

FINANCIAL STATEMENTS

31 December 2020

CUSTOMS CREDIT CO-OPERATIVE SOCIETY (S) LTD

Unique Entity Number: S32CS0009L

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DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

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 2020.

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 2020, 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:

S.Krishnan
P. Namsivayam
Farihullah S/O A W Safiullah
Mohan Singh
Tan Eng Lam
Ganesh S/O Peramaiyan
Darrel Toh
Winston Tay
Thanabalan Lyyamalai
Choo Teik Choon
Gurmit Sigh 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 2020

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.

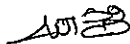
On Behalf of the Board of Directors,



S. Krishnan
Chairman



P Namasivayam
Secretary



Farihullah S/O A W Safiullah
Treasurer

26 March 2021

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 2020, 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 ("FRS") so as to give a true and fair view of the financial position of the Co-operative as at 31 December 2020 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.

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 FRSs, 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 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.

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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 2020 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

26 March 2021

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

	Note	2020 SGD	2019 SGD Restated*
Income			
Administrative fee		4,695	10,597
Dividend income		60,188	79,983
Entrance fee		100	660
Gain on disposal of property		-	351,060
Gain on disposal of plant and equipment		300	-
Impairment loss on loan to members written back		1,615	1,000
Loan from ex-members waived		19,223	10,169
Interest income:			
- current accounts		539	2,059
- fixed deposits		41,297	38,283
- loan to members		92,211	112,755
Other income	4	29,990	4,342
		<u>250,158</u>	<u>610,908</u>
Less:			
Expenditure			
Affiliation fee		250	250
Accountancy fee		8,800	7,800
Auditor's remuneration		4,387	6,035
Bank charges		558	986
Committee meeting expenses		4,480	3,982
Commission		1,412	1,480
Common good fund		15,610	21,950
Computerisation expenses		4,490	7,592
Co-operative expenses		-	8,250
Delegate training fund		220	80
Depreciation of plant and equipment	8	2,205	140
Depreciation of right-of-use asset	9	27,360	13,680
Employee benefits expense	5	72,637	76,459
General expense		268	455
General meeting expenses		1,819	3,515
Legal and professional fees		70	2,950
Loan related expenses		514	519

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

	Note	2020 SGD	2019 SGD Restated*
Less:			
Expenditure			
Management fund and sinking fund		-	2,942
Medical expenses		20	60
Postage		867	557
Printing and stationery		2,388	2,897
Property tax		-	996
Rental of copier		668	389
Recruitment expense		25	335
Repairs and maintenance		384	-
Scholarship fund		2,300	1,100
Telephone charges		2,808	2,482
Transportation expense		502	383
Utilities		510	592
		<u>155,552</u>	<u>168,856</u>
Surplus (deficit) before finance cost and income tax		94,606	442,052
Finance cost	6	(16,452)	(15,948)
Surplus (deficit) before income tax		<u>78,154</u>	<u>426,104</u>
Contribution to central co-operative fund		(3,722)	(1,860)
Surplus (deficit) after income tax and contributions		<u>74,432</u>	<u>424,244</u>
Other comprehensive income			
<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		(212,875)	(178,473)
Total other comprehensive income		<u>(212,875)</u>	<u>(178,473)</u>
Total comprehensive income for the year		<u>(138,443)</u>	<u>245,771</u>

*See Note 27

The accompanying notes form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	31 Dec 20 SGD	31 Dec 19 SGD Restated*	1 Jan 19 SGD Restated*
Assets				
Non-current assets				
Property, plant and equipment	8	4,791	4,909	560,000
Right-of-use asset	9	14,788	42,148	
Investment securities at fair value through other comprehensive income (FVOCI)	10	900,398	1,113,273	1,642,629
Total non-current assets		919,977	1,160,330	2,202,629
Current assets				
Loan to members	11	984,924	1,191,740	1,390,284
Trade and other receivables	12	35,514	46,672	44,308
Other assets	13	6,298	6,192	2,483
Cash and cash equivalents	14	4,069,975	4,024,082	3,364,130
Total current assets		5,096,711	5,268,686	4,801,205
Total assets		6,016,688	6,429,016	7,003,834
Accumulated funds and liabilities				
Funds				
General reserve	16	-	457,269	457,269
Scholarship fund	17	223	223	223
Fair value reserve	20	(869,904)	(657,029)	(269,983)
Accumulated fund		564,685	32,984	(385,876)
Total funds		(304,996)	(166,553)	(198,367)
Current liabilities				
Other payables	21	130,150	9,378	17,660
Central Co-Operative Fund	22	5,582	1,860	-
Lease liabilities	9	14,788	28,185	-
Share capital	15	63,800	77,500	83,000
Thrift savings	18	4,371,919	4,807,000	5,433,123
General savings	19	1,735,445	1,657,683	1,668,418
Total current liabilities		6,321,684	6,581,606	7,202,201
Non-current liabilities				
Lease liabilities	9	-	13,963	-
Total non-current liabilities		-	13,963	-
Total liabilities		6,321,684	6,595,569	7,202,201
Total accumulated funds and liabilities		6,016,688	6,429,016	7,003,834

