

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

(Registered in the Republic of Singapore)

(Unique Entity Number: S94CS0213F)

**Audited Financial Statements**

**For the financial year ended 31 December 2021**

**SPN ASSOCIATES PAC**

Chartered Accountants of Singapore

1 North Bridge Road, #07-09 High Street Centre, Singapore 179094

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

(Registered in the Republic of Singapore)

(Unique Entity Number: S94CS0213F)

**For the financial year ended 31 December 2021**

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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  
For the financial year ended 31 December 2021**

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In the opinion of the Board of Directors,

- a) the accompanying financial statements of the TRC Multi-Purpose Co-Operative Society Ltd (the Society) are drawn up so as to give a true and fair view of the financial position of the Society as at 31 December 2021 and of the financial performance, changes in members' funds and cash flows of the Society for the financial year ended on that date;
- b) at the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due; and
- c) the receipt, expenditure, investment of monies and the acquisition and disposal of assets by the Society during the financial year ended 31 December 2021 are, in all material respects, in accordance with provisions of the Co-Operative Societies Act 1979, Co-Operative Societies Rules and the By-Laws of the Society;

**ON BEHALF OF THE BOARD OF DIRECTORS:**



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R Kalaichelvan  
Chairman



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Krishnasamy Naicker Balasubramanian  
Treasurer

Singapore

Date: **21 JUN 2023**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD**

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

***Qualified Opinion***

We have audited the financial statements of **TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD** (the Society), which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in members' funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements are properly drawn up in accordance with the provisions of the Co-Operative Societies Act 1979 (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 2021 and of the financial performance, changes in members' funds and cash flows of the Society for the year ended on that date.

***Basis for Qualified Opinion***

The loans to members are carried in the statement of financial position at S\$ 813,178 (2020: S\$ 833,060), after allowance for the expected credit loss totalling to S\$ 593,070 (2020: S\$ 609,244). All the Society's loans to members are due and receivable as at 31 December 2021, as per credit terms of the loans but the Society collected only S\$ 165,766 (2020: 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 2021.

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 qualified audit opinion.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD**

**Report on the Audit of the Financial Statements (Cont'd)**

***Material Uncertainty Related to Going Concern***

Without further qualifying our opinion, we draw attention to Note 26 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 26 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.

***Other Matter***

The financial statements of the Society for the year ended 31 December 2020, were audited by another firm of auditors who expressed a modified opinion on those statements on 30 June 2022.

***Other Information***

Management is responsible for the other information. The other information 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. Based on the matters as described in the *Basis for Qualified Opinion* section above, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

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

Management is responsible for the preparation and fair presentation of 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.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD**

**Report on the Audit of the Financial Statements (Cont'd)**

***Responsibilities of Management and Those Charged with Governance for the Financial Statements (Cont'd)***

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.

Those charged with governance are responsible for overseeing the Society'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 assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD**

**Report on the Audit of the Financial Statements (Cont'd)**

***Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)***

- Conclude on the appropriateness of the 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 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 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**

***Opinion***

In our opinion:

- (a) the receipts, expenditure, investment of monies and the acquisition and disposal of assets by the Society during the year are, in all materials respects, in accordance with the By-Laws of the Society and the provision of the Act and Rules; and
- (b) proper accounting and other records have been kept by the Society.

***Basis of Opinion***

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the *Auditor's 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 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 on management's compliance.



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD

Report on Other Legal and Regulatory Requirements (Cont'd)

**Management's Responsibilities 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. This responsibility includes monitoring related compliance requirements relevant to the Society, and implementing internal controls as management determines are necessary to enable compliance By-laws of the Society and the provisions of the Act and Rules.

**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 Rules.

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 assets; and assessing the risks 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 accounting and internal control system, non-compliances may nevertheless occur and not be detected.



