

**GENERAL INSURANCE ASSOCIATION OF SINGAPORE
(Organised as a Society under the Societies Act, Chapter 311)
(UEN: S66SS0020G)**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2020

**GENERAL INSURANCE ASSOCIATION OF SINGAPORE
(UEN: S66SS0020G)**

STATEMENT BY THE MANAGEMENT COMMITTEE

In the opinion of the management committee:-

- (i) the accompanying financial statements of the General Insurance Association of Singapore (the “Association”) are drawn up in accordance with the provision of the Societies Act, Chapter 311 and Financial Reporting Standards in Singapore, so as to present fairly, in all material respects, the state of affairs of the Association as at 31 December 2020 and the results, changes in funds and cash flows of the Association for the financial year then ended on that date; and
- (ii) at the end of this statement, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.

The management committee approved and authorised these financial statements for issue.

On behalf of the Management Committee,

Craig Anthony Ellis
President

Christian Matthew Sandric
Vice President

Singapore,



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENERAL INSURANCE ASSOCIATION OF SINGAPORE (UEN: S66SS0020G)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of General Insurance Association of Singapore. (the "Association"), which comprise the statement of financial position as at 31 December 2020, the statement of income and expenditure and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Cap. 311 (the "Act"), and Financial Reporting Standards in Singapore (FRSs) so as to present fairly, in all material respects, the state of affairs of the Association as at 31 December 2020 and the results, changes in funds and cash flows 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 Association in accordance with the Accounting and Corporate Regulatory Authority (ACRA) 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 Statement by the Management Committee and general information, 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 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 when it becomes available 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, 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
GENERAL INSURANCE ASSOCIATION OF SINGAPORE (UEN: S66SS0020G) (Continued)**

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with the provisions of the Act and FRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
GENERAL INSURANCE ASSOCIATION OF SINGAPORE (UEN: S66SS0020G) (Continued)**

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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 Association'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 Association 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.

We communicate with those charged with governance 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:-

- (a) the accounting and other records required by the Societies Regulations enacted under the Act to be kept by the Association have been properly kept in accordance with those Regulations; and
- (b) the fund-raising appeal held during the reporting year has been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeal.

KRESTON DAVID YEUNG PAC
Public Accountants and
Chartered Accountants

Singapore,

GENERAL INSURANCE ASSOCIATION OF SINGAPORE
(UEN: S66SS0020G)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Note	2020 S\$	2019 S\$
ASSETS			
Non-current asset			
Plant and equipment	3	53,393	44,391
Right-of-use assets	4(a)	222,549	431,123
		<u>275,942</u>	<u>475,514</u>
Current assets			
Trade receivables	5	61,493	95,481
Other receivables	6	51,073	31,883
Deposits		54,134	54,134
Prepayments		19,588	21,188
Cash and cash equivalents		725,909	693,509
Total current assets		<u>912,197</u>	<u>896,195</u>
Total assets		<u>1,188,139</u>	<u>1,371,709</u>
FUNDS AND LIABILITIES			
Fund			
Accumulated fund		<u>360,632</u>	<u>247,934</u>
Non-current liability			
Lease liabilities	4(b)	14,534	225,816
Current liabilities			
Lease liabilities	4(b)	205,171	205,307
Trade payables		44,467	57,921
Other payables		51,981	68,398
Deferred grant		36,343	-
Accruals	7	475,011	566,333
Total current liabilities		<u>812,973</u>	<u>897,959</u>
Total liabilities		<u>827,507</u>	<u>1,123,775</u>
Total fund and liabilities		<u>1,188,139</u>	<u>1,371,709</u>

The notes set out on pages 10 to 34 form an integral part of and should be read in conjunction with this set of financial statements.

GENERAL INSURANCE ASSOCIATION OF SINGAPORE
(UEN: S66SS0020G)

STATEMENT OF INCOME AND EXPENDITURE
AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Note	2020 S\$	2019 S\$
Income			
Agents' registration fees		773,970	804,403
Levies on ordinary members		946,222	1,095,789
Rental income from Motor Insurers' Bureau - net		24,130	24,720
GIARMC net operating income	8	565,333	664,560
Other income	9	279,766	61,549
		<u>2,589,421</u>	<u>2,651,021</u>
Less: Expenditure (Page 7)		<u>(2,476,723)</u>	<u>(2,642,561)</u>
Surplus before taxation		112,698	8,460
Less: Taxation	10	<u>-</u>	<u>-</u>
Net surplus for the year		112,698	8,460
GIA swing for golf charity	11	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>112,698</u>	<u>8,460</u>

The notes set out on pages 10 to 34 form an integral part of and should be read in conjunction with this set of financial statements.

