



STRAITS TIMES
CO-OP

ANNUAL REPORT **2018**

79th ANNUAL GENERAL MEETING
VENUE: SHERATON TOWERS
DATE: 11 JUNE 2019
TIME: 7:00 PM

STRAITS TIMES CO-OPERATIVE LIMITED
(Registered under the Co-operative Societies Act, Cap.62, Singapore)
(Incorporated in the Republic of Singapore)
(Unique Entity No.: S34CS0024G)

CONTENTS	PAGE
CORPORATE INFORMATION	2
AGENDA	3 - 4
MINUTES OF THE 78th ANNUAL GENERAL MEETING	5 – 8
MANAGEMENT COMMITTEE REPORT	9 - 12
AUDITED FINANCIAL STATEMENTS FOR FY 2018	13 – 49
DISTRIBUTION OF REPORT 2018	50
ESTIMATED EXPENDITURE 2019	51

CORPORATE INFORMATION

President

Ms Mable Chan Kam Man (EVP - HR & Admin)

COMMITTEE OF MANAGEMENT

Chairman	- Mr Ang Hoe Kiat	(Fastco - NC)
Vice-Chairman	- Ms Phua Yin Sin	(IA - NC)
Secretary	- Ms Yong Chwee Choo Joyce	(Integrated Mktg - NC)
Committee Members	- Ms Chan Yim Han Emily	(Integrated Mktg - NC)
	- Mr Han Poh Tin	(CMG - NC)
	- Mr Latiff Bin Mohideen Ghani	(Engrg - PC)
	- Ms Low Wan Kein Sharon	(Silver Care - NC)
	- Mr See Hwee Peng Stanley	(SPHTech - NC)
	- Ms Tung Mei Fan	(Art - TC)

EXTERNAL AUDITOR

Nexia TS Public Accounting Corporation

100 Beach Road, #30-00

Shaw Tower

Singapore 189702

a) INVESTMENT COMMITTEE

Chairman: Mr Ang Hoe Kiat

Vice Chairman: Ms Phua Yin Sin

b) AUDIT COMMITTEE

Chairman: Ms Low Wan Kein Sharon

Members: Mr Han Poh Tin

Ms Chan Yim Han Emily (stepped down on Apr 2018)

AGENDA

NOTICE IS HEREBY GIVEN that the 79th Annual General Meeting of Straits Times Co-operative Limited., will be held at the Sheraton Towers, 39 Scotts Road Singapore 228230 (Ballroom 2, Level 2) on 11 June 2019 at 7.00 p.m. for the following purposes:-

AGENDA

1. Opening address by the President, Ms Mable Chan.
2. To confirm the minutes of the 78th Annual General Meeting held on 18 June 2018.
3. To receive and adopt the Committee's Report and audited Statement of Accounts for the period 01.01.2018 to 31.12.2018.
4. To approve the proposed appropriation for the year ended 31.12.2018 as follows:-

		S\$
a)	Central Co-operative Fund – 5% (2017: 5%)	25,000
b)	Central Co-operative Fund – 20% (2017: 20%)	38,569
c)	Honorarium to Committee of Management	16,950
d)	Common Good Fund	50,000
e)	Donation	6,000
f)	3% Dividend on Subscription at 31/12/2018 (2017: 3%)	659,454
g)	From Accumulated Fund	(103,126)
		692,847

5. To approve the estimated expenditure for 2019.
6. To authorise the Committee of Management to appoint a professional audit firm, where necessary, to be Internal Auditors of the Co-operative for 2019/2020.
7. To authorise the Committee of Management to appoint a professional audit firm, where necessary, to be External Auditors of the Co-operative for 2019/2020.

AGENDA (CONT'D)

8. To transact any other business in respect of which notice has been received by the Secretary three working days before the Meeting.

On behalf of the Committee of Management



Ang Hoe Kiat
Chairman

Note:

- 1) Please bring along this Annual Report to the AGM.
- 2) Sit down Dinner for Chinese, Muslim (1 table) and Vegetarian (1 table) will be provided for members attending the AGM. For Muslim & Vegetarian attendees please call 63195619 to check on seat availability.
- 3) The AGM is a closed event and strictly for members only. Please note that no reservation of seats is allowed.
- 4) Seats will be allocated by Committee member when a group of 11 is formed. This will help us to ensure that tables are filled before we open more tables and reduce wastage.
- 5) Dividends will distribute on 18 June 2019.

MINUTES OF THE 78th ANNUAL GENERAL MEETING

Minutes of the 78th Annual General Meeting of members held on 18 June 2018 at Sheraton Towers, Ballroom 2, level 2 at 7:00 p.m.

The meeting which commenced at 7:15 p.m. was presided by the President Elsie Chua and present were:-

Committee of Management

Chairman	- Mr Ang Hoe Kiat
Vice-Chairman	- Ms Phua Yin Sin
Secretary	- Ms Yong Chwee Choo Joyce
Treasurer	- Ms Chow Fong Leng
Committee Members	- Ms Chan Yim Han Emily
	- Mr Han Poh Tin Marcus
	- Ms Low Wan Kein Sharon
	- Ms Tung Mei Fan

Absent with apologies: - Mr Latiff Bin Mohideen Ghani (Medical Leave)

and 144 members.

1. Opening Address by the President, Ms Elsie Chua.

- 1.1. Ms Elsie Chua has conveyed that she will be stepping down and Ms Mable Chan will be replacing her as President and Mr Teo Wui Khiang will be appointed as Vice-President of ST Co-op.
- 1.2. President Elsie Chua reported that the Gross Profit of the Co-operative for 2017 amounted to \$1,486,767 (2016 profit was S\$2,407,361) for the year ended 31 December 2017. Profit came mainly from dividends from investments, interest from bonds and sales of quoted investment.
- 1.3. She added that the Co-operative has also credited interest payment of 3% on members' balance in the specific deposit account as 31.12.2017.

2. To confirm the minutes of the 77th Annual General Meeting held on 29 June 2017.

- 2.1. As there were no matters arising from the minutes of the last AGM, the minutes were confirmed without amendments, as proposed by Ms Jessie Chin Lin Yam(Legal) and seconded by Ms Tan Hui Choo(Finance).

3. To receive and adopt the Committee's Report and Audited Statement of Accounts for the period 01.01.2017 to 31.12.2017.

3.1. As there were no queries, the Committee's Report and Audited Statement of Accounts were unanimously adopted upon being proposed by Ms Pang Shwu Feng(Integrated Marketing) and seconded by Ms Pang Kah Lee Nancy(Finance).

4. To approve the proposed appropriation of surplus amounting to \$1,486,767 for the year ended 31.12.2017.

4.1. Hoe Kiat informed the Meeting that the Management Committee proposed to appropriate the surplus for 2017 as follows:-

a)	Central Co-operative Fund	5%	\$25,000
b)	Central Co-operative Fund	20%	\$197,353
c)	Honorarium to Management Committee		\$17,550
d)	Common Good Fund		\$50,000
e)	Donation		\$6,000
f)	Dividend 3%		\$719,964
g)	Accumulated Fund		\$470,900
	Total		<u>\$1,486,767</u>

4.2. There being no further queries, the proposed appropriation of surplus was adopted upon being proposed by Mr Andrew Lau Chan Meng(TPG) and seconded by Ms Soo Sou Fong Sandy(Integrated Marketing).

