


**TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD**  
(Registered in the Republic of Singapore)  
(Unique Entity Number: S94CS0213F)

**Annual Report**  
**For the Financial Year Ended 31 December 2020**

**A2**  
**PRACTICE** 

CHARTERED ACCOUNTANTS OF SINGAPORE  
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SINGAPORE 068805  
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# **TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD**

(Registered in the Republic of Singapore)

(Unique Entity Number: S94CS0213F)

## **Annual Report For the financial year ended 31 December 2020**

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# TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD

(Registered in the Republic of Singapore)

(Unique Entity Number: S94CS0213F)

## STATEMENT BY THE BOARD OF DIRECTORS

The directors present their statements to the members of the TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD ("the Society") together with the audited financial statements for the financial year ended 31 December 2020.

In the opinion of the Board of Directors,

- a) the accompanying financial statements together with the notes thereon are properly drawn up in accordance with the provisions of the Co-operative Societies Act 1979, Co-operative Societies Rules and the Singapore Financial Reporting Standards so as to give true and fair view of the financial position of the Society as at 31 December 2020 and the financial performance, changes in members' interests and cash flows of the Society for the year ended on that date; and
- b) at the date of this statement, there are reasonable grounds to believe Society will be able to pay its debt as and when fall due: and
- c) the receipt, expenditure, investment of moneys and the acquisition and disposal of assets by the Society during the year have been made in accordance with the By-laws of the Society, the provisions of the Act and the Rules (made under Section 95 of the Act): and
- d) proper accounting and other records have been kept by the Society.

On behalf of the Board of Directors



.....  
R.KALAICHELVAN  
Chairman



.....  
K. N. BALASUBRAMANIAN  
Treasurer

Singapore,

**30 JUN 2022**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

**TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD**

(Registered in the Republic of Singapore)

(Unique Entity Number: S94CS0213F)

**Report on the Audit of the Financial Statements**

**Qualified Opinion**

We have audited the financial statements of the **TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD** ("the Society"), which comprise the statement of financial position as at 31 December 2020 and the statement of profit or loss and other comprehensive income, statement of changes in members' funds and statement of cash flows for the financial year ended on that date, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the matters mentioned in the Basis for Qualified Opinion paragraph, the accompanying financial statements are properly drawn up in accordance with the provisions of the Co-operative Societies Act 1979, Singapore ("the Act") and the Co-operative Societies Rules (the Rules) and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Society as at 31 December 2020 and of the financial performance, changes in members' funds and cash flows of the Society for the financial year ended on that date.

**Basis for Qualified Opinion**

The loans to members are carried in the statement of financial position at S\$833,060, after allowance for the expected credit loss totalling to S\$ 609,244. All the Society's loans to members are due and receivable as at 31 December 2020, as per the credit terms of the loans but the Society collected only S\$ 150,261/-, comprising of principal and interests, on this carrying amount of loans to members after the financial year end. As such, we are unable to determine the adequacy of the loss allowance for the expected credit loss and any adjustments needed for the expected credit loss as at 31 December 2020.

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 Society in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material Uncertainty Related to Going Concern**

Without further qualifying our opinion, we draw attention to Note 24 of the financial statements which describe the going concern basis of preparation of the financial statements. In forming our opinion, we have considered the adequacy of the disclosures made in Note 24 in relation to the Board of directors' compliance with the Registrar of Co-operative Societies requirements and the availability of the Registrar's approval to grant unsecured loans to its members. The financial statements do not include any adjustments that would result from non-availability of the Registrar's approval.

**INDEPENDENT AUDITOR'S REPORT -continued  
TO THE MEMBERS OF**

**TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD**

(Registered in the Republic of Singapore)  
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**Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information (obtained prior to the date of our auditor's report) comprises the Statement by the Board of Directors included in the Annual report but does not include the financial statements and our auditor's report thereon.

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. As described in the *Basis for Qualified Opinion* section above, we are unable to obtain sufficient appropriate evidence about the impairment allowance for the expected credit loss for the loans to members' balance. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect of this matter

**Responsibility of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act and Rules and FRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the Society's financial reporting process.

**Auditor's Responsibility 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 misstatements, 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 or 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 AUDITOR'S REPORT-continued  
TO THE MEMBERS OF**

**TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD**

(Registered in the Republic of Singapore)  
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**Auditor's Responsibility 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 Society'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 Society's ability to continue as a going concern, if we conclude that 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 Society 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 those charged with governance 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:*

- (a) the receipt, expenditure, investment of monies and the acquisition and disposal of assets by the Society during the year are, in all material respects, in accordance with the By-laws of the Society and the provisions of the Act and Rules (made under section 95 of the Act); and
- (b) proper accounting and other records have been kept by the Society.

**INDEPENDENT AUDITOR'S REPORT-continued  
TO THE MEMBERS OF**

**TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD**  
(Registered in the Republic of Singapore)  
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**Report on Other Legal and Regulatory Requirements – continued**

*Basis of opinion*

We conduct our Audit in accordance with SSAs. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the compliance audit" section of our report. We are independent of the Society in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our 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 on Management's compliance.

*Management's responsibility for compliance with legal and regulatory requirements*

Management is responsible for ensuring that the receipt, expenditure, investment of monies and the acquisition and disposal of assets, are in accordance with the By-laws of the Society and the provisions of the Act and Rules (made under section 95 of the Act). This responsibility includes monitoring related compliance requirements relevant to the Society, and implementing internal controls as management determines are necessary to enable compliance with the By-laws of the Society and the provisions of the Act and the Rules (made under section 95 of the Act).

*Auditor's responsibility for compliance audit*

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipt, expenditure, investment of monies and the acquisition and disposal of assets, are in accordance with the By-laws of the Society and the provisions of the Act and the Rules (made under section 95 of the Act).

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipt, expenditure, investment of monies and the acquisition and disposal of asset: and assessing the risk of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Because of the inherent limitations in any internal control system, non-compliances may nevertheless occur and not be detected.