GENERAL INSURANCE ASSOCIATION OF SINGAPORE
(UEN: S66SS0020G)

STATEMENT OF INCOME AND EXPENDITURE
For the year ended 31 December 2020

	Note	2020 S\$	2019 S\$
Expenditure			
Accounting services fee		12,000	12,000
Agents' registration board expenses		1,500	21,493
ARCM-hosting/maintenance service	12.1	250,237	277,694
Auditor's remuneration			-
- current year		11,450	10,900
- overprovision in prior year		(5,000)	-
Bank charges		726	1,003
Committee expenses			
- Marine committee	12.2	22,377	47,707
- Motor committee	12.3	81,065	47,094
- Insurance Fraud committee	12.4	274,030	275,347
- Insurance committee		1,600	17,093
- Talent and Communication committee	12.5	5,689	11,509
Computer accessories		3,846	300
Depreciation of plant and equipment	3	26,111	22,663
Depreciation of right-of-use asset	4(a)	208,574	-
Electricity		2,247	4,084
Entertainment and refreshment		1,367	5,936
General expenses		2,027	3,297
GIA events and seminar expenses	12.6	11,005	22,473
Internet expenses		-	1,561
IT support		18,658	21,251
Lease interest expenses		6,740	-
Legal and professional fees		78,786	92,889
Meetings and seminars	12.7	4,694	28,513
Newspapers and publications		-	166
Office cleaning		8,040	8,640
Office insurance expenses		33,183	6,794
Office rental and services		-	213,059
Photocopier rental and printing expenses		241	6,429
Postages		55	95
Printing and stationery		2,283	3,567
Public relations consultancy		68,700	75,700
Recruit agency fees		70	258
Repair and maintenance		538	450
Sponsorships/Donations	12.8	22,500	19,806
Staff costs	12.9	1,290,860	1,326,082
Staff insurance		-	16,421
Subscriptions/Membership fees	12.10	8,783	13,044
Tax service fee		532	4,033
Team building expenses		3,220	4,161
Telecommunication		10,923	7,513
Transportation		2,936	7,651
Warehousing		4,130	3,885
		2,476,723	2,642,561

The notes set out on pages 10 to 34 form an integral part of and should be read in conjunction with this set of financial statements.

**GENERAL INSURANCE ASSOCIATION OF SINGAPORE
(UEN: S66SS0020G)**

**STATEMENT OF CHANGES IN ACCUMULATED FUND
For the year ended 31 December 2020**

	Accumulated Fund S\$
Balance as at 01.01.2019	239,474
Net deficit and total comprehensive loss for the year	<u>8,460</u>
Balance as at 31.12.2019/01.01.2020	247,934
Net surplus and total comprehensive income for the year	<u>112,698</u>
Balance as at 31.12.2020	<u><u>360,632</u></u>

The notes set out on pages 10 to 34 form an integral part of and should be read in conjunction with this set of financial statements.

GENERAL INSURANCE ASSOCIATION OF SINGAPORE
(UEN: S66SS0020G)

STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	2020	2019
	S\$	S\$
Cash flow from operating activities:-		
Surplus before taxation	112,698	8,460
Adjustments for:-		
Depreciation of plant and equipment	26,111	22,663
Depreciation of right-of-use assets	208,574	-
Lease interest expense	6,740	-
	<u>354,123</u>	<u>31,123</u>
Operating cash flows before changes of working capital	354,123	31,123
Changes of working capital:-		
Decrease in trade and other receivables	16,398	1,112
(Decrease)/Increase in trade and other payables	(84,850)	95,582
	<u>285,671</u>	<u>127,817</u>
Net cash generated from operating activities	285,671	127,817
Cash flows from investing activities		
Purchase of plant and equipment	(35,113)	(42,676)
Interest paid	(6,740)	-
Payment of principal portion of lease liabilities	(211,418)	-
	<u>(253,271)</u>	<u>(42,676)</u>
Net cash used in investing activities	(253,271)	(42,676)
Net increase in cash and cash equivalents	32,400	85,141
Cash and cash equivalents at the beginning of the year	693,509	608,368
Cash and cash equivalents at the end of the year	725,909	693,509

The notes set out on pages 10 to 34 form an integral part of and should be read in conjunction with this set of financial statements.