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SPN ASSOCIATES PAC  
Public Accountants and  
Chartered Accountants

Singapore,

21 JUN 2023



**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 2021**

	Note	2021 S\$	2020 S\$
<b>Revenue</b>	4	43,945	36,547
<b>Other items of income</b>			
Other income	5	42,981	15,312
		<u>86,926</u>	<u>51,859</u>
<b>Expenses</b>			
Depreciation of plant and equipment	6	(1,277)	(1,363)
Depreciation of right-of-use assets	7	(5,191)	(15,573)
Employee benefits expense	8	(17,354)	(5,437)
Other operating expenses	9	(17,429)	(20,380)
Finance costs	10	(3,529)	(24,936)
		<u></u>	<u></u>
<b>Surplus / (deficit) before co-operative fund</b>		42,146	(15,830)
Central co-operative fund		-	-
<b>Surplus / (deficit) for the year</b>		<u>42,146</u>	<u>(15,830)</u>
		-	-
<b>Other comprehensive income</b>			
Item that will not be reclassified subsequently to profit or loss			
- Fair value gain on equity investment	11	394,805	-
Other comprehensive income		<u>394,805</u>	<u>-</u>
		<u></u>	<u></u>
<b>Total comprehensive income / (loss) for the year</b>		<u>436,951</u>	<u>(15,830)</u>

*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 Financial Position  
As at 31 December 2021**

	Note	2021 S\$	2020 S\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	6	-	1,277
Advance for software		16,624	16,624
Right-of-use assets	7	-	5,191
Equity investment	11	523,995	129,190
Loans to members	12	395,693	401,626
		<u>936,312</u>	<u>553,908</u>
<b>Current assets</b>			
Loans to members	12	417,485	431,434
Other receivables	13	9,610	4,538
Cash and bank deposits	14	1,393,784	1,410,702
		<u>1,820,879</u>	<u>1,846,674</u>
<b>Total assets</b>		<u>2,757,191</u>	<u>2,400,582</u>
<b>MEMBERS' FUNDS AND LIABILITIES</b>			
<b>Members' funds</b>			
Share capital	15	220,930	219,480
General reserve fund	16	77,634	77,634
Fair value reserve		394,805	-
Accumulated fund		(17,250)	(59,396)
<b>Total members' funds</b>		<u>676,119</u>	<u>237,718</u>
<b>Current liabilities</b>			
Thrift savings	17	970,905	983,639
General savings	18	920,587	963,456
Lease liabilities	19	-	5,308
Members' fixed deposits	20	113,000	110,000
Other payables and accruals	21	76,580	100,461
<b>Total liabilities</b>		<u>2,081,072</u>	<u>2,162,864</u>
<b>Total members' funds and liabilities</b>		<u>2,757,191</u>	<u>2,400,582</u>

*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 2021**

	<b>Share capital S\$</b>	<b>General reserve S\$</b>	<b>Fair value reserve S\$</b>	<b>Accumulated fund S\$</b>	<b>Total S\$</b>
Balance at 1 January 2020	221,230	77,634	-	(43,566)	255,298
Share issued	100	-	-	-	100
Transfer	(100)	-	-	-	(100)
Share withdrawal	(1,750)	-	-	-	(1,750)
Total comprehensive loss for the year	-	-	-	(15,830)	(15,830)
Balance at 31 December 2020	219,480	77,634	-	(59,396)	237,718
Share issued	1,450	-	-	-	1,450
Total comprehensive income for the year	-	-	394,805	42,146	436,951
Balance at 31 December 2021	220,930	77,634	394,805	(17,250)	676,119

*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 Cash Flows****For the financial year ended 31 December 2021**

	Note	2021 S\$	2020 S\$
<b>Cash flows from operating activities</b>			
Surplus / (deficit) before co-operative fund		42,146	(15,830)
<u>Adjustments for:</u>			
Depreciation of plant and equipment	6	1,277	1,363
Depreciation of right-of-use assets	7	5,191	15,573
Interest expense		3,300	3,714
Bad debt written off		-	2,050
Interest income received from bank		(1,067)	(2,509)
Recovered debts written back		(11,023)	(1,037)
Reversal of provision for excess payment to members		-	(4,516)
Over provision of expenses in prior year		(34,696)	-
<b>Operating cash flow before working capital changes</b>		<b>5,128</b>	<b>(1,192)</b>
<u>Changes in working capital:</u>			
Loan to members		30,905	122,465
General savings		(42,869)	(41,305)
Other receivables		(5,072)	4,518
Other payables and accruals		10,815	9,208
<b>Net cash (used in) / generated from operating activities</b>		<b>(1,093)</b>	<b>93,694</b>
<b>Cash flow from financing activities</b>			
Thrift savings		(12,734)	(42,156)
Interest on fixed members' deposit		(3,300)	(3,300)
Interest on lease liabilities		-	(414)
Repayment of principal portion of lease liabilities		(5,308)	(15,610)
Members' fixed deposits		3,000	-
Share capital withdrawal		-	(1,750)
Proceeds from share capital		1,450	-
<b>Net cash used in investing activities</b>		<b>(16,892)</b>	<b>(63,230)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(17,985)</b>	<b>30,464</b>
Cash and cash equivalents at the beginning of the year		1,232,858	1,202,394
<b>Cash and cash equivalents at the end of the year</b>	14	<b>1,214,873</b>	<b>1,232,858</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**

