

**CUSTOMS CREDIT CO-OPERATIVE
SOCIETY (S) LTD.**

(Registration no. S32CS0009L)
(Incorporated in the Republic of Singapore)

ANNUAL REPORT 2017
Audited Financial Statements
And Other Financial Information

FOR FINANCIAL YEAR ENDED

31 DECEMBER 2017

AG ASSURANCE PAC
Public Accountants

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DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of Customs Credit Co-operative Society (S) Limited (the "Co-operative") for the financial year ended 31 December 2017.

- 1 *Opinion of the directors* In the opinion of the directors,
- a) the statement of financial position and the statement of changes in equity of the Co-operative are drawn up so as to give a true and fair view of the financial position of the Co-operative as at 31 December 2017 and of the financial performance, changes in equity and cash flows of the Co-operative for the financial year then ended; and
- b) at the date of this statement, there are reasonable grounds to believe that the Co-operative will be able to pay its debts as and when they fall due.
- The board of directors has, on the date of this statement, authorised these financial statements for issue.
-

- 2 *Directors* The directors in office at the date of this report are:
- | | |
|---------------------|----------------------------------|
| Chairman | Mr. S. Krishnan |
| Vice Chairman | Mr. Soong Wei Sin |
| Secretary | Mr. P. Namasivayam |
| Treasurer | Mr. Farihullah S/O A W Safiullah |
| Assistant Treasurer | Mr. Abdul Hamid Bin Ahmad |
| Board Members | Mr. Abdul Halim Bin Hassan |
| | Mr. Lim Whatt Chye |
| | Mr. Mohan Singh |
| Manager | Mr. Tan Ting Meng |
-

- 3 *Arrangements to enable directors to acquire shares or debenture* Neither at the end of nor at any time during the financial year was the Co-operative a party to any arrangement whose object is to enable the directors of the Co-operative to acquire benefits by means of the acquisition of shares or debentures of the Co-operative or any other body corporate.
-


- 4 *Directors' interest in shares or debentures* According to the register of directors' shareholdings kept by the Co-operative, none of the directors of the Co-operative holding office at the end of financial year had held more than 20% interest in shares or debentures of the Co-operative except as disclosed in the financial statements.
-


DIRECTORS' STATEMENT (CONT'D)

- 5 *Directors' contractual benefits* Since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Co-operative with the director or with a firm of which he is a member, or with a Co-operative in which he has a substantial financial interest other than those disclosed in the accounts.
-
- 6 *Shares options* During the year, there were:
- (i) no option granted by the Co-operative to any person to take up unissued shares in the Co-operative; and
 - (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Co-operative.
- As at end of the financial year, there were no unissued shares of the Co-operative under option.
-
- 7 *Auditors* The independent auditors, AG Assurance PAC, Public Accountants, Chartered Accountants, Singapore, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors


S. Krishnan
Chairman


P. Namasisvayam
Secretary


Farihullah S/O A W Safiullah
Treasurer

Singapore,

16 APR 2018



AG ASSURANCE PAC
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CUSTOMS CREDIT CO-OPERATIVE SOCIETY (S) LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Customs Credit Co-operative Society (S) Limited (the "Co-operative"), which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss and other 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 to 6 to 26.

Except for the matter mentioned below, in our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Singapore Co-operative Societies Act, Chapter 62 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Co-operative as at 31 December 2017 and of the financial performance, changes in equity and cash flows of the Co-operative for the year ended on that date.

Basis for Opinion

Opening balances

Prior year financial statements were audited by independent auditors (other than AG Assurance PAC). We verified financial year 2016 opening balances solely based on prior year financial statements.

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 Co-operative 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.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2.

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 Management and Directors for the Financial Statements

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

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

The directors' responsibilities include overseeing the Co-operative's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Co-operative's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Co-operative'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 Co-operative 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 directors 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

Except for the matter mentioned above, in our opinion, the accounting and other records required by the Act to be kept by the Co-operative have been properly kept in accordance with the provisions of the Act.