GENERAL INSURANCE ASSOCIATION OF SINGAPORE
(UEN: S66SS0020G)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

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

1. GENERAL

The General Insurance Association of Singapore is registered under the Societies Act, Chapter 311. The registered office is located at 180 Cecil Street #15-01, Bangkok Bank Building, Singapore 069546.

The principal activities of the Association relate to the protection, promotion, advancement and the doing of all things in furtherance of the common interests of members and the general insurance industry.

The financial statements of the Association for the year ended 31 December 2020 were authorised for issue in accordance with a resolution by the Management Committee on

The financial statements of the Association are expressed in Singapore dollar (S\$ or SGD).

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements of the Association have been drawn up in accordance with Financial Reporting Standards in Singapore (FRSs). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Association has adopted all the new and amended standards which are relevant to the Association and are effective for annual financial periods beginning on or after 1 January 2020.

b) Significant Accounting Estimates and Judgements

The preparation of the Association's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Association based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Association. Such changes are reflected in the assumptions when they occur.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Significant Accounting Estimates and Judgements (Continued)

Leases – estimating the incremental borrowing rate

The Association cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Association would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Association ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Association estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

c) Property, Plant and Equipment

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

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line method so as to write off the costs of the property, plant and equipment over their estimated useful live as follows:-

Office equipment	3 - 5 years
Computers	3 years
Furniture and fittings	3 years
Renovation	3 years
Office premise	2 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and depreciation method are reviewed at each financial year-end to ensure that amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and at bank which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

e) Financial Instruments

i) Financial Assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Association measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Association expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Association's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, FVOCI and FVPL. The Association only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) **Financial Instruments (Continued)**

ii) **Financial Liabilities**

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Association becomes a party to the contractual provisions of the financial instrument. The Association determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

f) **Impairment of Financial Assets**

The Association recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Association expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Impairment of Financial Assets (Continued)

For trade receivables, the Association applies a simplified approach in calculating ECLs. Therefore, the Association does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Association has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Association considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Association may also consider a financial asset to be in default when internal or external information indicates that the Association is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Association. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

g) Impairment of Non-Financial Assets

The Association assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Association makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

h) Contingencies

A contingent liability is:-

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Association; or

GENERAL INSURANCE ASSOCIATION OF SINGAPORE
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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Contingencies (Continued)

(b) a present obligation that arises from past events but is not recognised because:

- i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Association.

Contingent liabilities and assets are not recognised on the statement of financial position of the Association, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

i) Provisions

Provisions are recognised when the Association has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

j) Income Recognition

Income is measured based on the consideration to which the Association expects to be entitled in exchange for transferring promised goods or services to a customer.

Income is recognised when the Association 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 income recognised is the amount allocated to the satisfied performance obligation.

Revenue accident, search report and Bola are recognised when the goods or services are delivered to the customer and all criteria for acceptance have been satisfied.

Agents' registration fee is recognised when due.

Levy membership fee is recognised on call basis.

The entrance fee is recognised when new member is admitted.

Interest income is recognised using the effective interest method.

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(UEN: S66SS0020G)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) GIA Records Management Centre (GIARMC) Net Operating Income

On 1 May 1999, a Market Agreement was entered into with members of the Association to operate the Non-Injury Motor Accident Reports Scheme.

In connection with the Scheme, the GIA Records Management Centre (the Centre) was established for the purpose of the archival and retrieval of records.

The Association has appointed Merimen Technologies (Singapore) Pte Ltd as the manager to provide the staff and facilities to the Centre for maintenance the accounting records and operate a separate bank account for the operations of the Centre. The Association is liable for all losses incurred by the Centre and is responsible for bearing all expenses and liabilities incurred. Merimen Technologies (Singapore) Pte Ltd will charge the Association according to the monthly contracted rates for the services rendered.

