
| At 1 January 2019 | – | – | 461,870 | 2,451,376 | 1,827,208 | 1,717,955 | 2,576,981 | 419 | 9,035,809 |
| Charge for the year | 286,160 | – | 34,403 | 259,576 | 151,108 | 111,453 | 46,330 | 419 | 889,449 |
| Disposals/written off | – | – | (1,994) | (16,581) | (704,725) | (297,430) | (869,980) | (838) | (1,891,548) |
| At 1 January 2020 | 286,160 | – | 494,279 | 2,694,371 | 1,273,591 | 1,531,978 | 1,753,331 | – | 8,033,710 |
| Charge for the year | 741,079 | – | 23,840 | 266,725 | 249,152 | 111,685 | 148,968 | – | 1,541,449 |
| Disposals/written off | – | – | (61,994) | (777,714) | (18,118) | (176,475) | – | – | (1,034,301) |
| At 31 December 2020 | 1,027,239 | – | 456,125 | 2,183,382 | 1,504,625 | 1,467,188 | 1,902,299 | – | 8,540,858 |
| Carrying amount | | | | | | | | | |
| At 31 December 2020 | 25,887,191 | – | 161,988 | 1,314,772 | 731,206 | 311,486 | 3,851,590 | – | 32,258,233 |
| At 31 December 2019 | 29,760,624 | – | 185,828 | 1,021,655 | 767,535 | 228,876 | 55,898 | – | 32,020,416 |

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $1,831,691 (2019: 7,709,125).

The 2019 additions to property, plant and equipment include an amount of $1,451,081, representing unbilled redevelopment costs of the leasehold property which the Group has withheld payment to the main contractor, as explained in note 26(a). The remaining additions to property, plant and equipment in 2019 amounting to $6,258,044 were purchased for cash.

**12. PROPERTY, PLANT AND EQUIPMENT** (CONTINUED)

(b) Association

| | Motor vehicles and equipment $ | Furniture, fittings and office equipment $ | Fruit machines $ | Renovations $ | Total $ |
|---|---|---|---|---|---|
| Cost | | | | | |
| At 1 January 2019 | 363,418 | 1,445,242 | 1,867,022 | 2,480,541 | 6,156,223 |
| Additions | – | 339,079 | 191,262 | 32,680 | 563,021 |
| Disposals/written off | (1,994) | (570,504) | (297,430) | (737,312) | (1,607,240) |
| At 1 January 2020 | 361,424 | 1,213,817 | 1,760,854 | 1,775,909 | 5,112,004 |
| Additions | – | 146,073 | 209,920 | 685,426 | 1,041,419 |
| Disposals/written off | – | (16,318) | (192,100) | – | (208,418) |
| At 31 December 2020 | 361,424 | 1,343,572 | 1,778,674 | 2,461,335 | 5,945,005 |
| Accumulated depreciation | | | | | |
| At 1 January 2019 | 145,497 | 1,305,959 | 1,717,955 | 2,474,727 | 5,644,138 |
| Charge for the year | 34,403 | 88,149 | 111,453 | 7,629 | 241,634 |
| Disposals/written off | (1,994) | (564,029) | (297,430) | (737,311) | (1,600,764) |
| At 1 January 2020 | 177,906 | 830,079 | 1,531,978 | 1,745,045 | 4,285,008 |
| Charge for the year | 23,840 | 122,909 | 111,685 | 57,662 | 316,096 |
| Disposals/written off | – | (15,268) | (176,475) | – | (191,743) |
| At 31 December 2020 | 201,746 | 937,720 | 1,467,188 | 1,802,707 | 4,409,361 |
| Carrying amount | | | | | |
| At 31 December 2020 | 159,678 | 405,852 | 311,486 | 658,628 | 1,535,644 |
| At 31 December 2019 | 183,518 | 383,738 | 228,876 | 30,864 | 826,996 |

(c) Depreciation of property, plant and equipment of the Group and the Association are charged to the statement of comprehensive income and presented as follows:

| | Group | | Association | |
|---|---|---|---|---|
| | 2020 $ | 2019 $ | 2020 $ | 2019 $ |
| Fruit machine net takings - Expenditure (note 3) | 161,406 | 136,915 | 161,406 | 136,915 |
| Depreciation expense (note 8) | 1,380,043 | 752,534 | 154,690 | 104,719 |
| | 1,541,449 | 889,449 | 316,096 | 241,634 |

## 13. INVESTMENT PROPERTY

| Group | Freehold property $ | Renovations $ | Total $ |
|---|---|---|---|
| Cost | | | |
| At 1 January 2019 | 44,409,280 | – | 44,409,280 |
| Additions | – | 312,498 | 312,498 |
| At 31 December 2019, 1 January 2020 and 31 December 2020 | 44,409,280 | 312,498 | 44,721,778 |
| Accumulated depreciation and impairment loss | | | |
| At 1 January 2019 | 5,000,866 | – | 5,000,866 |
| Charge for the year | 295,793 | 12,500 | 308,293 |
| At 1 January 2020 | 5,296,659 | 12,500 | 5,309,159 |
| Charge for the year | 295,794 | 31,250 | 327,044 |
| At 31 December 2020 | 5,592,453 | 43,750 | 5,636,203 |
| Carrying amount | | | |
| At 31 December 2020 | 38,816,827 | 268,748 | 39,085,575 |
| At 31 December 2019 | 39,112,621 | 299,998 | 39,412,619 |

(a) The fair value of the above investment property of the Group amounted to approximately $43 million (2019: $43 million) as at 31 December 2020. This is determined based on a formal valuation performed on 31 December 2020 (2019: desktop valuation performed on 31 December 2019) by an independent appraiser, Colliers International Consultancy & Valuation (Singapore) Pte Ltd (2019: Jones Lang LaSalle), who holds a recognised and relevant professional qualification. The formal valuation was based on the income method and cross-checked by direct comparisons with transactions of comparable properties within the vicinity and elsewhere.