*A. Pradyip*

**A2 PRACTICE  
PUBLIC ACCOUNTANTS AND  
CHARTERED ACCOUNTANTS**



Singapore,  
30 June 2022

# TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD

(Registered in the Republic of Singapore)

(Unique Entity Number: S94CS0213F)

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	NOTE	<u>31 Dec 2020</u> S\$	<u>31 Dec 2019</u> S\$ Note-25	<u>1 Jan 2019</u>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Plant and equipment	(4)	1,277	2,640	690
Advance for software		16,624	16,624	-
Right-of-use asset	(5)	5,191	20,764	5,166
Equity investment	(6)	129,190	129,190	129,190
Loan to members	(7)	-	-	1,278,064
<b>Total non-current assets</b>		<b>152,282</b>	<b>169,218</b>	<b>1,413,110</b>
<b>Current assets</b>				
Loans to members	(7)	833,060	956,538	-
Other receivables	(8)	4,538	4,538	279,811
Cash and cash equivalents	(9)	1,410,702	1,377,729	1,105,600
<b>Total current assets</b>		<b>2,248,300</b>	<b>2,338,805</b>	<b>1,385,411</b>
<b>Total assets</b>		<b>2,400,582</b>	<b>2,508,023</b>	<b>2,798,521</b>
<b>MEMBERS' FUNDS AND LIABILITIES</b>				
<b>Members' Funds</b>				
Share Capital	(10)	219,480	221,230	223,380
General reserve fund	(11)	77,634	77,634	77,634
Fragrance fund	(12)	-	-	85,180
Accumulated fund		(59,396)	(43,566)	(35,550)
<b>Total members' interest</b>		<b>237,718</b>	<b>255,298</b>	<b>350,644</b>
Less: Share capital		(219,480)	(221,230)	(223,380)
<b>Total members' funds</b>		<b>18,238</b>	<b>34,068</b>	<b>127,264</b>
<b>Non-current liabilities</b>				
Lease liabilities	(21)	-	5,308	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>5,308</b>	<b>-</b>
<b>Current liabilities</b>				
Deferred revenue	(7)	-	-	121,994
Share capital	(10)	219,480	221,230	223,380
Thrift savings	(13)	983,639	1,025,795	1,072,664
General savings	(14)	963,456	1,004,761	1,050,429
Lease liabilities	(20)	5,308	15,610	5,166
Members' fixed deposits	(15)	110,000	110,000	110,000
Other payables and accruals	(16)	100,461	91,251	87,624
<b>Total current liabilities</b>		<b>2,382,344</b>	<b>2,468,647</b>	<b>2,671,257</b>
<b>Total liabilities</b>		<b>2,382,344</b>	<b>2,473,955</b>	<b>2,671,257</b>
<b>Total members' funds and liabilities</b>		<b>2,400,582</b>	<b>2,508,023</b>	<b>2,798,521</b>

The accompanying notes form an integral part of these financial statements.



**TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD**

(Registered in the Republic of Singapore)

(Unique Entity Number: S94CS0213F)

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	<u>Note</u>	<u>2020</u> <u>S\$</u>	<u>2019</u> <u>S\$</u>
<b><u>Income</u></b>			
Dividend received		9,689	7,751
Members entrance fee		20	100
Interest income		34,032	99,958
Interest income received from bank		2,515	1,554
Accrued interest income		-	50,700
Allowance for interest receivable		-	(50,700)
Other income – government grants		5,603	130
Other income		-	2,000
Over Provision of Prior Year Finance Cost		-	23,243
Excess deferred revenue		-	121,994
		<u>51,860</u>	<u>256,730</u>
<b><u>Less: Expenditure</u></b>			
Employee benefits	(17)	5,437	23,085
Depreciation of plant and equipment		1,363	1,880
Depreciation Right-of-use asset		15,573	15,548
Other operating expenses	(18)	23,884	30,856
Finance costs	(18)	24,936	24,174
Impairment allowance for loan to members		-	23,906
Impairment allowance for other receivables		-	53,000
Impairment allowance for other receivables-members		-	177,477
Bad debt written off		2,050	-
Reversal of provision for excess payment to members		(4,516)	-
Reversal of bad debt provision for loan to members		(1,037)	-
		<u>67,690</u>	<u>349,926</u>
<b>Loss for the financial year</b>		<b>(15,831)</b>	<b>(93,196)</b>
Other comprehensive income, net of tax		-	-
Central co-operative fund		-	-
<b>Total comprehensive loss for the financial year</b>		<b>(15,830)</b>	<b>(93,196)</b>

The accompanying notes form an integral part of these financial statements.

**TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD**

(Registered in the Republic of Singapore)

(Unique Entity Number: S94CS0213F)

**STATEMENT OF CHANGES IN MEMBERS' FUNDS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

<u>2020</u>	<u>Note</u>	<u>Share capital</u> <u>S\$</u>	<u>General reserve</u> <u>S\$</u>	<u>Sinking fund</u> <u>S\$</u>	<u>Accumulated fund</u> <u>S\$</u>	<u>Fragrance fund</u> <u>S\$</u>	<u>Total</u> <u>S\$</u>
Beginning of the financial year		221,230	77,634	-	(43,566)	-	255,298
Share issued		100	-	-	-	-	
Transfer		(100)	-	-			-
Share withdrawal		(1,750)	-	-	-	-	(1,750)
Total comprehensive income for the financial year		-	-	-	(15,830)	-	(18,339)
Appropriation of surplus		-	-	-	-	-	-
-Interest on thrift savings		-	-	-	-	-	-
-Dividend	(26)	-	-	-	-	-	-
<b>End of the financial year</b>		<b>219,480</b>	<b>77,634</b>	<b>-</b>	<b>(59,396)</b>	<b>-</b>	<b>237,718</b>

<u>2019</u>	<u>Note</u>	<u>Share capital</u> <u>S\$</u>	<u>General reserve</u> <u>S\$</u>	<u>Sinking fund</u> <u>S\$</u>	<u>Accumulated fund</u> <u>S\$</u>	<u>Fragrance fund</u> <u>S\$</u>	<u>Total</u> <u>S\$</u>
Beginning of the financial year		223,380	77,634	-	(35,550)	85,180	350,644
Share issued		500	-	-	-	-	500
Transfer		-	-	-	85,180	(85,180)	-
Share withdrawal		(2,650)	-	-	-	-	(2,650)
Total comprehensive income for the financial year		-	-	-	(93,196)	-	(93,196)
Appropriation of surplus		-	-	-	-	-	-
-Interest on thrift savings		-	-	-	-	-	-
-Dividend	(26)	-	-	-	-	-	-
<b>End of the financial year</b>		<b>221,230</b>	<b>77,634</b>	<b>-</b>	<b>(43,566)</b>	<b>-</b>	<b>255,298</b>

The accompanying notes form an integral part of these financial statements.

# TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD

(Registered in the Republic of Singapore)

(Unique Entity Number: S94CS0213F)

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	<u>NOTE</u>	<u>2020</u> <u>S\$</u>	<u>2019</u> <u>S\$</u>
<b>Cash flows from operating activities</b>			
Loss for the financial year		(15,830)	(93,196)
Adjustments for:			
Depreciation		16,936	17,428
Interest expense		3,714	3,775
Bad debt written off		2,050	-
(Reversal of impairment allowance)/Impairment allowance for loan to members		(1,037)	23,906
Impairment allowance for other receivables		-	53,000
Reversal of impairment allowance/Impairment allowance for other receivables- members		(4,516)	177,477
Over Provision of Prior Year Finance Cost			(23,243)
Excess deferred revenue			(121,994)
Operating cash flow before working capital changes		(1,316)	37,153
<b>Changes in working capital:</b>			
Loan to members		122,465	297,621
General savings		(41,305)	(30,538)
Other receivables		4,518	44,796
Other payables and accruals		9,210	327
Net cash generated from operating activities		93,696	349,359
<b>Cash flows from investing activities</b>			
Payments to acquire plant and equipment		-	(3,830)
Advance for software		-	(16,624)
Net cash used in investing activities		-	(20,454)
<b>Cash flows from financing activities</b>			
Thrift savings		(42,156)	(35,457)
Interest on fixed members' deposit		(3,300)	(3,300)
Interest on lease liabilities		(414)	(475)
Repayment of principal portion of lease liabilities		(15,610)	(15,394)
Net share capital withdrawal		(1,750)	(2,150)
Net cash used in financing activities		63,230	(56,776)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>32,973</b>	<b>272,129</b>
<b>Cash and cash equivalents at beginning of financial year</b>		<b>1,377,729</b>	<b>1,105,600</b>
<b>Cash and cash equivalents at end of financial year</b>	(9)	<b>1,410,702</b>	<b>1,377,729</b>

The accompanying notes form an integral part of these financial statements.

## **TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD**

(Registered in the Republic of Singapore)  
(Unique Entity Number: S94CS0213F)

### **NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2020**

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

The financial statements of TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD. ("the Society") for the financial year ended 31 December 2020 were authorised for issue by the Board of Directors on the date of the Statement by the Board of Directors.

#### **1. GENERAL**

TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD, is a CO-OPERATIVE, which is registered in Singapore. The address of its registered office and principal place of business is:

48 Serangoon Road  
#02-19 Little India Arcade  
Singapore 217959

The principal activities of the Society are that of to promote, in accordance with the co-operative principles, the economic interest of and to encourage co-operation, self-help, thrift and mutual assistance amongst its members.

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

#### **2. BASIS OF PREPARATION**

##### **a) Statement of compliance**

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

##### **b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except as otherwise described in the accounting policy notes that follow.

##### **c) Functional and presentation currency**

These financial statements are presented in Singapore Dollars (S\$) which is the Society's functional and presentation currency.

##### **d) Use of estimates and judgment**

The preparation of the financial statements in conformity with FRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

## TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD

(Registered in the Republic of Singapore)  
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### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 2. BASIS OF PREPARATION - continued

##### d) Use of estimates and judgment - continued

###### *Judgement made in applying accounting policies*

The Board of Directors made the following judgement in the process of applying the Society's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

###### **Expected credit loss (ECL) allowance for loans to members, other receivables and deposits**

The carrying values of loans to members and other receivables are disclosed in Note 7 and 8. The Society classify the loans to members into three categories based on their credit risk to determine expected credit loss. The summary of the assumptions underpinning the Society's expected credit loss model for loan to members is as follows:

<u>Category</u>	<u>Society's definition of category</u>	<u>Basis for recognition of expected credit loss provision</u>
Performing	Members have a low risk of default and a strong capacity to meet contractual cash flows	12 month expected losses, Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Credit risk significantly increased	Loans for which there is a significant increase in credit risk; as significant is presumed if interest and/or principal repayments are 90-360 days past due.	Lifetime expected losses
Credit impaired	Interest and/or principal repayments are more than 12 months past due	Lifetime expected losses

In respect of non-credit impaired exposures, significant judgment and assumptions are required in areas including:

- Development of ECL model parameters, including the probability of default(PD), loss given default (LGD) and exposure at default (EAD) for each portfolio.
- Selection of criteria to determine whether a credit exposure has exhibited "significant increase in credit risk" thus requiring lifetime ECL allowance.
- Determination of relevant macroeconomic factors to incorporate into the models.

## TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD

(Registered in the Republic of Singapore)  
(Unique Entity Number: S94CS0213F)

### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 2. BASIS OF PREPARATION - continued

##### d) Use of estimates and judgment – continued

*Judgement made in applying accounting policies-continued*

##### **Expected credit loss (ECL) allowance for loans to members, other receivables and deposits-continued**

In respect of credit-impaired exposures management judgement and estimation are applied in (i) identifying impaired exposures; (ii) estimating the related recoverable amounts; and (iii) where applicable, determining collateral values and timing of expected cash flows. The details of the expected credit loss allowances are disclosed in Note 7 and 8.

*Key sources of estimation uncertainty*

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### e) Adoption of new and revised standards

The accounting policies adopted are consistent with those of the previous financial year except as disclosed in Note 3 - Significant Accounting Policies. The Society has adopted the following amendments and improvements which are relevant to the Society and are effective for annual financial periods beginning on or after 1 January 2020.

- *FRS 116 Leases;*
- *Amendments to FRS 109: Prepayment Features with Negative Compensation;*
- *Amendments to FRS 28: Long-term Interests in Associates and Joint Ventures; and*
- *Annual Improvement 2020 to FRS 103, FRS 111, FRS 112 and FRS 23.*

Except for the adoption of FRS 116 *Leases* described below, the adoption of other amendments did not have any impact on the current or prior period and is not likely to affect future periods.

## TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD

(Registered in the Republic of Singapore)

(Unique Entity Number: S94CS0213F)

### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 3. SIGNIFICANT ACCOUNTING POLICIES

##### a) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the income and expenditure statement. When assets are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the income and expenditure statement. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

	Years
Furniture and fixtures	3
Renovation	3
Office equipment	3
Computer	3

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

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimated useful life accounted for on a prospective basis.

##### b) Impairment of non-financial assets

The carrying amounts of non-financial assets, are reviewed at each reporting date to determine whether there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine the amount of impairment loss. For the purpose of impairment testing of these assets, the recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of the cash-generating-unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating-unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating-unit) is reduced to its recoverable amount. The impairment loss is recognised in profit or loss unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease in equity.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating-unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase in equity.

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### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 3. SIGNIFICANT ACCOUNTING POLICIES - continued

##### c) Financial assets and financial liabilities

###### (i) *Recognition and initial measurement*

###### *Non-derivative financial assets and financial liabilities*

Receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Society becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value Through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

###### (ii) *Classification and subsequent measurement*

###### *Non-derivative financial assets*

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value Through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Society changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

###### *Financial assets at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Society's financial assets at amortised cost are loan to members and other receivables and cash at banks.



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### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 3. SIGNIFICANT ACCOUNTING POLICIES - continued

##### c) Financial assets and financial liabilities – continued

##### (ii) *Classification and subsequent measurement – continued*

##### *Debt investments at FVOCI*

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Society has no debt investments at FVOCI.