The Association has terminated the service agreement with Merimen Technologies (Singapore) Pte Ltd on 30 November 2020. Subsequently, the association appointed Shift Technology Pte. Ltd. as the new vendor to provide the staff and facilities to manage the Centre. Shift Technology Pte. Ltd. will charge the Association according to the monthly contracted rates.

l) Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

GENERAL INSURANCE ASSOCIATION OF SINGAPORE
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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Taxes (Continued)

Deferred tax (Continued)

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:-

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

m) Functional and Presentation Currency

The financial statements are presented in Singapore dollar, which is the Association's functional currency. All financial statements presented in Singapore dollars.

n) Employee Benefits

Defined Contribution Plan

As required by law, the Association makes contributions to the Central Provident Fund (CPF). CPF contributions are recognised compensation as expenses in the same period as the employment that gives rise to the contribution.

Employee Leave Entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

o) Key Management Personnel

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Association. The chief executive and managers are considered as key management personnel of the Association.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) **Leases**

The Association 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.

As lessee

The Association applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Association 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 Association 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, except for those leases not yet commenced to which the lease is committed.

If ownership of the leased asset transfers to the Association 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 .

The Association's right-of-use assets are presented within property, plant and equipment (Note 4(a)).

Lease liabilities

At the commencement date of the lease, the Association recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Association and payments of penalties for terminating the lease, if the lease term reflects the Association exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) **Leases (Continued)**

As lessee (Continued)

Lease liabilities (Continued)

In calculating the present value of lease payments, the Association 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 for the 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 (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Association's lease liabilities are included in lease liabilities (Note 4(b)).

Short-term leases and leases of low-value assets

The Association applies the short-term lease recognition exemption to its short-term leases of machinery (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.

As lessor

Leases in which the Association does not transfer substantially all the risks and rewards of an asset are classified as operating leases. Rental income arising from operating leases on the Association's right-of-use assets is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

q) **Government Grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant related to an expenses item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised to income in equal amounts over the expected useful life of the related asset.

The deferred grant income as at 31 December 2020 was S\$36,343 (2019: S\$Nil).

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

3. PROPERTY, PLANT AND EQUIPMENT

	Office equipment S\$	Computers S\$	Furniture and fittings S\$	Renovation S\$	Total S\$
Cost					
At 01.01.2019	29,923	640,521	11,541	297,693	979,678
Additions	1,080	41,596	-	-	42,676
At 31.12.2019/01.01.2020	31,003	682,117	11,541	297,693	1,022,354
Additions	1,057	34,056	-	-	35,113
Write-off	-	(15,694)	-	-	(15,694)
At 31.12.2020	32,060	700,479	11,541	297,693	1,041,773
Accumulated Depreciation					
At 01.01.2019	28,523	618,592	10,492	297,693	955,300
Charge for the year	1,067	21,082	514	-	22,663
At 31.12.2019/01.01.2020	29,590	639,674	11,006	297,693	977,963
Charge for the year	1,312	24,264	535	-	26,111
Write-off	-	(15,694)	-	-	(15,694)
At 31.12.2020	30,902	648,244	11,541	297,693	988,380
Carrying Amount					
At 31.12.2020	1,158	52,235	-	-	53,393
At 31.12.2019	1,413	42,443	535	-	44,391

Right-of-use assets acquired under leasing arrangements are re-presented to Note 4 (a).

GENERAL INSURANCE ASSOCIATION OF SINGAPORE
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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

4. LEASEE LIABILITIES – UNSECURED

Association as a lessee

The Association has lease contracts for office premise and office equipment. The Association's obligations under these leases are secured by the lessor's title to the leased assets.

The weighted average incremental borrowing rate for the Association is at rate from 2.94% to 3.10%.

