Motor Insurers' Bureau of Singapore

Annual Report

2020

Council Members

Licensed Direct General Insurers' Group
Mr A K Cher (Chairman) (Tokio Marine Insurance Singapore Ltd)

Mr Sam Tan How Chuan (Deputy Chairman) (MSIG Insurance (Singapore) Pte Ltd)

Mr Eddie Loke Fook Cheong (NTUC Income Insurance Co-operative Limited)

Mr Mekavathanan S/O Purushotman (India International Insurance Pte Ltd)

Mr Jegaprakash Yogarajah (AIG Asia Pacific Insurance Pte Ltd)

Ms Shirley Tan Chai Geok (AXA Insurance Pte Ltd)

Government Representatives
Mr Alvin Chia Beng Teck (Land Transport Authority of Singapore)
Alternate : Ms Alanna Frances Lean Saw Kin (Land Transport Authority of Singapore)

Claims Manager/Secretary
Mr Andrew Ng

Registered Office
180 Cecil Street #15-02
Bangkok Bank Building
Singapore 069546

Telephone : 6220 5947 / 6220 8607
Facsimile : 6227 8764

NOTICE IS HEREBY GIVEN that the 45th Annual General Meeting of the Bureau will be held at 180 Cecil Street, #15-01 Bangkok Bank Building, Singapore 069546 on Wednesday, 23 September 2020 at 10.30 a.m. for the following purposes:

Agenda

1) To confirm the Minutes of the 44th Annual General Meeting held on 24 September 2019, previously circulated to members.
2) To receive and consider the Audited Accounts and the Report of the Council for the year ended 31 March 2020.
3) To elect Councillors in the place of those retiring/resigning in accordance with the Articles of Association.
4) To appoint Auditors for the ensuing year.
5) To transact any other ordinary business.

By Order of the Council

Mr Andrew Ng
Secretary

Notes:

Attendance at General Meeting (Articles 10 and 11)

Art. 10. Every member other than Lloyd's Underwriters shall nominate one (1) person to represent it at all General Meetings of the Bureau, and in case such member is an incorporated body, such person shall be deemed to be such member's representative in terms of Section 179 of the Companies Act, Cap 50. Lloyd's Underwriters shall nominate one (1) person to represent them.

Art. 11. Every member shall advise the Secretary in writing of the name of the person nominated in terms of Article 10 hereof and shall advise the Secretary in writing if the person so nominated to represent it, is to be changed.

Appointment of Councillors (Articles 40(5) and (6))

Art. 40(5) No representative of a member not being a Councillor retiring at the meeting shall, unless recommended by the Council for election, be eligible for office on the Council at any General Meeting unless within the prescribed time before the day appointed for the meeting, there shall have been given to the Secretary notice in writing, by some member duly qualified to be present and vote at the meeting for which such notice is given, of his intention to propose such representative of a member for election and of the Group he is to represent and also notice in writing signed by the representative of a member to be proposed, of his willingness to be elected. The prescribed time above mentioned shall be such that, between the date when the notice is served, or deemed to be served and the day appointed for the meeting there shall be not less than three or more than twenty-eight intervening days.

Art. 40(6) If at any meeting at which an election of Councillors ought to take place, the places of the retiring Councillors, or some of them are not filled up, the retiring Councillors or such of them as have not had their places filled up and are willing to act, shall be deemed to have been re-elected.