AG ASSURANCE PAC
Public Accountants and
Chartered Accountants

Singapore,

16 APR 2018

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Note	2017 S\$	2016 S\$
ASSETS			
<i>Non-Current Assets</i>			
Property, plant and equipment	4	599,135	225,049
Investment properties	5	598,575	222,300
Investment in a subsidiary	6	-	1,000,000
Available-for-sale financial assets	7	1,771,676	1,988,729
Total Non-Current Assets		2,969,386	3,436,078
<i>Current Assets</i>			
Trade and other receivables	8	53,017	41,336
Loan to members	9	1,519,103	1,694,719
Cash and cash equivalents	10	2,807,071	2,511,167
Total Current Assets		4,379,191	4,247,222
Total Assets		7,348,577	7,683,300
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	11	84,200	88,700
General reserve fund	12	457,269	457,269
Scholarship fund	13	223	129
Thrift savings	14	5,601,678	5,898,891
General savings	15	1,593,835	1,509,141
Fair value reserve	16	208,546	(440,893)
Accumulated fund		(682,690)	95,909
Total Equity		7,263,061	7,609,146
<i>Current Liabilities</i>			
Trade and other payables	17	85,516	74,154
Total Liabilities		85,516	74,154
Total Equity and Liabilities		7,348,577	7,683,300

See accompanying notes to the accounts

**STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Note	2017 S\$	2016 S\$
Income	3	509,965	380,130
Other operating expenses		(1,206,047)	(202,993)
<i>(Deficit)/Surplus for the year</i>	18	<u>(696,082)</u>	<u>177,137</u>
<i>Other comprehensive income, net of tax</i>			
Item that will not reclassified to profit or loss		-	-
Item that are or may be reclassified subsequently to profit or loss			
- Changes in fair value of property, plant and equipment		382,124	-
- Changes in fair value of investment properties		381,975	-
- Changes in fair value of available-for-sale financial assets		(114,660)	(254,871)
<i>Total comprehensive income for the year</i>		<u>(46,643)</u>	<u>(77,734)</u>

See accompanying notes to the accounts

**STATEMENT OF CHANGES IN EQUITY
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Share capital S\$	General reserve fund S\$	Scholarship fund S\$	Thrift savings S\$	General savings S\$	Fair value reserve S\$	Accumulated fund S\$	Total S\$
Balance as at 1 January 2016	88,300	421,841	3,729	5,962,967	1,451,689	(186,022)	94,713	7,837,217
Total comprehensive income for the year	-	-	-	-	-	(254,871)	177,137	(77,734)
Movement for the year	400	35,428	(3,600)	(64,076)	57,452	-	(175,941)	(150,337)
Balance as at 31 December 2016	88,700	457,269	129	5,898,891	1,509,141	(440,893)	95,909	7,609,146
Total comprehensive income for the year	-	-	-	-	-	649,439	(696,082)	(46,643)
Movement for the year	(4,500)	-	94	(297,213)	84,694	-	(82,517)	(299,442)
Balance as at 31 December 2017	84,200	457,269	223	5,601,678	1,593,835	208,546	(682,690)	7,263,061

See accompanying notes to the accounts

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	2017	2016
	S\$	S\$
Cash flows from operating activities		
(Deficit)/Surplus for the year	(696,082)	177,137
<i>Adjustment for:</i>		
Depreciation of property, plant and equipment	8,037	8,093
Depreciation of investment property	5,700	5,700
Interest expenses	15,107	14,299
Interest income	(143,378)	(142,099)
Loss on disposal of investment in subsidiary	810,000	-
Loss on disposal of available-for-sale financial assets	6,703	29,454
Gain on disposal of financial assets at fair value through profit or loss	(7,698)	(93,668)
Dividend income	(112,461)	(130,176)
<i>Deficit before changes in working capital</i>	(114,072)	(131,260)
(Increase)/Decrease in trade and other receivables	(11,681)	4,796
Increase in loan to members	(175,616)	(123,650)
Decrease in trade and other payables	11,362	39,282
Net cash used in operating activities	(290,007)	(210,832)
Cash flows from investing activities		
Decrease/(Increase) in available-for-sale financial assets	349,679	(637,476)
Interest received	143,378	142,099
Dividend received	112,461	130,176
Net cash flows generated from/(used in) investing activities	605,518	(365,201)
Cash flows from financing activities		
Interest paid	(15,107)	(14,299)
Changes in ordinary shares	(4,500)	400
Net cash flows used in financing activities	(19,607)	(13,899)
Net increase/(decrease) in cash and cash equivalents	295,904	(589,932)
Cash and cash equivalents at beginning of year	2,511,167	3,101,099
Cash and cash equivalents at end of year	2,807,071	2,511,167

See accompanying notes to the accounts

NOTES TO THE FINANCIAL STATEMENTS

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

- 1 *General* The Co-operative is incorporated and domiciled in Singapore and its registered office is at: -

35 Selegie Road
#04-01 Parklane Shopping Mall
Singapore 188307

The financial statements of the Co-operative for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of directors on the date of on which the accompanying Directors' Statement was signed.