##### *Equity investments at FVOCI*

On initial recognition of an equity investment that is not held-for-trading, the Society may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

The Society's investment in another co-operative society classified as equity investment at FVOCI.

##### *Financial assets at FVTPL*

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Society may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Society has no financial assets at FVTPL.

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### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 3. SIGNIFICANT ACCOUNTING POLICIES - continued

##### c) Financial assets and financial liabilities - continued

##### *(ii) Classification and subsequent measurement – continued*

##### ***Financial assets: Business model assessment***

The Society makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Society's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Society's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 3. SIGNIFICANT ACCOUNTING POLICIES - continued

##### c) Financial assets and financial liabilities - continued

###### (ii) *Classification and subsequent measurement – continued*

###### ***Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest***

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Society considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Society considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Society's claim to cash flows from specified assets (e.g. non-recourse features)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with criterion if the fair value of the prepayment feature is insignificant at initial recognition.

###### ***Non-derivative financial assets: Subsequent measurement and gains and losses***

###### *Financial assets at FVTPL*

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

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### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 3. SIGNIFICANT ACCOUNTING POLICIES - continued

##### c) Financial assets and financial liabilities - continued

###### (ii) *Classification and subsequent measurement – continued*

###### ***Non-derivative financial assets: Subsequent measurement and gains and losses -continued***

###### *Financial assets at amortised cost*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

###### *Debt investments at FVOCI*

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

###### *Equity investments at FVOCI*

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

###### ***Non-derivative financial liabilities***

###### *Subsequent measurement*

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

Other financial liabilities comprise accruals, other payables, members' fixed deposit general savings, and thrift savings.

###### (iii) ***Derecognition of financial assets and financial liabilities***

###### *Financial assets*

The Society derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Society neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

###### *Financial liabilities*

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

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### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 3. SIGNIFICANT ACCOUNTING POLICIES – continued

##### d) Impairment of Non-derivative financial assets

The Society has the following financial assets subject to the Expected Credit Losses (ECLs) impairment model under FRS 109:

- Cash and bank deposits.
- Other receivables, deposit and due from related party (other debtors)
- Loan to members

**Loss allowances of the Society are measured on either of the following bases:**

##### **Simplified approach**

The Society applies the simplified approach to provide for ECLs for other receivables, deposits, due from related party and bank balances. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

To measure the expected credit losses, other debtors have been grouped based on shared credit risk characteristics and the past due. The expected loss rates are based on the payment profiles of the previous periods and the corresponding historical credit losses experienced within these periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables.

##### **General approach**

The Society applies the general approach to provide for ECLs on loan to members. 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 Society 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 Society considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Society'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.

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### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 3. SIGNIFICANT ACCOUNTING POLICIES – continued

##### d) Impairment of Non-derivative financial assets – continued

**Loss allowances of the Society are measured on either of the following bases:  
continued**

##### **General approach – continued**

The Society considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Society in full, without recourse by the Society 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 Society is exposed to credit risk.

While cash and cash equivalents are also subject to impairment requirements of FRS 109, the identified impairment loss was immaterial.

##### 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 entity in accordance with the contract and the cash flows that the Society expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

##### **Credit-impaired financial assets**

At each reporting date, the Society assesses whether financial assets carried at amortised cost and debt investments at FVOCI 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 12 months past due;
- the restructuring of a loan or advance by the Society on terms that the Society would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

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### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 3. SIGNIFICANT ACCOUNTING POLICIES – continued

##### d) Impairment of Non-derivative financial assets – continued

###### *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.

For debt investments at FVOCI, loss allowances are charged to profit or loss and recognised in OCI.

###### *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 Society 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 Society's procedures for recovery of amounts due.

##### e) Revenue recognition

Revenue is measured based on the consideration specified in a contract with members. Revenue is recognized when the Society satisfies its performance obligations under contract with members. A performance obligation may be satisfied at a point in time or over time. The amount of the revenue recognised is the amount allocated to the satisfied performance obligation.

###### (i) Interest income

Interest income from members' loans is recognised based on the contractual rates.

###### (ii) Administrative fee income and charges

Administrative fee income is recognised when the services are rendered. The charges for late payment and GIRO rejections are recognised upon the occurrence of the default.

###### (iii) Dividend income

Dividend income from investment in other Co-operatives are recognised when the right to receive payment is established.

###### (iv) Entrance fees

These are not refundable and recognised as revenue upon receipt or collection.

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### NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

#### 3. SIGNIFICANT ACCOUNTING POLICIES - continued

##### f) Employee benefits

###### (i) *Defined Contribution Plan*

The Society contributes to a Statutory Fund known as Central Provident Fund ("CPF") for the use of retirement benefit and other defined benefits of the employees who are Singapore citizens and Singapore permanent residents. This fund is monitored by Central Provident Fund Board which is a government body. The Society's monthly contribution is accounted for as expense.

###### (ii) *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term employee benefits if the Society has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

###### (iii) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made when the estimated liability for annual leave is incurred as a result of services rendered by employees up to the reporting date.

Society does not have a policy for unutilized leave to carry forward to next financial year

##### g) Leases

The Society 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.

###### *As lessee*

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



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### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 3. SIGNIFICANT ACCOUNTING POLICIES - continued

##### g) Leases-continued

##### i) Right-of-use assets

The Society 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 of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, 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 Society 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. The accounting policy for impairment is disclosed in Note 3b.

##### ii) Lease liabilities

At the commencement date of the lease, the Society 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 Society and payments of penalties for terminating the lease, if the lease term reflects the Society 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 Society 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. The lease liability is measured at amortised cost using the effective interest rate method. 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.

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### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 3. SIGNIFICANT ACCOUNTING POLICIES - continued

##### h) Finance costs

The interest expense on members' deposits and savings are recognised based on contractual rates.

Interest expense and similar charges are expensed in the income statement in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognised in the income statement using the effective interest rate method.

##### i) Income tax

The Society is exempt from income tax under Section 13 (1) (f) (ii) of Income Tax Act.

##### j) Provisions

A provision is recognized if, as a result of a past event, the Society has a present legal or constructive obligations that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flow at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

##### k) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning after 31 December 2020, and have not been applied in preparing these financial statements. The Society does not plan to early adopt these standards.

The following standards that have been issued but not yet effective are as follows:

Description	Effective for annual periods beginning on or after
Amendments to References to the Conceptual Framework in FRS Standards	1 January 2020
Amendments to FRS 1 and FRS 8: Definition of Material	1 January 2020
Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The management expects that the adoption of the above amendments will have no material impact on the financial statements in the period of initial application.