**For the financial year ended 31 December 2021**

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#### **1 GENERAL INFORMATION**

TRC Multi-Purpose Co-Operative Society Ltd (the "Society") is incorporated in Singapore with its registered office and principal place of business at 48 Serangoon Road, #02-19 Little India Arcade, Singapore 217959.

The principal activities of the Society are those 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.

These financial statements of the Society for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Board of Directors as at the date of the Statement by the Board of Directors.

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

##### **2.1 Statement of Compliance**

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

##### **2.2 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.

##### **2.3 Functional and Presentation Currency**

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

##### **2.4 Use of Estimates and Judgement**

The preparation of the Society's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

##### *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.

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

(Registered in the Republic of Singapore)

(Unique Entity Number: S94CS0213F)

**Notes to the Financial Statements****For the financial year ended 31 December 2021****2 BASIS OF PREPARATION (CONT'D)****2.4 Use of Estimates and Judgement (Cont'd)***Judgement made in applying accounting policies (Cont'd)***Expected credit loss (ECL) allowance for loans to members**

The carrying values of loans to members are disclosed in Note 12. 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 loans 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 30 days past due	Lifetime expected losses
Credit impaired	Interest and/or principal repayment are more than 120 days past due	Lifetime expected losses

In respect of non-credit impaired exposures, significant judgement 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.

In respect of credit-impaired exposures management judgement and estimation are applied in (i) identifying impaired exposures; (ii) estimating the related recoverable amount; 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 12.

## TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD

(Registered in the Republic of Singapore)

(Unique Entity Number: S94CS0213F)

### Notes to the Financial Statements

For the financial year ended 31 December 2021

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## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Adoption of New and Amended Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Society has adopted all the new and amended standards which are relevant to the Society and are effective for annual financial periods beginning on or after 1 January 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Society.

### 3.2 Standards Issued but Not Yet Effective

The Society had not adopted the following standards applicable to the Society that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendment to FRS 116 <i>Leases: Covid-19-Related Rent Concessions</i> beyond 30 June 2021	1 April 2021
Amendment to FRS 37 <i>Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendment to FRS 1 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendment to FRS 1 <i>Presentation of Financial Statements</i> and FRS Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendment to FRS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i>	1 January 2023

The management expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

### 3.3 Foreign Currency and Transaction Balances

Transactions in foreign currencies are measured in the functional currency of the Society and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.



## TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD

(Registered in the Republic of Singapore)

(Unique Entity Number: S94CS0213F)

### Notes to the Financial Statements

For the financial year ended 31 December 2021

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## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.4 Plant and Equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment 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. 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 calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Useful lives</u>
Renovation	3 years
Furniture and fixtures	3 years
Office equipment	3 years
Computer	3 years

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

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

### 3.5 Impairment of Non-Financial Assets

The Society assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required), the Society makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

## TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD

(Registered in the Republic of Singapore)

(Unique Entity Number: S94CS0213F)

### Notes to the Financial Statements

For the financial year ended 31 December 2021

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## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.6 Financial Instruments

#### (a) Financial Assets

##### Initial recognition and measurement

Financial assets are recognised when, and only when, the Society becomes a party to the contractual provisions of the financial instruments.

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

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

##### Subsequent measurement

###### *Investments in debt instruments*

Subsequent measurement of debt instruments depends on the Society's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income ("FVOCI") and FVPL. The Society only has debt instruments at amortised cost.