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

(c) Direct operating expenses arising from income generating investment property amounted to $229,244 (2019: $271,457).

Direct operating expenses arising from non-income generating investment property amounted to $9,968 (2019: $11,802).

## 14. INTANGIBLE ASSETS

(a) Group

| | Computer software $ | Mobile application $ | Total $ |
|---|---|---|---|
| Cost | | | |
| At 1 January 2019 | 999,681 | – | 999,681 |
| Disposal | (4,380) | – | (4,380) |
| At 31 December 2019 and 1 January 2020 | 995,301 | – | 995,301 |
| Additions | 68,850 | 65,056 | 133,906 |
| At 31 December 2020 | 1,064,151 | 65,056 | 1,129,207 |
| Accumulated amortisation | | | |
| At 1 January 2019 | 869,292 | – | 869,292 |
| Amortisation for the year | 45,857 | – | 45,857 |
| Disposals | (511) | – | (511) |
| At 31 December 2019 and 1 January 2020 | 914,638 | – | 914,638 |
| Amortisation for the year | 46,589 | 3,253 | 49,842 |
| At 31 December 2020 | 961,227 | 3,253 | 964,480 |
| Carrying amount | | | |
| At 31 December 2020 | 102,924 | 61,803 | 164,727 |
| At 31 December 2019 | 80,663 | – | 80,663 |

(b) Association

| | Computer software $ | Mobile application $ | Total $ |
|---|---|---|---|
| Cost | | | |
| At 1 January 2019, 31 December 2019 and 1 January 2020 | 995,301 | – | 995,301 |
| Additions | 38,520 | – | 38,520 |
| At 31 December 2020 | 1,033,821 | – | 1,033,821 |
| Accumulated amortisation | | | |
| At 1 January 2019 | 869,073 | – | 869,073 |
| Amortisation for the year | 45,565 | – | 45,565 |
| At 31 December 2019 and 1 January 2020 | 914,638 | – | 914,638 |
| Amortisation for the year | 44,567 | – | 44,567 |
| At 31 December 2020 | 959,205 | – | 959,205 |
| Carrying amount | | | |
| At 31 December 2020 | 74,616 | – | 74,616 |
| At 31 December 2019 | 80,663 | – | 80,663 |

## 15. RIGHT-OF-USE ASSETS

| | Group and Association | | |
|---|---|---|---|
| | Properties<br>$ | Equipment<br>$ | Total<br>$ |
| Cost | | | |
| At 1 January 2019, 31 December 2019 and 1 January 2020 | 2,653,666 | 29,107 | 2,682,773 |
| Additions | 2,848,042 | – | 2,848,042 |
| At 31 December 2020 | 5,501,708 | 29,107 | 5,530,815 |
| Accumulated depreciation | | | |
| At 1 January 2019 | 1,125,115 | 11,066 | 1,136,181 |
| Depreciation for the year | 642,494 | 5,821 | 648,315 |
| At 31 December 2019 and 1 January 2020 | 1,767,609 | 16,887 | 1,784,496 |
| Depreciation for the year | 587,981 | 5,822 | 593,803 |
| At 31 December 2020 | 2,355,590 | 22,709 | 2,378,299 |
| Carrying amount | | | |
| At 31 December 2020 | 3,146,118 | 6,398 | 3,152,516 |
| At 31 December 2019 | 886,057 | 12,220 | 898,277 |

The Group and the Association lease properties and equipment over lease periods ranging from 1 to 6 years (2019: 1 to 5 years), with option for extension. Lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes.

Depreciation of right-of-use assets is charged to the statement of comprehensive income and presented as follows:

| | Group | | Association | |
|---|---|---|---|---|
| | 2020<br>$ | 2019<br>$ | 2020<br>$ | 2019<br>$ |
| Fruit machine net takings - Expenditure (note 3) | 276,663 | 316,472 | 276,663 | 316,472 |
| Depreciation expense (note 8) | 317,140 | 331,843 | 317,140 | 331,843 |
| | 593,803 | 648,315 | 593,803 | 648,315 |

## 16. FINANCIAL ASSETS, AT FVOCI

| | Group | | Association | |
|---|---|---|---|---|
| | 2020<br>$ | 2019<br>$ | 2020<br>$ | 2019<br>$ |
| At the beginning of the financial year | 14,194,990 | 13,752,000 | 11,126,800 | 10,815,000 |
| Additions | 808,500 | – | 808,500 | – |
| Fair value gain recognised in other comprehensive income | 209,985 | 442,990 | 211,905 | 311,800 |
| At the end of financial year | 15,213,475 | 14,194,990 | 12,147,205 | 11,126,800 |
| Represented by: | | | | |
| - Current | 3,066,270 | – | – | – |
| - Non-current | 12,147,205 | 14,194,990 | 12,147,205 | 11,126,800 |
| | 15,213,475 | 14,194,990 | 12,147,205 | 11,126,800 |