(a) Carrying amounts of right-of-use assets

	Office premises S\$	Office equipments S\$	Total S\$
Cost			
At 01.01.2019	-	-	-
Effect of adoption of FRS 116*	407,833	23,290	431,123
	<hr/>	<hr/>	<hr/>
As restated, 01.01.2019/31.12.2019/ 01.01.2020/31.12.2020	407,833	23,290	431,123
	<hr/>	<hr/>	<hr/>
Accumulated Depreciation			
At 01.01.2019/31.12.2019/01.01.2020	-	-	-
Additions	203,916	4,658	208,574
	<hr/>	<hr/>	<hr/>
At 31.12.2020	203,916	4,658	208,574
	<hr/>	<hr/>	<hr/>
Carrying Value			
At 31.12.2020	203,917	18,632	222,549
At 31.12.2019	407,833	23,290	431,123
	<hr/>	<hr/>	<hr/>

* The carrying amount of right-of-use assets represent those long term lease which no depreciation is charged as those lease not yet commenced as at 31 December 2019.

(b) Carrying amounts of lease liabilities

	2020 S\$	2019 S\$
Current	205,171	205,307
Non-current	14,534	225,816
	<hr/>	<hr/>
	219,705	431,123
	<hr/>	<hr/>

The maturity analysis of lease liabilities is disclosed in Note 16.

GENERAL INSURANCE ASSOCIATION OF SINGAPORE
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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

4. LEASE LIABILITIES – UNSECURED (Continued)

(b) Carrying amounts of lease liabilities (Continued)

	1 January 2020 S\$	Cash flows S\$	Non-cash charged Accretion of interest S\$	Other S\$	2020 S\$	2019 S\$
Liabilities						
Lease liabilities:-						
- Current	205,307	(218,158)	6,740	211,282	205,171	205,307
- Non-current	225,816	-	-	(211,282)	14,534	225,816
	<u>431,123</u>	<u>(218,158)</u>	<u>6,740</u>	<u>-</u>	<u>219,705</u>	<u>431,123</u>

The Association had total cash outflows for leases of S\$218,158 (2019: S\$Nil).

(c) Amount recognised in income and expenditure:-

	2020 S\$	2019 S\$
Depreciation of right-of-use assets	208,574	-
Interest expense on lease liabilities	<u>6,740</u>	<u>-</u>
	<u>215,314</u>	<u>-</u>

5. TRADE RECEIVABLES

Trade receivables majority consist of amount due from members and customers. They are non-interest bearing and are generally on immediate to about 30 days term. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:-

	2020 S\$	2019 S\$
Not past due	48,083	91,196
Past due 1 - 30 days	11,551	1,277
Past due 31 - 60 days	448	1,918
Past due more than 60 days	<u>1,411</u>	<u>1,090</u>
	<u>61,493</u>	<u>95,481</u>

The balances that are past due at the end of the reporting period but not impaired amounting to S\$13,410 (2019: S\$4,285).

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

6. OTHER RECEIVABLES

	2020	2019
	S\$	S\$
Other receivables	-	477
GST receivable	28,541	31,406
Grant receivable - JSS	22,532	-
	<u>51,073</u>	<u>31,883</u>

The grant receivable for the financial year represents Jobs Support Scheme (JSS) receivable from government. The JSS is government assistance intended to provide wage support to the entities who retain their local employees during the period of economic uncertainty due to the outbreak of Covid-19 pandemic. The Association's operations were impacted from April 2020, following the circuit-breaker measures which took effect on 7 April 2020. The Association recognised government grant income - JSS of S\$182,952 in income and expenditure during the financial year (Note 9).

7. ACCRUALS

	2020	2019
	S\$	S\$
Accrued for staff costs	227,371	235,867
Provision for reinstatement cost	25,000	25,000
Professional fees	64,471	82,626
Accrued operating expenses	158,169	222,840
	<u>475,011</u>	<u>566,333</u>

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

8. GIARMC NET OPERATING INCOME

	2020	2019
	S\$	S\$
Income		
Accident reports	632,916	753,073
Search fees	345,252	461,238
Motor-Barometer of Liability Agreement (BOLA)	231,776	79,439
	<u>1,209,944</u>	<u>1,293,750</u>
Less: Expenditure		
Auditors' remuneration	3,477	2,892
Bank charges	915	744
Bola adjudication support costs	115,263	-
Management fees*		
- E-Filing submission	120,904	194,686
- E-File search fee	25,295	33,377
- E-File purchase	85,089	114,368
- NCD and batch maintenance fee	61,374	66,046
- Professional and subscription fee	68,743	61,686
- Accountant report download	23,118	35,427
- Third party insurer enquiry	16,760	25,843
- Online third party report purchased	58,800	62,940
- Monthly management fee	41,667	-
- Other expenses	23,206	29,444
Miscellaneous expenses	-	(8)
Warehousing/Data storage	-	1,745
	<u>(644,611)</u>	<u>(629,190)</u>
Net operating income	<u>565,333</u>	<u>664,560</u>