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

###### *Investments in equity instruments*

On initial recognition of an investment in equity instrument that is not held for trading, the Society may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be reclassified subsequently to profit or loss. Dividends from such investments are to be recognised in profit or loss when the Society's right to receive payments is established. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

##### Derecognition

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

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## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.6 Financial Instruments (Cont'd)

#### (b) Financial Liabilities

##### Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

##### Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL 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.

##### Derecognition

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

### 3.7 Impairment of Financial Asset

The Society recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Society expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For loans to members, the Society applies a simplified approach in calculating ECLs. Therefore, the Society does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Society has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

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## **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **3.7 Impairment of Financial Asset (Cont'd)**

The Society considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Society may also consider a financial asset to be in default when internal or external information indicates that the Society is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Society. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### **3.8 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

### **3.9 Provisions**

Provisions are recognised when the Society has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### **3.10 Government Grants**

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

### **3.11 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.

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**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**3.11 Leases (Cont'd)**

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.

**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 3.5.

**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. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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## **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **3.11 Leases (Cont'd)**

#### **Short-Term Leases and Leases of Low-Value Assets**

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

### **3.12 Income Taxes**

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

### **3.13 Revenue**

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

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

#### Interest income

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

#### 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.

#### Dividend income

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

#### Entrance fees

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

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**Notes to the Financial Statements****For the financial year ended 31 December 2021****3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.14 Employee Benefits****Defined contribution plans**

The Society makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension schemes are recognised. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

**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 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.

**Employee leave entitlements**

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

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

**4 REVENUE**

	<b>2021</b>	<b>2020</b>
	<b>S\$</b>	<b>S\$</b>
<b>Disaggregation of revenue -</b>		
Interest income from members loans	42,878	34,032
Interest income received from bank	1,067	2,515
	<u>43,945</u>	<u>36,547</u>
<b>Timing of revenue recognition -</b>		
At a point in time	<u>43,945</u>	<u>36,547</u>

**5 OTHER INCOME**

	<b>2021</b>	<b>2020</b>
	<b>S\$</b>	<b>S\$</b>
Dividend received	7,751	9,689
Members entrance fee	270	20
Government grants	-	5,603
Over provision of expenses in prior year	34,696	-
Other income	264	-
	<u>42,981</u>	<u>15,312</u>



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	Renovation	Furniture and fittings	Office equipment	Computers	Total
	S\$	S\$	S\$	S\$	S\$
<b><u>Cost</u></b>					
At 1 January 2020	7,284	5,950	6,206	44,658	64,098
At 31 December 2020	7,284	5,950	6,206	44,658	64,098
Write-off	(4,452)	(5,950)	(4,654)	(43,401)	(58,457)
At 31 December 2021	2,832	-	1,552	1,257	5,641
<b><u>Accumulated depreciation</u></b>					
At 1 January 2020	5,396	5,950	6,206	43,906	61,458
Depreciation for the year	944	-	-	419	1,363
At 31 December 2020	6,340	5,950	6,206	44,325	62,821
Depreciation for the year	944	-	-	333	1,277
Write-off	(4,452)	(5,950)	(4,654)	(43,401)	(58,457)
At 31 December 2021	2,832	-	1,552	1,257	5,641
<b><u>Net book value</u></b>					
At 31 December 2021	-	-	-	-	-
At 31 December 2020	<b>944</b>	-	-	<b>333</b>	<b>1,277</b>

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**Notes to the Financial Statements****For the financial year ended 31 December 2021****7 RIGHT-OF-USE ASSETS**Society as a lessee

The Society has lease contract for office space. Leases of right of use of premises have lease terms 2 years. The Society obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Society is restricted from assigning and subleasing the leased assets.