The above investments, consisting of quoted commercial bonds with interest yield ranging from 2.80% to 4.15% (2019: 2.80% to 4.15%) per annum, are measured at fair value based on quoted market prices as at the balance sheet date. Their maturity are as follows:

| | Group | | Association | |
|---|---|---|---|---|
| | 2020<br>$ | 2019<br>$ | 2020<br>$ | 2019<br>$ |
| - Redeemable in 2021 | 3,066,270 | 3,068,190 | – | – |
| - Redeemable in 2022 | 2,521,395 | 2,514,510 | 2,521,395 | 2,514,510 |
| * - Redeemable in 2024 | 3,122,250 | 3,015,000 | 3,122,250 | 3,015,000 |
| - Redeemable in 2025 | 2,101,760 | 2,010,430 | 2,101,760 | 2,010,430 |
| - Redeemable in 2026 | 2,019,480 | 2,040,370 | 2,019,480 | 2,040,370 |
| - Redeemable in 2027 | 1,573,820 | 1,546,490 | 1,573,820 | 1,546,490 |
| * - Redeemable in 2029 | 808,500 | – | 808,500 | – |
| | 15,213,475 | 14,194,990 | 12,147,205 | 11,126,800 |

* These bonds, with an aggregate carrying amount of $3,930,750 (2019: $3,015,000) maturing between July 2024 and February 2029, yield interest at 2.80% to 3.50% (2019: 2.80%) per annum. These investments are acquired by the Association on behalf of certain subsidiary companies, and the interest arising from these bonds are due and payable to the relevant subsidiary companies. [Note 18(c)].

## 17. INVESTMENTS IN SUBSIDIARY COMPANIES

| | | Association | |
|---|---|---|---|
| | | 2020<br>$ | 2019<br>$ |
| (a) | Unquoted shares, at cost | 6,450,002 | 6,450,002 |
| | Less: Impairment losses | (2,063,500) | (2,063,500) |
| | | 4,386,502 | 4,386,502 |

**17. INVESTMENTS IN SUBSIDIARY COMPANIES** (CONTINUED)

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

| Name of subsidiary companies | Principal activities | Country of incorporation/ Principal place of business | Percentage of ownership interest | | Cost of investments | |
|---|---|---|---|---|---|---|
| | | | 2020<br>% | 2019<br>% | 2020<br>$ | 2019<br>$ |
| Autoswift Recovery Pte Ltd | Provision of vehicle recovery and towing services | Singapore | 100 | 100 | 4,500,000 | 4,500,000 |
| AAS Insurance Agency Pte. Ltd. | General insurance agents | Singapore | 100 | 100 | 500,000 | 500,000 |
| AA Vehicle Inspection Centre Pte Ltd | Investment holding | Singapore | 100 | 100 | 1,000,000 | 1,000,000 |
| A.A. Travel & Tours Pte. Ltd. | Dormant | Singapore | 100 | 100 | 450,000 | 450,000 |
| AAS @ 217 East Coast Road Pte. Ltd. | Investment in properties | Singapore | 100 | 100 | 2 | 2 |
| | | | | | 6,450,002 | 6,450,002 |

| Name of subsidiary companies | Principal activities | Country of incorporation/ Principal place of business | Percentage of ownership interest | |
|---|---|---|---|---|
| | | | 2020<br>$ | 2019<br>$ |
| Held by Autoswift Recovery Pte Ltd ("ASR") | | | | |
| Res Q Me Pte. Ltd. | Provision of vehicle recovery and towing services | Singapore | 100 | 100 |
| Held by AA Vehicle Inspection Centre Pte Ltd ("AAVIC") | | | | |
| AAS Academy Pte. Ltd. | Provision of professional and vocational training for drivers | Singapore | 100 | 100 |
| AAS Surface Aesthetics Pte. Ltd. (c) | In members' voluntary liquidation | Singapore | 100 | 100 |

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

(c) During the financial year, AAS Surface Aesthetics Pte. Ltd. ("AASSA") went into members' voluntary liquidation. The liquidation is still in progress as at the date of this report. The subsidiary will be derecognised and any gain or loss on liquidation of the subsidiary will be recognised upon the completion of the liquidation.

In 2019, a partially-owned subsidiary company of the Group, AA-SPCS Services Pte Ltd, went into members' voluntary liquidation. Upon the completion of the liquidation on 31 August 2019, a final return of capital of $1,046,287 was paid to the non-controlling shareholder of the liquidated subsidiary.

## 18. AMOUNT DUE FROM/TO SUBSIDIARY COMPANIES

| | Association 2020 $ | Association 2019 $ |
|---|---|---|
| Due from subsidiary companies | | |
| After 12 months - non-trade (a) | 62,400,000 | 60,100,000 |
| Within 12 months | | |
| - trade | 249 | – |
| - non-trade (b) | 2,030,809 | 3,045,378 |
| | 2,031,058 | 3,045,378 |
| | 64,431,058 | 63,145,378 |
| Due to subsidiary companies | | |
| After 12 months - non-trade (c) | (5,182,326) | (3,040,101) |
| Within 12 months | | |
| - trade | (1,093,594) | (124,010) |
| - non-trade (d) | – | (127,764) |
| | (1,093,594) | (251,774) |
| | (6,275,920) | (3,291,875) |

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

These comprise unsecured loans to subsidiary companies amounting to $62,400,000 (2019: $60,100,000) which bear interest at 1.00% (2019: 1.00%) per annum.