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**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**

**4. PLANT AND EQUIPMENT**

<u>2020</u>	<u>Renovation</u> <u>S\$</u>	<u>Furniture</u> <u>and Fittings</u> <u>S\$</u>	<u>Office</u> <u>Equipment</u> <u>S\$</u>	<u>Computers</u> <u>S\$</u>	<u>Total</u> <u>S\$</u>
<u>Cost</u>					
At the beginning of the financial year	7,284	5,950	6,206	44,658	64,098
Additions	-	-	-	-	-
At the end of the financial year	7,284	5,950	6,206	44,658	64,098
<u>Accumulated Depreciation</u>					
At the beginning of the financial year	5,396	5,950	6,206	43,906	61,458
Charge for the financial year	944	-	-	419	1,363
At the end of the financial year	6,340	5,950	6,206	44,325	62,821
<u>Carrying Value</u>					
At the end of the financial year	944	-	-	333	1,277
<u>2019</u>	<u>Renovation</u> <u>S\$</u>	<u>Furniture</u> <u>and Fittings</u> <u>S\$</u>	<u>Office</u> <u>Equipment</u> <u>S\$</u>	<u>Computers</u> <u>S\$</u>	<u>Total</u> <u>S\$</u>
<u>Cost</u>					
At the beginning of the financial year	4,452	5,950	6,206	43,660	60,268
Additions	2,832	-	-	998	3,830
At the end of the financial year	7,284	5,950	6,206	44,658	64,098
<u>Accumulated Depreciation</u>					
At the beginning of the financial year	4,452	5,950	5,689	43,487	59,578
Charge for the financial year	944	-	517	419	1,880
At the end of the financial year	5,396	5,950	6,206	43,906	61,458
<u>Carrying Value</u>					
At the end of the financial year	1,888	-	-	752	2,640

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**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**

**5. RIGHT-OF-USE ASSETS**

<u>Office space</u>	<u>2020</u>	<u>2019</u>
	<u>S\$</u>	<u>S\$</u>
<u>Cost</u>		
At the beginning of the financial year	36,312	5,166
Additions	-	31,146
At the end of the financial year	<u>36,312</u>	<u>36,312</u>
<u>Accumulated Depreciation</u>		
At the beginning of the financial year	15,548	-
Charge for the financial year	15,573	15,548
At the end of the financial year	<u>31,121</u>	<u>15,548</u>
<u>Carrying Value</u>		
At the end of the financial year	<u>5,191</u>	<u>20,764</u>

**6. EQUITY INVESTMENT**

	<u>2020</u>	<u>2019</u>
	<u>S\$</u>	<u>S\$</u>
<u>Cost</u>		
Beginning balance	129,190	129,190
- Fair value changes	-	-
Closing balance	<u>129,190</u>	<u>129,190</u>

The investment represents investment in 12,919 shares of NTUC Income Insurance Co-operative Limited. The carrying values are the realisable value as at the financial year end.

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### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 7. LOAN TO MEMBERS

	<u>2020</u> S\$	<u>2019</u> S\$
Balance at beginning of the year	1,566,819	1,864,440
Less: Repayments	(121,229)	(257,780)
Less: Offset from savings	(1,236)	(3,746)
Less : Amount written off	(2,050)	-
Less: Receipts pending allocation to individual member account	-	(36,095)
	<b>1,422,304</b>	<b>1,566,819</b>
Less: Allowances for impairment loss	(609,244)	(610,281)
	<b>833,060</b>	<b>956,538</b>
Type of loans		
Unsecured loans	1,348,805	1,488,819
Secured loan (Against fixed deposits received)	73,500	78,000
	<b>1,422,305</b>	<b>1,566,819</b>

The movements of the allowance for impairment loss are as follows:

	<u>2020</u> S\$	<u>2019</u> S\$
Balance at beginning of the year	610,281	586,376
Charge for the year	-	60,000
Reversal for the year	(1,037)	(36,095)
Balance at the end of the year	<b>609,244</b>	<b>610,281</b>

Interest receivable to be accounted for upon receipt

	<u>2020</u> S\$	<u>2019</u> S\$
Beginning of financial year	668,754	618,054
Changes during the financial year	29,086	50,700
End of the financial year	<b>697,840</b>	<b>668,754</b>

The gross carrying amount of the loan to members and the maximum exposure to credit loss is as follows:

	<u>2020</u> S\$	<u>2019</u> S\$
Performing	270,897	64,783
Credit risk significantly increased	622,163	951,755
Credit impaired	549,244	550,281
Total gross loan receivables	<b>1,422,304</b>	<b>1,566,819</b>
Less: Expected credit loss allowance	(609,244)	(610,281)
	<b>833,060</b>	<b>956,538</b>

**TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD**

(Registered in the Republic of Singapore)

(Unique Entity Number: S94CS0213F)

**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**

**7. LOAN TO MEMBERS**

The reconciliation of loss allowance for loans to members as at 31 December 2020 / 2019 with the opening loss allowance is as follows:

<u>2020</u>	Performing S\$	Credit risk significantly increased S\$	Credit-impaired S\$	Total S\$
Opening loss allowance as at 1 January 2020	-	60,000	550,281	610,281
Individual financial assets transferred to credit risk significantly increased (life time expected credit losses)	-		-	
Individual financial assets transferred to credit-impaired	-	-	-	-
New loan originated	-	-	-	-
Write-offs	-	-	-	-
Change in risk parameters	-	-	(1,037)	(1,037)
Other changes	-	-	-	-
<b>Closing loss allowance as at 31 December 2020</b>	<b>-</b>	<b>60,000</b>	<b>549,244</b>	<b>609,244</b>
<u>2019</u>	Performing S\$	Credit risk significantly increased S\$	Credit-impaired S\$	Total S\$
Opening loss allowance as at 1 January 2020	-	-	586,376	586,376
Individual financial assets transferred to credit risk significantly increased (life time expected credit losses)	-	60,000	-	60,000
Individual financial assets transferred to credit-impaired	-	-	-	-
New loan originated	-	-	-	-
Write-offs	-	-	-	-
Change in risk parameters	-	-	(36,095)	(36,095)
Other changes	-	-	-	-
<b>Closing loss allowance as at 31 December 2020</b>	<b>-</b>	<b>60,000</b>	<b>550,281</b>	<b>610,281</b>

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#### 7. LOAN TO MEMBERS

The effective interest rates implicit in the loan to members are approximately from 9.06% to 9.31% (2019: 9.06% to 9.31%) per annum.

The late payment fees and interest due from defaulters are recognised as deferred revenue in the financial statements. Income will be recognised upon receipt only.

