

# FINANCIAL STATEMENTS

31 December 2021

CUSTOMS CREDIT CO-OPERATIVE SOCIETY (S) LTD  
Unique Entity Number: S32CS0009L

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## DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

The directors present their report to the members together with the audited financial statements of Customs Credit Co-operative Society (S) Ltd (the "Co-operative") for the year ended 31 December 2021.

### Opinion of the directors

In the opinion of the directors, financial statements of the Co-operative and notes comprising a summary of significant accounting policies and other explanatory notes are drawn up so as to give a true and fair view of the financial position of the Co-operative as at 31 December 2021, and of the financial performance, changes in equity and cash flows of the Co-operative for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Co-operative will be able to pay its debts when they fall due.

The Board of Directors approved and authorised these financial statements for issue.

### Directors

The directors of the Co-operative in office at the date of this report are as follows:

Subramaniam S/O Krishnan  
P. Namasivayam  
Farihullah S/O Abdul Wahab Safiullah  
Mohan Singh S/O Jawand Singh  
Ganesh S/O S Peramaiyan  
Darrel Toh U ian  
Winston Tay Wee Hua  
Thanabalan S/O Iyyamalai  
Choo Teik Choon  
Gurmit Singh Bajaj

### Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement to which the Co-operative is a party, being arrangements whose objects are, or one of whose objects is, to enable the directors of the Co-operative to acquire benefits by means of the acquisition of shares in, or debentures of, the Co-operative or any other body corporate.

### Directors' interests 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 the 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

For the financial year ended 31 December 2021

### Share options

During the financial year, there were:

- no options granted by the Co-operative to any person to take up unissued shares in the Co-operative; and
- no shares issued by virtue of any exercise of option to take up unissued shares of the Co-operative.

At the end of the financial year, there were no unissued shares of the Co-operative under option.

### Independent auditor

The independent auditor, P G Wee Partnership LLP, has expressed willingness to accept appointment.

On Behalf of the Board of Directors,



Subramaniam S/O Krishnan  
Chairman



P. Namasivayam  
Secretary



Farihullah S/O Abdul Wahab Safiullah  
Treasurer

16 March 2022

## INDEPENDENT AUDITOR'S REPORT

To the Members of Customs Credit Co-operative Society (S) Ltd

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Customs Credit Co-operative Society (S) Ltd (the "Co-operative"), which comprise the statement of financial position as at 31 December 2021, and 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.

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 Singapore Financial Reporting Standards ("SFRS") so as to give a true and fair view of the financial position of the Co-operative as at 31 December 2021 and of the financial performance, changes in equity and changes in cash flows of the Co-operative for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, as of that date, the Co-operative's current liabilities exceeded current assets by SGD 1,229,819 (2020: SGD 1,224,973) which indicate that a material uncertainty exists that may cast significant doubt on the Co-operative's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Other Information

Management is responsible for other information. The other information comprises the Directors' Statement.

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.

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Customs Credit Co-operative Society (S) Ltd

### 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 SFRSs, and for devising and maintaining a system of internal 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.

Those charged with governance comprises the directors. Their 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
- 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.

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Customs Credit Co-operative Society (S) Ltd

- 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

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.

During the course of our audit, nothing has come to our attention to cause us to believe that the receipts, expenditure and investments of monies and acquisition and disposal of assets made by the Co-operative during the financial year ended 31 December 2021 have not been made in accordance with the Bylaws of the Co-operative and the provisions of the Act.



P G Wee Partnership LLP  
Public Accountants and  
Chartered Accountants  
Singapore

16 March 2022

## STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	Note	2021 SGD	2020 SGD
<b>Income</b>			
Administrative fee		4,307	4,695
Dividend income		47,846	60,188
Entrance fee		10	100
Gain on disposal of plant and equipment		-	300
Impairment loss on loan to members written back		1,319	1,615
Loan from ex-members waived		(3,006)	19,223
Interest income:			
- current accounts		138	539
- fixed deposits		17,619	41,297
- loan to members		75,706	92,211
Other income	4	12,638	29,990
		<u>156,577</u>	<u>250,158</u>
<b>Less:</b>			
<b>Expenditure</b>			
Affiliation fee		250	250
Accountancy fee		7,900	8,800
Auditor's remuneration		5,286	4,387
Bank charges		785	558
Bad debt written off		4,850	-
Committee meeting expenses		4,800	4,480
Commission		1,266	1,412
Common good fund		8,640	15,610
Computerisation expenses		5,421	4,490
Delegate training fund		50	220
Depreciation of plant and equipment	8	2,422	2,205
Depreciation of right-of-use asset	9	26,359	27,360
Employee benefits expense	5	76,508	72,637
General expense		407	268
General meeting expenses		1,660	1,819
Legal and professional fees		-	70
Loan related expenses		514	514
Medical expenses		80	20
Postage		655	867
Printing and stationery		2,140	2,388
Rental of copier		668	668
Recruitment expense		-	25
Repairs and maintenance		-	384
Scholarship fund		2,100	2,300
Telephone charges		2,903	2,808
Transportation expense		520	502
Utilities		470	510
		<u>156,654</u>	<u>155,552</u>

## STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	Note	2021 SGD	2020 SGD
<b>Surplus (deficit) before finance cost and income tax</b>		(77)	94,606
Finance cost	6	(3,388)	(16,452)
<b>Surplus (deficit) before income tax</b>		(3,465)	78,154
Contribution to central co-operative fund		5,582	(3,722)
<b>Surplus (deficit) after income tax and contributions</b>		<u>2,117</u>	<u>74,432</u>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
- Net fair value gain/(loss) on investments in equity instruments designated as at FVTOCI		207,508	(212,875)
<b>Total other comprehensive income</b>		<u>207,508</u>	<u>(212,875)</u>
<b>Total comprehensive income for the year</b>		<u>209,625</u>	<u>(138,443)</u>

The accompanying notes form an integral part of these financial statements

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	2021 SGD	2020 SGD
<b>Assets</b>			
<b>Non-current assets</b>			
Plant and equipment	8	2,606	4,791
Right-of-use asset	9	63,395	14,788
Investment securities at fair value through other comprehensive income (FVOCI)	10	1,107,906	900,398
<b>Total non-current assets</b>		<u>1,173,907</u>	<u>919,977</u>
<b>Current assets</b>			
Loan to members	11	831,609	984,924
Trade and other receivables	12	25,132	35,514
Other assets	13	6,627	6,298
Cash and cash equivalents	14	3,514,883	4,069,975
<b>Total current assets</b>		<u>4,378,251</u>	<u>5,096,711</u>
<b>Total assets</b>		<u>5,552,158</u>	<u>6,016,688</u>
<b>Accumulated funds and liabilities</b>			
<b>Funds</b>			
General reserve	16	-	-
Scholarship fund	17	223	223
Fair value reserve	20	(662,396)	(869,904)
Accumulated fund		566,802	564,685
<b>Total funds</b>		<u>(95,371)</u>	<u>(304,996)</u>
<b>Current liabilities</b>			
Other payables	21	209,131	130,150
Central Co-Operative Fund	22	-	5,582
Lease liabilities	9	24,713	14,788
Share capital	15	55,500	63,800
Thrift savings	18	3,706,693	4,371,919
General savings	19	1,612,033	1,735,445
<b>Total current liabilities</b>		<u>5,608,070</u>	<u>6,321,684</u>
<b>Non-current liabilities</b>			
Lease liabilities	9	39,459	-
<b>Total non-current liabilities</b>		<u>39,459</u>	<u>-</u>
<b>Total liabilities</b>		<u>5,647,529</u>	<u>6,321,684</u>
<b>Total accumulated funds and liabilities</b>		<u>5,552,158</u>	<u>6,016,688</u>

The accompanying notes form an integral part of these financial statements

## STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

	Total Funds	General Reserve	Scholarship Fund	Fair Value Reserve	Accumulated Fund
	SGD	SGD	SGD	SGD	SGD
<b>Opening balance at 1 January 2021</b>					
Total comprehensive income for the year	(304,996)	-	223	(869,904)	564,685
<b>Closing balance at 31 December 2021</b>	209,625	-	-	207,508	2,117
	(95,371)	-	223	(662,396)	566,802
<b>Opening balance at 1 January 2020</b>					
Total comprehensive income for the year	(166,553)	457,269	223	(657,029)	32,984
Transfer from general reserve to accumulated fund	(138,443)	-	-	(212,875)	74,432
<b>Closing balance at 31 December 2020</b>	-	(457,269)	-	-	457,269
	(304,996)	-	223	(869,904)	564,685