Set out below are the carrying amounts of right-of use assets recognized and the movements during the financial year:

	<b>Total</b>
	<b>S\$</b>
<b><u>Cost</u></b>	
Balance at 01 January 2020	36,312
Balance at 31 December 2020	36,312
Write-off	(36,312)
Balance at 31 December 2021	-
<b><u>Accumulated Depreciation</u></b>	
Balance at 01 January 2020	15,548
Depreciation	15,573
Balance at 31 December 2020	31,121
Depreciation	5,191
Write-off	(36,312)
Balance at 31 December 2021	-
<b><u>Net Book Value</u></b>	
Balance at 31 December 2021	-
Balance at 31 December 2020	5,191

**8 EMPLOYEE BENEFITS EXPENSE**

	<b>2021</b>	<b>2020</b>
	<b>S\$</b>	<b>S\$</b>
Central provident fund contribution	2,188	850
Salaries	15,148	4,587
Skills development levy	18	-
	<u>17,354</u>	<u>5,437</u>

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	2021 S\$	2020 S\$
Advertisement and promotion	976	-
AGM/board meeting expenses	1,683	-
Audit fees – current year	7,000	7,000
Bad debt written off	-	2,050
General expenses	550	411
Legal cost	2,040	11,862
Membership fee	500	-
Printing, stationery and postages	1,405	143
Web maintenance charges	375	369
Training fees	-	140
Utilities	705	935
Telephone charges	770	752
Internet charges	1,271	1,271
Rental – office space	11,177	-
Rental – photocopier	-	1,000
Reversal of bad debt provision for loan to members	(11,023)	(1,037)
Reversal of provision for excess payment to members	-	(4,516)
	<u>17,429</u>	<u>20,380</u>

**10 FINANCE COSTS**

	2021 S\$	2020 S\$
Bank charges	229	171
Interest on lease liability	-	414
Interest on members' fixed deposit	3,300	3,300
Interest charge on general savings	-	21,051
	<u>3,529</u>	<u>24,936</u>

**11 EQUITY INVESTMENT**

	2021 S\$	2020 S\$
<b>Cost</b>		
Beginning balance	129,190	129,190
- Fair value gain	394,805	-
Closing balance	<u>523,995</u>	<u>129,190</u>

The investment represents investment in 12,919 shares of NTUC Income Insurance Co-Operative Limited.

The equity investment was valued at amounted to S\$ 523,995 based on the published financial statements of investee at 31 December 2021.

The valuation increases of S\$ 394,805 was recognised in other comprehensive income and accumulated in the fair value reserve.

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**Notes to the Financial Statements****For the financial year ended 31 December 2021****12 LOANS TO MEMBERS**

	<b>2021</b>	<b>2020</b>
	<b>S\$</b>	<b>S\$</b>
Balance at beginning of the year	1,442,304	1,566,819
Add: Additions	33,000	-
Less: Repayments	(63,905)	(121,229)
Less: Offset from savings	-	(1,236)
Less: Amount written off	(5,151)	(2,050)
	<u>1,406,248</u>	<u>1,442,304</u>
Less: Allowances for impairment loss	(593,070)	(609,244)
	<u>813,178</u>	<u>833,060</u>

Represented by:

Current assets	417,485	431,434
Non-current assets	395,693	401,626
	<u>813,178</u>	<u>833,060</u>

Type of loans:

	<b>2021</b>	<b>2020</b>
	<b>S\$</b>	<b>S\$</b>
Unsecured loans	1,329,748	1,348,804
Secured loan (Against fixed deposits received)	76,500	73,500
	<u>1,406,248</u>	<u>1,422,304</u>

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

	<b>2021</b>	<b>2020</b>
	<b>S\$</b>	<b>S\$</b>
Balance at beginning of the year	609,244	610,281
Bad debts written off	(5,151)	-
Recovered debts written back	(11,023)	(1,037)
Balance at the end of the year	<u>593,070</u>	<u>609,244</u>

Credit-impaired receivables

The Society has identified a group of receivables that are credit-impaired due to significant financial difficulties of the customers arising from:

	<b>2021</b>	<b>2020</b>
	<b>S\$</b>	<b>S\$</b>
Gross carrying amount	593,070	549,244
Allowance for expected credit losses	(593,070)	(549,244)
	<u>-</u>	<u>-</u>

The effective interest rates implicit in the loan to members are approximately from 9.06% to 9.31% (2020: 9.06% to 9.31%) per annum.

Interest on loans and any late payment fees are recognised upon receipt.