- 2 *Significant accounting Policies* (a) Basis of preparation

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

- (b) Investment properties

Investment properties are properties held either to earn rental income or capital appreciation or both.

Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of a purchased investment property comprises the purchase price and any directly attributable expenditure

Investment property is measured at any change therein recognised in the statement of comprehensive income. Rental income from investment properties is accounted for in the manner described in Revenue recognised.

Investment properties are depreciated using the straight-line method to write-off the cost of the investment properties less estimated residual value over their estimated useful lives. The estimated useful lives have been taken as follows:

	<u>Useful lives (Years)</u>
Leasehold properties	50

The useful live and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

An assessment of the carrying value of investment properties is made when there are indications that the assets have been impaired or the impairment losses recognised in prior years no longer exist. The gain or loss arising on disposal or retirement of an item of investment properties is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the statement of comprehensive income.

(c) Property, plant and equipment

i) Measurement

All property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, except leasehold property which are stated at fair value.

ii) Depreciation

Depreciation is calculated on straight-line basis to write off the cost of the property, plant and equipment over their estimated useful lives as follows: -

Leasehold property	50 years
Computers	3 years
Course materials	3 years
Furniture and fittings	5 years
Office equipment	5 years
Renovation	5 years

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss on the date of retirement or disposal.

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 profit or loss in the year the asset is derecognised.

(d) Income recognition

The revenue amount is the fair value of the consideration received or receivables from the gross inflow of economic benefits during the period arising from the ordinary activities of the entity and it is shown net of related tax, estimated returns, discounts and volume rebates.

Interest on loans

Interest on loan granted to members of the Co-operative are calculated at the rate of 5% per annum if the loan granted does not exceed member's share capital and thrift savings and at 6% if it exceeds member's share capital and thrift savings. The interest is recognised evenly throughout the duration of the loan period.

Entrance fee

Entrance fee of S\$10 for each new member is taken in as income for the year in which it is received.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive the payment is established.

Rental income

Rental income is recognised on accrual basis over the terms of the lease agreement.

Rendering of services

Revenue from the rendering of services is recognised when the services are rendered.

(e) Employment benefits

Short-term employee benefits, including accumulated compensated absences, are recognized in the profit and loss account in the period in which the employees render their services to the Co-operative.

Contributions to post-employment benefits under defined contribution plans are recognised as an expense in the profit or loss account as incurred.

(f) Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate.

The Co-operative determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets is derecognises only when the contractual rights to the cash flows from the assets expire or when the Co-operative transfers financial assets and substantially all the risks and rewards of ownership of the assets to another entity.

Except for loans and receivables, financial assets at fair value through profit or loss and cash and bank balances, the Co-operative does not have any other financial assets.

(g) Loans and receivables

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. An allowance for impairment of trade receivables is established when there is objective evidence that the Co-operative will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the allowance is determined as the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the income statement. Bad debts are written off when identified. Loans and receivables in the balance sheet included trade and other receivables, loans to members and cash and cash equivalents.

(h) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in the other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial assets is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

(i) Cash and cash equivalents

Cash and cash equivalent comprise cash and bank balances. Cash and cash equivalents are short term, highly liquid investments readily convertible to known amounts of cash and subjected to an insignificant risk of changes in value.

(j) Impairment of financial asset

Financial assets carried at amortised cost

The Co-operative assesses at each statement of financial position date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For financial assets carried at amortised cost, the Co-operative first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Co-operative determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Co-operative considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(k) Financial liabilities

When financial liabilities are recognised initially, they are measured at fair value, subsequently financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities are derecognise when and only when the Co-operative's obligations are discharged, cancelled or expired.

The Co-operative's financial liabilities include trade and other payables, and derivative financial instruments.

(l) Share capital

Ordinary shares

Proceeds from issuance of ordinary shares are classified as share capital in equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital.