*See Note 27

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

	Note	Total Funds SGD	General Reserve SGD	Scholarship Fund SGD	Fair Value Reserve SGD	Accumulated Fund SGD
Opening balance at 1 January 2020						
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
		-	(457,269)	-	-	457,269
Closing balance at 31 December 2020		(304,996)	-	223	(869,904)	564,685
Opening balance at 1 January 2019						
Effect of adjustment arising from correction of prior year error	27	(198,367)	457,269	223	(204,527)	(451,332)
Opening balance at 1 January 2019, as adjusted						
Total comprehensive income for the year		(198,367)	457,269	223	(269,983)	(385,876)
Transfer to accumulated fund		39,058	-	-	-	39,058
Net movement for the year		(5,384)	-	-	(178,473)	178,473
Effect of adjustment arising from correction of prior year error		-	-	-	-	(5,384)
Total Comprehensive Income for the Year as adjusted		176,613	-	-	(208,573)	385,186
- Net fair value gain/(loss) on investments in equity instruments designated as at FVTOCI	27	11,920	457,269	223	(657,029)	211,457
		(178,473)	-	-	-	(178,473)
Closing balance at 31 December 2019		(166,553)	457,269	223	(657,029)	32,984

The accompanying notes form an integral part of these financial statements

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

	Note	2020 SGD	2019 SGD Restated
Cash flows from operating activities			
Surplus (deficit) before income tax		78,154	426,104
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		2,205	140
Dividend income		(60,188)	(79,983)
Interest expense		16,452	15,948
Interest income		(134,047)	(153,097)
Gain on disposal of property		-	(351,060)
Operating cash flows before changes in working capital		(97,424)	(141,948)
<i>Changes in working capital:</i>			
Loan to members		223,268	209,108
Trade and other receivables		11,158	(2,364)
Other assets		(106)	(3,709)
Other payables		120,772	(8,282)
Cash flows from operations		257,668	52,805
Net cash flows from (used in) operating activities		257,668	52,805
Cash flows from investing activities			
Proceed from disposal of property, plant and equipment		-	554,951
Proceeds from investment securities		-	493,370
Purchase of property, plant and equipment		(2,087)	-
Interest received		134,047	153,097
Dividend received		60,188	79,983
Net cash flows from (used in) investing activities		192,148	1,281,401
Cash flows from financing activities			
Interest paid		(16,452)	(15,948)
Deposits (withdrawals) of share capital		(13,700)	(5,500)
Deposits (withdrawals) of thrift savings		(435,081)	(626,123)
Deposits (withdrawals) of general savings		61,310	(26,683)
Net cash flows from (used in) financing activities		(403,923)	(674,254)
Net increase (decrease) in cash and cash equivalents		45,893	659,952
Cash and cash equivalents, at beginning of year		4,024,082	3,364,130
Cash and cash equivalents, at end of year	14	4,069,975	4,024,082

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

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 ("FRS").

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 preparation of financial statements in conformity with FRS 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 as disclosed in Note 27. 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 2020. 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 company 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

(a) Current Tax

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

(b) Deferred Tax

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

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset is reviewed at end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at end of each reporting year and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

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

Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

Buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the end of the reporting period.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

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:

Property	-	50 years
Computers	-	3 years
Furniture and fittings	-	5 years
Office equipment	-	5 years
Renovation	-	5 years

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

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

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 from derecognition of the assets is included in profit or loss in the period that the assets are derecognised.

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 to 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

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

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

FRS 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.