* Management fees were charged by vendors for managing the day-to-day affairs of the Association, as disclosed in Note 2(k) to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

9. OTHER OPERATING INCOME

	2020	2019
	S\$	S\$
Government grant		
- JSS payout	182,952	-
- Wage credit scheme	15,732	7,165
- Property tax rebate	5,070	-
- Rental relief framework- cash grant	8,779	-
Reimbursement income	57,319	-
Sponsorship income	7,010	29,589
Seminar income	1,620	24,795
Others	1,284	-
	<u>279,766</u>	<u>61,549</u>

10. TAXATION

No provision for taxation had been made in view of unutilised losses and donation available to offsetting against future surplus.

The income tax expense on the results for the financial year varies from the amount of income tax determined by applying the Singapore standard rate of income tax to surplus before taxation due to the following factors:-

	2020	2019
	S\$	S\$
Surplus before taxation	<u>112,689</u>	<u>8,460</u>
Tax calculated at a tax rate of 17%	19,157	1,438
Income no taxable for tax purposes	(31,102)	-
Expenses not deductible for tax purposes	41,911	3,214
Tax rebate and incentive	(11,688)	(4,004)
Deferred tax assets at beginning of year	(118,437)	(119,769)
Deferred tax assets over provided	98	684
Deferred tax assets at end of year	<u>100,061</u>	<u>118,437</u>
	<u>-</u>	<u>-</u>

At the end of the reporting period, the Association has unutilised loss and donation of approximately S\$NIL and S\$195,500 (2019: S\$25,800 and S\$121,600) respectively available for offsetting against its future taxable income subject to agreement with Comptroller of Income Tax and compliance with the relevant sections of the Income Tax Act. No deferred tax asset is recognised due to uncertainty of its recovery.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

11. GIA SWING FOR GOLF CHARITY

	2020	2019
	S\$	S\$
Donation in kind received	-	6,920
Cash donation	-	7,100
Sponsorship	100,000	167,000
Donation/Sponsorship from GIA	10,000	10,000
	<u>110,000</u>	<u>191,020</u>
Less: Expenses incurred		
Golf tournament	-	39,433
Goodie bags	-	14,171
Collateral production	-	16,980
Prizes	-	1,332
Dinner/Lunch	-	16,149
Miscellaneous	-	1,035
Donation in kind expenses	-	6,920
	<u>-</u>	<u>(96,020)</u>
Net surplus	110,000	95,000
Less: Donation made to beneficiaries		
Assumption Pathway School	55,000	-
Society for the Aged Sick	55,000	-
Singapore Cancer Society	-	47,500
Sport Singapore (SportCares)	-	47,500
	<u>(110,000)</u>	<u>(95,000)</u>
	<u>-</u>	<u>-</u>

12. EXPENDITURE

12.1 ARCM-Hosting/maintenance services

Agents Registration and CPD Management (ARCM)

System expenses consist of:-

Agent/IT audit	70,000	70,000
Hosting services	78,301	70,600
Litigation monitoring services	9,205	15,711
System support	92,181	104,633
Change request	550	13,750
Maintenance hardware	-	3,000
	<u>250,237</u>	<u>277,694</u>

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

12. EXPENDITURE (Continued)

	2020	2019
	S\$	S\$
<u>12.2 Marine Committee</u>		
Gift and compliments	-	136
Registration fee	20,394	20,525
Seminar	1,983	33,876
Food and beverage	-	1,350
Transport and travelling	-	84
Miscellaneous - overprovision in prior year	-	(10,000)
Miscellaneous - current year	-	1,736
	<u>22,377</u>	<u>47,707</u>
<u>12.3 Motor Committee</u>		
Food and beverage	67	3,260
IT consultant	21,000	15,000
Miscellaneous	40	34
Legal fee	25,598	-
Public Relations Consultancy	29,360	28,800
Sponsorship to Singapore Road Safety Council	5,000	-
	<u>81,065</u>	<u>47,094</u>
<u>12.4 Insurance Fraud Committee</u>		
Fraud management system - Motor/Travel	257,640	257,640
IT consultant	15,000	15,000
Miscellaneous	1,390	2,707
	<u>274,030</u>	<u>275,347</u>
<u>12.5 Talent and Communication Committee</u>		
Miscellaneous	3,220	3,280
GIA Internship Programme	2,469	8,229
	<u>5,689</u>	<u>11,509</u>