5. To approve the estimated expenditure for 2018.

5.1. Hoe Kiat informed the Meeting that the estimated expenditure for 2018 amounted to \$1,780,500, an increase of \$278,000 over the previous year. The increase mainly due to change of Thrift & Loan system. The detail breakdown could be found in the annual report.

5.2. There being no other matters raised, the estimated expenditure for 2018 was unanimously approved upon being proposed by Mr Winston Wong Hsien Loong(Administration) and seconded by Ms Chan Yim Han Emily(Integrated Marketing).

6. To authorise the Committee of Management (COM) to invest up to 30% of Co-operative's total assets in Restricted Investment for period of 3 Years from 2017 to 2020.

6.1 Fong Leng presented the following slides on Investment Plan and its Performance.

ST Co-op Investment Plan



If members approve the 30% limit, the funds will be invested broadly based on the following asset allocation:

Restricted Investment	30%	Remarks
Equities - Quoted	12%	30% RI Limit approved by *Registry of Co-operative Societies for period from 22/8/2017 to 30/6/2020; (letter reference S34CS0024G dated 22/8/2017)
Bonds - Quoted	16%	
External Fund Mgt	1.8%	
Shares in other Co-op	0.2%	

Non Restricted Investment		Scenario			
	Remark	1	2	3	4
Fixed Deposit	-	1%	0%	0%	0%
Shares in other Co-op	1% - Fixed at 1% for Co-op shares purchase before 30/6/2010	1%	1%	1%	1%
Parent Shares	6% - Fixed at 6% for SPH shares purchase before 30/6/2010	6%	6%	6%	6%
SGS Bond	Up to 80% - 40%, 60%, 80%	80%	80%	60%	40%
Bank Balance	Up to 23% - Minimum 2% of Total assets	2%	3%	13%	23%
		90%	90%	80%	70%



Investment Performance of Restricted Investments

Restricted Investments (RI)	As at 31/12/2017	RI over TA (%)	As at 31/12/2016	RI over TA (%)
Shares listed on SGX	\$8,516,281	11.2%	\$6,100,906	8.2%
External Fund	\$1,399,435	1.9%	\$1,272,151	1.7%
Corporate Bonds	\$2,897,400	3.8%	\$5,513,150	7.4%
Shares in other Co-operative (invest after 30/6/2010)	\$151,080	0.2%	\$151,080	0.2%
Total	\$12,964,196	17.1%	\$13,037,287	17.5%
Total Assets (TA)	\$75,783,908		\$74,516,562	

Income from Restricted Investments	As at	
Dividend & Interest Received	31/12/2017	31/12/2016
Shares listed on SGX	\$319,359	\$355,805
Corporate Bonds	\$159,827	\$250,873
Shares in other Co-op(invest after 30/6/2010)	\$10,069	\$10,069
Total	\$489,255	\$616,747
Annual Return	3.8%	4.7%

6.2 There being no objection from the meeting, the COM is given the authority to invest up to 30% of Co-operative's total assets in Restricted Investments for a period of 3 years, as proposed by Ms Jessie Chin Lin Yam(Legal) and seconded by Ms Yong Chwee Choo Joyce(Integrated Marketing).

7. To authorise the COM to appoint professional audit firm as Internal Auditors of the Co-operative for 2018/2019.

7.1. There being no objection from the meeting, the appointment of a professional audit firm as Internal Auditors of the Co-operative for 2018/2019 was approved as proposed by Mr Mahmod Bin Anis(Administration) and seconded by Ms Lee Saw Hoon Lydia(Finance).

8. To authorise the COM to appoint a professional audit firm as External Auditors of the Co-operative for 2018/2019.

8.1. There being no objection from the meeting, the appointment of a professional audit firm as External Auditors of the Co-operative for 2018/2019 was approved as proposed by Ms Pang Kah Lee Nancy(Finance) and seconded by Ms Christina Bong Chiu Ping(Integrated Marketing).

9. To adopt and approve the maximum liability limit from \$61 million to \$75 million.

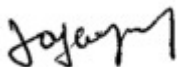
There being no objection from the meeting, the maximum liability of \$75 million was approved as proposed by Mr Winston Wong Hsien Loong(Administration) and seconded by Ms Leow Kim Ling Grace(Circulation).

10. To consider transacting any other business for which at least 3 clear days' notice in writing shall have been given to the Secretary.

10.1. No correspondence/query was received from members prior to the Annual General Meeting.

10.2. As there were no other queries, he declared the meeting closed and invited members to proceed for the dinner.

10.3. The meeting ended at 7:45 p.m. with a vote of thanks to the President for presiding at the meeting.



Recorded by:
Yong Chwee Choo Joyce
Secretary



Confirmed by:
Ang Hoe Kiat
Chairman

**MANAGEMENT COMMITTEE REPORT FOR
FINANCIAL YEAR ENDED 31 DECEMBER 2018**

To: The Members of Straits Times Co-operative Limited.

Ladies/Gentlemen

Your Management Committee has the pleasure in presenting the Report and the Accounts of the Co-operative for the period 1 January 2018 to 31 December 2018.

- 1. Results:** The Co-operative recorded a gross profit of S\$692,847 (2017 profit was S\$1,486,767) for the year ended 31 December 2018. Profit came mainly from dividends from investments, interest from bonds and sales of quoted investment.
- 2. Dividends:** During the year under review, dividends of 3% were paid to members in accordance with the Co-operative's By-laws amounting to S\$719,965 (2017: 3% - S\$837,215)
- 3. Membership:** The membership as at 31 December 2018 was 1,354. During the year under review, 94 new members were admitted while 163 accounts were closed upon cessation of employment/membership and retirement.
- 4. Subscription:** Subscription Capital as at 31 December 2018 amounted to S\$21,981,818(2017: S\$23,998,822), a decrease of S\$2,017,004 over the previous year. The average monthly total subscription received during the year was S\$640,185 (2017: S\$691,579), or S\$473 per member (2017: S\$486).
- 5. Specific Deposits:** The balance in this account as at 31 December 2018 was S\$39,453,582. Interest of 3% amounting to S\$1,149,134 calculated on the balance as at 31 December 2018 had been credited to members' accounts.
- 6. Loan:** For the year 2018, loans granted to members amounted to S\$77,230 (2017: S\$118,500), a decrease of S\$41,270 over the previous year.
- 7. Auditors:** Nexia TS Pte Ltd, Public Accountants and Chartered Accountants were the auditors for year under review and the audit fee was S\$7,000.
- 8. Common Good Fund:** During the year, grants amounting to S\$31,510 were paid to members for study awards, loyalties bonus and funeral grants from the Co-operative's Common Good Fund. The balance in this account as at 31 December 2018 was S\$30,536.

9. Investments:

9.1 Assets Allocation

The asset allocation mix as follow:

Assets Allocation	Scenario		
	1	2	3
Fixed Deposit/Cash	20%	20%	20%
Shares in other Co-op	1%	1%	1%
Parent Shares	4%	4%	4%
SGS Bond	65%	55%	45%
Restricted Investment	10%	20%	30%
	100%	100%	100%

Note: The Overall Spread of Investment may be changed due to new financial instruments.