	2020 SGD	2019 SGD
<i>Key management remuneration</i>		
Salaries and allowances	9,600	9,600
<i>Staff remuneration</i>		
Salaries and allowances	58,500	61,700
Contributions to central provident fund	4,537	5,159
	<u>72,637</u>	<u>76,459</u>

4 Other Income

	2020 SGD	2019 SGD
Cash withdraw charges	230	425
Government grants	29,760	3,917
	<u>29,990</u>	<u>4,342</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

	2020 SGD	2019 SGD
Contributions to central provident fund	4,537	5,159
Salaries and allowances	68,100	71,300
	<u>72,637</u>	<u>76,459</u>

6 Finance Cost

	2020 SGD	2019 SGD
Interest on specific deposits	16,452	15,948

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 Property, Plant and Equipment

	Leasehold properties SGD	Computers SGD	Furniture and fittings SGD	Office equipment SGD	Renovation SGD	Total SGD
Cost / valuation						
At 1.1.2019	752,898	68,942	29,791	6,101	11,480	869,212
At cost	401,872	68,942	29,791	6,101	11,480	518,186
At valuation	351,026	-	-	-	-	351,026
Addition	-	5,049	-	-	-	5,049
Disposal	(752,898)	(40,282)	(319)	(3,993)	-	(797,492)
At 31.12.2019 and 1.1.2020	-	33,709	29,472	2,108	11,480	76,769
At cost	-	33,709	29,472	2,108	11,480	76,769
Addition	-	2,087	-	-	-	2,087
At 31.12.2020	-	35,796	29,472	2,108	11,480	78,856
Accumulated depreciation						
At 1.1.2019	192,898	68,942	29,791	6,101	11,480	309,212
Disposal	(192,898)	(40,282)	(319)	(3,993)	-	(237,492)
Depreciation for the year	-	140	-	-	-	140
At 31.12.2019 and 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	-	31,005	29,472	2,108	11,480	74,065
Net Carrying amounts						
At 31.12.2020	-	4,791	-	-	-	4,791
At 31.12.2019	-	4,909	-	-	-	4,909

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
Cost	
At 1.1.2019	-
Addition	55,828
At 31.12.2019	55,828
Addition	-
At 31.12.2020	55,828
Accumulated depreciation	
At 1.1.2019	-
Depreciation for the year	13,680
At 31.12.2019	13,680
Depreciation for the year	27,360
At 31.12.2020	41,040
Net carrying amount	
At 31.12.2020	14,788
At 31.12.2019	42,148

Lease liabilities

	2020 SGD	2019 SGD
Non-current liabilities	-	13,963
Current liabilities	14,788	28,185
	14,788	42,148

Maturity analysis – contractual undiscounted cash flows

	2020 SGD	2019 SGD
1 year or less	15,682	26,987
2 to 5 years	-	15,682
More than 5 years	-	-
	15,682	26,987

	1 Jan 20	Cash flows	Non-cash changes	Accretion of	Others	31 Dec 20
	SGD	SGD	Acquisition SGD	interests SGD	SGD	SGD
Liabilities						
Lease liabilities						
- current	28,185	(27,360)	-	-	-	825
- non-current	13,963	-	-	-	-	13,963
	42,148	(27,360)	-	-	-	14,788

	1 Jan 19	Cash flows	<u>Non-cash changes</u>		31 Dec 19
			Accretion of		
			other		
			interests		
	SGD	SGD	Acquisition	Others	SGD
			SGD	SGD	
Liabilities					
Lease liabilities					
- current	-	(13,680)	55,828	-	(13,963)
- non-current	-	-	-	-	13,963
	-	(13,680)	55,828	-	42,148

(b) Amount recognised in statement of financial activities

	2020	2019
	SGD	SGD
Depreciation of right-of-use assets	27,360	13,680

(c) Extension option

The Co-operative leased an office space for its operations for a period of 24 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)

	2020	31 Dec 19	1 Jan 19
	SGD	SGD	SGD
		Restated	Restated
<i>At fair value through other comprehensive income</i>			
Unquoted equity securities	645,580	645,580	645,580
Impairment losses	(100,000)	(100,000)	(100,000)
Quoted equity securities	354,818	567,693	1,097,049
	<u>900,398</u>	<u>1,113,273</u>	<u>1,642,629</u>
	2020	31 Dec 19	1 Jan 19
	SGD	SGD	SGD
		Restated	Restated
<i>Unquoted equity securities</i>			
NTUC Fair Price Ltd	68,500	68,500	68,500
NTUC Income	427,080	427,080	427,080
Premier Security Co-operative Securities	50,000	50,000	50,000
Customs Credit Co-operative Training Institute	100,000	100,000	100,000
At end of year	<u>645,580</u>	<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