#### 8. OTHER RECEIVABLES

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Deposits	4,538	4,538
Advance	29,000	29,000
Receivable from associate society	24,000	24,000
Receivable from members	172,961	177,477
	230,497	235,015
Impairment allowance for other receivables	(225,961)	(230,477)
	4,538	4,538

The movements of the allowance for impairment loss are as follows:

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Balance at beginning of the year	230,477	-
Charge for the year	-	230,477
Reversal for the year	(4,516)	-
Balance at the end of the year	225,961	230,477

#### 9. CASH AND CASH EQUIVALENTS

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Cash at bank	1,232,858	1,202,394
Fixed deposits	177,844	175,335
	1,410,702	1,377,729

Fixed deposits bear interest at an effective interest rate of 0.6% (2019: 1.10% to 1.25%) per annum.

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#### 10. SHARE CAPITAL

	<u>2020</u>		<u>2019</u>	
	<u>No. of shares</u>	<u>S\$</u>	<u>No. of shares</u>	<u>S\$</u>
<b>Fully paid ordinary shares</b>				
Balance at beginning of the year	221,230	221,230	223,380	223,380
Share issued	100	100	500	500
Adjustment with loan	(100)	(100)	-	-
Amount withdrawn	(1,750)	(1,750)	(2,650)	(2,650)
Balance at the end of the year	<u>219,480</u>	<u>219,480</u>	<u>221,230</u>	<u>221,230</u>

In accordance with By-laws 7.3.1, a new member must take a minimum payment of S\$50 for the purchase of 50 shares in the Co-Operative.

This relates to the shares held by members where the Co-operative does not have their right of refusal to redeem the members' shares. Members include an individual person duly admitted to the membership of the Co-Operative in accordance with the By-law of the Co-operative.

Members of the Co-Operative consist of:

- (a) Ordinary members, who shall be of Indian origin
- (b) Institutional members shall be such trade union or co-operative organization approved by the Board of Directors.

Any member, excluding the associate members, of the Co-Operative may vote at any general meeting of the Co-Operative. Ordinary members can exercise one vote irrespective of the number of shares held by him/her. The associate members shall have no voting right at the general meeting and shall not stand for election to office.

Any member who is not liable to the Co-Operative may withdraw his/her membership on giving 6 months notice of resignation in writing or such other limitations as the Board of Directors may decide in accordance with the Rules and By-laws. The members withdrawing shall be entitled on the expiry of his notice to receive as the value of his shares, not more than what he/she paid for them, nor more than their value, as disclosed by last sentence of financial position prepared by the Co-Operative.

In the event of the winding up of the Co-Operative, the assets, including the reserve fund, shall be applied first to the cost of liquidation, then to the discharge of the liabilities of the Co-Operative, then to the payment of the share capital or subscription capital, and then, provided that the By-laws of the Co-Operative permit, to the payment of a dividend or patronage refund at a rate not exceeding that laid down in the Rules or in the By-laws.

Any moneys remaining after the application of the funds to the purposes specified in the above paragraph (Section 88 of Co-operative Societies Act) and any sums unclaimed after two years under Section 89(2) (Which relates to claim of creditors), shall not be divided among the members but shall be carried to the Co-Operative Societies Liquidation Account kept by the Registrar. A sum carried to Co-operative Societies Liquidation Account shall be kept in this account for at least two years. Out of the Co-operative Societies Liquidation Account such sums may be transferred to the Central Co-operative Fund, or applied generally for the furtherance of Co-operative principles in such manner, as the Minister may determine from time to time.



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### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 11. GENERAL RESERVE FUND

	<u>2020</u> <u>S\$</u>	<u>2019</u> <u>S\$</u>
Balance at beginning of the financial year	77,634	77,634
Balance at the end of the financial year	<u>77,634</u>	<u>77,634</u>

General reserve fund was previously classified as statutory reserve fund.

Prior to 2008, pursuant to Section 70(3) of the Co-operative Societies Act, Cap.62(repealed in 2008), every society shall pay into statutory reserve fund at least 20% of the surplus resulting from the operations of the Co-Operative during the said financial year, provided that when the reserve fund has reached an amount equal to 10% of the paid up share capital, the society may carry 5% of its surplus to the reserve fund.

The Co-Operative's By-law 7.5.1 provides for the reserve fund to be kept as the general reserve fund in the form of liquid assets. The Co-Operative shall pay into the reserve fund such portion of its net surplus as may be determined by the Board from time to time, at least 20% of the surplus resulting from the operations of the Co-Operative during the financial year, provided that when the reserve fund has reached an amount that is equal to 10% of the paid up share capital, the Co-Operative may carry 5% of its surplus to the reserve fund.

#### 12. FRAGRANCE FUND

The fund is for aiding deserving individuals, members or otherwise. The fragrance fund transferred to the accumulated fund during the financial year as the Society wants to stabilise its financial position.

#### 13. THRIFT SAVINGS

	<u>2020</u> <u>S\$</u>	<u>2019</u> <u>S\$</u>
Balance at beginning of the year	1,025,795	1,072,664
Add: Receipts	-	-
Add: Transfer from general savings	-	-
(Less) / Add : Adjustment for other receivables - members	-	(11,412)
Less: Offset loan account	-	(1,823)
Less: Withdrawals	<u>(42,156)</u>	<u>(33,634)</u>
Balance at the end of the year	<u>983,639</u>	<u>1,025,795</u>

This is a compulsory savings by members with a minimum contribution of \$10 per month. Thrift savings, known as subscription capital, shall not be withdrawable unless in the event of cessation of membership in accordance with By-Laws 4.9, 4.10 and 4.11.

No interest on the thrift savings has been proposed for the financial year.

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### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 14. GENERAL SAVINGS

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Balance at beginning of the year	1,004,761	1,050,429
Add: Receipt	2,104	16,942
Add: Interest receipt	20,095	18,564
Less : Interest under/(over) provision previous years	1,848	(23,471)
Add: Prior year adjustments	-	-
Add: Reconciliation with share capital	-	-
(Less) / Add : Adjustment for other receivables - members	-	(33,622)
Less: Offset with loan account	-	(1,923)
Less: Withdrawal, resignation & termination	(65,352)	(22,158)
	<u>963,456</u>	<u>1,004,761</u>
Balance at the end of the year	<u>963,456</u>	<u>1,004,761</u>

This is non-compulsory savings and every member may make a minimum monthly deposit of not less than S\$10 per month. Interest is payable at rate to be fixed by the committee and shall be paid on December 31 and shall be calculated on the minimum monthly balance, provided that such balance does not fall below S\$100.

An interest of 2% on members' saving account for 2020 (2019: 2%) has been proposed and will be submitted for formal approval at the Annual General Meeting. This interest will be recognised in next year's financial statement.