9.2 Restricted Investments (RI) Limit

The default RI limit is 10%.

Based on the revised Written Direction dated 18 November 2013, credit co-operatives are allowed to apply to the Registrar of Co-operative Societies for a higher RI limit of 20% to 30% subject to conditions imposed.

The Co-operative applied for 30% RI limit and Registrar has given approval from 22/8/2017 to 30 June 2020 or C-ops Annual General Meeting in 2020, whichever is earlier.

9.3 Investment Performance

As at 31 December 2018, the Co-operative has \$9,003,036 (12.1%) in restricted investments and \$59,332,265 (79.5%) in non-restricted investments, other assets including loans, fixed assets, cash and receivables, amounting to \$6,293,691 (8.4%), the Co-operative has total assets of \$74,628,992.

As at 31 December 2018, the Co-operative has a Minimum Liquid Assets (MLA) ratio of 78% and Capital Adequacy Ratio (CAR) of 12.3%.

MLA and CAR ratio required by the Registrar of Co-operative Societies is 15% and 10% respectively.

9.3 Investment Performance

Restricted Investments (RI)	As at 31/12/2018	Income	As at 31/12/2017	Income
Shares listed on SGX	\$6,288,906	\$314,132	\$8,516,281	\$319,359
External Fund	-	-	\$1,399,435	-
Corporate Bonds	\$2,563,050	\$105,603	\$2,897,400	\$159,827
Shares in other Co-op (invest after 30/6/10)	\$151,080	\$10,069	\$151,080	\$10,069
RI	\$9,003,036	\$429,804	\$12,964,196	\$489,255
Return		4.8%		3.8%
Non-RI				
Parent Shares	\$1,824,480	\$94,120	\$1,918,600	\$108,600
Statutory Board/SGS Bond	\$42,463,903	\$1,549,259	\$34,844,466	\$2,156,919
Shares in other Co-operative	\$750,000	\$47,474	\$750,000	\$47,474
Cash & Cash Equivalents	\$14,293,882	\$57,540	\$11,272,146	\$90,769
Non-RI	\$59,332,265	\$1,748,393	\$48,785,212	\$2,403,762
Return		2.9%		4.9%
Total Investment	\$68,335,301	\$2,178,197	\$61,749,408	\$2,893,017
Total Return		3.2%		4.7%

With the proposed investment plan, the COM hopes to generate annual returns of between 2.5% to 4%.

10. Corporate Governance

10.1 Attendance of Committee of Management:

During the year, the Committee of Management held twelve meetings for the period January 2018 to December 2018. The attendance of each Committee at every Meeting is as follows:

Name	Position	No. of Meeting	
		Held	Attended
Mr Ang Hoe Kiat	Chairman	12	12
Ms Phua Yin Sin	Vice-Chairman	12	12
Ms Chow Fong Leng	Treasurer	12	12
Ms Yong Chwee Choo Joyce	Secretary	12	11
Ms Chan Yim Han Emily	Committee Member	12	11
Mr Han Poh Tin	Committee Member	12	10
Mr Latiff Bin Mohideen Ghani	Committee Member	12	12
Ms Low Wan Kein Sharon	Committee Member	12	12
Ms Tung Mei Fan	Committee Member	12	12
Mr See Hwee Peng (Co-opted Aug'18)	Committee Member	12	4

10.2 Audit Committee

The Audit Committee's terms of reference were expanded to review:

- With the internal and external auditors, the audit plans and audit reports;
- The assistance given by the officers of the credit co-op to the auditor;
- The scope, results and effectiveness of the audit procedures;

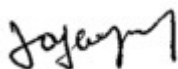
10.3 Attendance of Audit Committee:

In 2018, the AC held two meetings:

Name	Position	No. of Meeting	
		Held	Attended
Ms Low Wan Kein Sharon	Chairman	2	2
Mr Han Poh Tin	Member	2	1
Ms Chan Yim Han Emily (Appointed July 2017, Stepped down Apr'18)	Member	2	1

11. Appreciation:

The Committee of Management would like to express their appreciation to the staff for their dedication and commitment to work and to members for their continued support and co-operation. The Committee of Management also like to express their appreciation to the President, Ms Mable Chan for their advice and guidance.



Yong Chwee Choo
Secretary

STATEMENT BY MANAGEMENT COMMITTEE

In the opinion of the Management Committee:

- (a) the financial statements as set out on pages 18 to 49 are drawn up so as to give a true and fair view of the financial position of the Co-operative as at 31 December 2018, and of the financial activities, changes in accumulated funds and cash flows of the Co-operative for the financial year then ended;
- (b) at the date of this statement, there are reasonable grounds to believe that the Co-operative will be able to pay its debts as and when they fall due; and
- (c) the receipts, expenditure and investment of money by the Co-operative during the financial year ended 31 December 2018 have been made in accordance with the provisions of the Cooperative Societies Act, Chapter 62 (the "Act") and the By-laws of the Co-operative.

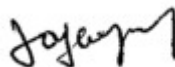
On behalf of the Committee of Management

A handwritten signature in black ink, appearing to read 'Ang Hoe Kiat'.

Ang Hoe Kiat
Chairman

A handwritten signature in blue ink, appearing to read 'Phua Yin Sin'.

Phua Yin Sin
Vice-Chairman

A handwritten signature in black ink, appearing to read 'Yong Chwee Choo'.

Yong Chwee Choo
Secretary

INDEPENDENT AUDITORS' REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Straits Times Co-operative Limited (the "Co-operative") which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in members' fund and statement of cash flows for the financial 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 Co-operative Societies Act, Chapter 62 (the "Act") and Financial Reporting Standards in Singapore ("FRS") so as to give a true and fair view of the financial position of the Co-operative as at 31 December 2018 and of the financial activities, changes in accumulated funds and cash flows of the Co-operative for the financial 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 believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Management Committee's Statement as set out on page 13.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT (Continued)

Report on the Audit of the Financial Statements (Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Co-operative's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Co-operative or to cease operations, or has no realistic alternative but to do so.

The management's 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.

INDEPENDENT AUDITORS' REPORT (Continued)

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Co-operative's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Co-operative to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT (Continued)

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

We communicate with the management 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

Opinion

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 made by the Co-operative during the financial year ended 31 December 2018 have not been made in accordance with the By-laws of the Co-operative and the provisions of the Act.



Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
Date: 6 May 2019

**Statement of Comprehensive Income
for the financial year ended 31 December 2018**

		2018	2017
Income	Note	\$	\$
Interest income			
- bonds		1,134,532	1,055,846
- bank deposit		83,812	93,615
- loan interest		10,886	13,846
Dividend income			
- quoted equity investments		408,252	427,959
- unquoted equity investments		57,543	57,543
Gain on disposal of financial assets			
FVOCI / Available-for-sale			
- government bonds		518,080	1,260,900
- quoted bonds		1,250	-
- statutory bonds		1,000	-
Entrance fee		425	365
Others Income	3	2,538	9,877
		<u>2,218,318</u>	<u>2,919,951</u>
Expenditure			
Affiliation fees		356	389
Amortisation of intangible assets	18	46,659	4,438
Annual general meeting expenses		19,272	17,840
Audit fee		7,697	16,630
Bad debts		6,500	291
Bank charges		62	392
Depreciation of plant and equipment	17	721	1,416
Employee compensation	4	183,210	177,610
Insurance		11,466	5,153
Interest on specific deposits		1,149,134	1,090,385
Loss on disposal of financial assets			
- quoted bonds		-	5,000
Maintenance of computer system		90,936	74,886
Medical expenses		614	764
Meeting expenses		597	581
Printing & stationery		3,196	2,937
Skills development levy		342	335
Sundry expenses		3,175	33,917
Training		1,534	220
		<u>1,525,471</u>	<u>1,433,184</u>
Surplus before contributions		<u>692,847</u>	<u>1,486,767</u>

**Statement of Comprehensive Income
for the financial year ended 31 December 2018**

	Note	2018 \$	2017 \$
Surplus before contributions		692,847	1,486,767
Contributions to:			
Central Co-operative Fund – 5%	5	(25,000)	(25,000)
Central Co-operative Fund – 20%	5	(38,569)	(197,353)
		<u>(63,569)</u>	<u>(222,353)</u>
Net surplus after contributions		<u>629,278</u>	<u>1,264,414</u>
Other Comprehensive Income/(loss):			
Items that may be reclassified subsequently to profit or loss			
Financial assets, at FVOCI / available-for-sale			
- Fair value gains - debt instruments		787,777	2,374,789
- Fair value gains - equity instruments		-	1,852,403
- Reclassification		(520,330)	1,725
Items that will not be classified subsequently to profit or loss:			
Financial assets, at FVOCI			
- Fair value losses - equity instruments		(1,111,183)	-
		<u>(843,736)</u>	<u>4,228,917</u>
Total Comprehensive (loss)/ Income for the financial year		<u>(214,458)</u>	<u>5,493,331</u>

Statement of Financial Position 31 December 2018

ASSETS	Note	2018 \$	2017 \$ (Restated)
Current assets			
Financial assets, available-for-sale	7	-	1,252,250
Financial assets, at FVOCI	7	3,996,200	-
Loans to members	14	63,554	103,969
Other receivables	15	311,936	267,040
Cash and cash equivalents	16	19,966,355	23,841,498
		<u>24,338,045</u>	<u>25,464,757</u>
Non-current assets			
Plant and equipment	17	2,066	1,868
Intangible assets	18	243,662	77,575
Financial assets, available-for-sale	7	-	50,226,013
Financial assets, at FVOCI	7	50,045,219	-
		<u>50,290,947</u>	<u>50,305,456</u>
Total assets		<u><u>74,628,992</u></u>	<u><u>75,770,213</u></u>
LIABILITIES			
Current liabilities			
Subscription capital	19	21,981,818	23,998,822
Specific deposits	20	39,453,582	37,436,546
Other payables	21	141,664	293,434
		<u>61,577,064</u>	<u>61,728,802</u>
NET ASSETS		<u><u>13,051,928</u></u>	<u><u>14,041,411</u></u>
MEMBERSHIP FUNDS			
Accumulated surplus	22	2,100,868	1,264,414
Common good fund	23	30,536	12,046
General reserve fund	24	7,111,222	7,111,222
Fair value reserve	25	3,809,302	5,653,729
Total funds		<u><u>13,051,928</u></u>	<u><u>14,041,411</u></u>

**Statement of Changes In Members' Fund
for the financial year ended 31 December 2018**

	2018 \$	2017 \$
Accumulated surplus		
Balance as at 31 December 2017 / 1 January 2017	1,264,414	2,000,889
Adoption of FRS 109	1,200,000	-
Balance as at 1 January 2018 / 2017	2,464,414	2,000,889
Committee members' honoraria	(17,550)	(18,051)
Donations	(6,000)	(6,000)
Dividends paid (Note 26)	(719,965)	(837,215)
Transfer to common good fund	(50,000)	(30,000)
Transfer to general reserve fund	-	(1,109,623)
Transfer upon disposal of investments	(199,309)	-
Net surplus after contributions	629,278	1,264,414
End of financial year	2,100,868	1,264,414
Common good fund		
Beginning of financial year	12,046	27,446
Appropriation from accumulated surplus	50,000	30,000
Study award	(1,560)	(5,000)
Retirement and funeral grants	(29,950)	(40,400)
End of financial year	30,536	12,046
General reserve fund		
Beginning of financial year	7,111,222	6,001,599
Appropriation from accumulated surplus	-	1,109,623
End of financial year	7,111,222	7,111,222
Fair value reserve		
Balance as at 31 December 2017 / 1 January 2017	5,653,729	1,424,812
Adoption of FRS 109	(1,200,000)	-
Balance as at 1 January 2018 / 2017	4,453,729	1,424,812
Fair value (losses)/gains	(323,406)	4,227,192
Transfer to accumulated surplus upon disposal of equity investment in financial asset, at FVOCI	199,309	-
Reclassification to profit or loss	(520,330)	1,725
End of financial year	3,809,302	5,653,729

Statement of Cash Flows
for the financial year ended 31 December 2018

	2018	2017
	\$	\$
Cash flows from operating activities		
Net surplus after contributions	629,278	1,264,414
Adjustments for :		
Contributions to Central Co-operative Fund	63,569	222,353
Depreciation and amortisation	47,380	5,854
Dividend income	(465,795)	(485,502)
Gain on disposal of financial assets, at FVOCI/ available-for-sale - net	(520,330)	(1,255,900)
Interest income	(1,231,479)	(1,163,307)
Interest expense	1,149,134	1,090,385
	<u>(328,243)</u>	<u>(321,703)</u>
Changes in working capital:		
Loan to members	6,500	291
Other payables	7,014	12,010
Cash used in operations	<u>(314,729)</u>	<u>(309,402)</u>
Contributions paid to Central Co-operative Fund	(222,353)	(406,472)
Interest received	1,186,583	1,304,188
	<u>649,501</u>	<u>588,314</u>
Changes in funds:		
- Study award	(1,560)	(5,000)
- Retirement & funeral grants	(29,950)	(40,400)
- Honorarium paid	(17,550)	(18,051)
- Donations granted	<u>(6,000)</u>	<u>(6,000)</u>
Net cash provided by operating activities	<u>594,441</u>	<u>518,863</u>

Statement of Cash Flows
for the financial year ended 31 December 2018

	2018	2017
	\$	\$
Cash flows from investing activities		
Dividend received	465,795	485,502
Loans to members	(77,230)	(118,500)
Repayment from members	111,145	167,387
Purchase of plant and equipment	(919)	-
Purchase of intangible assets	(212,746)	(80,250)
Purchase of financial assets, at FVOCI / available-for-sale	(8,225,081)	(1,060,010)
Proceeds from sale of financial assets, at FVOCI / available-for-sale	5,338,519	17,674,123
Net cash (used in) provided by investing activities	<u>(2,600,517)</u>	<u>17,068,252</u>
Cash flows from financing activities		
Dividends paid	(719,965)	(837,215)
Receipts from members - subscription capital	7,682,217	8,298,950
Withdrawal of subscription capital	(4,203,766)	(6,207,571)
Withdrawal of specific deposits	(4,627,553)	(6,329,265)
Net cash used in financing activities	<u>(1,869,067)</u>	<u>(5,075,101)</u>
Net (decrease)/increase in cash and cash equivalents	(3,875,143)	12,512,014
Cash and cash equivalents		
Beginning of the financial year	23,841,498	11,329,484
End of the financial year	<u>19,966,355</u>	<u>23,841,498</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

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

The financial statements of the Co-operative for the financial year ended 31 December 2017 were authorised for issue by the Management Committee on 15 May 2018.