The accompanying notes form an integral part of these financial statements

## STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

	Note	2021 SGD	2020 SGD
<b>Cash flows from operating activities</b>			
Surplus (deficit) before income tax		(3,465)	78,154
<i>Adjustments for:</i>			
Bad debt written off		4,850	-
Depreciation of plant and equipment		2,422	2,205
Depreciation of right-of-use asset		26,359	27,360
Dividend income		(47,846)	(60,188)
Interest expense		3,388	16,452
Interest income		(93,463)	(134,047)
Impairment loss on loan to members written back		(1,319)	(1,615)
<b>Operating cash flows before changes in working capital</b>		<b>(109,074)</b>	<b>(71,679)</b>
<i>Changes in working capital:</i>			
Loan to members		154,634	208,431
Trade and other receivables		5,532	11,158
Other assets		(329)	(106)
Other payables		78,981	120,772
<b>Cash flows from operations</b>		<b>129,744</b>	<b>268,576</b>
<b>Net cash flows from (used in) operating activities</b>		<b>129,744</b>	<b>268,576</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment		(237)	(2,087)
Interest received		93,463	134,047
Dividend received		47,846	60,188
<b>Net cash flows from (used in) investing activities</b>		<b>141,072</b>	<b>192,148</b>
<b>Cash flows from financing activities</b>			
Interest paid		(3,388)	(16,452)
Deposits (withdrawals) of share capital		(8,300)	(13,700)
Deposits (withdrawals) of thrift savings		(665,226)	(435,081)
Deposits (withdrawals) of general savings		(123,412)	77,762
Repayment of Principal Portion of Lease Liabilities		(27,360)	(27,360)
<b>Net cash flows from (used in) financing activities</b>		<b>(827,686)</b>	<b>(414,831)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(556,870)</b>	<b>45,893</b>
Cash and cash equivalents, at beginning of year		4,069,975	4,024,082
<b>Cash and cash equivalents, at end of year</b>	14	<b>3,514,883</b>	<b>4,069,975</b>

The accompanying notes form an integral part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

### 1 General Information

Customs Credit Co-operative Society (S) Ltd is incorporated in Singapore. The Co-operative's registered office is located at 35 Selegie Road #04-01 Parklane Shopping Mall Singapore 188307. The Co-operative is situated in Singapore.

The Board of Directors approved and authorised these financial statements for issue.

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.

### 2 Significant Accounting Policies

#### Basis of Preparation

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("SFRS").

The financial statements expressed in Singapore Dollar ("SGD") are prepared in accordance with the historical cost convention except as disclosed, where appropriate, in the accounting policies below.

The financial statements of the Co-operative have been prepared on a going concern basis notwithstanding the net current liabilities of SGD 1,229,819 (2020: SGD 1,224,973). These factors indicate the existence of a material uncertainty which may cast significant doubt over the Co-operative's ability to continue as a going concern.

The ability of the Co-operative to continue as a going concern is dependent on its ability to generate sufficient cash flow from its operation.

If the Co-operative is unable to continue in operational existence for the foreseeable future, the Co-operative may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Co-operative may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to the financial statements.

The preparation of financial statements in conformity with SFRS requires the use of 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 ultimately differ from those estimates.

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Co-operative has adopted all the new and revised standards and interpretations of SFRS that are effective for annual periods beginning on or after 1 January 2021. The adoption of these standards does not have any material effect on the financial performance or position of the Co-operative.

#### Functional and Presentation Currency

Items included in the financial statements 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 ("SGD"), which is the Co-operative's functional and presentation currency.

All financial information presented are denominated in Singapore Dollar unless otherwise stated.

#### Revenue Recognition

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

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

##### (a) 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.

##### (b) Entrance fee

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

##### (c) Interest income

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

##### (d) Dividend income

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

##### (e) Rental income

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

##### (f) Rendering of services

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

### Finance Cost

Interest expenses and similar charges are expensed in the income statement in the financial year in which they are incurred. Interest expense is recognised on a time-proportion basis in the income statement using the effective interest method.

### Retirement Benefits Cost

Contributions to defined retirement benefit plans are recorded as an expense as they fall due. Contributions made to government managed retirement benefit plan such as the Central Provident Fund ("CPF") which specifies the employer's obligations are dealt with as defined contribution retirement benefit plans.

### Leases

When the Co-operative is the lessee

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

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

#### *Right-of-Use Asset*

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

If ownership of the leased asset transfers to the Co-operative at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

#### *Lease Liabilities*

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

In calculating the present value of lease payments, the Co-operative uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

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

#### Income Taxes

The Co-operative is a registered co-operative society under the Singapore Co-operative Societies Act, Chapter 62 and its income is exempted from income tax under Section 13(1)(f)(ii) of the Income Tax Act, Chapter 134.

#### Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on the straight-line method to write off the cost of the assets over their estimated useful lives. The estimated useful lives have been taken as follows:

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

The residual value, estimated useful lives and depreciation method are reviewed at each reporting period and adjusted prospectively, if appropriate.

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

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

#### Government Grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. A government grant that becomes receivable as compensation for expenses or loss incurred is recognised as income in profit or loss of the period in which it becomes receivable.

## Financial Assets

### Initial recognition and measurement

Financial assets are recognised when, and only when the Co-operative becomes a party to the contractual provisions of the instruments.

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

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

### Subsequent measurement

#### Investments in debt instruments

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

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

#### Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Co-operative may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be reclassified subsequently to profit or loss. Dividends from such investments are to be recognised in profit or loss when the Co-operative's right to receive payments is established. For investments in equity instruments which the Co-operative has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair values are recognised in profit or loss.

### Derecognition

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

## Impairment of Financial Assets

The Co-operative recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost.

Loss allowances of the Co-operative are measured on either of the following basis:

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.

#### *Simplified approach*

The Co-operative applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

#### *General approach*

The Co-operative applies the general approach to provide for ECLs on all other 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 Co-operative 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 of lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Co-operative considers reasonable and supportable information that is relevant and available without undue cost of effort. This includes both quantitative and qualitative information and analysis, based on the Co-operative'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 Co-operative considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Co-operative in full, without recourse by the Co-operative to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Co-operative 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 Co-operative in accordance with the contract and cash flows that the Co-operative expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

### *Credit-impaired financial asset*

At each reporting date, the Co-operative assesses whether financial assets carried at amortised cost 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;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Co-operative on terms that the Co-operative would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

### *Presentation of allowance for ECLs in the statement of financial position*

Loss allowances for financial assets measured at amortised cost 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 Co-operative 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 Co-operative's procedures for recovery of amounts due.

### Impairment of Non-Financial Assets

The Co-operative assesses as each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Co-operative makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. When the carrying amount of an asset exceeds its recovered amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine that asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss.

### Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Co-operative, the financial statements of the Co-operative are maintained substantially in accordance with the principles of "fund accounting" whereby the resources for various purposes are classified for accounting and reporting purposes into specific funds that are in accordance with activities or objectives specified.

### Cash and Cash Equivalents

This includes cash on hand and deposits with financial institutions.

### Share Capital

#### Members' shares

Member's shares are classified as equity. Incremental costs directly attributable to the issue of members' shares are recognised as a deduction from equity.

### Financial Liabilities

#### Initial recognition and measurement

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

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

#### Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

#### Derecognition

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

### Provisions

A provision is recognised when there is a present obligation (legal and constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at end of each reporting year and adjusted to reflect the current best estimate.

### Critical Judgements, Assumptions and Estimation Uncertainties

The preparation of the Co-operative's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### Key Sources of Estimation Uncertainty

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

#### Provision for expected credit losses of loan to members

The Co-operative uses a probability of default approach to calculate ECLs for loan to members. The provision rates are based on historical default rates for each category of loan and adjusts for forward-looking on the probability of insolvency or significant financial difficulties of the debtor or significant delays in payments.

The probability of default approach is initially based on the Co-operative's historical observed default rates. The Co-operative will compute expected credit loss for this group of financial assets using the probability of default approach and recognise amount based on computed figures minus accumulated bad debts recognised as at to date. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Co-operative's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Co-operative's loan to members is disclosed in Note 23.

### 3 Related Party Relationships and Transactions

SFRS 24 defines a related party as a person or entity that is related to the reporting entity and it includes (a) A person or a close member of that person's family if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to the reporting entity if any of the following conditions apply: (i) The entity and the reporting entity are members of the same group. (ii) One entity is an associate or joint venture of the other entity. (iii) Both entities are joint ventures of the same third party. (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity. (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. (vi) The entity is controlled or jointly controlled by a person identified in (a). (vii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity. (viii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

#### 3.1 Key management personnel

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.

	2021	2020
	SGD	SGD
<i>Key management remuneration</i>		
Salaries and allowances	9,600	9,600
<i>Staff remuneration</i>		
Salaries and allowances	62,100	58,500
Contributions to central provident fund	4,808	4,537
	<u>76,508</u>	<u>72,637</u>

### 4 Other Income

	2021	2020
	SGD	SGD
Cash withdraw charges	205	230
Government grants	12,433	29,760
	<u>12,638</u>	<u>29,990</u>

Government grants include Jobs Support Scheme (JSS) which represents wage support to local employees as part of the Government's measures to support businesses during the period of economic uncertainty impacted by COVID-19.