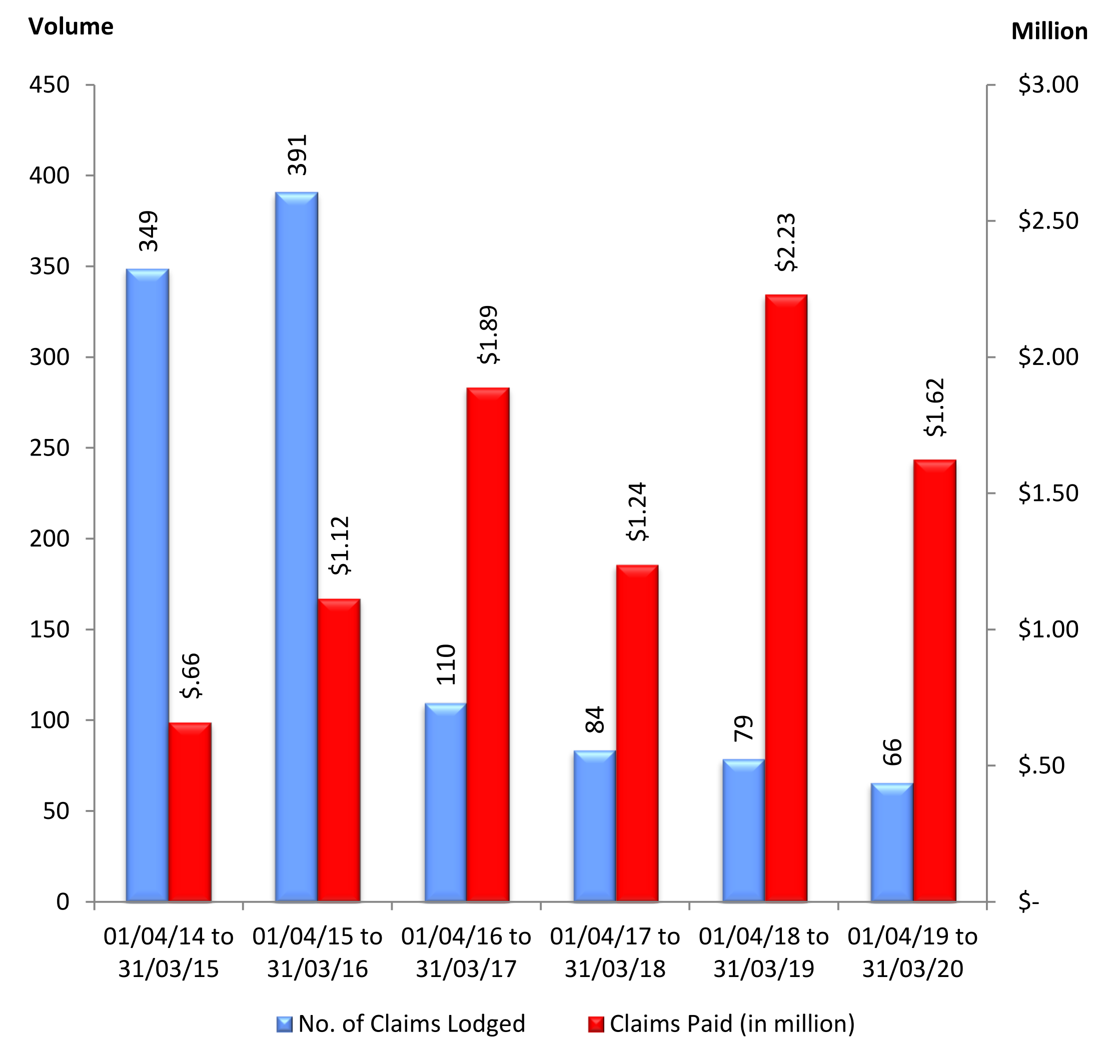
CHAIRMAN'S STATEMENT

The Motor Insurers' Bureau of Singapore (MIBoS) was established in 1975 to compensate the victims of negligent uninsured and untraced motorists in Singapore. Its role is to pay or satisfy claims made against the Bureau to persons injured or killed through the use of motor vehicles as defined in the Motor Vehicles (Third-Party Risks and Compensation) Act (Chapter 88). Every insurer licensed to underwrite compulsory motor insurance in Singapore is obliged, by virtue of the Road Traffic Act to be a member of the MIB and to contribute to its funding.

I am very pleased to report another year where the number of claims had dropped. For over a 6-year period, a total number of claims lodged were 1079 as at 31/3/2020 as compared with that of 1358 as at 31/3/2019. This shows a decrease of 279 cases (or 20.5%) in the number of claims lodged.

On a year to year comparison basis as at 31/3/2020, the total number of claims lodged for the year stood at 66 as compared with 79 for the previous year, a reduction of 16.5%.

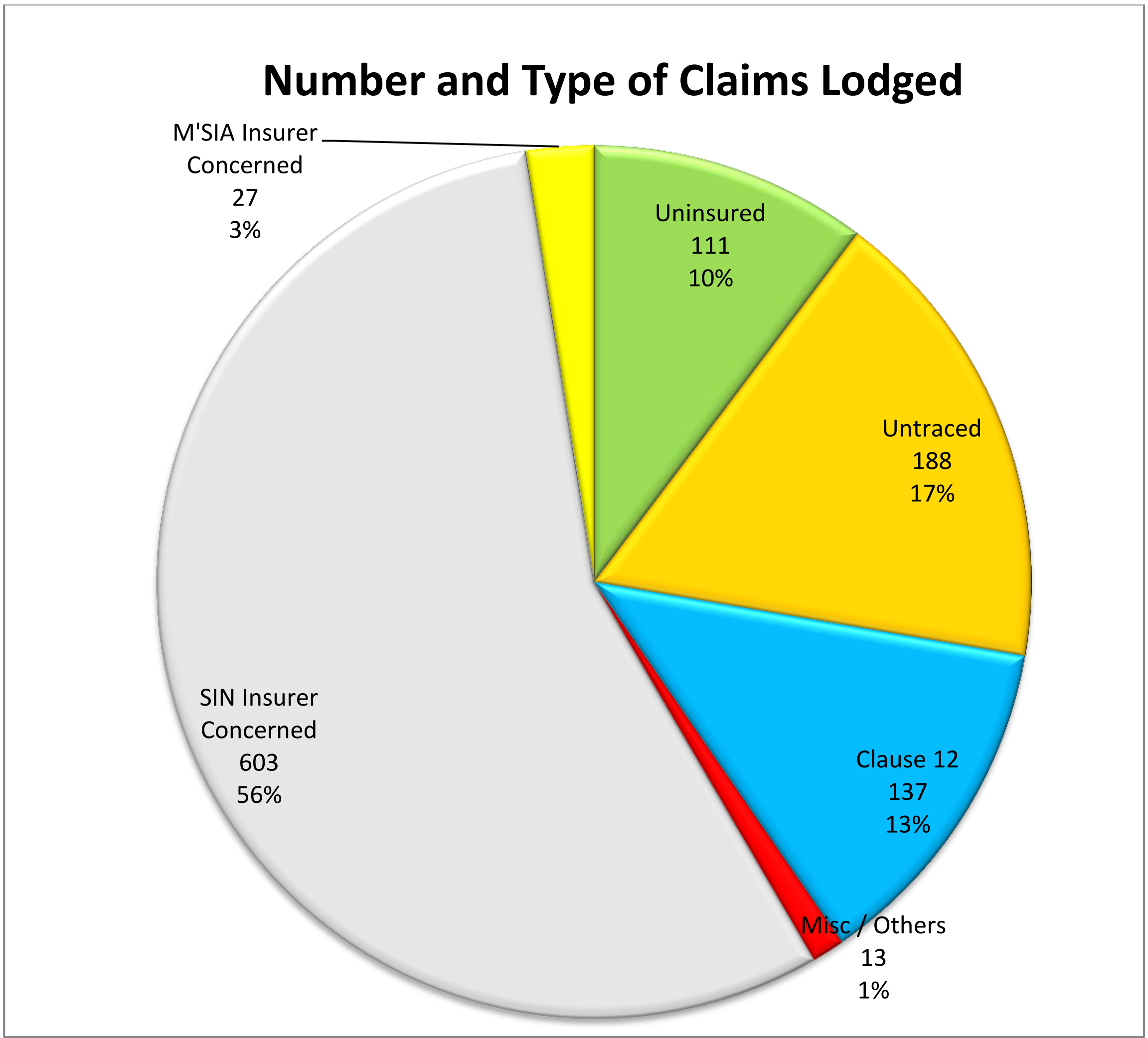
The following charts and tables show the number of claims lodged, claims paid and type of claims received over the past six (6) years:



Note: The Bureau had stopped registering Insurer Concerned claims effective 1/4/2016 unless on dispute.

Types of Claims	No. of Claims Lodged from 1/4/2014 to 31/3/2017		No. of Claims Lodged from 1/4/2017 to 31/3/2020		Total Claims Lodged for 6 years	
	No. Of Claims	%	No. Of Claims	%	No. Of Claims	%
Untraced Drivers	108	13%	80	35%	188	17%
Clause 12	69	8%	68	30%	137	13%
Insurer Concerned (Singapore)	582	68%	21	9%	603	56%
Insurer Concerned (Malaysia)	16	2%	11	5%	27	3%
Uninsured Drivers	65	8%	46	20%	111	10%
Miscellaneous	10	1%	3	1%	13	1%
Total:	850	100%	229	100%	1079	100%

Claims Lodged from 1/4/2014 to 31/3/2020 – Breakdown on type of claims and its percentage



Total Claims Lodged: 1,079

Number of Claims lodged, closed, amount paid and files outstanding from 1/4/2014 to 31/3/2020

Lodged Year	No. of Claims Lodged	No. of files Outstanding	Rejected & Closed	No. of Developme nt & Closed	No. of Claims Settled & Closed	Amount Paid S$
01/04/14 to 31/03/15	349	2	313	2	32	766,221
01/04/15 to 31/03/16	391	2	345	8	36	1,078,827
01/04/16 to 31/03/17	110	6	81	0	23	624,730
01/04/17 to 31/03/18	84	17	52	1	14	603,270
01/04/18 to 31/03/19	79	48	28	0	3	142,892
01/04/19 to 31/03/20	66	51	15	0	0	0
Total	**1,079**	**126**	**834**	**11**	**108**	**3,215,940**

Changes in Claims Rejected and Closed

The total number of files rejected and closed for the 6 years up to 31/3/2019 was 1,070 but for 6 years up to 31/3/2020, the total cases dropped to 834. A reduction of 236 files representing a drop of 22%. This was mainly due to the Insurers Concerned claims that the Bureau stopped registering effective 1/4/2016.

Changes in Outstanding Files and Claims Paid

On statistics development for the past 6 years, the number of outstanding files dropped from 132 to 108 as at 31/3/2020. The total amount of $3,215,940/- paid during the 6-year period up to 31/3/2020 declined slightly as compared to the prior 6-year period of $3,352,908/-.

The recovery claim against the Malaysian Insurer Concerned involving Mdm Koo Siew Tai (MIB/1865/ICM) which MIB had paid last year is still pending. Due to the current Covid-19 pandemic, the hearing has been rescheduled to 26/10/2020 in the Court of Appeal in Kuala Lumpur, Malaysia.

The problem of Malaysian Insurers refusing to pay compensation or entertain injury claims on the grounds that their motor policy does not cover passenger liability needs to be resolved quickly. By virtue of the agreement, MIBoS cannot refuse to pay and its only recourse after payment is to seek recovery from the Malaysian Insurer Concerned. To date, this process had been very intensively time-consuming and incurred large amounts of money for MIBoS to handle these claims.

Council Meetings and Attendance

The Council held 6 regularly scheduled meetings during the year. The attendance of the Council Members during the financial year ended 31/3/20 is listed below:-

Name of Councillor	No. of Meetings	Attendance
A K Cher - Chairman	6	6
Sam Tan How Chuan – Deputy Chairman	6	5
Eddie Loke Fook Cheong	6	5
Mekavathanan S/O Purushotman Sarangapani	6	6
Shirley Tan Chai Geok	6	5
Jegaprakash Yogarajah	6	6
Alanna Frances Lean Saw Kin (Alternate to Alvin Chia Beng Teck)	6	4

Appreciation

A Claims Audit was carried out by 2 members of the Bureau in October 2019. I would like to record my thanks to Ms Lim Wen Hwei of Etiqa Insurance Pte Ltd and Ms Leong Lye Ping of Great Eastern General Insurance Limited, for their valued assistance in reviewing the MIB claims.

Finally, I would also like to thank the members, councillors, government agencies and staff for their co-operation and support.