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	<b>2021</b>	<b>2020</b>
	<b>S\$</b>	<b>S\$</b>
Deposits	4,536	4,538
Advance	29,000	29,000
Receivable from associate society	24,000	24,000
Receivable from members	172,961	172,961
Other receivables	5,074	-
	<u>235,571</u>	<u>230,499</u>
Less: Allowances for impairment loss	(225,961)	(225,961)
	<u>9,610</u>	<u>4,538</u>

**14 CASH AND BANK DEPOSITS**

	<b>2021</b>	<b>2020</b>
	<b>S\$</b>	<b>S\$</b>
Cash at bank	1,214,873	1,232,858
Fixed deposits	178,911	177,844
	<u>1,393,784</u>	<u>1,410,702</u>
Less: Fixed deposits (1-year term)	(178,911)	(177,844)
Cash and cash equivalents per statement of cash flows	<u>1,214,873</u>	<u>1,232,858</u>

Fixed deposits bear interest at an effective interest rate of 0.5% (2020: 0.6%) per annum.

**15 SHARE CAPITAL**

	<b>2021</b>		<b>2020</b>	
	<b>Number of shares</b>	<b>S\$</b>	<b>Number of shares</b>	<b>S\$</b>
<b><u>Fully paid ordinary shares</u></b>				
Balance at beginning of the year	219,480	219,480	221,230	221,230
Share issued	1,450	1,450	100	100
Adjustment with loan	-	-	(100)	(100)
Amount withdrawn	-	-	(1,750)	(1,750)
Balance at the end of the year	<u>220,930</u>	<u>220,930</u>	<u>219,480</u>	<u>219,480</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.

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**Notes to the Financial Statements****For the financial year ended 31 December 2021****15 SHARE CAPITAL (CONT'D)**

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 organisation 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 by 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 in the 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 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.

**16 GENERAL RESERVE FUNDS**

	<b>2021</b>	<b>2020</b>
	<b>S\$</b>	<b>S\$</b>
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.

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**Notes to the Financial Statements****For the financial year ended 31 December 2021****16 GENERAL RESERVE FUNDS (CONT'D)**

Prior to 2008, pursuant to Section 70 (3) of the Co-Operative Societies Act 1979 (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.

**17 THRIFT SAVINGS**

	<b>2021</b>	<b>2020</b>
	<b>S\$</b>	<b>S\$</b>
Balance at beginning of the year	983,639	1,025,795
Less: Withdrawals	(12,734)	(42,156)
Balance at the end of the year	<u>970,905</u>	<u>983,639</u>

This is a compulsory savings by members with a minimum contribution of S\$ 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.

**18 GENERAL SAVINGS**

	<b>2021</b>	<b>2020</b>
	<b>S\$</b>	<b>S\$</b>
Balance at beginning of the year	963,456	1,004,761
Add: Receipt	-	2,104
Add: Interest receipt	-	20,095
Add: Interest under provision previous years	-	1,848
Less: Interest over provision previous years	(1,416)	-
Less: Offset with loan account	(1,270)	-
Less: Withdrawal, resignation & termination	(40,183)	(65,352)
Balance at the end of the year	<u>920,587</u>	<u>963,456</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.



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**Notes to the Financial Statements****For the financial year ended 31 December 2021****19 LEASE LIABILITIES**

	2021 S\$	2020 S\$
Balance at 1 January	5,308	20,918
Accretion of interest	(456)	414
Lease payment during the year	(4,852)	(16,024)
As at 31 December	<u>-</u>	<u>5,308</u>
Represented by:		
Current liabilities	<u>-</u>	<u>5,308</u>

The maturity analysis of lease liabilities is disclosed in Note 23.2.

**20 MEMBERS' FIXED DEPOSITS**

	2021 S\$	2020 S\$
Balance at beginning of financial year	110,000	110,000
Add: Receipt	3,000	-
Balance at end of financial year	<u>113,000</u>	<u>110,000</u>

Members' fixed deposits bear interest at an effective interest rate of 3% (2020: 3%) per annum.

**21 OTHER PAYABLES AND ACCRUALS**

	2021 S\$	2020 S\$
Accrued expenses	32,101	25,717
Other payables	-	13,862
Interest payable to members	-	19,203
Unidentified receipts	44,479	41,679
	<u>76,580</u>	<u>100,461</u>

**22 SIGNIFICANT 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.

Transaction with the directors

	2021 S\$	2020 S\$
Legal cost	<u>-</u>	<u>11,861</u>

## TRC MULTI-PURPOSE CO-OPERATIVE SOCIETY LTD

(Registered in the Republic of Singapore)

(Unique Entity Number: S94CS0213F)

### Notes to the Financial Statements

For the financial year ended 31 December 2021

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## 23 FINANCIAL RISK MANAGEMENT

The Society is exposed to financial risks arising from its operation. The key financial risks include credit risk, liquidity risk and interest rate risk.