These loans are not expected to be called up for repayment within the short term.

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

Included in these net current receivables are designated funds amounting to $2,000,000 (2019: $ Nil) which a subsidiary company has placed in fixed deposits on behalf of the Association as at the balance sheet date.

These designated fixed deposits, with maturities within 12 months, yield interest at 0.93% (2019: Nil %) per annum which are due and payable to the Association upon maturity.

(c) Non-trade payables due to subsidiary companies - Non-current

Included in these non-current payables is a sum of $3,930,750 (2019: $3,015,000) being designated funds which certain subsidiary companies have placed with the Association for the purpose of investing in commercial bonds on the formers' behalf.

These investments, maturing between July 2024 and February 2029, yield interest at 2.80% to 3.50% (2019: 2.80%) per annum which are due and payable to the subsidiary companies upon maturity (note 16).

(d) Non-trade amounts due from/to subsidiary companies - Current

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

## 19. INVENTORIES

| | Group 2020 $ | Group 2019 $ | Association 2020 $ | Association 2019 $ |
|---|---|---|---|---|
| Inventories carried at cost | 65,050 | 59,639 | 58,168 | 59,929 |

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

## 20. TRADE AND OTHER RECEIVABLES

| | Group 2020 $ | Group 2019 $ | Association 2020 $ | Association 2019 $ |
|---|---|---|---|---|
| Trade receivables (a) | 260,174 | 420,707 | 6,484 | 48,300 |
| Allowance for expected credit losses | | | | |
| Balance at beginning of the year | (121,218) | (100,955) | – | – |
| Allowance for the year | – | (20,263) | – | – |
| Bad debts written off against allowance | 121,218 | – | – | – |
| Balance at end of the year | – | (121,218) | – | – |
| | 260,174 | 299,489 | 6,484 | 48,300 |
| Accrued receivables | 103,482 | 81,656 | 5,516 | 1,500 |
| | 363,656 | 381,145 | 12,000 | 49,800 |
| Non-trade receivables (c) | 74,371 | 97,186 | 43,569 | 77,527 |
| Deposits | 276,168 | 498,309 | 218,186 | 294,095 |
| Grant receivable [note 26(b)] | 120,117 | – | 67,300 | – |
| Interest receivable | 205,486 | 239,719 | 117,165 | 115,086 |
| Prepayments | 125,984 | 130,659 | 159,301 | 113,144 |
| Recoverable costs (b) | 255,683 | 188,005 | – | – |
| | 1,057,809 | 1,153,878 | 605,521 | 599,852 |
| | 1,421,465 | 1,535,023 | 617,521 | 649,652 |

(a) Trade receivables are unsecured, non-interest bearing and are generally on 30 days' (2019: 30 days') terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

Impairment losses on financial assets recognised in the statement of comprehensive income during the year are as follows:

| | Group 2020 $ | Group 2019 $ | Association 2020 $ | Association 2019 $ |
|---|---|---|---|---|
| Allowance for ECLs | – | 20,263 | – | – |
| Bad debt written off | 1,284 | – | – | – |
| | 1,284 | 20,263 | – | – |

**20. TRADE AND OTHER RECEIVABLES** (CONTINUED)

(b) Recoverable costs amounting to $255,683 (2019: $188,005) represent construction costs that the Group paid on behalf of the main contractor to various sub-contractors for the redevelopment of its leasehold property. The Group expects to recover this amount from the main contractor by way of set off against the accrued redevelopment costs due to the main contractor, as explained in note 26(a) to the financial statements.

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

**21. CASH AND CASH EQUIVALENTS**

| | Group | | Association | |
|---|---|---|---|---|
| | 2020<br>$ | 2019<br>$ | 2020<br>$ | 2019<br>$ |
| Fixed deposits | 13,947,702 | 21,351,231 | 3,395,738 | 4,356,056 |
| Cash and bank balances | 13,979,850 | 9,027,666 | 7,049,054 | 6,740,899 |
| Cash and cash equivalents (Statements of Financial Position) | 27,927,552 | 30,378,897 | 10,444,792 | 11,096,955 |
| Less: | | | | |
| Fixed deposits with maturities over 3 months | | | | |
| - Deposits pledged with banks* | 251,253 | 250,625 | 251,253 | 250,625 |
| - Unpledged deposits | 11,646,449 | 18,963,918 | 3,094,485 | 4,055,431 |
| | 11,897,702 | 19,214,543 | 3,345,738 | 4,306,056 |
| Cash and cash equivalents (Statement of Cash Flows) | 16,029,850 | 11,164,354 | 7,099,054 | 6,790,899 |
| Fixed deposits with maturities | | | | |
| not more than 3 months | 2,050,000 | 2,136,688 | 50,000 | 50,000 |
| between 3 and 12 months | 11,897,702 | 19,214,543 | 3,345,738 | 4,306,056 |
| | 13,947,702 | 21,351,231 | 3,395,738 | 4,356,056 |

The fixed deposits of the Group bear interest at rates ranging from 0.10% to 1.78% (2019: 0.25% to 2.00%) per annum.

* These fixed deposits are pledged with certain banks to secure performance bonds issued in favour of Land Transport Authority in respect of certain service contracts undertaken by the Association and/or its wholly-owned subsidiary.