1 General information

Straits Times Co-operative Limited (“the Co-operative”) is registered under the Co-operative Societies Act, Chapter 62 with its principal place of business and registered office at 1000, Toa Payoh North, Singapore 318994.

The principal activities of the Co-operative are to encourage thrift by receiving subscription from members and to prevent indebtedness by enabling them to obtain loans on reasonable terms.

There have been no significant changes in the nature of these activities during the financial year.

2 Significant accounting policies

2.1 Basis of preparation

These financial statements are prepared in accordance with Act and Singapore Financial Reporting Standards (“FRS”) under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Co-operative’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2018

On 1 January 2018, the Co-operative adopted the new or amended FRS and Interpretations of FRS (“INT FRS”) that are mandatory for application for the financial year. Changes to the Co-operative’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Co-operative’s accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the following:

2 Significant accounting policies (continued)

2.1 Basis of preparation (Cont'd)

(i) Adoption of FRS 109 Financial Instruments

The Co-operative has adopted the new standard retrospectively from 1 January 2018, in line with the transition provision permitted under the standards. Comparatives for financial year ended 2017 are not restated and the Co-operative has recognised any difference between the carrying amounts at 31 December 2017 and 1 January 2018 in the opening accumulated surplus.

The accounting policies for financial instruments under FRS 109 are disclosed in Note 2.7.

The effects on adoption of FRS 109 are as follows:

	Financial assets, available-for-sale ("AFS")	Financial assets, at FVOCI ("FVOCI")	Fair value reserve	Accumulated surplus
Balance at 31 December 2017 before adoption of FRS 109	\$50,226,013	-	\$5,653,729	\$1,264,414
Reclassifying investments from AFS to FVOCI	\$(50,226,013)	\$50,226,013	\$(1,200,000)	\$1,200,000
Balances at 1 January 2018 after adoption of FRS 109	-	\$50,226,013	\$4,453,729	\$2,464,414

The Co-operative has elected to recognise changes in fair values of all its equity investments not held for trading and previously classified as AFS, in other comprehensive income. As a result, AFS of \$50,226,013 were reclassified to FVOCI on 1 January 2018. Impairment loss of \$1,200,000 previously recognised in accumulated surplus was reclassified to fair value reserve on the same date.

Impairment of financial assets

The Co-operative has the following financial assets subject to the expected credit loss impairment model under FRS 109:

- Cash and cash equivalents;
- Other receivables; and
- Loans to members.

The impairment methodology for each of these classes of financial assets under FRS 109 are different as disclosed in Notes 2.7 and 27(b).

2 Significant accounting policies (continued)

2.1 Basis of preparation (Cont'd)

(ii) Adoption of FRS 115 Revenue from Contracts with Customers

The Co-operative has elected to apply the transition provisions under para C5 of FRS 115 at 1 January 2018. The adoption of FRS 115 did not result in any adjustments to the previously issued financial statements. The accounting policies under FRS 115 is disclosed in Note 2.2 to the financial statements.

2.2 Revenue recognition

(a) Interest income

Interest income from investments are recognised on time proportion basis over the period of placement of investment and at the effective interest rate applicable.

Interest on loans granted to members of the Co-operative is calculated at the rate of 6% per annum on the amounts borrowed.

(b) Dividend income

Dividend income is recognised when the Co-operative's right to receive payment is established.

(c) Other income

All other forms of income are recognised on an accrual basis, unless collectability is in doubt.

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Co-operative will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

2.4 Plant and equipment

(a) Measurement

All items of plant and equipment are initially recorded at cost and subsequent carried at cost less accumulated depreciation and any accumulated impairment losses.

The cost of plant and equipment initially recognised includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2 Significant accounting policies (continued)

2.4 Plant and equipment (continued)

(b) Depreciation

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Office equipment	10 years
Computer	5 years

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each of the reporting date. The effects of any revision are recognised in profit or loss when changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within “other gains and losses”.

2.5 Intangible assets

Computer software licenses

Intangible asset represents the Co-operative’s computer software that is not an integral part of a computer-controlled machine. It is initially separately measured at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licenses are subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 5 years.

2 Significant accounting policies (continued)

2.5 Intangible assets (continued)

The amortisation period and amortisation method of intangible assets are reviewed at least at each of the reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

2.6 Impairment of non-financial assets

Intangible assets, plant and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

2.7 Financial assets

(a) Classification

The Co-operative classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

2 Significant accounting policies (continued)

2.7 Financial assets (continued)

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as “Other receivables” (Note 16) and “Cash and cash equivalents” (Note 17) on the Statement of Financial Position.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the reporting period.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Co-operative commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Co-operative has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on available-for-sale financial assets are recognised separately in income.

2 Significant accounting policies (continued)

2.7 Financial assets (continued)

The accounting for financial assets before 1 January 2018 under FRS 39 is as follows:

(e) Impairment

The Co-operative assesses at each of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.7(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in subsequent period.

3 **Significant accounting policies (continued)**

2.7 Financial assets (continued)

The accounting for financial assets after 1 January 2018 under FRS 39 is as follows:

(a) Classification

The Co-operative classifies its financial assets as amortised cost and fair value through other comprehensive income ("FVOCI").

The classification of debt instruments depends on the Co-operative's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

The Co-operative reclassifies debt instruments only when its business model for managing those assets changes.

(b) Initial recognition

At initial recognition, the Co-operative measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial assets.

(c) Subsequent measurement

(i) Debt instruments

Debt instruments of the Co-operative mainly comprise of cash and cash equivalents, other receivables, loans to members and investments in bonds.

The subsequent measurement depending on the Co-operative business model for managing the asset and the cash flow characteristics of the asset:

- **Amortised cost:** Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.
- **FVOCI:** Debt instruments that are for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented as part of the Co-operative's income on the face of the statement of comprehensive income. Interest income from these financial assets is recognised using the effective interest rate.

2 Significant accounting policies (continued)

2.7 Financial assets (continued)

(ii) Equity instruments

The Co-operative subsequently measures all its equity investments at their fair values. The Co-operative has elected to recognise the changes in fair value of equity investments not held for trading in OCI as these are strategic investments and the Co-operative considered this to be more relevant. Movement in fair values of investments classified as FVOCI are presented as “fair value gain and losses” in OCI. Dividends from equity investments are recognised in profit or loss as “dividend income”.

Regular way purchases and sales of these financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

On disposal, any difference between the carrying amount and the sale proceed amount would be recognised in OCI and transferred to accumulated fund along with the amount previously recognised in OCI relating to that asset.