	2020 SGD	2019 SGD
<i>Special and normal loan</i>		
At beginning of the year	3,100	14,673
Loans granted during the year	167,433	113,684
Transfers	(148,534)	(125,257)
At end of the year	21,999	3,100
<i>Secured loan</i>		
At beginning of the year	406,172	520,005
Loans granted during the year	191,547	228,479
Repayments during the year	(200,509)	(285,620)
Transfers from thrift savings (Note 18)	(17,472)	(51,509)
Transfers from general savings (Note 19)	527	(5,183)
Provision for impairment	(26,727)	(28,234)
At end of the year	353,538	377,938
<i>Unsecured loan</i>		
At beginning of the year	672,414	752,179
Loans granted during the year	135,915	281,956
Repayments during the year	(267,355)	(331,126)
Transfers from thrift savings (Note 18)	(16,378)	(24,404)
Transfers from general savings (Note 19)	(713)	(4,991)
Transfers from share capital (Note 15)	(500)	(1,200)
Transfers from common good fund	(500)	-
Provision for impairment	(40,100)	(40,208)
At end of the year	482,783	632,206
<i>Basic needs loan</i>		
At beginning of the year	2,760	8,500
Loans granted during the year	6,700	8,600
Repayments during the year	(2,582)	(13,240)
Transfers from general savings (Note 19)	(140)	(1,100)
Provision for impairment	(1,930)	(1,930)
At end of the year	4,808	830
<i>Renovation loan</i>		
At beginning of the year	177,666	166,298
Loans granted during the year	-	97,292
Repayments during the year	(55,363)	(87,016)
Transfers from general savings (Note 19)	(508)	1,092
At end of the year	121,796	177,666
Total loan to members	984,924	1,191,740

Below is the movement of provision of impairment:

	2020 SGD	2019 SGD
As at 1 January	70,372	71,372
Reversal of impairment	(1,615)	(1,000)
As at 31 December	68,757	70,372

Special loans to members are unsecured loan issued in advance, bear interest at the rate of 12% (2019: 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% (2019: 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% (2019: 5%) per annum and repayable on demand.

Unsecured loans, basic needs loans and renovation loans bear interest at the rate of 6% (2019: 6%) per annum and repayable on demand.

12 Trade and Other Receivables

	2020 SGD	2019 SGD
Interest receivable	8,976	15,656
Tax recoverable	22,478	22,479
Other receivables	4,060	8,537
	<u>35,514</u>	<u>46,672</u>

13 Other Assets

	2020 SGD	2019 SGD
Deposits	4,650	4,650
Prepayments	1,648	1,542
	<u>6,298</u>	<u>6,192</u>

14 Cash and Cash Equivalents

	2020 SGD	2019 SGD
Cash at banks	1,461,539	528,318
Cash on hand	181	47
Fixed deposits	2,608,255	3,495,718
	<u>4,069,975</u>	<u>4,024,082</u>

Fixed deposits bear interest rates ranging from 0.75% to 2.00% (2019: 0.75% to 2.00%) per annum and for a tenure of approximately 365 days (2019: 365 days).

15 Share Capital

	2020		2019	
	No. of Shares	SGD	No. of Shares	SGD
Issued and Fully Paid				
At beginning of year	77,500	77,500	83,000	83,000
Deposits (withdrawals) / transfers	(13,700)	(13,700)	(5,500)	(5,500)
At end of year	<u>63,800</u>	<u>63,800</u>	<u>77,500</u>	<u>77,500</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

16 General Reserve Fund

	2020 SGD	2019 SGD
At beginning of the year	457,269	457,269
Transfer to accumulated fund	457,269	-
At end of the year	-	457,269

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;
to enable the Co-operative by reason of the income derived from the reserve fund to reduce the
- (c) 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

	2020 SGD	2019 SGD
At beginning of the year	4,807,000	5,433,123
Receipts during the year	315,276	337,196
Withdrawals and transfers	(750,357)	(963,319)
At end of the year	4,371,919	4,807,000

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.