**22. FAIR VALUE RESERVE**

Group and Association

The fair value reserve represents the cumulative net changes in fair value of the financial assets at FVOCI held by the Group and the Association as at the balance sheet date.

## 23. FRUIT MACHINE REPLACEMENT RESERVE

| | Group and Association 2020 $ | Group and Association 2019 $ |
|---|---|---|
| Balance at beginning of the year | 513,219 | 464,181 |
| Transfer from accumulated funds | 180,000 | 240,000 |
| Purchase of fruit machines | (209,920) | (190,962) |
| | (29,920) | 49,038 |
| Balance at end of the year | 483,299 | 513,219 |

## 24. SUBSCRIPTIONS RECEIVED IN ADVANCE

| | Group | | Association | |
|---|---|---|---|---|
| | 2020 $ | 2019 $ | 2020 $ | 2019 $ |
| Contract liabilities to be recognised as revenue: | | | | |
| After 12 months | | | | |
| Life membership subscriptions | 177,013 | 201,721 | 177,013 | 201,721 |
| Ordinary and other membership subscriptions | 1,586,491 | 1,747,084 | 1,586,491 | 1,747,084 |
| | 1,763,504 | 1,948,805 | 1,763,504 | 1,948,805 |
| Within 12 months | | | | |
| Life membership subscriptions | 24,709 | 25,143 | 24,709 | 25,143 |
| Ordinary and other membership subscriptions | 1,736,165 | 1,668,914 | 1,695,523 | 1,662,936 |
| | 1,760,874 | (a) 1,694,057 | 1,720,232 | (a) 1,688,079 |
| Total subscriptions received in advance | 3,524,378 | 3,642,862 | 3,483,736 | 3,636,884 |

Total subscriptions received in advance as at 31 December 2020 represent the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) by the Group and the Association as at the financial year end. These will be recognised as revenue by the Group and the Association when the subscriptions fall due over the financial years from 2021 to 2034 (2019: 2020 to 2034).

(a) Subscriptions recognised as revenue of the Group and the Association in 2020 which were included in subscriptions received in advance as at 1 January 2020 (2019: 1 January 2019) amounted to $1,694,057 and $1,688,079 (2019: $1,952,208 and $1,951,275) respectively.

## 25. DEFERRED TAX LIABILITIES

| | Group | | Association | |
|---|---|---|---|---|
| | 2020 $ | 2019 $ | 2020 $ | 2019 $ |
| Deferred tax liabilities on excess of carrying amount over tax written down value of property, plant and equipment | 3,000 | 3,000 | – | – |

## 26. TRADE AND OTHER PAYABLES

| | Group | | Association | |
|---|---|---|---|---|
| | 2020<br>$ | 2019<br>$ | 2020<br>$ | 2019<br>$ |
| Due after 12 months | | | | |
| Provisions (note 28) | 276,419 | 120,000 | 276,419 | 120,000 |
| | 276,419 | 120,000 | 276,419 | 120,000 |
| Due within 12 months | | | | |
| Trade payables | 54,320 | 144,271 | – | – |
| Accrued operating expenses | 3,039,395 | 2,646,076 | 1,959,901 | 969,220 |
| Accrued redevelopment costs of leasehold property (a) | 1,451,081 | 1,451,081 | – | – |
| Deposits | 339,039 | 570,255 | 48,946 | 103,348 |
| Deferred grant income (b) | 120,117 | – | 67,300 | – |
| Contract liabilities (c) | 115,310 | 159,904 | 480 | 145,010 |
| Goods and services tax payable | 118,273 | 133,849 | 56,481 | 102,952 |
| Non-trade payables | 424,936 | 554,807 | 188,901 | 208,662 |
| Provisions (note 28) | 3,493 | 96,760 | 3,493 | 96,760 |
| | 5,665,964 | 5,757,003 | 2,325,502 | 1,625,952 |
| Total trade and other payables | 5,942,383 | 5,877,003 | 2,601,921 | 1,745,952 |

Trade and other payables due within 12 months are unsecured, non-interest bearing and are normally settled within 30 to 90 days (2019: 30 to 90 days) or on demand.

(a) Accrued redevelopment costs of leasehold property represent unbilled redevelopment costs due to the main contractor of the redevelopment project which has been completed in 2019. The main contractor went into financial difficulty during the course of the redevelopment project, and the Group had to settle certain subcontractors' costs amounting to $255,683 (2019: $188,005) on behalf of the main contractor (reflected as "recoverable costs" in note 20(b)) in order to complete the redevelopment project.

The Group intends to recover this $255,683 (2019: $188,005) from the main contractor by way of set off against the final payments due to the main contractor. The Group is also in the process of claiming liquidated damages against the main contractor for failure to fulfil his contractual obligations. The Group has withheld payment to the main contractor pending the settlement of all disputes and claims related to the redevelopment project.

(b) Deferred grant income comprises JSS grant [note 7(a)] in respect of and receivable in the next financial year, for which the Group and the Association have fulfilled the grant requirements as at 31 December 2020.

(c) Contract liabilities relate to the Group's obligation to organise events, provide services and lease of office spaces to customers who have made advance service fee payments to the Group. Contract liabilities are recognised as revenue over the period when the services are provided. Revenue recognised in the current year that were included in contract liabilities at the beginning of the year amounted to $159,904 (2019: $110,419) and $145,010 (2019: $88,855) for the Group and the Association respectively.