(m) Income tax

The Co-operative is exempted from tax under Section 13(1)(f)(ii) of the Income Tax Act, Chapter 134.

(n) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Co-operative and on initial recognition at the exchange rate approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities are translated at the rates prevailing at the statement of financial position date. Non-monetary items that measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured in fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

All exchange differences are taken to the profit or loss accounts.

(o) Fair value

The carrying amount of the Co-operative's current financial assets and current financial liabilities recorded at statement of financial position date approximates their fair value.

(p) Related parties

Related parties are entities with common direct or indirect shareholder or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions.

(q) Functional and presentation currency

Items included in the financial statements of the Co-operative are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Singapore dollar ("S\$"), which is the Co-operative's functional and presentation currency.

(r) Provisions and other liabilities

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

(s) FRS not yet effective

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 2017. The Co-operative does not expect that adoption of these accounting standards or interpretations will have a material impact on the Co-operative's financial statements.

(t) New & revised FRS

The accounting policies adopted are consistent with those of the previous year except that in the current financial year, the Co-operative has adopted all the new and revised standards and interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2016. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Co-operative.

(u) Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year.

Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The critical accounting estimates and assumptions used and areas involving a high degree of judgements are described below: -

i) Residual values and useful lives of investment properties, plant and equipment

The Company reviews the residual values and useful lives of investment properties, plant and equipment at each statement of financial position date, in accordance with the accounting policy stated in Note 2.

Significant judgement is required in determining the residual values and useful lives of investment properties, plant and equipment. In determining the residual values and useful lives, the Company considered the expected usage, expected physical wear and tear, technical or commercial obsolescence and legal or similar limits on the use of the investment properties, plant and equipment.

ii) Estimated impairment of investment properties, plant and equipment

The Company reviews its investment property, plant and equipment for impairment whenever there is any indication that these assets may be impaired in accordance with the accounting policy stated in Note 2. The recoverable amounts of cash-generating-units have been determined based on value-in-use calculations.

iii) Fair value of investment properties and leasehold properties

The fair value of investment properties and leasehold properties is based on valuation report which is reflective of current market conditions. The fair value of the investment property at each statement of financial position date stated in Note 4 & 5.

iv) Impairment of loan and receivables

The Co-operative assesses at each statement of financial position date whether there is objective evidence that these assets have been impaired, based on a review of the current status of existing receivables and historical collections.

CUSTOMS CREDIT CO-OPERATIVE SOCIETY (S) LIMITED
Registration No.: S32CS0009L

3 *Principal activities*

The principal activities of the Co-operative, which are governed by the Co-operative Societies Act, Chapter 62 are to promote, in accordance with the co-operative principles, the economic interests of; to encourage thrift, co-operation, self-help and mutual assistance among; to provide financial service to; to establish and operate such co-operative schemes, ventures and projects for its members.

Revenue represents services rendered and fee collected during the year.

There has been no significant change in the nature of these activities during the financial year.

4 *Property, plant and equipment*

	Leasehold properties S\$	Computers S\$	Furniture and fittings S\$	Office equipment S\$	Renovation S\$	Total S\$
<u>Cost/Valuation</u>						
As at 1.1.2016						
At cost	401,872	68,942	29,791	6,101	11,480	518,186
Additions	-	-	-	-	-	-
As at 31.12.2016						
At cost	401,872	68,942	29,791	6,101	11,480	518,186
Changes in fair value	382,124	-	-	-	-	382,124
As at 31.12.2017						
At cost	401,872	68,942	29,791	6,101	11,480	518,186
At valuation	382,124	-	-	-	-	382,124
	783,996	68,942	29,791	6,101	11,480	900,310
<u>Accumulated Depreciation</u>						
As at 1.1.2016	168,786	68,942	29,737	6,099	11,480	285,044
Additions	8,037	-	54	2	-	8,093
As at 31.12.2016	176,823	68,942	29,791	6,101	11,480	293,137
Additions	8,038	-	-	-	-	8,038
As at 31.12.2017	184,861	68,942	29,791	6,101	11,480	301,175
<u>Carrying amounts</u>						
As at 31.12.2016	225,049	-	-	-	-	225,049
As at 31.12.2017	599,135	-	-	-	-	599,135