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

	2020	2019
	SGD	SGD
At beginning of the year	1,657,683	1,668,418
Receipts during the year	443,273	452,061
Interest credited	16,452	15,948
Withdrawals and transfers	(381,963)	(478,744)
At end of the year	<u>1,735,445</u>	<u>1,657,683</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. Interest is payable on 30 June and 31 December at a rate of 1% (2018: 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

	2020	2019
	SGD	SGD
Other payables	122,179	0
Accruals	7,971	9,378
	<u>130,150</u>	<u>9,378</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.

	2020	2019
	SGD	SGD
Contribution for the year	3,722	1,860
Contribution for previous year	1,860	-
	<u>5,582</u>	<u>1,860</u>

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.

	2020			2019		
	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	-	900,398	900,398	-	1,113,273	1,113,273
Loans to members	984,924	-	984,924	1,191,740	-	1,191,740
Trade and other receivables	35,514	-	35,514	46,672	-	46,672
Other assets	4,650	-	4,650	4,650	-	4,650
Cash and cash equivalents	4,069,975	-	4,069,975	4,024,082	-	4,024,082
	5,095,063	900,398	5,995,461	5,267,143	1,113,273	6,380,416
<i>Financial liabilities</i>						
Accruals	130,150	-	130,150	9,378	-	9,378
Thrift savings	4,371,919	-	4,371,919	4,807,000	-	4,807,000
General savings	1,735,445	-	1,735,445	1,657,683	-	1,657,683
Central Co-Operative Fund	5,582	-	5,582	1,860	-	1,860
Lease liabilities	14,788	-	14,788	26,987	15,682	42,669
	6,257,884	-	6,257,884	6,502,908	15,682	6,518,590
Total net undiscounted financial assets	(1,162,821)	900,398	(262,423)	(1,235,765)	1,097,591	(138,174)

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 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

Price risk is the risk that the fair value or future cash flows of the Co-operative's financial instruments will 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% (2019: 5%) higher/lower with all other variables held constant, the Co-operative's profit before taxation would have been SGD 17,741 (2019: SGD 28,385) 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)	
	2020	2019
	SGD	SGD
<i>Financial assets:</i>		
<u>At fair value through other comprehensive income</u>		
Investment securities	900,398	1,113,273

(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.

	2020	2019
	SGD	SGD
Investment securities	900,398	1,113,273
Financial assets at amortised cost	5,095,063	5,267,143
Financial liabilities at amortised cost	6,257,884	6,518,590

26 New Accounting Standards and FRSs Interpretations

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

27 Restatement of Comparative Information

During the audit for the year ended 31 December 2020, the following error were identified in respect of the classification and measurement requirements of FRS 109 as follows:

- Unquoted equity securities designated at fair value through profit or loss (FVTPL) as at 31 December 2020 are classified and measured as equity instruments designated at fair value through other comprehensive income (FVOCI). The Company elected to classify irrevocably its unquoted equity securities under this category at the date of initial application as it intends to hold these investments for long-term appreciation. There were impairment losses recognised in profit or loss for these investments in prior periods.

The error have been corrected by restating the prior year financial statements. The following table summarises the impacts of the adjustments arising from the correction of prior year errors on the Company's statement of comprehensive income for the year ended 31 December 2020 and the Company's financial position as at 31 December 2020.

Statement of comprehensive Income

	31 December 2019	
	As previously stated	Restated
	SGD	SGD
Income	610,908	610,908
Less:		
Expenditure		
Loss on fair value of investment securities	208,573	-
Impairment loss on investment securities	178,473	-
Other expenses	168,856	168,856
Surplus (deficit) before finance cost and income tax	55,006	442,052
Finance cost	(15,948)	(15,948)
Surplus (deficit) before income tax	39,058	426,104
Income tax benefit (expense)	-	-
Contribution to central co-operative fund	-	(1,860)
Surplus (deficit) after income tax	39,058	424,244
Other Comprehensive Income		
<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	- (178,473)	(178,473)
Total other comprehensive income	-	(178,473)
Total comprehensive income for the year	39,058	245,771