A K Cher
Chairman

22 July 2020

List of Singapore Members

From 1.4.2019 to 31.3.2020

(A) Lloyd's of London (Asia) Pte Ltd

(B) The Following Insurance Companies

1. AIG Asia Pacific Insurance Pte Ltd
2. Allianz Global Corporate & Specialty SE, Singapore Branch
3. Allied World Assurance Company Ltd
4. Auto & General Insurance (Singapore) Pte Limited
5. Aviva Ltd
6. AXA Insurance Pte Ltd
7. China Taiping Insurance (Singapore) Pte Ltd
8. Chubb Insurance Singapore Limited
9. Direct Asia Insurance (Singapore) Pte Ltd
10. ECICS Limited
11. EQ Insurance Company Ltd
12. ERGO Insurance Pte Ltd
13. Etiqa Insurance Pte Ltd
14. FWD Singapore Pte Ltd
15. Great American Insurance Company
16. Great Eastern General Insurance Limited
17. HL Assurance Pte Ltd
18. India International Insurance Pte Ltd
19. Liberty Insurance Pte Ltd
20. Lonpac Insurance Bhd
21. MS First Capital Insurance Limited
22. MSIG Insurance (Singapore) Pte Ltd
23. NTUC Income Insurance Co-operative Limited
24. QBE Insurance (Singapore) Pte Ltd
25. Sompo Insurance Singapore Pte Ltd
26. Tokio Marine Insurance Singapore Ltd
27. United Overseas Insurance Limited
28. Zurich Insurance Company Ltd (Singapore Branch)

List of Malaysia Members

From 1.4.2019 to 31.3.2020

1. AIA General Berhad
2. AIG Malaysia Insurance Berhad
3. Allianz General Insurance Company (Malaysia) Berhad
4. AmGeneral Insurance Berhad
5. AXA Affin General Insurance Berhad
6. Berjaya Sompo Insurance Berhad
7. Chubb Insurance Malaysia Berhad
8. Etiqa General Insurance Berhad
9. Etiqa General Takaful Berhad
10. Great Eastern General Insurance (Malaysia) Berhad
11. Liberty Insurance Berhad
12. Lonpac Insurance Berhad
13. MPI Generali Insurans Berhad
14. MSIG Insurance (Malaysia) Berhad
15. Pacific & Orient Insurance Company Berhad
16. Pacific Insurance Berhad (The)
17. Progressive Insurance Berhad
18. Prudential BSN Takaful Berhad
19. QBE Insurance (Malaysia) Berhad
20. RHB Insurance Berhad
21. Syarikat Takaful Malaysia Am Berhad
22. Takaful Ikhlas General Berhad
23. Tokio Marine Insurans (Malaysia) Berhad
24. Tune Insurance Malaysia Berhad
25. Zurich General Insurance Malaysia Berhad
26. Zurich General Takaful Malaysia Berhad

Motor Insurers' Bureau of Singapore
(a Bureau limited by guarantee)
Registration Number: 197500151Z

Annual Report
Year ended 31 March 2020

Councillors' statement

The Council is a body in which the management of the Bureau shall be vested in accordance with the Memorandum and Articles of Association. Accordingly, the councillors are the directors of the Bureau.

We are pleased to submit this annual report to the members of the Motor Insurers' Bureau of Singapore (the 'Bureau') together with the audited financial statements for the financial year ended 31 March 2020. This statement is the Councillors' statement prepared pursuant to Section 201 of the Companies Act ('the Act').

In our opinion:

(a) the financial statements set out on pages FS1 to FS27 are drawn up so as to give a true and fair view of the financial position of the Bureau as at 31 March 2020 and the financial performance, changes in equity and cash flows of the Bureau for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Bureau will be able to pay its debts as and when they fall due.

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

Councillors

The councillors in office since the date of the last statement are as follows:

<u>The councillors in office as at the date of this statement:</u>

<u>Names of Councillors:</u>	**<u>Appointed on:</u>**
A K Cher (Chairman)	23 August 2012
Sam Tan How Chuan (Deputy Chairman)	28 August 2014
Eddie Loke Fook Cheong	05 September 2003
Mekavathanan S/O Purushotman Sarangapani	05 February 2015
Jegaprakash Yogarajah	16 February 2015
Shirley Tan Chai Geok	30 September 2015
Alvin Chia Beng Teck	04 July 2017

<u>Names of Alternate Councillors:</u>

Jenny Pe Peck Hoon	29 October 2007 (alternate to Eddie Loke Fook Cheong)
Alanna Frances Lean Saw Kin	04 July 2017 (alternate to Alvin Chia Beng Teck)

Councillors' interests

The Bureau is a Bureau limited by guarantee and therefore does not have any share capital. According to the register kept by the Bureau for the purposes of Section 164 of the Act, no councillor who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Bureau, or of related corporations, either at the beginning or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Bureau a party to any arrangement whose objects are, or one of whose objects is, to enable the councillors of the Bureau to acquire benefits by means of the acquisition of shares in or debentures of the Bureau or any other body corporate.

Share options

During the financial year, there were:

(a) no options granted by the Bureau to any person to take up unissued shares in the Bureau; and

(b) no shares issued by virtue of any exercise of options to take up unissued shares of the Bureau.

As at the end of the financial year, there were no unissued shares of the Bureau under option.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Council

A K Cher
Chairman

Sam Tan How Chuan
Deputy Chairman

22 July 2020

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16 Raffles Quay #22-00
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Singapore 048581

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Independent auditors' report

Members of the Motor Insurers' Bureau of Singapore

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Motor Insurers' Bureau of Singapore ('the Bureau'), which comprise the statement of financial position as at 31 March 2020 the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS27.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Bureau as at 31 March 2020 and of the financial performance, changes in equity and cash flows of the Bureau 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 '*Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Bureau 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

The Bureau's councillors are responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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 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.

Responsibilities of councillors for the financial statements

The Bureau's councillors are 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.

In preparing the financial statements, the councillors are responsible for assessing the Bureau'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 the councillors either intend to liquidate the Bureau or to cease operations, or has no realistic alternative but to do so.

The councillors' responsibilities include overseeing the Bureau's financial reporting process.