CUSTOMS CREDIT CO-OPERATIVE SOCIETY (S) LIMITED
Registration No.: S32CS0009L

5 <i>Investment properties</i>	Leasehold property S\$	Total S\$
<u>Cost/Valuation</u>		
As at 01.01.2016		
At cost	285,000	285,000
Additions	-	-
As at 31.12.2016		
At cost	285,000	285,000
Changes in fair value	381,975	381,975
As at 31.12.2017		
At cost	285,000	285,000
At valuation	381,975	381,975
	<u>666,975</u>	<u>666,975</u>
<u>Accumulated depreciation</u>		
As at 01.01.2016		
Additions	5,700	5,700
As at 31.12.2016		
Additions	5,700	5,700
As at 31.12.2017		
	<u>68,400</u>	<u>68,400</u>
<u>Carrying amounts</u>		
As at 31.12.2016		
	<u>222,300</u>	<u>222,300</u>
As at 31.12.2017		
	<u>598,575</u>	<u>598,575</u>

The property rental income from the investment property all of which are leased out under operating leases amounting to S\$ Nil (2016: S\$9,000). Direct operating expenses arising from the rental-generating investment properties amounted to S\$ Nil (2016: S\$1,960).

6 <i>Investment in a subsidiary</i>	2017 S\$	2016 S\$
Unquoted equity investments, at cost	-	<u>1,000,000</u>

Details of subsidiary is as follows:

<u>Subsidiary</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Percentage of equity held (%)</u>	
			2017	2016
CCCS International Learning Institute Pte. Ltd.	Training and courses provider	Singapore	-	91

* Audited by S. K. Cheong & Co, Singapore

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7 Available-for-sale financial assets	2017 S\$	2016 S\$
Quoted investments, at fair value	1,126,096	1,443,149
Unquoted investments, at cost	645,580	545,580
	<u>1,771,676</u>	<u>1,988,729</u>

8 Trade and other Receivables	2017 S\$	2016 S\$
Other receivables	29,014	7,326
Deposits	90	9,950
Prepayments	1,434	1,581
Tax recoverable	22,479	22,479
	<u>53,017</u>	<u>41,336</u>

The carrying amounts of trade and other receivables approximate their fair value.

Trade and other receivables are denominated in Singapore dollars.

9 Loan to members	2017 S\$	2016 S\$
<u>Special and normal loan</u>		
At beginning of the year	10,092	16,691
Loans granted during the year	-	385,226
Repayments during the year	(708)	(391,825)
At end of the year	<u>9,384</u>	<u>10,092</u>
<u>Secured loan</u>		
At beginning of the year	566,283	545,681
Loans granted during the year	252,213	350,308
Repayments during the year	(322,452)	(329,706)
At end of the year	<u>496,044</u>	<u>566,283</u>
<u>Unsecured loan</u>		
At beginning of the year	910,304	877,623
Loans granted during the year	303,863	411,285
Repayments during the year	(370,801)	(378,604)
At end of the year	<u>843,366</u>	<u>910,304</u>
<u>Basic needs loan</u>		
At beginning of the year	18,550	9,746
Loans granted during the year	11,500	20,500
Repayments during the year	(20,170)	(11,696)
At end of the year	<u>9,880</u>	<u>18,550</u>

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	2017	2016
	S\$	S\$
<u>Renovation loan</u>		
At beginning of the year	189,490	121,328
Loans granted during the year	43,000	108,000
Repayments during the year	<u>(72,061)</u>	<u>(39,838)</u>
At end of the year	<u>160,429</u>	<u>189,490</u>
Total loan to members	<u>1,519,103</u>	<u>1,694,719</u>

Special loans to members are unsecured loan issued in advance, bear interest at the rate of 12% (2016: 12%) per annum for the first month and 6% per annum subsequently. Normal loans to members are secured loan issued in advance, bear interest at the rate of 10% (2016: 10%) per annum for the first month and 5% per annum subsequently.

Secured loans to members are secured against members' savings, bear interest at the rate of 5% (2016: 5%) per annum and repayable on demand.

Unsecured loans, basic needs loans and renovation loans bear interest at the rate of 6% (2016: 6%) per annum and repayable on demand.

	2017	2016
	S\$	S\$
10 <i>Cash and cash equivalents</i>		
Cash at banks	865,357	573,580
Cash on hand	414	110
Fixed deposits	<u>1,941,300</u>	<u>1,937,477</u>
	<u>2,807,071</u>	<u>2,511,167</u>

Cash and cash equivalents are denominated in Singapore dollars.