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

12. EXPENDITURE (Continued)

	2020	2019
	S\$	S\$
<u>12.6 GIA Events and Seminar</u>		
Annual report	10,870	10,930
Appreciation night	-	11,176
Corporate gift	-	367
Website	135	-
	<u>11,005</u>	<u>22,473</u>
<u>12.7 Meetings and Seminars</u>		
Annual General Meeting	761	13,418
Asean Insurance Council (AIC) meeting	1,841	3,357
East Asian Insurance Congress (EAIC) meeting	-	3,391
Meeting and seminar	2,092	6,814
PIAM/GIAB Liasion Meeting	-	1,533
	<u>4,694</u>	<u>28,513</u>
<u>12.8 Sponsorships/Donations</u>		
Donation to:-		
The Breadline Group	7,500	-
Food from the Heart	5,000	-
Sponsorship to:-		
GIA Swing For Charity	10,000	10,000
CASE Fund Raising Lunch 2019	-	2,500
SII 55th Anniversary Charity Ball 2019	-	2,000
SRA - One Charity Flight Annual Golf Day 2019	-	5,000
Singapore Road Safety Council	-	306
	<u>22,500</u>	<u>19,806</u>

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

12. EXPENDITURE (Continued)

	2020	2019
	S\$	S\$
<u>12.9 Staff Costs</u>		
Key management's remuneration		
Salaries and other costs	672,606	727,242
Employer's contribution to CPF	69,823	66,162
	<u>742,429</u>	<u>793,404</u>
Staff salaries and other costs	468,665	462,496
Employer's contribution to CPF	79,766	70,182
	<u>548,431</u>	<u>532,678</u>
	<u>1,290,860</u>	<u>1,326,082</u>

12.10 Subscriptions and Membership Fees

Asean Insurance Council (AIC)	7,008	6,818
Others	1,775	1,426
Subscription - CCWG	-	4,800
	<u>8,783</u>	<u>13,044</u>

13. LEASE

Association as a lessor

The Association sub-lease the right-of-use asset (office premises) under non-cancellable operating leases agreement to Motor Insurers' Bureau. Office rental income (net) for the financial year were S\$24,130 (2019: S\$24,720). Future minimum rentals under non-cancellable leases are as follows at the end of reporting period:-

	2020	2019
	S\$	S\$
Amount due within 1 year	23,690	24,720
Amount due within 2 and 5 years	-	23,690
	<u>23,690</u>	<u>48,410</u>

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

14. COMMITMENTS

Other commitments

Other expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:-

	2020	2019
	S\$	S\$
Expenditure commitments in respect of subscription fee of IT systems	<u>1,716,054</u>	<u>342,216</u>

15. RELATED PARTIES TRANSACTION

In addition to information disclosed elsewhere in this financial statements, the following significant related parties transactions took place during the financial year between the Association and related parties on terms agreed mutually:-

	2020	2019
	S\$	S\$
a) <u>With Motor Insurers' Bureau of Singapore</u> Reimbursement of rental - net	<u>24,130</u>	<u>24,720</u>
b) <u>Key Management Personnel</u> Key management's remuneration		
- Salaries and other costs	672,606	727,242
- Employer's contribution to CPF	<u>69,823</u>	<u>66,162</u>
	<u>742,429</u>	<u>793,404</u>

16. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The main risks arising from the Association's financial instruments are credit risk, interest rate risk, foreign currency risk and liquidity risk. The Association does not use derivative and other instruments in its risk management activities. The Association does not hold, use or issue derivative financial instruments for trading purposes. The Management reviews and agrees policies for managing each of these risks and these risks are summarised below:

Foreign Currency Risk

The Association's operational activities are carried out in Singapore dollar. All transactions are paid for in local currency. There is no exposure to any risk arising from movements in foreign currencies exchange rates as the Association has no transactions in foreign currency.