### 5 Employee Benefits Expense

	2021	2020
	SGD	SGD
Contributions to central provident fund	4,808	4,537
Salaries and allowances	71,700	68,100
	<u>76,508</u>	<u>72,637</u>

## 6 Finance Cost

	2021	2020
	SGD	SGD
Interest on lease liability	1,778	-
Interest on members' general savings	1,610	16,452
	<u>3,388</u>	<u>16,452</u>

## 7 Income Tax Benefit (Expense)

The Co-operative is a registered co-operative society Co-operative Societies Act and is exempted from income tax under Section 13(1)(f)(ii) of the Income Tax Act.

**8 Plant and Equipment**

	Computers	Furniture and fittings	Office equipment	Renovation	Total
	SGD	SGD	SGD	SGD	SGD
<b>Cost</b>					
At 1.1.2020	33,709	29,472	2,108	11,480	76,769
Addition	2,087	-	-	-	2,087
At 31.12.2020 and 1.1.2021	35,796	29,472	2,108	11,480	78,856
Addition	-	-	237	-	237
At 31.12.2021	35,796	29,472	2,345	11,480	79,093
<b>Accumulated depreciation</b>					
At 1.1.2020	28,800	29,472	2,108	11,480	71,860
Depreciation for the year	2,205	-	-	-	2,205
At 31.12.2020 and 1.1.2021	31,005	29,472	2,108	11,480	74,065
Depreciation for the year	2,379	-	43	-	2,422
At 31.12.2021	33,384	29,472	2,151	11,480	76,487
<b>Net Carrying Amount</b>					
At 31.12.2021	2,412	-	194	-	2,606
At 31.12.2020	4,791	-	-	-	4,791

## 9 Right-Of-Use Asset

### Society as a lessee

The Co-operative has a lease contract for office rental. The Co-operative's obligations under the lease are secured by the lessor's title to the leased asset. The Co-operative is restricted from assigning and subleasing the leased assets.

Information about the lease for which the Co-operative is a lessee is presented below

#### (a) Statement of financial position

#### Right-of-use asset

	SGD
<b>Cost</b>	
At 1.1.2020	55,828
At 31.12.2020 and 1 January 2021	55,828
Addition	76,074
De-recognition of ROU for expired leases	(54,720)
Modification of lease liability	(1,108)
At 31.12.2021	76,074
<b>Accumulated depreciation</b>	
At 1.1.2020	13,680
Depreciation for the year	27,360
At 31.12.2020 and 1 January 2021	41,040
Depreciation for the year	26,359
De-recognition of ROU for expired leases	(54,720)
At 31.12.2021	12,679
<b>Net carrying amount</b>	
At 31.12.2021	63,395
At 31.12.2020	14,788

#### Lease liabilities

	2021 SGD	2020 SGD
Non-current liabilities	39,459	-
Current liabilities	24,713	14,788
	64,172	14,788

#### Maturity analysis – contractual undiscounted cash flows

	2021 SGD	2020 SGD
1 year or less	27,360	15,682
2 to 5 years	41,040	-
	68,400	15,682

	1 Jan 2021	Cash flows	Non-cash changes				31 Dec 2021
			Acquisition	Accretion of other interests	Others	Modification of lease liability	
	SGD	SGD	SGD	SGD	SGD	SGD	SGD
<b>Liabilities</b>							
Lease liabilities							
- current	14,788	(27,360)	11,902	1,778	24,713	(1,108)	24,713
- non-current	-	-	64,172	-	(24,713)	-	39,459
	<u>14,788</u>	<u>(27,360)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,172</u>

	1 Jan 2020	Cash flows	Non-cash changes				31 Dec 2020
			Acquisition	Accretion of other interests	Others	Modification of lease liability	
	SGD	SGD	SGD	SGD	SGD	SGD	SGD
<b>Liabilities</b>							
Lease liabilities							
- current	28,185	(27,360)	-	-	13,963	-	14,788
- non-current	13,963	-	-	-	(13,963)	-	-
	<u>42,148</u>	<u>(27,360)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,788</u>

(b) Amount recognised in statement of comprehensive income

	2021	2020
	SGD	SGD
Depreciation of right-of-use assets	26,359	27,360
Interest expense on lease liability	1,778	-
	<u>28,137</u>	<u>27,360</u>

(c) Amount recognised in statement of cash flows

	2021	2020
	SGD	SGD
Repayment of lease liabilities	<u>27,360</u>	<u>27,360</u>

(d) Extension option

The Co-operative leased an office space for its operations for a period of 36 months. The lease does not include an option to renew the lease at the end of the contract term.

