

TRC Multi-Purpose Co-operative Society Limited

THE BOARD OF DIRECTOR'S ANNUAL REPORT FOR FY 2020

1. FINANCIAL PERFORMANCE

1.1 INCOME AND EXPENDITURE

The society received and accrued an income of \$51,860 for **the Financial Year 2020 (FY 2020)**. Total expenses incurred and accrued for the financial year amounted to \$67,690.

1.2 LOSS FOR THE FINANCIAL YEAR

The society incurred a loss of \$15,830 for the FY 2020.

1.3 CAPITAL ADEQUACY RATIO ("CAR")

The required minimum CAR set by the Registry of Co-operative Societies is 8%¹. CAR indicates the amount of buffer that a credit co-operative has to absorb in unanticipated losses which may arise from its operations or investments. The society's CAR at the end of FY 2020 was 0.65%.

We have made a provision of \$609,244 (42.8%), for loan impairment losses. This has affected our CAR. By stepping up our loan repayments and more aggressive loan recovery in FY2021; we may be able to increase our CAR. To manage the society prudently, we will carefully control our costs.

Further, we are working towards re-starting our Loan Services. When we could re-start loans; even in small amounts, we would be able to improve our financial performance and start accumulating new capital and therefore improving our CAR.

1.4 MINIMUM LIQUID ASSETS RATIO ("MLA")

Co-operative Societies are required to maintain a minimum MLA of 15%. Our MLA at the end of FY2020 was 64.03%. On one hand, this is a healthy situation as we would be able to meet any surge in member withdrawals of Savings and Deposits. At the same time, it also means that the Society has unused idle funds. We hope that we could re-start our loans; and this would help correct the high MLA and low CAR.

1.5 RESTRICTED INVESTMENTS

The applicable Restricted Investment (RI) limit set by the Registry of Co-operative Societies ("RCS") is 10%. The Society does not have any Restricted Investments.

¹ Minimum CAR was 8% from 30 Jun 2011 to 30 Jun 2021; 10% from 1 Jul 2021.

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1.6 OUR ASSESSMENT ON OUR FINANCIAL PERFORMANCE

The key financial information is summarised below:

	31 Dec 2020	31 Dec 2019
Surplus / (Loss)	(\$15,830)	(\$93,196)
Net Assets	\$18,238	\$34,068
CAR (minimum 8% ²)	0.76%	1.36%
MLA (minimum 15%)	68.6%	64.4%
Restricted Investments (maximum 10%)	0%	0%

Under the written direction issued by the Registry of Co-operative Societies issued in May 2017, the society:

- a) shall not receive any new deposits from members
- b) shall not grant any unsecured loans without the approval from the Registrar

Our Financial Performance over the last few years have been affected by the low deployment of our Capital; mainly due to the loan restrictions imposed by the Registry of Co-operative Societies on the Society to provide new unsecured loans.

Our recovery of existing loans was also weak, as we sought to support members with partial payments of loan instalments during the COVID Pandemic.

We have a full-time General Manager since 01 December 2021. The Manager, Mr P K Uthirapathi, has been active volunteer in the Community and is well versed with the affairs of the Society after being with the Society for 11 Months. We believe that going forward, we will do better, and we can improve our CAR and Profitability.

2. GOING FORWARD

Going Forward, the Management Committee is committed to keep the Society, function as a Thrift-and-Loan Co-operative Society. The Society's members are part of the segment of the Society that is in need of a Co-operative that is able to support them for education, hospitalisation and similar loans in their time of need.

The Safety of the members' funds are utmost on minds; and is the reason why, the Management Committee had not taken any allowances and have worked on a voluntary basis.

The Society's Administration and SOPs are in place and the Board is confident of going forward positively and our members understand us and are highly supportive.

² From 1 Jul 2021, minimum CAR is increased to 10%.

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The Society is also arranging to place unused funds in fixed deposit to take advantage of the positive market for fixed deposits.

3. BOARD OF DIRECTORS AND STAFF DURING FY 2020 TO PRESENT.

The Table of our Board of Directors and staff during FY is as given below:

APPOINTMENT	NAME
CHAIRMAN	R. KALAICHELVAN
VICE CHARIMAN	S SIVABALAN
SECRETARY & CEO	V RAJARAHM
TREASURER & CFO	K N BALASUBRAMANIAM
ASST SECRETARY	V SATHIYAMOORTHY
ASST TREASURER	N MUTHUKUMAR
BOARD MEMBERS	S. NITHYANANTHAM
	M MANOHARAN
	S S MANOHARAN
	V THAMIZMARAIYAN
	HABIB MOHAMED
	S SENTHIL
INTERNAL AUDITOR	P SHANMUGAM

4. BOARD MEETINGS

The Society met the requirement for minimum of one quarterly meeting per annum. Altogether the Board had 4 Meetings during the Year. Notwithstanding formal meetings, Members of the Management Committee ("COM Members") were part of the Society's Board of Directors WhatsApp Group; and were in regular discussion and information sharing with each other.

5. SUB-COMMITTEES AND INTERNAL AUDITORS

The Society had three standing Sub-Committees during the year as follows:

- a. Audit Committee
 - i) Mr S Sivabalan (Chairman)

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- ii) Mr M Manoharan
- iii) Mr S Nithiyantham

b. Loan Recovery Committee

- i) Mr V Thamizmaraiyan (Chairman)
- ii) Mr N Muthukumar
- iii) Mr V Sathiyamoorthi

c. Admin Committee.

- i) Mr V Rajarahm (Chief Executive Officer)
- ii) Mr K N Balakrishnan (Chief Financial Officer)
- iii) Mr S Senthil

The appointed internal auditor(s) is Mr P Shanmugam.

Note: No allowances are paid to any of the office bearers. All work is done on voluntary basis.

6. OTHER MATTERS

5.1 The Society has an investment with NTUC Income Insurance Co-operative amounting to 129,190 Shares.

5.2 The Society is an affiliate of SASCO.

5.3 At the end of FY2020, the Society's membership stood at 2300.

5.4 During the FY2020, no allowances were paid to any Board Member.

5.5 The Board of Directors have decided not to issue any Interest or Dividend to members for the FY 2020. Both of these will resume, when the Society's Financial position permits.



R. Kalaichelvan

Chairman

For and on-behalf of the Management Committee

01.10.2022

Note: Since the Report was released, the Society has placed 1 Million SGD in a fixed deposit for a good interest rate of 3.5% per annum.