Interest Rate Risk

The Association's exposure to market risk for changes in interest rates relates primarily to the Association's bank balance. However, as at year end, the exposure is insignificant.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

16. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

Liquidity Risk

In the management of liquidity risk, the Association monitors and maintains a level of cash and bank balances deemed adequate by the Management Committee to finance the Association's operations and mitigate the effects of fluctuations in cash flows.

The table below summaries the maturity profile of the Association's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2020			
	Carrying amount S\$	Contractual cash flows S\$	One year or less S\$	One to five years S\$
<u>Financial assets</u>				
Trade receivables	61,493	61,493	61,493	-
Other receivables	51,073	51,073	51,073	-
Deposits	54,134	54,134	54,134	-
Cash and cash equivalents	725,909	725,909	725,909	-
Total undiscounted financial assets	892,609	892,609	892,609	-
<u>Financial liabilities</u>				
Trade payables	44,467	44,467	44,467	-
Other payables	51,981	51,981	51,981	-
Accruals	475,011	475,011	475,011	-
Lease liabilities	219,705	233,458	218,158	15,300
Total undiscounted financial liabilities	791,164	804,917	789,617	15,300
	2019			
	Carrying amount S\$	Contractual cash flows S\$	One year or less S\$	One to five years S\$
<u>Financial assets</u>				
Trade receivables	95,481	95,481	95,481	-
Other receivables	31,883	31,883	31,883	-
Deposits	54,134	54,134	54,134	-
Cash and cash equivalents	693,509	693,509	693,509	-
Total undiscounted financial assets	875,007	875,007	875,007	-
<u>Financial liabilities</u>				
Trade payables	57,921	57,921	57,921	-
Other payables	68,398	68,398	68,398	-
Accruals	566,333	566,333	566,333	-
Lease liabilities	431,123	451,615	218,157	233,458
Total undiscounted financial liabilities	1,123,775	1,144,267	910,809	233,458

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

16. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (Continued)

Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Association. The Association's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Association minimises credit risk by dealing exclusively with high credit rating counterparties.

The Association has adopted a policy of only dealing with creditworthy counterparties. The Association performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Association considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Association has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 90 days.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Association's performance to developments affecting a particular industry.

Exposure to credit risk

The Association has no significant concentration of credit risk.

17. FAIR VALUE

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

18. FUND MANAGEMENT

The Association manages its funds by monitoring current and expected liquidity requirements to meet short term cash flow as and when necessary and to fulfill its continuing services to the members. The Association is not subject to any externally imposed capital requirements. There have been no changes to the capital management approach during the financial year.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

19. CATEGORIES OF FINANCIAL INSTRUMENTS

The following table sets out the financial instruments as at the end of the reporting period:-

	2020	2019
	S\$	S\$
Financial assets		
<u>At amortised costs:-</u>		
Trade receivables	61,493	95,481
Other receivables	51,073	31,883
Deposits	54,134	54,134
Cash and cash equivalents	725,909	693,509
	<u>892,609</u>	<u>875,007</u>
Financial liabilities		
<u>At amortised costs:-</u>		
Trade payables	44,467	57,921
Other payables	51,981	68,398
Accruals	475,011	566,333
Lease liabilities	219,705	431,123
	<u>791,164</u>	<u>1,123,775</u>

20. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2021. The management does not expect that adoption of these accounting standards or interpretations will have a material impact on the financial statements.

21. SIGNIFICANT EVENT OCCURRING DURING THE REPORTING PERIOD

The development of the COVID-19 pandemic since the beginning of the year 2020 has significantly disrupted activities and operations of many organisations. In line with the enforcement of circuit breaker measures from April to June 2020, the Association had ceased face-to-face human interactions and commenced digital or on-line services instead to continually support customers, service providers and members.

**GENERAL INSURANCE ASSOCIATION OF SINGAPORE
(UEN: S66SS0020G)**

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

22. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain reclassifications of right of -use assets balances were made to the comparative figures to enhance comparability with the current year's presentation.

Since the amounts are reclassification within the statements of financial positions, this reclassification did not have any effect on the statement of profit or loss and other comprehensive income and cash flows.