# 10 Investment Securities at fair value through other comprehensive income (FVOCI)

	2021 SGD	2020 SGD
<i>At fair value through other comprehensive income</i>		
Unquoted equity securities	645,580	645,580
Impairment losses	(100,000)	(100,000)
Quoted equity securities	562,326	354,818
	<u>1,107,906</u>	<u>900,398</u>
	2021 SGD	2020 SGD
<i>Unquoted equity securities</i>		
NTUC Fair Price Ltd	68,500	68,500
NTUC Income	427,080	427,080
Premier Security Co-operative Securities	50,000	50,000
Customs Credit Co-operative Training Institute	100,000	100,000
At end of year	<u>645,580</u>	<u>645,580</u>

Unquoted equity securities amounting to SGD 545,580 were stated at cost as these are shares held in co-operative societies and the share value of co-operatives are fixed at its par value and there is no market to determine the fair value.

# 11 Loan to Members

	2021 SGD	2020 SGD
<i>Special and normal loan</i>		
At beginning of the year	21,999	3,100
Loans granted during the year	131,734	167,433
Transfers	(147,774)	(148,534)
At end of the year	<u>5,959</u>	<u>21,999</u>
<i>Secured loan</i>		
At beginning of the year	380,265	406,172
Loans granted during the year	196,133	191,547
Repayments during the year	(201,969)	(200,509)
Transfers from thrift savings (Note 18)	(18,263)	(17,472)
Transfers from general savings (Note 19)	(1,080)	527
Provision for impairment	(28,234)	(28,234)
At end of the year	<u>326,852</u>	<u>352,031</u>
<i>Unsecured loan</i>		
At beginning of the year	522,883	672,414
Loans granted during the year	139,486	135,915
Repayments during the year	(212,840)	(267,355)
Transfers from thrift savings (Note 18)	(3,325)	(16,378)
Transfers from general savings (Note 19)	(3,773)	(713)
Transfers from share capital (Note 15)	(200)	(500)
Transfers from common good fund	-	(500)
Provision for impairment	(37,274)	(38,593)
At end of the year	<u>404,957</u>	<u>484,290</u>

	2021 SGD	2020 SGD
<i>Basic needs loan</i>		
At beginning of the year	6,738	2,760
Loans granted during the year	11,500	6,700
Repayments during the year	(6,372)	(2,582)
Transfers from general savings (Note 19)	(270)	(140)
Provision for impairment	(1,930)	(1,930)
At end of the year	<u>9,666</u>	<u>4,808</u>
<i>Renovation loan</i>		
At beginning of the year	121,796	177,666
Loans granted during the year	5,640	-
Repayments during the year	(41,759)	(55,362)
Transfers from thrift savings (Note 18)	(1,010)	-
Transfers from general savings (Note 19)	(392)	(508)
Transfers from share capital (Note 15)	(100)	-
At end of the year	<u>84,175</u>	<u>121,796</u>
Total loan to members	<u>831,609</u>	<u>984,924</u>

Below is the movement of provision of impairment:

	2021 SGD	2020 SGD
As at 1 January	68,757	70,372
Reversal of impairment	(1,319)	(1,615)
As at 31 December	<u>67,438</u>	<u>68,757</u>

Special loans to members are unsecured loan issued in advance, bear interest at the rate 6% per annum. Normal loans to members are secured loan issued in advance, bear interest at the rate of 5% per annum subsequently.

Secured loans to members are secured against members' savings, bear interest at the rate of 5% (2020: 5%) per annum and repayable on demand.

Unsecured loans, basic needs loans and renovation loans bear interest at the rate of 6% (2020: 6%) per annum and repayable on demand.

## 12 Trade and Other Receivables

	2021 SGD	2020 SGD
Interest receivable	3,451	8,976
Tax recoverable	22,478	22,478
Other receivables	(797)	4,060
	<u>25,132</u>	<u>35,514</u>

### 13 Other Assets

	2021	2020
	SGD	SGD
Deposits	4,650	4,650
Prepayments	1,977	1,648
	<u>6,627</u>	<u>6,298</u>

### 14 Cash and Cash Equivalents

	2021	2020
	SGD	SGD
Cash at banks	405,455	1,461,539
Cash on hand	362	181
Fixed deposits	3,109,066	2,608,255
	<u>3,514,883</u>	<u>4,069,975</u>

Fixed deposits bear interest rates ranging from 0.30% to 0.50% (2020: 0.75% to 2.00%) per annum and for a tenure of approximately 93 to 186 days (2020: 365 days).