(d) Impairment

The general 3-stage expected credit loss (“ECL”) approach is applicable to all other financial assets at amortised costs and debt investments at FVOCI. The Co-operative assesses on a forward looking basis the ECL associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2.8 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The Co-operative assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

2.9 Other payables

Other payables represent liabilities for goods and services provided to the Co-operative prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2 Significant accounting policies (continued)

2.10 Fair value estimate of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the reporting date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Co-operative uses a variety of methods and makes assumptions based on market conditions that are existing at each reporting date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.11 Provisions

Provisions for other liabilities and charges are recognised when the Co-operative has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2.12 Employee compensation

Employee benefits are recognised as an expense.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Co-operative pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Co-operative has no further payment obligations once the contributions have been paid.

2 Significant accounting policies (continued)

2.13 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Co-operative are measured using the currency of the primary economic environment in which the Co-operative operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Co-operative.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

2.14 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.15 Dividends to Co-operative's members

Dividends to Co-operative's members are recognised when the dividends are approved for payment.

3 Other income

	2018	2017
Government grants	\$	\$
- CCF grant	-	6,741
- Wage credit scheme	336	406
- Temporary employment credit	382	746
	<u>718</u>	<u>7,893</u>
Others	1,820	1,984
	<u>2,538</u>	<u>9,877</u>

4 Employee compensation

Staff salaries, bonus and allowances	162,953	156,398
Employer's contributions to defined contribution plans	20,257	21,212
	<u>183,210</u>	<u>177,610</u>

The Co-operative does not currently have a policy to compensate staff for unused annual leave.

5 Central Co-operative Fund

Pursuant to Section 71(2) of the Co-operative Societies Act (Cap.62), at the end of each financial year, the Co-operative shall contribute:

- (a) 5% of the first \$500,000 of the surplus resulting from the operations of the Co-operative during the preceding financial year to the Central Co-operative Fund ("CCF"); and
- (b) 20% of any surplus in excess of \$500,000 from the operations of the Co-operative during the preceding financial year either to the CCF or to the Singapore Labour Foundation as the Co-operative may opt.

6 Income tax expense

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

7 Financial assets, at FVOCI / Available-for-sale

As disclosed in Note 2.1, the financial assets previously classified as AFS were reclassified to FVOCI on 1 January 2018.

Details of the financial assets are analysed as follows:

	2018 \$	2017 \$
Current		
- Quoted bonds at fair value (Note 8)	-	251,250
- Singapore statutory bonds at fair value (Note 9)	3,996,200	1,001,000
	<u>3,996,200</u>	<u>1,252,250</u>
Non-current		
- Quoted bonds at fair value (Note 8)	2,563,050	2,646,150
- Singapore statutory bonds at fair value (Note 9)	10,565,010	13,187,035
- Singapore government bonds at fair value (Note 10)	27,902,693	21,657,431
- Quoted equity instruments at fair value (Note 11)	8,113,386	10,434,882
- Unquoted equity instruments at cost (Note 12)	901,080	901,080
- Fund managed by Athenaeum Asian Equities Fund (Note 13)	-	1,399,435
	<u>50,045,219</u>	<u>50,226,013</u>

8 Quoted bonds at fair value

	2018 \$	2017 \$
Current		
Quoted bonds at cost	-	250,000
Fair value gain	-	1,250
Quoted bonds at fair value	-	251,250
Movement of the fair value reserve		
Beginning of financial year	1,250	2,550
Fair value gain	-	1,250
Reclassified to profit or loss	(1,250)	(2,550)
End of financial year	-	1,250
Non-Current		
Quoted bonds at cost	2,500,000	2,500,000
Fair value gain	163,050	246,150
Allowance for diminution in value	(100,000)	(100,000)
Quoted bonds at fair value	2,563,050	2,646,150
Movement of the fair value reserve		
Beginning of financial year	246,150	105,600
Fair value gain	(83,100)	133,275
Reclassified to profit or loss	-	7,275
End of financial year	163,050	246,150

9 Singapore statutory bonds at fair value

	2018 \$	2017 \$
Current		
Singapore statutory bonds at cost	4,004,000	1,000,000
Fair value(loss)/gain	(7,800)	1,000
Singapore statutory bonds at fair value	<u>3,996,200</u>	<u>1,001,000</u>
Movement of the fair value reserve		
Beginning of financial year	1,000	3,000
Fair value (loss)/gain	(7,800)	1,000
Reclassified to profit or loss	(1,000)	(3,000)
End of financial year	<u>(7,800)</u>	<u>1,000</u>
Non-Current		
Singapore statutory bonds at cost	10,395,000	12,926,000
Fair value gain	470,010	561,035
Impairment losses	(300,000)	(300,000)
Singapore statutory bonds at fair value	<u>10,565,010</u>	<u>13,187,035</u>
Movement of the fair value reserve		
Beginning of financial year	561,035	(88,185)
Fair value (loss)/gain	(91,025)	649,220
End of financial year	<u>470,010</u>	<u>561,035</u>

10 Singapore government bonds at fair value

	2018 \$	2017 \$
Non-Current		
Singapore government bonds at cost	27,239,828	21,446,188
Fair value gain	1,662,865	1,211,243
Impairment losses	(1,000,000)	(1,000,000)
Singapore government bonds at fair value	<u>27,902,693</u>	<u>21,657,431</u>
Movement of the fair value reserve		
Beginning of financial year	1,211,243	(378,801)
Fair value gain	969,702	1,590,044
Reclassified to profit or loss	(518,080)	-
End of financial year	<u>1,662,865</u>	<u>1,211,243</u>

11 Quoted equity instruments at fair value

	2018	2017
Non-current		
Quoted equity instruments at cost	6,592,209	7,887,179
Fair value gain	1,521,177	3,547,703
Impairment losses	-	(1,000,000)
Quoted equity instruments at fair value	<u>8,113,386</u>	<u>10,434,882</u>
Movement of the fair value		
Balance at 31 December 2017 / 1 January 2017	3,547,703	1,822,584
Adoption of FRS109	(1,000,000)	-
Balance at 1 January 2018 / 1 January 2017	<u>2,547,703</u>	<u>1,822,584</u>
Fair value(loss)/ gain	(1,024,937)	1,725,119
Transfer to accumulated funds upon disposal	(1,589)	-
End of financial year	<u>1,521,177</u>	<u>3,547,703</u>

12 Unquoted equity instruments

Non-Current

NTUC Choice Homes Co-operative Limited	300,000	300,000
Premier Security Co-operative Society Ltd	50,000	50,000
NTUC Income Insurance Co-operative Limited	<u>551,080</u>	<u>551,080</u>
	<u>901,080</u>	<u>901,080</u>

The cost of investments in these unquoted equity instruments are deemed to be an appropriate estimate of fair value, whereby the management committee is of the view that there is insufficient of recent information that is available to measure fair value. Therefore, cost represents the best estimate of fair value within that range.

13 Fund managed by Athenaeum Asian Equities Fund

	2018	2017
Non-Current	\$	\$
Quoted investment in at cost	-	1,514,087
Fair value (loss)/gain	-	85,348
Impairment loss	-	(200,000)
Quoted investment at fair value	-	1,399,435

Movement of the fair value

Balance at 31 December 2017 / 1 January 2017	85,348	(41,936)
Adoption of FRS109	(200,000)	-
Balance at 1 January 2018 / 1 January 2017	(114,652)	(41,936)
Fair value (loss)/gain	(86,246)	127,284
Transfer to accumulated funds upon disposal	200,898	-
End of financial year	-	85,348

14 Loans to members

Beginning of financial year	117,664	166,551
Loans granted during the financial year	77,230	118,500
	194,894	285,051
Repayment during the financial year	(93,971)	(99,650)
Transfers to new loan account	(17,174)	(67,737)
End of financial year	83,749	117,664
Less: Loss allowance (Note 27(b))	(20,195)	(13,695)
	63,554	103,969

Loans to members are unsecured, bear interest at 6% (2017:6%) per annum and are repayable in not more than 36 monthly instalments (2017: 36 monthly instalments).