The effective interest rates implicit in the fixed deposits are approximately at 0.05% to 1.20% (2016: 0.05% to 1.20%) per annum.

	2017	2016
	S\$	S\$
11 <i>Share capital</i>		
<u>Issued and fully paid:</u>		
84,200 (2016: 88,700) ordinary shares	<u>84,200</u>	<u>88,700</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to Co-operative's residual assets. All shares have no par value.

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12 <i>General reserve fund</i>	2017 S\$	2016 S\$
At beginning of the year	457,269	421,841
Appropriation surplus for the year	-	35,428
At end of the year	<u>457,269</u>	<u>457,269</u>

The General Reserve Fund shall be used (By-Law 12.3):

- a) to meet unforeseen losses;
- b) to provide a margin beyond the liabilities of the Co-operative so as to ensure its ability to pay such liabilities in full in the event of dissolution; and
- c) to enable the Co-operative by reason of the income derived from the Reserve Fund to reduce the rate of interest on loans granted to members without causing a reduction in the rate of dividend on subscription capital.

13 *Scholarship fund* The scholarship fund was set up for the purpose of providing scholarships and other educational awards to members' children.

14 <i>Thrift savings</i>	2017 S\$	2016 S\$
At beginning of the year	5,898,891	5,962,967
Receipts during the year	364,512	374,790
Dividend credited	782	751
Withdrawals and transfers	<u>(662,507)</u>	<u>(439,617)</u>
At end of the year	<u>5,601,678</u>	<u>5,898,891</u>

The Administrative Rule 3.1 "Subscription (hereinafter referred to as Thrift savings)" of By-Law 13.1 states that all members shall be required to subscribe a minimum of S\$30 per month to the Thrift savings.

Thrift savings shall not be withdrawable unless the member resigns from the Co-operative in accordance with By-Law 9.2, 9.3 and 9.4 or if the conditions set out in the Administrative Rules on the Thrift savings are met.

15 <i>General savings</i>	2017 S\$	2016 S\$
At beginning of the year	1,509,141	1,451,689
Receipts during the year	397,302	307,530
Interest credited	15,107	14,299
Dividend credited	31,334	30,153
Withdrawals and transfers	<u>(359,049)</u>	<u>(294,530)</u>
At end of the year	<u>1,593,835</u>	<u>1,509,141</u>

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This is a non-compulsory savings and every member may make a minimum monthly deposit of not less than S\$10 per month for specific purposes as set out in By-laws 10.1. Interest is payable on 30 June and 31 December at a rate of 1% (2016: 1%) per annum and shall be calculated on the amount on the minimum monthly balance, provided that such balance does not fall below S\$50 in each case.

16 *Fair value reserve* Fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets, investment properties and property, plant and equipment, until its derecognised or impaired.

17 <i>Trade and other payables</i>	2017 S\$	2016 S\$
Other payables	69,428	154
Accruals	16,087	74,000
	<u>85,516</u>	<u>74,154</u>

The carrying amounts of trade and other payables approximate their fair value, normally settled within 30-90 days.

Trade and other payables are denominated in Singapore dollars.

18 <i>(Deficit)/Surplus for the year</i>	2017 S\$	2016 S\$
<u>Arrived after charging:</u>		
Dinner and dance expenses	189,017	-
Loss on disposal of investment in a subsidiary	810,000	-
	<u>810,000</u>	<u>-</u>

19 *Employee benefits costs* The key management personnel are the directors and those persons who have the authority and responsibility for planning, directing and controlling the activities of the Co-operative. The directors constitute the Co-operative's key management personnel and their remuneration is as disclosed below.

	2017 S\$	2016 S\$
<u>Director remuneration</u>		
Salaries and allowances		-
CPF and related		-
<u>Non-director remuneration</u>		
Salaries and allowances	73,150	73,518
CPF and related	5,392	4,416
	<u>78,542</u>	<u>77,934</u>

20 *Related party transactions* During the financial year, there were certain significant transactions with its related parties: -

	2017 S\$	2016 S\$
Rental income received from a subsidiary	-	9,000

21 *Financial risk management* Risk management is integral to the whole business of the Co-operative. The Co-operative 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 Board continually monitors the Co-operative's risk management process to ensure that an appropriate balance between risk and control is achieved.