The Board of Directors review and agree 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 Society's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Society's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Society's exposure to these financial risks or the manner in which it manages and measures the risks.

### 23.1 Credit risk

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

The Society's objective is to seek continual revenue growth while minimizing losses incurred due to increased credit risk exposure. The Society trades only with recognized and creditworthy third parties. It is the Society's policy that all customers who wish to trade on credit terms undergo credit verification procedures.

There is no significant concentration of credit risk.

#### Impairment of financial assets

##### Loans to members

The Society has applied the simplified approach by using a provision matrix to measure the lifetime expected credit losses for loans to members.

To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Society considers historical loss rates for each category of customers and adjusts for forward-looking macroeconomic data and factors specific to the debtors' ability to pay.

Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Society or there is significant difficulty of the debtor or it is becoming probable that the debtor will enter bankruptcy or other financial reorganization. Where receivables have been written off, the Society continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

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

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**Notes to the Financial Statements****For the financial year ended 31 December 2021****23 FINANCIAL RISK MANAGEMENT (CONT'D)****23.1 Credit risk (Cont'd)**Impairment of financial assets (Cont'd)Loans to members (Cont'd)

The Society's credit risk exposure in relation to loans to members as at 31 December 2021 and 31 December 2020 are as follows:-

	Note	Gross carrying amount S\$	Net carrying amount S\$	Loss allowance S\$
<b>31 December 2021</b>				
Loans to members	12	1,406,248	813,178	593,070
				<u>593,070</u>
<b>31 December 2020</b>				
Loans to members	12	1,442,304	833,060	609,244
				<u>609,244</u>

**23.2 Liquidity risk**

Liquidity risk refers to the risk that the Society will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Society's objective is to maintain a balance between continuity of funding and flexibility through cash and cash equivalents. The Society finances its working capital requirements through funds generated from operations. The Board of Directors are satisfied that funds are available to finance the operations of the Society.

The table below summarises the maturity profile of the Society's financial liabilities at end of the reporting period on contractual undiscounted payments.

	Carrying amount S\$	Contractual cash flows (including interest payments)			
		Total S\$	One year or less S\$	One to five years S\$	Over five years S\$
<b>31 December 2021</b>					
Thrift savings	970,905	970,905	970,905	-	-
General savings	920,587	920,587	920,587		
Members' fixed deposits	113,000	113,000	113,000		
Other payables and accruals	76,580	76,580	76,580	-	-
	<u>2,081,072</u>	<u>2,081,072</u>	<u>2,081,072</u>	-	-

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**Notes to the Financial Statements****For the financial year ended 31 December 2021****23 FINANCIAL RISK MANAGEMENT (CONT'D)****23.2 Liquidity risk (Cont'd)**

	Carrying amount S\$	Total S\$	Contractual cash flows (including interest payments)		
			One year or less S\$	One to five years S\$	Over five years S\$
<b>31 December 2020</b>					
Thrift savings	983,639	983,639	983,639	-	-
General savings	963,456	963,456	963,456		
Lease liabilities	5,308	5,308	5,308		
Members' fixed deposits	110,000	110,000	110,000		
Other payables and accruals	100,461	100,461	100,461	-	-
	<u>2,162,864</u>	<u>2,162,864</u>	<u>2,162,864</u>	<u>-</u>	<u>-</u>

**23.3 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Society's financial instruments will fluctuate because of changes in interest rates. The Society's exposure to interest rate risk arises primarily from fixed deposits.

The effect of the changes in interest rates is not expected to have a material impact on the Society's net result.