Auditors' 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 auditors' 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 controls.

KPMG

- Obtain an understanding of internal controls 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 Bureau's internal controls.

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

- Conclude on the appropriateness of the councillors' 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 Bureau's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Bureau 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 the councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Bureau have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
22 July 2020

Statement of financial position
As at 31 March 2020

	Note	2020 $	2019 $
Assets			
Property, plant and equipment	4	50,800	35,721
Amounts called and receivable from members	5	539	528
Estimated amounts receivable from members	6	2,662,000	7,228,725
Other receivables	7	24,695	13,756
Cash and cash equivalents	8	273,769	943,944
Total assets		3,011,803	8,222,674
Members' funds			
Accumulated profits		45,456	45,456
Total equity		45,456	45,456
Liabilities			
Provision for outstanding claims	9	2,662,000	7,228,725
Amounts received on account of members	10	197,075	915,691
Other payables	11	39,082	32,802
Lease Liabilities	12	52,040	–
Deferred Income	13	16,150	–
Total liabilities		2,966,347	8,177,218
Total equity and liabilities		3,011,803	8,222,674

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

Statement of comprehensive income
Year ended 31 March 2020

	Note	2020 $	2019 $
Members' contributions	14	480,714	2,489,829
Other income	14	397,237	307,448
Expenses			
Claims incurred		(480,714)	(2,435,691)
Staff costs	15	(280,505)	(271,219)
Depreciation of property, plant and equipment	4	(61,249)	(13,010)
Other operating expenses		(55,483)	(77,357)
Profit before income tax	16	–	–
Income tax expense	17	–	–
Profit for the year, representing total comprehensive income for the year		–	–

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

Statement of changes in equity
Year ended 31 March 2020

	Accumulated profits $
At 1 April 2018	45,456
Profit for the year, representing total comprehensive income for the year	–
At 31 March 2019	45,456
At 1 April 2019	45,456
Profit for the year, representing total comprehensive income for the year	–
At 31 March 2020	45,456

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

Statement of cash flows
Year ended 31 March 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Profit before income tax		–	–
Adjustments for:			
Depreciation of property, plant and equipment	4	61,249	13,010
Interest expense	12	2,447	–
		63,696	13,010
Changes in working capital:			
Amounts called and receivable from members	5	(11)	133,134
Estimated amounts receivable from members	6	4,566,725	(205,250)
Other receivables	7	(10,939)	(1,794)
Provision for outstanding claims	9	(4,566,725)	205,250
Amounts received on account of members	10	(718,616)	611,260
Other payables	11	6,280	(60,996)
Deferred income	13	16,150	–
Net cash (used in)/from operating activities		(643,440)	694,614
Cash flows from investing activity			
Purchase of property, plant and equipment	4	–	(48,731)
Net cash used in investing activity		–	(48,731)
Cash flows from financing activity			
Payment of lease liabilities	12	(24,288)	
Interest paid	12	(2,447)	–
Net cash used in financing activity		(26,735)	–
Net (decrease)/increase in cash and cash equivalents		(670,175)	645,883
Cash and cash equivalents at 1 April		943,944	298,061
Cash and cash equivalents at 31 March	8	273,769	943,944

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Councillors on 22 July 2020.

1 Domicile and activities

The Motor Insurers' Bureau of Singapore ('the Bureau') is incorporated in the Republic of Singapore with its principal place of business office at 180 Cecil Street, Bangkok Bank Building, #15-02, Singapore 069546.

The Bureau is limited by guarantee and does not have share capital. The members undertake to contribute funds for the Bureau's activities.

Each member undertakes to contribute to the assets of the Bureau in the event of it being wound up while it is a member, or within one year after it ceases to be a member, for payment of the debts and liabilities of the Bureau contracted before it ceases to be a member, and of the cost, charges and expenses of the winding up and for the adjustment of the rights of the contributories among themselves, such amount as may be required, but not exceeding fifty Singapore dollars ($50).

The principal activities of the Bureau are to make compassionate payments or allowances to persons injured and to the dependents of persons killed through the use of motor vehicles as defined in the Motor Vehicles (Third-Party Risks and Compensation) Act (Chapter 189) or any statutory modifications thereto and re-enactment thereof.

There have been no significant changes in the nature of these activities during the financial year. In accordance with the Memorandum and Articles of Association, the management of the Bureau is vested in the Council.

2 Basis of preparation

2.1 Statement of compliance

The financial statements are prepared in accordance with the Singapore Financial Reporting Standards (FRSs).

This is the first set of the Bureau's annual financial statements in which FRS 116 *Leases* has been applied. The related changes to significant accounting policies are described in note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars which is the Bureau's functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires the councillors to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2.5 Changes in accounting policies

New standards and amendments

The Bureau has applied the following FRS, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 April 2019:

- FRS 116 *Leases*

The application FRS 116 does not have a material effect on the financial statements.

FRS 116 *Leases*

The Bureau applied FRS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under FRS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in FRS 116 have not generally been applied to comparative information.

Definition of a lease

Previously, the Bureau determined at contract inception whether an arrangement was or contained a lease under INT FRS 104 *Determining whether an Arrangement contains a Lease*. The Bureau now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in FRS 116.

On transition to FRS 116, the Bureau elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Bureau applied FRS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under FRS 17 and INT FRS 104 were not reassessed for whether there is a lease under FRS 116. Therefore, the definition of a lease under FRS 116 was applied only to contracts entered into or changed on or after 1 April 2019.