(a) Interest rate risk

The Company's exposure to interest rates relates primarily to interest-bearing financial liabilities. Interest rate risk is managed by the Company on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The Company is not exposed to significant interest rate risk as it does not hold any floating interest bearing financial assets or financial liabilities.

(b) Market price risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Co-operative's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(c) Liquidity risk

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

Typically, the Co-operative ensures that it has sufficient cash on demand to meet expected operational expenses.

The table below analyses the maturity profile of the Co-operative's financial liabilities based on contractual undiscounted cash flows: -

	2017	2016
	S\$	S\$
<u>Payable within 1 year</u>		
Trade and other payables	85,516	74,154

(d) Credit risk

Credit risk is a risk of loss that may arise on outstanding financial instruments should a counterpart default on its obligations. The Co-operative's exposures to credit risk arise primarily from trade and other receivables and cash at banks.

The Co-operative's objective is to seek continual revenue growth while minimising losses incurred due to increase in credit risk exposure. The Co-operative trade with all parties but will only provide credit terms upon approval of the Managing Director. The receivable balances are monitored on an ongoing basis with the result that the Co-operative's exposure to bad debts is not significant.

Cash balances are held with high credit quality financial institutions.

Exposure to credit risk

At financial period end date, the Co-operative's maximum exposures to credit risk are represented by the carrying value of each class of financial assets recognised in the statement of financial position as disclosed in Note 8 & 9.

(e) Fair value estimation

The carrying amounts of the financial assets and financial liabilities approximate their values due to their short-term maturities; bank balances, trade and other receivables, loan to members, trade and other payables and bank borrowings.

(f) Capital risk

The Co-operative's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Co-operative may adjust the amount of dividend payment, return capital to shareholders, issue new shares or obtain new borrowings. The Co-operative also considers the future capital requirements, prevailing and projected operating cash flows, projected capital expenditure and projected strategic investment opportunities.

(g) Categories of financial instruments

The following table sets out the financial instruments as at the financial year end.

	2017	2016
	S\$	S\$
<u>Financial assets</u>		
Loan & receivables	1,345,887	1,711,995
Cash and cash equivalent	2,807,071	2,511,167
	<u>4,152,958</u>	<u>4,223,162</u>
<u>Financial liabilities</u>		
Amortised cost	<u>85,516</u>	<u>74,154</u>

**DETAILED PROFIT OR LOSS ACCOUNTS
FOR FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	2017 S\$	2016 S\$
<i>Income</i>		
Administrative fee	9,218	15,641
Entrance fee	210	410
Interest income:		
- loan to members	125,641	123,607
- current accounts	1,379	1,303
- fixed deposits	16,358	17,189
Income from dinner and dance	237,193	-
Dividend income	112,461	130,176
Loss on disposal of available-for-sale financial assets	(6,703)	(29,454)
Gain on disposal of financial assets at fair value through profit or loss	7,698	93,668
Rental income	-	9,000
Other income	6,510	18,590
	509,965	380,130
<i>Less: Other operating expenses</i>		
Accounting fee	7,800	7,850
Advertisement	4,498	-
Affiliation fee	250	440
Auditors' remuneration	5,840	7,720
Bank charges	921	837
Commission-central pay office	1,583	1,613
Co-operative activities	8,262	10,938
Death benefits	4,000	2,200
Delegate training fund	2,436	10,834
Depreciation of property, plant and equipment	8,037	8,093
Depreciation of investment property	5,700	5,700
Dinner and dance expenses	189,017	-
Hospitalisation benefits	2,440	4,930
Computer and IT expenses	7,273	6,641
Interest on members' general savings	15,107	14,299
Legal and professional fee	9,071	1,618
Loan search and related expenses	563	488
Loss on disposal of investment in subsidiary	810,000	-
Management fund and sinking fund	11,017	10,358
Meeting expenses	7,630	7,647
Miscellaneous expenses	922	399
Printing and stationery	2,476	2,731
Postage and courier	748	600
Property tax	3,920	3,920
Retirement grants	10,200	10,500
Rental of copier	642	642
Scholarship	3,671	-
Staff salaries, allowances and CPF	78,542	77,934
Telecommunication expenses	2,315	2,553
Transportation	658	1,030
Utilities	508	478
	(1,206,047)	(202,993)
(Deficit)/Surplus for the year	(696,082)	177,137