Statement of Financial Position	31 December 2019		1 January 2019	
	As previously stated	Adjustments	As previously stated	Adjustments
	SGD	SGD	SGD	SGD
Assets				
Non-Current Assets				
Property, plant and equipment	4,909	-	4,909	-
Right-of-use asset	42,148	-	42,148	-
Investment securities	1,113,273	-	1,113,273	-
Total Non-Current Assets	1,160,330	-	1,160,330	-
Current Assets				
Loan to members	1,191,740	-	1,191,740	-
Trade and other receivables	46,672	-	46,672	-
Other assets	6,192	-	6,192	-
Cash and cash equivalents	4,024,082	-	4,024,082	-
Total Current Assets	5,268,686	-	5,268,686	-
Total Assets	6,429,016	-	6,429,016	-
Accumulated funds and liabilities Funds				
Share capital	77,500	-	83,000	83,000
General reserve	457,269	-	457,269	-
Scholarship fund	223	-	223	-
Thrift savings	4,807,000	4,807,000	5,433,123	5,433,123
General savings	1,657,683	1,657,683	1,668,418	1,668,418
Fair value reserve	-	(657,029)	(204,527)	(65,456)
Accumulated fund	(622,185)	655,169	(451,332)	65,456
Total Equity	6,377,490	-	6,986,174	7,184,541
Current liabilities				
Trade and other payables	9,378	-	9,378	-
Central Co-Operative Fund	-	1,860	17,660.00	-
Lease liabilities	28,185	-	28,185	-
Share capital	-	77,500	77,500	-
Thrift savings	-	4,807,000	4,807,000	-
General savings	-	1,657,683	1,657,683	-
Total current liabilities	37,563	-	17,660.00	7,184,541.00
Non-current liabilities				
Lease liabilities	13,963	-	13,963	-
Total non-current liabilities	13,963	-	13,963	-
Total liabilities	51,526	-	17,660	-
Total accumulated funds and liabilities	6,429,016	-	7,003,834	-

28 Impact of Coronavirus Disease 2019 (the “Covid-19”)

The Coronavirus Disease 2019 (the “Covid-19”) pandemic is expected to affect the business and economic activities of the Co-operative and its related companies. Although it is not possible to reliably estimate the length or severity of this outbreak and hence its financial impacts, the effect of Covid-19 has and may continue to affect the Co-operative's businesses. This may in turn result in a decrease in the Co-operative's profitability and other material effect. The related impact will be reflected in the Co-operative's financial statements for the financial year ending 31 December 2021. Notwithstanding this, management has assessed that the Co-operative will be able to maintain sufficient liquidity for at least the next twelve months from the date of authorisation of these financial statements.

DETAILED INCOME STATEMENT

For the year ended 31 December 2020

	2020 SGD	2019 SGD
Income		
Administrative fee	4,695	10,597
Dividend income	60,188	79,983
Entrance fee	100	660
Gain on disposal of property	-	351,060
Gain on disposal of fixed asset	300	-
Gain on loan from ex-members	1,615	1,000
Income from ex members	19,223	10,169
- current accounts	539	2,059
- fixed deposits	41,297	38,283
- loan to members	92,211	112,755
Others	29,990	4,342
	<u>250,158</u>	<u>610,908</u>
Less:		
Expenditure		
Affiliation fee	250	250
Accountancy fee	8,800	7,800
Auditor's remuneration	4,387	6,035
Bank charges	558	986
Committee meeting expenses	4,480	3,982
Commission	1,412	1,480
Common good fund	15,610	21,950
Computerisation expenses	4,490	7,592
Co-operative expenses	-	8,250
Delegate training fund	220	80
Depreciation of plant and equipment	2,205	140
Employee benefits expense	72,637	76,459
General expense	268	455
General meeting expenses	1,819	3,515
Impairment loss on investment securities	-	178,473
Impairment loss on loans to members	-	-
Legal and professional fees	70	2,950
Loan related expenses	514	519
Loss on fair value of investment securities	-	208,573
Management fund and sinking fund	-	2,942
Medical expenses	20	60
Postage	867	557
Printing and stationery	2,388	2,897
Property tax	-	996
Rental of copier	668	389
Depreciation of right-of-use asset	27,360	13,680
Recruitment expense	25	335
Repairs and maintenance	384	-
Scholarship fund	2,300	1,100
Telephone charges	2,808	2,482
Transportation expense	502	383
Utilities	510	592
	<u>155,552</u>	<u>555,902</u>

DETAILED INCOME STATEMENT

For the year ended 31 December 2020

	2020 SGD	2019 SGD
Surplus for the year	94,606	55,006
Interest on specific deposit	16,452	15,948
Surplus before income tax and contributions	78,154	39,058
Income tax benefit (expense)	-	-
Contribution to central co-operative fund	(3,722)	(1,860)
Surplus after income tax and contributions	74,432	37,198
Total other comprehensive income	-	-
Total comprehensive income for the year	74,432	37,198

This attachment is for management purposes only.