### 15 Share Capital

	2021		2020	
	No. of Shares	SGD	No. of Shares	SGD
<b>Issued and Fully Paid</b>				
At beginning of year	63,800	63,800	77,500	77,500
Deposits (withdrawals) / transfers	(8,300)	(8,300)	(13,700)	(13,700)
At end of year	<u>55,500</u>	<u>55,500</u>	<u>63,800</u>	<u>63,800</u>

In accordance with By-law 8.1(b) a new member must make a minimum payment of \$100.00 for the purchase of 100 shares in the Society or may apply for this initial monthly contribution otherwise credited to his Thrift Savings account to be credited to his share account up to the minimum required.

### 16 General Reserve Fund

	2021	2020
	SGD	SGD
At beginning of the year	-	457,269
Transfer to accumulated fund	-	(457,269)
At end of the year	<u>-</u>	<u>-</u>

The general reserve fund shall be used (By-Law 12.3):

- to meet unforeseen losses;
- 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;
- to enable the Co-operative by reason of the income derived from the reserve fund to reduce the rate of interest on loan granted to members without causing a reduction in the rate of dividend on subscription capital.

## 17 Scholarship Fund

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

## 18 Thrift Savings

	2021 SGD	2020 SGD
At beginning of the year	4,371,919	4,807,000
Receipts during the year	112,059	315,276
Withdrawals and transfers	(777,285)	(750,357)
At end of the year	<u>3,706,693</u>	<u>4,371,919</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 \$30 per month to the Thrift savings. From April 2021, a minimum of \$5 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.

## 19 General Savings

	2021 SGD	2020 SGD
At beginning of the year	1,735,445	1,657,683
Receipts during the year	319,459	443,273
Interest credited	1,610	16,452
Withdrawals and transfers	(444,481)	(381,963)
At end of the year	<u>1,612,033</u>	<u>1,735,445</u>

This is a non-compulsory savings and every member may make a minimum monthly deposit of not less than \$10 per month for specific purposes as set out in By-Law 10.1. From April 2021, maximum of \$50 per month. Interest is payable on 30 June and 31 December at a rate of 0.10% (2020: 1%) per annum and shall be calculated on the amount on the minimum monthly balance, provided that such balance does not fall below \$50 in each case.

## 20 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of quoted equity shares designated at FVOCI.

## 21 Other Payables

	2021 SGD	2020 SGD
Other payables	194,672	122,179
Accruals	14,459	7,971
	<u>209,131</u>	<u>130,150</u>

Accruals are non-interest bearing and are normally settled on 30 days' term.

## 22 Central Co-operative Fund

Pursuant to Section 71 of the Co-operative Societies Act, Chapter 62, the Society shall contribute 5% of the first SGD 500,000 of the surplus resulting from the operations of the Society during the preceding financial year to the Central Co-operative Fund; and 20% of any surplus in excess of SGD 500,000 from the operations of the Society during the preceding financial year either to the Central Co-operative Fund or to the Singapore Labour Foundation as the Society may opt.

	2021	2020
	SGD	SGD
Contribution for the year	-	3,722
Contribution for previous year	-	1,860
	-	5,582

## 23 Financial Risk Management Objectives and Policies

The main risks from the Co-operative's financial instruments are interest rate risk, currency risk, liquidity risk, credit risk and price risk. The policies for managing each of these risks are summarised below.

### Interest rate risk

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

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

### Liquidity risk

Liquidity risk is the risk that the Co-operative may encounter difficulties to settle or meet its financial obligations due to shortage of available funds. The Co-operative's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Co-operative reviews its capital requirements to assess the adequacy of cash and cash equivalents to finance the operations.

### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Co-operative's financial assets and liabilities at the end of the reporting year based on contractual undiscounted repayment obligations.