15 Other receivables

Interest receivable		
- bonds	311,674	266,778
- short-term bank deposits	262	262
	311,936	267,040

16 Cash and cash equivalents

Cash and bank balances	5,672,473	12,569,352
Short-term bank deposits	14,293,882	11,272,146
	19,966,355	23,841,498

17 Plant and equipment

	2018	2017
<i>Office equipment</i>	\$	\$
<i>Cost</i>		
Beginning of financial year	8,747	8,747
Additions	919	-
End of financial year	9,666	8,747
<i>Accumulated depreciation</i>		
Beginning of financial year	6,879	5,463
Depreciation charge	721	1,416
End of financial year	7,600	6,879
Net book value	2,066	1,868

18 Intangible assets

<i>Computer software</i>		
<i>Cost</i>		
Beginning of financial year	91,050	10,800
Additions	212,746	80,250
End of financial year	303,796	91,050
<i>Accumulated amortisation</i>		
Beginning of financial year	13,475	9,037
Amortisation charge	46,659	4,438
End of financial year	60,134	13,475
Net book value	243,662	77,575

19 Subscription capital

Beginning of financial year	23,998,822	27,907,148
Receipts from members	7,682,217	8,298,950
	31,681,039	36,206,098
Withdrawals	(4,203,766)	(6,207,571)
Transfers to specific deposits account (Note 20)	(5,495,455)	(5,999,705)
End of the financial year	21,918,818	23,998,822

20 Specific deposits

	2018	2017
	\$	\$
Beginning of financial year	37,436,546	36,675,721
Transfers from subscription capital (Note 20)	5,495,455	5,999,705
	42,932,001	42,675,426
Withdrawals	(4,627,553)	(6,329,265)
Interest payables	1,149,134	1,090,385
End of financial year	39,453,582	37,436,546

The Co-operative periodically transfer members' subscription capital (Note 20) between 5% to 20% to the specific deposit accounts. As at 31 December 2018, the percentage to be transferred as decided by the Committee during the year end meeting is 20% (2017: 20%). The rate of interest to be fixed by the Committee from time to time and shall not exceed 10% per annum without the approval of the Registrar (2018: 3%; 2017: 3%). Such interest shall be credited to the deposit account of members.

21 Other payables

	2018	2017
	\$	\$
		(Restated)
Central Co-operative Fund	63,569	222,353
Unclaimed dividend deposits and subscriptions	57,642	50,628
Accrued operating expenses	20,453	20,453
	141,664	293,434

22 Accumulated surplus

Pursuant to Section 72(1) of the Co-operative Societies Act, the net surplus may be divided among the members by way of dividend or patronage refund or by way of honoraria to officers of the Co-operative, or allocated to any other funds constituted by the Co-operative to such extent and under such conditions as may be prescribed under the Act or in the By-Laws.

23 Common good fund

The common good fund was created to provide relief and grants to members of the Co-operative and may be devoted to any educational, medical, social or charitable purposes as approved by the Registrar of Co-operative Societies from time to time. The common food fund shall be used only for the benefit of members of the Co-operative. Movements in the fund are disclosed in the Statement of Changes in Members' Funds.

24 General reserve fund

The Co-operative shall pay into the General Reserve Fund such portion of its net surplus as the Management Committee may decide from time to time. The fund shall be indivisible and no member shall be entitled to claim a specific share of it. The General Reserve Fund shall be used:-

- (i) to meet unforeseen losses;
- (ii) 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
- (iii) to enable the Co-operative by reason of the income derived from the General Reserve Fund to reduce the rate of interest on loans granted to members without causing a reduction in the rate of dividend on share capital and bonus shares.

25 Fair value reserve

Fair value reserve is non-distributable.

26 Dividends

	2018	2017
<i>Dividends paid</i>	\$	\$
<i>Final dividend declared of 3% (2017: 3%) in respect of the previous financial year</i>	<u>719,965</u>	<u>837,215</u>

27 Financial risk management

Financial risk factors

The Co-operative's activities expose it to market risk (including currency risk, interest risk and price risk), credit risk and liquidity risk.

The Management Committee reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Co-operative's policy that no trading in derivatives for speculative purpose shall be undertaken.

(a) Market risk

(i) *Currency risk*

The Co-operative's investment in fund managed by Athenaeum Asian Equities Fund in other countries, and as a result, it is transacted in currency other than the functional currency such as the United States Dollar ("USD"). The Co-operative does not have any formal policy for hedging against currency risk.

The Co-operative's currency exposure based on the information provided by management is as follows:

27 Financial risk management (continued)

Market risk (continued)

As at 31 December 2018, the Co-operative is not exposed to significant currency risk because the Co-operative has disposed of the fund managed by AAEF.

	SGD	USD	Total
	\$	\$	\$
2017 (Restated)			
Financial assets			
Available-for-sale financial assets	50,078,828	1,399,435	51,478,263
Loans to members	103,969		103,969
Other receivables	267,040		267,040
Cash and cash equivalents	23,841,498		23,841,498
	<u>74,291,335</u>	<u>1,399,435</u>	<u>75,690,770</u>
Financial liabilities			
Subscription capital	23,998,822		23,998,822
Specific deposits	37,436,546		37,436,546
Other payables	293,434		293,434
	<u>61,728,802</u>		<u>61,728,802</u>
Net financial assets	<u>12,562,533</u>	<u>1,399,435</u>	<u>13,961,968</u>
Currency exposure of financial assets net of those denominated in functional currency	<u>-</u>	<u>1,399,435</u>	<u>1,399,435</u>

(i) Currency risk (continued)

If the USD change against the SGD by 4% with all other variables including tax rate being held constant, the effects arising from the net financial assets position to the financial performance of the Co-operative would have been lower/higher by \$55,977.

(ii) Price risk

The Co-operative is exposed to equity securities price risk arising from the investments held by the Co-operative which are classified as available-for-sale. These securities are quoted equity instruments listed in Singapore, Singapore government bonds, Singapore statutory bonds, unquoted investments in other Co-operatives, and fund managed by Athenaeum Asian Equities Fund. To manage its price risk arising from investments in equity securities, the Co-operative diversified its portfolio.

27 Financial risk management (continued)

Market risk (continued)

If prices for equity securities had changed by 10% (2017: 10%) with all other variables including tax rate being held constant, the total equity securities will increase/decrease by \$4,502,695 (2016: \$4,817,718).

The unquoted investments are measured at cost less impairment losses as the investment does not have a quoted market price in an active market and other methods of determining fair value do not result in a reasonable estimate.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of the Co-operative's financial instruments will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Co-operative's exposure to interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is by the Co-operative on an on-going basis with the primary objective of limiting the extent to which net interest income and expense could be affected by an adverse movement in interest rates.