## 27. LEASE LIABILITIES

| | Group and Association | | | |
|---|---|---|---|---|
| | 2020 | | 2019 | |
| | Minimum lease liabilities $ | Present value of lease liabilities $ | Minimum lease liabilities $ | Present value of lease liabilities $ |
| Lease payments due: | | | | |
| Within 1 year | 782,201 | 638,647 | 507,646 | 476,043 |
| After 1 year but not later than 5 years | 2,242,600 | 1,954,390 | 483,386 | 462,359 |
| After 5 years | 541,677 | 532,911 | – | – |
| | 2,784,277 | 2,487,301 | 483,386 | 462,359 |
| | 3,566,478 | 3,125,948 | 991,032 | 938,402 |
| Less: Amounts representing interest | (440,530) | – | (52,630) | – |
| | 3,125,948 | 3,125,948 | 938,402 | 938,402 |

The incremental borrowing rate of the above leases was 5.00% (2019: 5.00%) per annum.

Reconciliation of liabilities arising from financing activities

Movements in the Group's and the Association's lease liabilities arising from financing cash flows were as follows:

| | Group and Association | |
|---|---|---|
| | 2020 $ | 2019 $ |
| Lease liabilities as at 1 January | 938,402 | 1,609,588 |
| Non-cash movements: | | |
| Add: Capitalisation of new lease liability | 2,691,623 | – |
| Add: Accretion of interest* | 74,812 | 62,104 |
| Cash movements: | | |
| Less: Payment of lease liabilities during year | | |
| - Interest | (74,812) | (62,104) |
| - Principal portion | (504,077) | (671,186) |
| Lease liabilities as at 31 December | 3,125,948 | 938,402 |

* Interest on lease liabilities for the year is charged to the statement of comprehensive income and presented as follows:

| | Group and Association | |
|---|---|---|
| | 2020 $ | 2019 $ |
| Fruit machine net takings - Expenditure (note 3) | 33,010 | 15,823 |
| Finance costs | 41,802 | 46,281 |
| Total interest on lease liabilities | 74,812 | 62,104 |

## 28. PROVISIONS

| | Group 2020 $ | Group 2019 $ | Association 2020 $ | Association 2019 $ |
|---|---|---|---|---|
| Provision for reinstatement costs (a) | | | | |
| At beginning of the financial year | 216,760 | 356,300 | 216,760 | 356,300 |
| Additions | 156,419 | – | 156,419 | – |
| Amount utilised | (93,267) | (50,000) | (93,267) | (50,000) |
| Amount written back | – | (89,540) | – | (89,540) |
| At end of the financial year | 279,912 | 216,760 | 279,912 | 216,760 |
| Provision for warranty (b) | | | | |
| At beginning of the financial year | – | 10,676 | – | – |
| Additional provision during the year | – | 4,324 | – | – |
| Discharge of warranty undertaking | – | (15,000) | – | – |
| At end of the financial year | – | – | – | – |
| | 279,912 | 216,760 | 279,912 | 216,760 |
| Represented by: | | | | |
| Due after 12 months (note 26) | 276,419 | 120,000 | 276,419 | 120,000 |
| Due within 12 months (note 26) | 3,493 | 96,760 | 3,493 | 96,760 |
| | 279,912 | 216,760 | 279,912 | 216,760 |

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

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

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

## 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 interests yearly.

## 29. RELATED PARTY DISCLOSURES (CONTINUED)

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

| | Association | |
|---|---|---|
| | 2020<br>$ | 2019<br>$ |
| (a) With subsidiary companies | | |
| Administrative and service income | 809,907 | 884,682 |
| Lease and facilities income | – | 44,037 |
| Interest income | 611,748 | 579,055 |
| Income from sale of accessories | – | 439 |
| Proceeds from disposal of property, plant and equipment | – | 973 |
| Subscription income | 364 | 3,611 |
| Towing and vehicle recovery service charges | 1,716,575 | 2,067,790 |
| Services, supplies and call centre expenses | – | 88,058 |
| Lease expenses | 1,378,662 | 375,166 |
| Other expenses | 59,884 | – |
| Publicity | 3,000 | 6,000 |
| Purchase of assets | – | 689 |
| Purchase of stocks | – | 290 |

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

| | Group | | Association | |
|---|---|---|---|---|
| | 2020<br>$ | 2019<br>$ | 2020<br>$ | 2019<br>$ |
| Donations and sponsorship expenses | 15,000 | 32,900 | 15,000 | 32,900 |
| Lease income | 70,271 | – | – | – |
| Purchase of services | 95,004 | 23,195 | 15,667 | 23,195 |
| Non-trade payables | – | 16,682 | – | 16,682 |

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

## 30. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation are as follows:

| | Group and Association | |
|---|---|---|
| | 2020<br>$ | 2019<br>$ |
| Salaries and other related costs | 1,103,218 | 1,063,670 |
| Employer's contributions to Central Provident Fund | 109,487 | 104,210 |
| Short-term employee benefits | 1,212,705 | 1,167,880 |

## 31. LEASE COMMITMENTS

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

The Association leases office premises from its subsidiary company with varying terms, escalation clauses and renewal rights.

As at 31 December 2020, the Association has an operating lease commitment amounting to approximately $1,378,000 (2019: $1,378,000) in respect of short-term lease of office premises from its subsidiary company.