**24 CLASSIFICATION OF FINANCIAL INSTRUMENTS**

		2021 S\$	2020 S\$
<b>Financial assets</b>			
Loans to members	12	813,178	833,060
Other receivables	13	9,610	4,538
Cash and bank deposits	14	1,393,784	1,410,702
Total financial assets measured at amortised cost		<u>2,216,572</u>	<u>2,248,300</u>
<b>Financial liabilities</b>			
Thrift savings	17	970,905	983,639
General savings	18	920,587	963,456
Lease liabilities	19	-	5,308
Members' fixed deposits	20	113,000	110,000
Other payables and accruals	21	76,580	100,461
Total financial liabilities measured at amortised cost		<u>2,081,072</u>	<u>2,162,864</u>

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

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### **Notes to the Financial Statements**

**For the financial year ended 31 December 2021**

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#### **25 CAPITAL MANAGEMENT**

The primary objective of the Society's capital management is to ensure that it maintains sufficient cash in order to support its operations. The Society manages its capital's structure and makes adjustments to it, in light of changes in economic conditions. The Society's approach to capital management attempts to balance the allocation of cash and the incurrence of expenditures. Available cash is deployed primarily to cover operational requirements. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2021 and 31 December 2020.

#### **26 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 Registrar of Co-Operative Societies to grant any new unsecured loans. Cashflow is affected by poor collections of the loan principal and interest from the existing loans to members.

The directors consider that in preparing the financial statements they have taken into account all information that are reasonably available. On this basis, they consider that it is appropriate to prepare the financial statements on the going concern basis. In the going concern assessment, the Board of Directors' expect to comply 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 adjustment that would result from non-availability of Registrar's approval.

#### **27 COMPARATIVE FIGURES**

- 1) The comparative figures for the financial year ended 31 December 2020 were audited by another firm of Chartered Accountants whose report dated 30 June 2022 included a modified opinion on the following basis:

"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 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."

- 2) Certain comparative figures in the statement of cash flows have been reclassified to conform with current year's presentation.

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

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**Appendix A - Detailed Statement of Profit or Loss  
For the financial year ended 31 December 2021**

	<b>2021</b>	<b>2020</b>
	<b>S\$</b>	<b>S\$</b>
<b>Revenue</b>		
Interest income from members loans	42,878	34,032
Interest income received from bank	1,067	2,515
	<u>43,945</u>	<u>36,547</u>
<b>Other income</b>		
Dividend received	7,751	9,689
Members entrance fee	270	20
Government grants	-	5,603
Over provision of expenses in prior year	34,696	-
Other income	264	-
	<u>42,981</u>	<u>15,312</u>
<b>Less: Depreciation of plant and equipment</b>	<u>1,277</u>	<u>1,363</u>
<b>Less: Depreciation of right-of-use assets</b>	<u>5,191</u>	<u>15,573</u>
<b>Less: Employee benefits expense</b>		
Central provident fund contribution	2,188	850
Salaries	15,148	4,587
Skills development levy	18	-
	<u>17,354</u>	<u>5,437</u>
<b>Less: Other operating expenses</b>	<u>17,429</u>	<u>20,380</u>
<b>Less: Finance costs</b>		
Bank charges	229	171
Interest on lease liability	-	414
Interest on members' fixed deposit	3,300	3,300
Interest charge on general savings	-	21,051
	<u>3,529</u>	<u>24,936</u>
<b>Surplus / (deficit) before co-operative fund</b>	<u>42,146</u>	<u>(15,830)</u>

These do not form part of the audited financial statements of the Society.

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

(Registered in the Republic of Singapore)

(Unique Entity Number: S94CS0213F)

**Appendix A - Detailed Statement of Profit or Loss  
For the financial year ended 31 December 2021**

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	<b>2021</b>	<b>2020</b>
	<b>S\$</b>	<b>S\$</b>
Advertisement and promotion	976	-
AGM/board meeting expenses	1,683	-
Audit fees – current year	7,000	7,000
Bad debt written off	-	2,050
General expenses	550	411
Legal cost	2,040	11,862
Membership fee	500	-
Printing, stationery and postages	1,405	143
Web maintenance charges	375	369
Training fees	-	140
Utilities	705	935
Telephone charges	770	752
Internet charges	1,271	1,271
Rental – office space	11,177	-
Rental – photocopier	-	1,000
Recovered debts written back	(11,023)	(1,037)
Reversal of provision for excess payment to members	-	(4,516)
	<u>17,429</u>	<u>20,380</u>

These do not form part of the audited financial statements of the Society.