The Co-operative does not hedge its investment in bonds as they have active secondary or resale markets to ensure liquidity. The Co-operative's loans at a rate based on the Management Committee's decision given to members form a natural hedge for its interest-bearing loans to members. The Co-operative's policy is to place surplus funds in deposits with financial institutions at favourable fixed interest rates or bonds carrying fixed rate of interest with financial institutions.

If the interest rates increase/decrease by 1% (2017: 1%) with all other variables including tax rate being constant, the effects on net surplus will not be significant.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its obligations resulting in financial loss to the Co-operative. The major classes of financial assets of the Co-operative are cash and cash equivalents, loans to members, other receivables and financial assets, at FVOCI. For other financial assets, the Co-operative adopts the policy of dealing with high credit quality counterparties.

The Co-operative's investments in debt instruments are considered to be low risk investments which the issuers have a low risk of default and a strong capacity to meet contractual cash flows.

27 Financial risk management (continued)

Credit risk (continued)

As the Co-operative does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The Co-operative has applied the general approach to measure the expected credit losses. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default, these exposures are considered to be low credit risk. Therefore, the loss allowance on these financial assets has been measured on the 12-month expected credit loss basis. However, the management committee has considered the forward-looking factors such as retrenchment rate and accordingly recognised the loss allowance for the loans to members amounted to \$20,195 during the financial year. Cash and cash equivalents, other receivables are subject to immaterial credit loss.

The movement in credit loss allowance for loans to members is as follows:

	2018
	\$
Balance at 1 January 2018	13,695
Loss allowance recognised during the financial year	<u>6,500</u>
Balance at 31 December 2018	<u><u>20,195</u></u>

In 2017, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. Other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The Co-operative considered that there was evidence if any of the following indicators were present:

- There is significant difficulty of the debtor.
- Breach of contract, such as default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation

27 Financial risk management (continued)

Credit risk (continued)

- (i) Financial assets that are neither past due nor impaired

Other receivables that are neither past due nor impaired are with creditworthy counterparties with good payment record with the Co-operative. Cash and cash equivalents are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies.

- (ii) *Financial assets that are either past due or impaired*

There is no financial assets that is past due and/or impaired except for loans to members.

The Co-operative's credit risk exposure in relation to loans to members under FRS 39 as at 31 December 2017 is set out as follows:

	2018
	\$
Less: Allowance for impairment	117,664
Less: Allowance for impairment	(13,695)
Net carrying amount	<u>103,969</u>

- (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to finance the Co-operative's operations. The Co-operative manages the liquidity risk by maintaining a level of cash and cash equivalents deemed adequate to finance the Co-operative's operations. The Co-operative's surplus funds are also managed centrally by placing them with reputable financial institutions on varying maturities.

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

	2018	2017
	\$	\$
Less than 1 year		
Subscription capital	21,981,818	23,998,822
Specific deposits	39,453,582	37,436,546
Other payables	141,664	293,434
	<u>61,577,064</u>	<u>61,728,802</u>

27 Financial risk management (continued)

(d) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (is as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1	Level 2	Level 3	Total
2017	\$	\$	\$	\$
Financial assets				
FVOCI	53,140,339	-	901,080	54,041,419
2017				
Financial assets				
Available-for-sale	50,577,183	-	901,080	51,478,263

There were no transfer between Levels 1 and 2 during the year.

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Co-operative is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (e.g. over-the counter derivatives) is determined by using valuation techniques. For unquoted investments (such as available-for-sale financial assets securities carried at cost), it is not practicable to determine the fair values because of the lack of quoted market prices and the assumptions used in valuation models to value these investments cannot be reasonably determined. These instruments are classified as Level 3.

The carrying amount receivables and payables are assumed to approximate their fair values.

27 Financial risk management (continued)

(e) Financial instruments by category

The carrying amount of different categories of financial instruments is disclosed as follows:

	2018	2017
	\$	\$
Financial assets, at FVOCI / Available-for-sale	54,041,419	51,478,263
Financial assets at amortised cost / Loans and receivables	20,341,845	24,212,507
Financial liabilities at amortised cost	<u>61,577,064</u>	<u>61,728,802</u>

28 Comparative figures

Certain comparative figures relating to the previous year have been reclassified to conform to the current year's presentation. The following reclassifications have no significant impact to the financial statements. The reclassification included the following:

	Before reclassification	Reclassification	After reclassification
	\$	\$	\$
Statement of Financial Position			
Loans to members	117,664	(13,695)	103,969
Other payables	<u>307,129</u>	<u>(13,695)</u>	<u>293,434</u>

29 New or revised accounting standards and interpretations

Below are the mandatory standards and amendments and interpretations to existing standards that have been published, and are relevant for the Co-operative's accounting periods beginning on or after 1 January 2019 and which the Co-operative has not early adopted.

Effective for annual periods beginning on or after 1 January 2019

- FRS 116: Leases
- Amendments to FRS 109: Prepayment Features with Negative Compensation
- Amendments to FRS 28: Long-term Interests in Associates and Joint Ventures
- Amendments to FRS 19: Plan Amendment, Curtailment or Settlement
- Annual Improvements to FRSS 2015-2017 Cycle
- INT FRS 123 : Uncertainty over Income Tax Treatments Illustrative Examples

Effective for annual periods beginning on or after 1 January 2020

- Amendments to FRS 103 Definition of a Business
- Amendments to FRS 1 and FRS 8: Definition of Material

Effective for annual periods beginning on or after 1 January 2021

- FRS 117 Insurance Contracts

Effective date: to be determined*

- Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

** The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore ("ASC") in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.*

DISTRIBUTION OF PROFIT 2018

PROFIT AND LOSS ACCOUNT: The Gross Profit for the year ended 31 December 2018 was S\$692,847. The Management Committee proposed a dividend of 3% and distributes as follows: -

Distribution of Profit	2018	2017
	\$	\$
Central Co-operative Fund – 5% (2017: 5%)	25,000	25,000
Central Co-operative Fund – 20% (2017: 20%)	38,569	197,353
Honorarium to Committee of Management	16,950	17,550
Common Good Fund	50,000	50,000
Donation	6,000	6,000
3% Dividend on Subscription at 31.12.2018 (2017: 3%)	659,454	719,964
From Accumulated Fund	(103,126)	470,900
	<hr/> 692,847 <hr/>	<hr/> 1,486,767 <hr/>

ESTIMATED EXPENDITURE 2019

EXPENDITURE	2019 S\$	2018 S\$
Staff Salary (plus CPF)	185,000	180,000
Depreciation & Maintenance of Computer System	100,000	100,000
Audit Fee	18,000	18,000
Printing & Stationery	5,000	5,000
AGM Expenses	22,000	20,000
Sundry Expenses	6,000	5,000
Transport	1,000	1,000
Medical Expenses	5,000	5,000
Training	10,000	20,000
Insurance	6,000	6,000
Hardware/Software Upgrade	10,000	300,000
Contingencies Expenses	10,000	10,000
Interest on Specific Deposit	1,150,000	1,100,000
Bank Charges	500	500
Provision for Bad & Doubtful Loan	10,000	10,000
	<hr/>	<hr/>
	1,538,500	1,780,500
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NOTE