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

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

| | Group | | Association | |
|---|---|---|---|---|
| | 2020<br>$ | 2019<br>$ | 2020<br>$ | 2019<br>$ |
| Lease income receivable | | | | |
| - within 1 year | 1,626,521 | 1,406,257 | 28,800 | 28,800 |
| - after 1 year but not later than 5 years | 1,519,458 | 1,655,476 | 24,000 | 52,800 |
| | 3,145,979 | 3,061,733 | 52,800 | 81,600 |

The above operating leases do not provide for contingent rents.

## 32. CAPITAL COMMITMENTS

As at 31 December 2019, the Group has capital commitments amounting to approximately $55,000 in respect of contracted expenditure for the purchase of property, plant and equipment which has not been recognised 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:

### 33.1 Credit risk

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

*(i) Risk management*

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

**33. FINANCIAL RISK MANAGEMENT** (CONTINUED)

**33.1 Credit risk** (continued)

*(i) Risk management* (continued)

As at the balance sheet date, there were no significant concentrations of credit risk except for the amounts due from subsidiary companies (note 18). The long term loans amounting to $62.4 million (2019: $60.1 million) [note 18(a)], intended to fund the long term capital requirements of the relevant subsidiaries, are considered by the management to be in substance part of the Association's net investment in the said subsidiaries, and are accounted for in accordance with note 2.12. The short-term advances to subsidiary companies are part of the Association's funds management strategy. The Association's management is satisfied that there are sufficient financial assets and other committed credit lines to meet the cash flow needs of the Association.

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

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

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

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

At the balance sheet date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

**33.2 Liquidity risk**

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

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

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

| | Within 1 year $ | More than 1 year but not later than 5 years $ | More than 5 years $ | Total $ |
|---|---|---|---|---|
| Group | | | | |
| 2020 | | | | |
| Trade and other payables | 5,308,771 | – | – | 5,308,771 |
| Lease liabilities | 782,201 | 2,242,600 | 541,677 | 3,566,478 |
| | 6,090,972 | 2,242,600 | 541,677 | 8,875,249 |
| 2019 | | | | |
| Trade and other payables | 5,366,490 | – | – | 5,366,490 |
| Lease liabilities | 507,646 | 483,386 | – | 991,032 |
| | 5,874,136 | 483,386 | – | 6,357,522 |

**33. FINANCIAL RISK MANAGEMENT** (CONTINUED)

**33.2 Liquidity risk** (continued)

| | Within 1 year $ | More than 1 year but not later than 5 years $ | More than 5 years $ | Total $ |
|---|---|---|---|---|
| Association | | | | |
| 2020 | | | | |
| Trade and other payables | 2,197,748 | – | – | 2,197,748 |
| Lease liabilities | 782,201 | 2,242,600 | 541,677 | 3,566,478 |
| Amount due to subsidiary companies | 1,093,594 | 5,816,575 | – | 6,910,169 |
| | 4,073,543 | 8,059,175 | 541,677 | 12,674,395 |
| 2019 | | | | |
| Trade and other payables | 1,281,230 | – | – | 1,281,230 |
| Lease liabilities | 507,646 | 483,386 | – | 991,032 |
| Amount due to subsidiary companies | 251,774 | 3,420,888 | – | 3,672,662 |
| | 2,040,650 | 3,904,274 | – | 5,944,924 |

**33.3 Interest rate risk**

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

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

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

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

**33.4 Market price risk**

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

Sensitivity analysis

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

| | Group | | Association | |
|---|---|---|---|---|
| | 2020 $ | 2019 $ | 2020 $ | 2019 $ |
| Fair value reserve | 760,674 | 709,750 | 607,360 | 556,340 |

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

## 34. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair Value Hierarchy

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

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

(b) Fair Value of Non-Financial Assets

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

(c) Fair Value of Financial Instruments

*(i) Financial instruments Measured at Fair Value*

The only financial assets of the Group measured at fair value are quoted commercial bonds classified as financial assets at FVOCI, as disclosed in note 16. These fair values, based on quoted market prices as at the balance sheet date, are recurring fair value measurements under Level 1 of the fair value hierarchy.

*(ii) Financial Instruments Not Measured at Fair Value*

Cash and cash equivalents, receivables and payables classified as current assets and current liabilities are measured at amortised cost. Financial instruments with a short duration are not discounted.

The long term loans to subsidiary companies amounting to $62.4 million (2019: $60.1 million), disclosed in note 18(a), which the management regards in substance to be part of the Association's net investment in the subsidiaries, are stated at cost less impairment loss, in accordance with note 2.12.

(d) Transfers Between Levels of Fair Value Hierarchy

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

(e) Valuation Policies and Procedures

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

## 35. FINANCIAL INSTRUMENTS BY CATEGORY

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

| | Group | | Association | |
|---|---|---|---|---|
| | 2020<br>$ | 2019<br>$ | 2020<br>$ | 2019<br>$ |
| Financial assets at FVOCI | 15,213,745 | 14,194,990 | 12,147,205 | 11,126,800 |
| Financial assets at amortised cost | 29,102,916 | 31,783,261 | 75,266,770 | 74,778,841 |
| Financial liabilities at amortised cost | 8,434,719 | 6,304,892 | 11,599,616 | 5,511,507 |

## 36. RESERVES MANAGEMENT

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

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

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

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

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

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

## 37. FINANCIAL GUARANTEE CONTRACTS

As at the balance sheet date, the Group and the Association have obtained letters of guarantee ("LOGs") issued by financial institutions in favour of various government authorities with maximum exposure amounting to approximately $91,000 and $50,000 (2019: $91,000 and $50,000) respectively. As at the reporting date, the management does not consider it probable that a claim will be made against the Group or the Association under these LOGs.