#### 15. MEMBERS' FIXED DEPOSITS

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Balance at beginning of financial year	110,000	110,000
Withdrawals during the year	-	-
	<u>110,000</u>	<u>110,000</u>
Balance at end of financial year	110,000	110,000
Less: Non-current liabilities (maturity after 12 months)	-	-
	<u>110,000</u>	<u>110,000</u>
Current liabilities	<u>110,000</u>	<u>110,000</u>

#### 16. OTHER PAYABLES AND ACCRUALS

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Accrued expenses	25,717	16,317
Other payables	13,862	13,862
Interest payable to members	19,203	20,095
Unidentified receipts	41,679	40,977
	<u>100,461</u>	<u>91,251</u>
	<u>100,461</u>	<u>91,251</u>

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**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**

**17. EMPLOYEE BENEFITS**

	<u>2020</u>	<u>2019</u>
	<u>S\$</u>	<u>S\$</u>
Employee benefits		
-Salary	4,587	19,515
-Central Provident Fund	850	3,570
	<hr/>	<hr/>
	5,437	23,085
	<hr/>	<hr/>

**18. OTHER OPERATING EXPENSES AND FINANCE COSTS**

	<u>2020</u>	<u>2019</u>
	<u>S\$</u>	<u>S\$</u>
<b><u>OTHER OPERATING EXPENSES</u></b>		
AGM/board meeting expenses	-	2,178
Audit fees – prior year under provision	-	5,000
Audit fees – current year	7,000	7,000
Central Co-operative fund	-	-
General expenses	411	1,094
Legal cost	11,862	10,718
Printing, stationery and postages	144	48
Web maintenance charges	369	400
Training fees	140	359
Utilities	935	1,908
Telephone charges	752	627
Internet charges	1,271	1,271
Skill development levy	-	56
Rental - photocopier	1,000	197
	<hr/>	<hr/>
	23,884	30,856
	<hr/>	<hr/>
<b><u>FINANCE COSTS</u></b>		
Bank charges	171	304
Interest on lease liability	414	475
Interest on members' fixed deposits	3,300	3,300
Interest charge on general savings	21,051	20,095
	<hr/>	<hr/>
	24,936	24,174
	<hr/>	<hr/>

**19. RELATED PARTY TRANSACTIONS**

Some of the Society's transactions and arrangement are with the Board of Directors. The terms of the transactions with the directors are as per the Society's normal terms of operations and per the Society's by laws.

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**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**

**19. RELATED PARTY TRANSACTIONS -continued**

<u>Related party balances and transactions shown in the accounts as</u>	<u>Type of relationship between the Society and the related party</u>	<u>2020</u> S\$	<u>2019</u> S\$
Legal cost	Paid on behalf of certain directors	11,861	-
Thrift savings	Board of Directors Members / close family members.	11,915	11,915
General savings	Board of Directors Members / close family members.	10,573	10,366

**20. LEASES**

The Society has lease contracts for the premises. The Society's obligations under these leases are secured by the lessor's title to the leased asset. The Society is restricted from assigning and subleasing the leased asset.

**(a) Carrying amount of right-of-use asset**

	<u>Office Space</u> S\$ <u>2020</u>	<u>Office Space</u> S\$ <u>2019</u>
At 31 December 2020/2019 - cost	36,312	36,312
At 31 December 2020/2019 - accumulated depreciation	31,121	15,548
At 31 December 2020 -carrying amount	<u>5,191</u>	<u>20,764</u>

**(b) Lease liabilities**

	<u>1 January</u> <u>2020</u> S\$	<u>Cash flows</u> S\$	<u>Non cash changes</u> <u>Accretion of</u> <u>interests</u> S\$	<u>Additions</u> S\$	<u>Other</u> S\$	<u>31 December</u> <u>2020</u> S\$
Current	15,610	(16,024)	414	-	5,308	5,308
Non-current	5,308	-	-	-	(5,308)	-
	<u>20,918</u>	<u>(16,024)</u>	<u>414</u>	<u>-</u>	<u>-</u>	<u>5,308</u>

	<u>1 January</u> <u>2019</u> S\$	<u>Cash flows</u> S\$	<u>Non cash changes</u> <u>Accretion of</u> <u>interests</u> S\$	<u>Additions</u> S\$	<u>Other</u> S\$	<u>31 December</u> <u>2019</u> S\$
Current	5,166	(15,869)	475	31,146	5,308	15,610
Non-current	-	-	-	-	(5,308)	5,308
	<u>5,166</u>	<u>(15,869)</u>	<u>475</u>	<u>31,146</u>	<u>-</u>	<u>20,918</u>

**(c) Amounts recognised in profit or loss**

	<u>2020</u> S\$	<u>2019</u> S\$
Depreciation of right-of-use asset	15,573	15,548
Interest expense on lease liabilities	414	475
Total amount recognised in profit or loss	<u>15,987</u>	<u>16,023</u>

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**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**

**21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT POLICIES**

<u>2020</u>	<u>Note</u>	<u>Financial assets at FVOCI</u> S\$	<u>Financial assets at amortised costs</u> S\$	<u>Other financial liabilities</u> S\$	<u>Total carrying amount</u> S\$	<u>Fair value *</u> S\$
Equity investment	(6)	129,190	-	-	129,190	129,190
Loan to members	(7)	-	833,060	-	833,060	833,060
Other receivables	(8)	-	4,538	-	4,538	4,538
Cash and cash equivalents	(9)	-	1,410,702	-	1,410,702	1,410,702
		129,190	2,248,300	-	2,377,490	2,377,490
Thrift savings	(13)	-	-	983,639	983,639	983,639
General savings	(14)	-	-	963,456	963,456	963,456
Lease liabilities	(20)	-	-	5,308	5,308	5,308
Members fixed deposits	(15)	-	-	110,000	110,000	110,000
Other payables and accruals	(16)	-	-	100,461	100,461	100,461
		-	-	2,162,864	2,162,864	2,162,864

<u>2020</u>	<u>Note</u>	<u>Financial assets at FVOCI</u> S\$	<u>Financial assets at amortised costs</u> S\$	<u>Other financial liabilities</u> S\$	<u>Total carrying amount</u> S\$	<u>Fair value *</u> S\$
Equity investment	(6)	129,190	-	-	129,190	129,190
Loan to members	(7)	-	956,538	-	956,538	956,538
Other receivables	(8)	-	4,538	-	4,538	4,538
Cash and cash equivalents	(9)	-	1,377,729	-	1,377,729	1,377,729
		129,190	2,338,805	-	2,467,995	2,467,995
Thrift savings	(13)	-	-	1,025,795	1,025,795	1,025,795
General savings	(14)	-	-	1,004,761	1,004,761	1,004,761
Lease liabilities	(20)	-	-	20,918	20,918	20,918
Members fixed deposits	(15)	-	-	110,000	110,000	110,000
Other payables and accruals	(16)	-	-	91,251	91,251	91,251
		-	-	2,252,725	2,252,725	2,252,725

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### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT POLICIES

##### Risk Management Policies

Exposure to credit, liquidity and interest rate risk arises in the normal course of the Society's business. The Society's overall business strategies, its tolerance of risk and its general risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions.