	2021			2020		
	1 year or less	2 to 5 years	Total contractual cash flows	1 year or less	2 to 5 years	Total contractual cash flows
	SGD	SGD	SGD	SGD	SGD	SGD
<i>Financial assets</i>						
Investment securities	-	1,107,906	1,107,906	-	900,398	900,398
Loans to members	831,609	-	831,609	984,924	-	984,924
Trade and other	25,132	-	25,132	35,514	-	35,514
Other assets	4,650	-	4,650	4,650	-	4,650
Cash and cash equivalents	3,514,883	-	3,514,883	4,069,975	-	4,069,975
	<u>4,376,274</u>	<u>1,107,906</u>	<u>5,484,180</u>	<u>5,095,063</u>	<u>900,398</u>	<u>5,995,461</u>
<i>Financial liabilities</i>						
Other payables	209,131	-	209,131	130,150	-	130,150
Thrift savings	3,706,693	-	3,706,693	4,371,919	-	4,371,919
General savings	1,612,033	-	1,612,033	1,735,445	-	1,735,445
Central Co-Operative	-	-	-	5,582	-	5,582
Lease liabilities	27,360	41,040	68,400	14,788	-	14,788
	<u>5,555,217</u>	<u>41,040</u>	<u>5,596,257</u>	<u>6,257,884</u>	<u>-</u>	<u>6,257,884</u>
Total net undiscounted financial assets (liabilities)	<u>(1,178,943)</u>	<u>1,107,906</u>	<u>(112,077)</u>	<u>(1,162,821)</u>	<u>900,398</u>	<u>(262,423)</u>

### Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Society.

#### *Exposure to credit risk*

Credit risk arises from the Co-operative's lending and investment activities where members are unable to meet their contractual liabilities when they fall due. Credit to members is reviewed regularly to ensure that credit risk is supported by adequate guarantees and their earnings. Exposure to loan lending is minimised by a policy of generally granting loans on the conduct of regular reviews. Loans are mainly granted to a co-operative in which the Co-operative has an equity interest and is represented on the Board of Directors.

The Co-operative's exposure to credit risk arises primarily from trade and other receivables and loan to members. For other financial assets (including cash and cash equivalents), the Co-operative minimises credit risk by dealing exclusively with parties on high credit ratings.

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

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

The table below details the credit quality of the Co-operative's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	Note	Category	Gross carrying amount SGD	Loss allowance SGD	Net carrying amount SGD
31 December 2021					
Loan to members	11	Note 1	899,047	(67,438)	831,609
31 December 2020					
Loan to members	11	Note 1	1,053,681	(68,757)	984,924

#### Loan to members (Note 1)

The Co-operative computes expected credit loss for this group of financial assets using the probability of default approach and recognise amount based on computed figures minus accumulated bad debts recognised as at to date. In calculating the expected credit loss rates, the Co-operative considers historical default rates for each category of loan and adjusts for forward-looking on the probability of insolvency or significant financial difficulties of the debtor or significant delays in payments.

#### Price risk

fluctuate because of the changes in market price (other than interest or exchange rates). The Co-operative is exposed to equity price risk arising from its investment in quoted shares. These instruments are quoted on the Singapore Exchange – Securities Trading (SGX-ST) and are classified as investment securities.

#### *Sensitivity analysis for market risk*

At the end of the reporting period, if the price of the shares held had been 5% (2020: 5%) higher/lower with all other variables held constant, the Co-operative's profit before taxation would have been SGD 28,116 (2020: SGD 17,741) higher/lower.

## 24 Fair Value of Assets and Liabilities

### (a) Fair value hierarchy

The Co-operative categories fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Co-operative can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categories in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The following table shows an analysis of the Co-operative for each class of assets and liabilities measured at fair value at the end of the reporting year.

	Significant observable inputs other than quoted prices (Level 1)	
	2021	2020
	SGD	SGD
<i>Financial assets:</i>		
<u>At fair value through other comprehensive income</u>		
Investment securities	1,107,906	900,398

**(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amount are reasonable approximation of fair value**

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, provisions and other liabilities and amounts payable approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

**25 Classification of Financial Assets and Liabilities**

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year.

	2021	2020
	SGD	SGD
Investment securities	1,107,906	900,398
Financial assets at amortised cost	4,376,274	5,095,063
Financial liabilities at amortised cost	5,592,029	6,257,884

**26 New Accounting Standards and FRSs Interpretations**

At the date of authorisation of these financial statements, none of the following SFRSs and amendments to SFRS that were issued but not yet effective are relevant to the Co-operative.

**27 Impact of Coronavirus Disease 2019 (the "Covid-19")**

The Covid-19 pandemic and the aftermath of the pandemic have caused and continue to cause disruptions resulting in uncertainties surrounding the reporting Co-operative's business and which had and may continue to have an adverse effect on its financial position, financial performance of operations, cash flows and prospects for the foreseeable future. There is significant uncertainty around the medium to long term impact of the Covid-pandemic. These uncertainties gave rise to difficult in making an accurate assessment by management of the future financial impacts on the reporting entity. Management will continue to closely monitor the further economic development and its impact.