## 38. CURRENT UNCERTAINTIES IN THE ECONOMY RELATED TO THE COVID-19 PANDEMIC

Since the outbreak of the Corona Virus Disease 2019 ("COVID-19") in early 2020, the pandemic has significantly disrupted global businesses and supply chains due to border closures, movement controls, and other measures imposed by various governments. This has adversely impacted various sectors of global economies, including Singapore.

As the COVID-19 pandemic evolves, governments are implementing additional measures to address the resulting public health issues and alleviate the negative economic impact. However, the global situation remains fluid. As at the date of issue of these financial statements, the Group is unable to reasonably ascertain the full extent of the probable impact of the pandemic on its operations and financial performance for the financial year ending 31 December 2021. The management continues to monitor the developments and will take further action as necessary in response to the economic disruption.

## 39. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Association and consolidated financial statements of the Group for the year ended 31 December 2020 were authorised for issue by the General Committee on 6 April 2021.

# Notice of the Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Members of Automobile Association of Singapore ('**AA**') will be convened and held by way of electronic means at **6.30pm** on **Wednesday, 19 May 2021**, to transact the following business:

1. To confirm the Minutes of the Annual General Meeting held on 16 September 2020.
2. To receive and, if approved, adopt the Annual Report and the Audited Financial Statements for the year ended 31 December 2020.
3. To elect six Members to the Committee for the ensuing term.
4. To appoint the external auditors for the ensuing year.
5. To consider and, if thought fit, to pass, with or without modifications, proposed amendments to the Constitution of AA and the Bye-Laws of AA.
6. To transact any other business of which notice in writing has been received by the Chairman of the Meeting by 5pm, 10 May 2021.

By Order of the General Committee

Mr Alvin Phua
Secretary
23 April 2021

**Important Notes:**

Pursuant to the COVID-19 (Temporary Measures) Act 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Registered Societies) (Amendment) Order 2021 ("**Meeting Order**"), registered societies are entitled to hold meetings via electronic means, beyond 30 June 2021 until the Meeting Order is revoked or amended by the Ministry of Law.

The following arrangements will be adopted for the Annual General Meeting ("**AGM**"):

a) A Member will not be able to attend the AGM in person. A Member may only attend the AGM by observing and listening to the proceedings of the meeting by electronic means. Members who wish to attend the AGM must pre-register at the pre-registration website at www.aas.com.sg/agm2021 before 5.00pm on 5 May 2021 to enable AA to verify their status as members and for the complete registration and meeting details to be sent to the Members.

b) A Member may submit questions/AOB to AA via email to AGM2021@aas.com.sg, by post or by hand. The questions/AOB must reach AA by 5.00pm, 10 May 2021.

For more information on the AGM and to download the relevant documents in relation to the AGM, you may visit our AGM website at www.aas.com.sg/agm2021 or visit our AA website at www.aas.com.sg.

# AUTOMOBILE ASSOCIATION OF SINGAPORE

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

AUTOMOBILE ASSOCIATION OF SINGAPORE

## ANNUAL GENERAL MEETING ON 19 MAY 2021
## NOMINATION FORM FOR ANNUAL GENERAL MEETING

Attach colour passport photograph here

April 2021

Chairman of the Annual General Meeting 2021
Automobile Association of Singapore
2 Kung Chong Road
#06-01 AA Centre
Singapore 159140

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

We, the undersigned, hereby nominate Mr/Ms ______________________ for election as COMMITTEE MEMBER of the General Committee of the Automobile Association of Singapore for the ensuing term **2021/2023** at the Annual General Meeting will be convened and held by way of electronic means at 6.30pm on Wednesday, 19 May 2021.

**Proposer** ______________________ Membership No. ______________________

Signature ______________________ Membership Expiry Date ______________________

**Seconder** ______________________ Membership No. ______________________

Signature ______________________ Membership Expiry Date ______________________

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

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

Name ______________________ Membership No. ______________________

Profession ______________________ Membership Expiry Date ______________________

Designation / Company ______________________________________________

Signature ______________________ Date ______________________

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

______________________________________________

______________________________________________

**Note:**

1. Each Member standing for election must be nominated by a Member and seconded by another Member, and the nominee must confirm on the letter of nomination his willingness to serve.
2. Only Members who have been Members of the Association for not less than **three (3) continuous years** before the date of the Annual General Meeting shall be eligible to be elected to the Committee.
3. Nominations for election to the Committee must reach the Chairman of the Annual General Meeting 2021 not later than 5.00pm on 3 May 2021 by email to AGM2021@aas.com.sg, delivered by post or by hand and addressed to

**AA Annual General Meeting 2021**
**Nomination Form**
**Attention: Chairman of the Annual General Meeting 2021**
**AA Singapore**
**2 Kung Chong Road**
**#06-01, AA Centre**
**Singapore 159140**

All envelopes shall be clearly marked “**NOMINATION FORM**”.

**For Official Use**

Verified by: ______________________

Date: ______________________

Initial: ______________________

**AUTOMOBILE ASSOCIATION OF SINGAPORE**

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