As a lessee

As a lessee, the Bureau leases many assets including property and IT equipment. The Bureau previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Bureau. Under FRS 116, the Bureau recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Bureau allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Bureau has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under FRS 17

Previously, the Bureau classified property leases as operating leases under FRS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities incremental borrowing rates applicable to the leases as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Bureau has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Bureau used a number of practical expedients when applying FRS 116 to leases previously classified as operating leases under FRS 17. In particular, the Bureau:
- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- used hindsight when determining the lease term.

Impact on financial statements

Impact on transition*

On transition to FRS 116, the Bureau recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

	1 April 2019 $
Right-of-use assets – property, plant and equipment	68,629
Lease liabilities	68,629

* For the impact of FRS 116 on profit or loss for the period, see Note 20. For the details of accounting policies under FRS 116 and FRS 17, see Note 20.

When measuring lease liabilities for leases that were classified as operating leases, the Bureau discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted-average rate applied is 4.15%.

	1 April 2019 $
Operating lease commitments at 31 March 2019 as disclosed under FRS 17 in the Bureau's financial statements	20,303
Discounted using the incremental borrowing rate at 1 April 2019	18,785
- Recognition exemption for leases with less than 12 months of lease term at transition	(1,423)
- Extension options reasonably certain to be exercised	51,267
Lease liabilities recognised at 1 April 2019	68,629

3 Significant accounting policies

The accounting policies set out below have been applied consistently by the Bureau to all periods presented in these financial statements.

3.1 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Bureau at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

3.2 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Receivables (including Amounts called and receivable from members) are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Bureau becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ('FVOCI'); or FVTPL. As at the end of the financial period, the Bureau only has assets measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Bureau changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Bureau makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bureau's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bureau considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Bureau considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Bureau's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Derecognition

Financial assets

The Bureau derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bureau neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Bureau enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Bureau derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Bureau also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bureau has a legally enforceable right to offset the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.3 Leases

The Bureau has applied FRS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under FRS 17 and INT FRS 104. The details of accounting policies under FRS 17 and INT FRS 104 are disclosed separately.

Policy applicable from 1 April 2019

At inception of a contract, the Bureau assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bureau uses the definition of a lease in FRS 116.

This policy is applied to contracts entered into, on or after 1 April 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Bureau allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Bureau has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Bureau recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Bureau by the end of the lease term or the cost of the right-of-use asset reflects that the Bureau will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bureau's incremental borrowing rate. Generally, the Bureau uses its incremental borrowing rate as the discount rate.

The Bureau determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bureau is reasonably certain to exercise, lease payments in an optional renewal period if the Bureau is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bureau is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bureau's estimate of the amount expected to be payable under a residual value guarantee, if the Bureau changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bureau presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'other payables' in the statement of financial position.

Short-term leases and leases of low-value assets

The Bureau has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Bureau recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases - Policy applicable before 1 April 2019

For contracts entered into before 1 April 2019, the Bureau determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and

- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:

  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;

  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or

  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

In the comparative period, as a lessee the Bureau classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Bureau's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

3.4 Impairment

(i) Non-derivative financial assets

The Bureau recognises loss allowances for expected credit losses ('ECLs') on financial assets measured at amortised costs.

Loss allowances of the Bureau are measured on either of the following bases:
- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

General approach

The Bureau applies the general approach to provide for ECLs on all financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Bureau assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Bureau considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bureau's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Bureau considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Bureau in full.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Bureau is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bureau expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Bureau assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- the restructuring of a loan or advance by the Bureau on terms that the Bureau would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Bureau determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bureau's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Bureau's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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, net of depreciation or amortisation, if no impairment loss had been recognised.

3.5 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of property, plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

Building and property	Over the lease term
Office equipment	3 to 5 years
Computer	1 year
Renovation	3 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Employee benefits

Defined contribution plan

Obligations for contributions to defined contribution pension plan are recognised as an expense in profit or loss in the periods during which related services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Bureau has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.7 Provisions

A provision is recognised if, as a result of a past event, the Bureau has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.8 Claims paid and provision for outstanding claims

Claims incurred recognised in profit or loss comprise claims approved for payment during the financial year and changes in provision for outstanding claims.

Provision for outstanding claims comprises the Bureau's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date, and related internal and external claims handling expenses. Provision for outstanding claims is assessed by reviewing individual reported claims the effect of both internal and external foreseeable events, such as changes in claims handling procedures, inflation, judicial trends, legislative changes and past experience and trends.

3.9 Members' contributions

Members' contributions are recognised as in profit or loss to the extent that the amounts are used to reimburse all expenses incurred by the Bureau including incurred claims and net of other income earned during the financial year.

3.10 Interest income

Interest income is recognised and accounted for on an accrual basis.

3.11 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3.12 Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Bureau will comply with the conditions associated with the grant. Grants that compensate the Bureau for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised.

3.13 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

The Bureau has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 Provisions, Contingent Liabilities and Contingent Assets.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Bureau expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the carrying amount of the investment property is presumed to be recovered through sale and the Bureau has not rebutted this presumption. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Bureau. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.14 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 April 2019 and earlier application is permitted; however, the Bureau has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new FRSs, interpretations and amendments to FRSs are not expected to have a significant impact on the Bureau's statement of financial position.