The Society does not hold or issue derivative financial instruments for speculative purpose.

##### Credit risk

Credit risk is the risk of loss that may arise from outstanding instruments should a counterparty default its obligations. The Society's exposure to credit risk arises primarily from loan to members. For other financial assets (including cash and cash equivalents), the Society minimise credit risk by dealing with high credit rating counterparties.

The Society's objective is to seek continual revenue growth while minimising losses incurred due to increased credit exposure. It is the Society's policy that all members who wish to borrow are subject to credit verification procedures and need to provide surety. In addition, members' loan balances are monitored on an ongoing basis with the result that the Society's exposure to impairment of loan to members and other receivables is not significant.

At the reporting date, the maximum exposure to credit risk was as follows:

	<u>2020</u> <u>S\$</u>	<u>2019</u> <u>S\$</u>
<b><u>Financial assets</u></b>		
Loan to members	833,060	956,538
Other receivables	4,538	4,538
Cash at banks	1,410,702	1,377,729
	<u>2,248,300</u>	<u>2,338,805</u>

The loan to members which are not impaired are with credit worthy members, based on the Society's internal assessment. The impairment allowance is disclosed in Note 7 and 8. The basis of impairment assessment is disclosed in Note 3 (d).

Cash at banks are placed with licenced banks in Singapore.

##### Liquidity risk

Liquidity risk is the risk of the Society being unable to secure adequate funding to meet current obligations. The liquidity risk is deemed to be limited for the Society. The Co-Operative monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Society's operation and to mitigate the effects of fluctuations in cash flows. The Society is expected to generate sufficient cash for its operation.

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**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**

**21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT POLICIES – CONTINUED**

**Risk Management Policies - continued**

**Liquidity risk – continued**

The maturity profile of the financial liabilities of the Society is shown below. The amounts disclosed below are the contractual undiscounted cash flows:

<u>2020</u>	One year or less <u>S\$</u>	More than one year <u>S\$</u>	Over 5 years <u>S\$</u>	<u>Total</u> <u>S\$</u>
Thrift savings	983,639	-	-	983,639
General savings	963,456	-	-	963,456
Fixed deposits	110,000	-	-	110,000
Other payables and accruals	100,461	-	-	100,461
Lease liabilities	5,308	-	-	5,308
	<u>2,162,864</u>	<u>-</u>	<u>-</u>	<u>2,162,864</u>
<u>2019</u>	One year or less <u>S\$</u>	More than one year <u>S\$</u>	Over 5 years <u>S\$</u>	<u>Total</u> <u>S\$</u>
Thrift savings	1,025,795	-	-	1,025,795
General savings	1,004,761	-	-	1,004,761
Fixed deposits	110,000	-	-	110,000
Other payables and accruals	91,251	-	-	91,251
Lease liabilities	15,610	5,308	-	20,918
	<u>2,247,417</u>	<u>1,031,103</u>	<u>-</u>	<u>2,252,725</u>

It is not expected the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

**Market Risk**

**Interest rate risk**

The Co-Operative grant fixed interest rate loan to its members therefore the Society's cash flows are not affected by market interest rate fluctuation.

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### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 22. FAIR VALUES OF ASSETS AND LIABILITIES

##### Fair value hierarchy

The Society measures fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. As price) or indirectly (i.e. derived from prices), and
- Level 3 – Inputs for the asset or liability that are not based on observable market rate (unobservable inputs)

The Society has no assets or liabilities carried at fair value for the financial years ended 31 December 2020 and 31 December 2019.

##### a) **Equity Investment**

The carrying value represents the amount collectable up on resignation member in the investee Co-operative Society.

##### b) **Cash and Cash Equivalents, Other Receivables and Other Payables, Due from Related Party**

The carrying amounts of these items approximate fair value due to their short term nature.

##### c) **Thrift savings, General savings and Members' Fixed Deposits**

The carrying amounts of members' fixed deposits and members' savings approximate fair value as the interest payables is on the outstanding values.

##### d) **Loan to Members**

The member's loans are interest bearing and the carrying value is the fair value.

##### e) **Level 3 fair value measurements**

Information about significant unobservable inputs used in Level 3 fair value measurements. The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value at 31 December 2020 S\$	Valuation techniques
Investment	129,190	The value which can be obtained by resignation membership in the investee Co-operative Society



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### NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

#### 23. CAPITAL MANAGEMENT

The management manages the capital to ensure the Society will be able to continue as a going concern while maximizing the return to members through optimization of capital. The management balances its capital structure through payment of dividends and interest.

The management's overall strategy remains unchanged from the end of last financial year.

Institutional capital of the Society comprises of accumulated fund and general reserve. Capital adequacy ratio is Society's institutional capital expressed as a percentage of its total assets.

<b>Capital Adequacy Ratio (CAR)</b>	<u>2020</u> S\$	<u>2019</u> S\$
Institutional capital	15,729	34,068
Total assets	2,398,073	2,508,023
Capital adequacy ratio	0.65%	1.35%

<b>Minimum Liquid Assets Ratio (MLA)</b>	<u>2020</u> S\$	<u>2019</u> S\$
Total liquid assets – Cash and cash equivalents	1,410,702	1,377,729
Total members' deposits		
Members' share capital	219,480	221,230
Members' fixed deposits net of loan secured	36,500	32,000
Members' thrift savings	983,639	1,025,795
Members' general savings	963,456	1,004,761
Minimum liquid assets ratio (MLA)	2,203,075 64.03%	2,283,786 60.32%

#### 24. GOING CONCERN

The Society's main income stream is the interest income from loans to its members. This income stream has been affected over the past few years due to restrictions imposed by the regulator to grant any new unsecured loans and poor collections of the loan principal repayment and interest from the existing loan to members. The Society has a significant unrestricted cash balance for its operation.

The directors consider that in preparing the financial statements they have taken into account all information that could reasonably available. On this basis, they consider that it is appropriate to prepare the financial statements on the going concern basis. This assumes the Board of Directors' compliance with the Registrar of Co-operative Societies requirements and the approval of the Registrar to grant unsecured loans to its members. The financial statements do not include any adjustments that would result from non-availability of the Registrar's approval.

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**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**

**25. COMPARATIVE FIGURES**

The comparative figures have been reclassified to present the share capital as liability as per the requirements of Financial Reporting Standard - 32 Financial Instruments presentation. Also, the thrift savings has been classified as current liabilities.

**26. DIVIDEND**

No dividend paid during the financial year. No dividend on the share capital of the Society has been proposed.