- *Amendments to References to Conceptual Framework in FRS Standards*
- *Definition of a Business* (Amendments to FRS 103)
- *Definition of Material* (Amendments to FRS 1 and FRS 8)

4 Property, plant and equipment

	Buildings $	Office equipment $	Computer $	Renovation $	Total $
Cost					
At 1 April 2018	–	4,005	19,110	28,057	51,172
Additions	–	–	48,731	–	48,731
At 31 March 2019	–	4,005	67,841	28,057	99,903
At 1 April 2019	–	4,005	67,841	28,057	99,903
Recognition of right-of-use asset on initial application of FRS 116	68,629	–	–	–	68,629
Adjusted balance 1 April 2019	68,629	4,005	67,841	28,057	168,532
Additions	–	7,699	–	–	7,699
Write off	–	–	(15,248)	–	(15,248)
At 31 March 2020	68,629	11,704	52,593	28,057	160,983
Accumulated depreciation					
At 1 April 2018	–	4,005	19,110	28,057	51,172
Depreciation for the year	–	–	13,010	–	13,010
At 31 March 2019	–	4,005	32,120	28,057	64,182
At 1 April 2019	–	4,005	32,120	28,057	64,182
Recognition of right-of-use asset on initial application of FRS 116	–	–	–	–	–
Adjusted balance 1 April 2019	–	4,005	32,120	28,057	64,182
Depreciation for the year	25,340	188	35,721	–	61,249
Write off	–	–	(15,248)	–	(15,248)
At 31 March 2020	25,340	4,193	52,593	28,057	110,183
Carrying amounts					
At 31 March 2018	–	–	–	–	–
At 31 March 2019	–	–	35,721	–	35,721
At 31 March 2020	43,289	7,511	–	–	50,800

5 Amounts called and receivable from members

	2020 $	2019 $
Amounts called from Malaysia members	539	528
	539	528

The amounts called and receivable from members represent the amounts that the Bureau called from members to finance the settlement of the finalised claims amounts at the reporting date. All amounts are current in nature.

6 Estimated amounts receivable from members

	2020 $	2019 $
At 1 April	7,228,725	7,023,475
Movement in provision for outstanding claims	(1,143,800)	205,250
Release of provision for outstanding claims	(3,422,925)	–
At 31 March	2,662,000	7,228,725
Current portion	349,605	977,427
Non-current portion	2,312,395	6,251,298
	2,662,000	7,228,725

The estimated amounts receivable from members represent the estimated amounts that the Bureau can call from members to finance the settlement of the provision for outstanding claims at the reporting date.

7 Other receivables

	2020 $	2019 $
Prepayments	2,815	6,676
Deposits	5,730	7,080
Government grants receivable	16,150	–
	24,695	13,756

All amounts are current in nature.

8 Cash and cash equivalents

	2020 $	2019 $
Cash at bank	273,469	943,644
Cash in hand	300	300
	273,769	943,944

9 Provision for outstanding claims

	2020 $	2019 $
Reported claims	2,662,000	3,805,800
Incurred but not reported claims	–	3,422,925
	2,662,000	7,228,725
Current portion	349,605	977,427
Non-current portion	2,312,395	6,251,298
	2,662,000	7,228,725

The movements in provision for outstanding claims are as follows:

	2020 $	2019 $
At 1 April	7,228,725	7,023,475
Claims paid	(1,624,514)	(2,230,441)
Claims incurred	480,714	2,435,691
Release of provision for outstanding claims	(3,422,925)	–
At 31 March	2,662,000	7,228,725

The IBNR provision was last estimated in 2007 with the Councillors' approval and had not been utilised since. At its Council Meeting held on 22 July 2020, the Councillors deliberated that the outstanding claims provided is adequate to meet its ultimate cost of settling all claims incurred but unpaid at the reporting date. Consequently, there is no further need to retain the IBNR claims provision and this has been released against the estimated amounts receivable from members.

10 Amounts received on account of members

Amounts received on account of members relate to the amounts called from members and contributions received less the amounts that have been recognised as income during the year. All the amounts are current in nature.

11 Other payables

	2020 $	2019 $
Accruals	38,991	32,722
Sundry creditors	91	80
	39,082	32,802

All amounts are current in nature.

12 Lease Liabilities

	2020 $	2019 $
Current liabilities		
Lease liabilities	26,499	–
Non-current liabilities		
Lease liabilities	25,541	–
	52,040	–

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Lease liabilities $
Balance at 1 April 2019	68,629
Changes from financing cash flows	
Payment of lease liabilities	(24,288)
Interest paid	(2,447)
Total changes from financing cash flows	(26,735)
Other changes	
New leases entered during the year	7,699
Interest expense	2,447
Total other changes	10,146
Balance at 31 March 2020	52,040

13 Deferred income

	2020 $	2019 $
Government grants	16,150	–
	16,150	–

Government grants

The Bureau has been awarded one government grant. The grant receivable by the Bureau in FY20, amounted to $16,150 and was conditional on the payment of salaries to local employees for the period mentioned in the announcements, and that the related CPF contributions on those salaries have been paid. The grant will be recognised on a systematic basis over the period of economic uncertainty from April 2020.

14 Members' contributions

	2020 $	2019 $
- Contributions for claims incurred	480,714	2,435,691
- Contributions for operating expenses	–	54,138
	480,714	2,489,829
Other income	397,237	307,448
	877,951	2,797,277

15 Staff costs

	2020 $	2019 $
Salaries and bonuses	252,594	242,954
CPF contributions and others	27,911	28,265
	280,505	271,219

16 Profit before income tax

The following items were included in arriving at profit before income tax:

	2020 $	2019 $
Legal fees for claims matters	275,616	241,663
Operating lease expense	1,423	28,158

17 Income tax expense

	2020 $	2019 $
Current tax expense		
Current year	–	–

Reconciliation of effective tax rate

	2020 $	2019 $
Profit before income tax	–	–
Tax calculated using Singapore tax rate of 17% (2019: 17%)	–	–
Tax exempt income	(6,488)	(2,212)
Non-deductible expenses	7,185	2,883
Recognition of tax effect of previously unrecognised tax losses	(697)	(671)
	–	–

Deferred tax assets have not been recognised in respect of the following:

	2020 $	2019 $
Tax losses carried at 17%	48,666	52,765

The unutilised tax losses at 31 March 2020 are subject to agreement by the tax authorities and their utilisation is subject to compliance with Section 37 of the Income Tax Act, Cap. 134. The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of unutilised tax losses and capital allowances in accordance with the Bureau's accounting policy in note 3.13.

18 Financial risk management

The Bureau has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks.

The councillors continually monitor the Bureau's risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk

Credit risk is the risk of financial loss to the Bureau if a member or counterparty to a financial instrument fails to meet its contractual obligations. The Bureau's main exposure to credit risk relates to the credibility of its members, and its balances with bank. The Bureau minimises its credit risk by monitoring the amounts due from its members on a regular basis and analysing the financial standing of the bank.

At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. At the reporting date, the loans and receivables are neither past due nor impaired.

Expected credit loss assessment

Amounts called and receivable from members

The Bureau assessed that there is no significant credit loss experience arising from Amounts called and receivable from members. As members' contributions are statutory requirements, the Bureau has assessed that it is unlikely for members' contributions to be uncollectible.

Cash and cash equivalents

Bank balances are placed with a licensed bank incorporated in Singapore.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Bureau considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Liquidity risk

Liquidity risk is the risk that the Bureau will encounter difficulty in meeting obligations associated with financial liabilities. The Bureau monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the councillors to finance the Bureau's operations and to mitigate the effects of fluctuations in cash flows.

The following table indicates the expected timing of the contractual undiscounted cash outflows arising from the Bureau's non-derivative financial liabilities.

	Carrying amount $	**Contractual cash flows $**	**Within 1 year $**
2020			
Amounts received on account of members	197,075	197,075	197,075
Other payables	39,082	39,082	39,082
2019			
Amounts received on account of members	915,691	915,691	915,691
Other payables	32,802	32,802	32,802

Foreign currency risk

The Bureau is not exposed to significant foreign currency risk as it does not have any material foreign denominated financial assets or liabilities at the end of the reporting period.

Interest rate risk

The Bureau is not exposed to significant interest rate risk as it does not have material interest earning financial assets or interest bearing liabilities at the end of the reporting period.

19 Determination of fair values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities with maturities of less than one year are assumed to approximate their fair values due to the short period of maturity, repricing to market interest rates within a short period or are receivable/payable on demand.

The fair value for non-current financial assets and financial liabilities is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. As the Bureau's non-current financial assets on the estimated amounts receivable from the members relate to the settlement of provision for outstanding claims, the Bureau believes that the carrying amount approximates the fair value after discounting the relevant cash flows using current or applicable interest rate for similar instrument at the reporting date.

20 Leases

Leases as lessee (FRS 116)

The Bureau leases property. The leases typically run for a period of 2 years, with an option to renew the lease after that date. Lease payments are renegotiated at least 6 months before the end of the lease to reflect market rentals. The Bureau is restricted from entering into any sub-lease arrangement.

The property lease was entered into many years ago as leases of property. Previously, this was classified as operating leases under FRS 17.

The Bureau leases IT equipment with contract terms of five years. Previously, this was classified as operating leases under FRS 17.

Information about leases for which the Bureau is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see Note 4).

	Right-of-use assets (Building) $	Right-of-use assets (Office equipment) $	Total $
Balance at 1 April	68,629	–	68,629
Depreciation charge for the year	(25,340)	(188)	(25,528)
Additions to right-of-use assets	–	7,699	7,699
Balance at 31 March	43,289	7,511	50,800

Amounts recognised in profit or loss

	$
2020 – Leases under FRS 116	
Interest on lease liabilities	2,447
Expenses relating to short-term leases	1,423
2019 – Operating leases under FRS 17	
Lease expense	28,158

Amounts recognised in statement of cash flows

	2020 $
Total cash outflow for leases	26,735

Extension options

Some property leases contain extension options exercisable by the Bureau up to one year before the end of the non-cancellable contract period. Where practicable, the Bureau seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Bureau and not by the lessors. The Bureau assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Bureau reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The attached information does not form part of the audited financial statements.

Detailed income statement
Year ended 31 March 2020

Members' contributions and other income (Schedule 1)

	2020 $	2019 $
Members' contributions:		
- Contributions for claims incurred	480,714	2,435,691
- Contributions for operating expenses	–	54,138
	480,714	2,489,829
Other income	397,237	307,448
Total members' contributions and other income	877,951	2,797,277
Less: Expenses (Schedule 2)	877,951	2,797,277
Profit for year	–	–
Expenses (Schedule 2)		
Claims incurred	480,714	2,435,691
Staff costs	280,505	271,219
Depreciation of property, plant and equipment	61,249	13,010
Other operating expenses:		
Advertising expenses	–	–
Audit fees	14,017	13,514
Bad debts	–	–
Bank charges	430	176
Cleaning services	1,870	1,939
Entertainment	528	303
Equipment rental	1,423	1,708
General expenses	849	661
Insurance	3,854	3,801
IT services, repair and maintenance	5,821	6,273
Leases Interest Charge	2,447	–
Medical fees	2,266	2,454
Office rental and utilities	1,610	28,065
Postage, courier, printing and stationery	1,032	1,337
Professional fee	15,604	14,560
Refreshment	1,167	–
Storage charges	592	595
Telephone/fax/internet	1,973	1,971
Total expenses	877,951	2,797,277