

TRC Multi-Purpose Co-operative Society Limited

THE BOARD OF DIRECTORS' ANNUAL REPORT FOR FY 2021

1. FINANCIAL PERFORMANCE

1.1 INCOME AND EXPENDITURE FOR FINANCIAL YEAR 2021 (REPORTING YEAR)

REVENUE:	S\$ 97,949
EXPENDITURE:	<u>S\$ 55,803</u>
SURPLUS	S\$ 42,146
CONTRIBUTION TO CCF:	<u>S\$ 0</u>
SURPLUS AFTER TAX	<u>S\$ 42,146</u>

Note: The above numbers are based on the audited Annual Statements (AFS) of FY2022. The numbers in the audited AFS of FY2021 varies in the classification of Revenue and Expenditure. However, there is no change in the "Net Surplus". Both reports were from the same Audit firm.

1.2 INCOME AND EXPENDITURE FOR FINANCIAL YEAR 2020 (PREVIOUS YEAR)

REVENUE:	S\$ 51,859
EXPENDITURE:	<u>S\$ 67,689</u>
SURPLUS	S\$(15,830)
CONTRIBUTION TO CCF:	<u>S\$ 0</u>
SURPLUS AFTER TAX	<u>S\$(15,830)</u>

The Increase in operating revenue for FY2021 is attributed to the provision for finance costs, which was reversed from previous FY2020. If both years are taken together, the average surplus is S\$13,158. The operating loss does not consider the higher valuation of the 12,919 NTUC INCOME shares, which has increased in value over the years. The Book cost of our shareholding is S\$129,190. In 2021, the fair value gain based on available information was S\$394,805.

1.3 INVESTMENT IN NTUC-INCOME" SHARES.

1.3.1 The item relates to our long-held investment of 12,919 shares in erstwhile "NTUC Income Insurance Co-operative Limited". From 01 September 2022, this entity is operating as "Income Insurance Limited (NTUC INCOME)"; following a successful corporatisation exercise; which transformed the entity into a "PUBLIC NON-LISTED COMPANY LIMITED BY SHARES". The new entity has adopted a one-off 18-month-long accounting period (01.07.2022 to 31.12.2023); due to the corporatisation exercise and to align the company's financial period with the calendar year.

1.3.2 The valuation of our shareholding in NTUC INCOME is subject to fair value provisions governing the "Accounting and Reporting Standards". The increase in share value of \$394,805 is recognised as "other comprehensive income" and is accumulated as an asset in the "fair value reserve". The fair value of these shares is an accounting number; and the market price reflected in our books is subject to prevailing market conditions at the time of each Annual Audit.

1.3.3 The first Financial Statement of the restructured entity is expected in June 2024. The Society plans to liquidate the shares when the market price of the shares is at least equal to its "fair value reserve".

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1.4 CAPITAL ADEQUACY RATIO (“CAR”).

1.4.1 The required minimum CAR set by the Registry of Co-operative Societies is **10%**¹. CAR indicates the minimum institutional capital a credit co-operative should have; to tide over anticipated impairments in loans or investment portfolios. The society’s CAR at the end of FY 2021 was 2.19%.

1.4.2 As at end of FY2021, we have made a provision of \$593,070 (42.17 %), for losses that may be sustained due to impairment of loan assets. This provision reduces our institutional capital and lowers our CAR. By stepping up our loan-recovery efforts in FY2024, we hope to improve our CAR.

1.4.3 We will also manage the society with financial prudence, with careful cost control and a conservative lending policy. Additionally, we will continue to work towards re-starting our unsecured loans in FY2024.

1.4.4 Informatively, the high provision as a percentage of the present loan outstanding, partly due to the fact that the lack of correlation between the provision for doubtful debts (which is all of the cumulative debts that had been impaired), compared to the book value of the loans that we presently hold.

1.5 MINIMUM LIQUID ASSETS RATIO (“MLA”).

1.5.1 Liquid Assets refers to cash at bank and cash equivalents. Co-operative Societies must maintain a minimum MLA of 15%. Our MLA at the end of FY2022 was 69.53%. Our liquid assets include cash at DBS Bank and 2 fixed deposits at UCO Bank. The total amount of fixed deposits as of 31.12.2021 was S\$178,911, excluding accrued interests.

1.6 RESTRICTED INVESTMENTS.

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

1.7 SUMMARY OF OUR FINANCIAL POSITION:

1.7.1 The key financial information is summarised below:

	31-Dec-2021	31-Dec-2020
Surplus / (Loss)	\$42,146	(15,830)
Net Assets	\$455,189	\$18,238
CAR (minimum 10%) *	2.19%	0.76%
MLA (minimum 15%)	69.53%	72.45%
Restricted Investments (maximum 10%)	0%	0%

*Capital Adequacy Ratio (CAR) excludes Fair Value Reserve and members share capital.

1.7.2 Our Financial Performance over the last few years had been affected by the loan restrictions imposed by the Registry of Co-operative Societies. During the Covid Pandemic, we supported our

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loan-members, with empathy and understanding. Hereafter, we will pursue loan recovery, with strict legal action against errant debtors. The significant increase in Net Assets (compared to FY2020), can be attributed to the recognition of the fair value of the shares we hold in "NTUC INCOME".

1.7.3 Under the written direction that was issued to the Society, by the Registry of Co-operative Societies in May 2017, the society:

- a) Shall not receive any new deposits from members.
- b) Shall not grant any unsecured loans without the approval from the Registrar.
- c) May continue to offer secured loans.

2. BOARD OF DIRECTORS AND STAFF DURING THE PERIOD 01.12.2021 TO 09.11.2022

2.1 The Directors of the Society in office whose term ended on 09.11.2022 were as follows:

BOARD MEMBERS	APPOINTMENT
1. R. KALACHELVAN	CHAIRPERSON
2. SIVABALAN	VICE CHAIRPERSON
3. V RAJARAM	SECRETARY
4. K N BALASUBRAMANIAM	TREASURER & CFO
5. V SATHIYAMOORTHY	ASSISTANT SECRETARY
6. N MUTHUKUMAR	ASSISTANT TREASURER
7. V THAMIZMARAIYAN	LOAN COMMITTEE
8. S. NITHYANANTHAM	LOAN COMMITTEE
9. S S MANOHARAN.	LOAN COMMITTEE
10. M MANOHARAN	AUDIT COMMITTEE
11. SENTHIL SAMBANDAM	AUDIT COMMITTEE
12. HABIB MOHAMED	BOARD MEMBER
OTHER APPOINTMENTS	APPOINTMENT
P. SHANMUGAM	INTERNAL AUDITOR
STAFF MEMBER	APPOINTMENT
P.K. UTHIRAPATHI	OFFICE MANAGER

3. BOARD MEETINGS.

3.1 The Society has met the requirement of having at least one quarterly meeting during the year 2021. a year during both Financial Years. Notwithstanding formal meetings, members of the Society's Board of Directors ("BOD") communicate using a WhatsApp Group; share information and discuss matters arising on a real time basis. Equally, the CEO holds the Society's mobile phone for communication with members and BOD 24/7.

¹ Minimum CAR has been increased to 10% from 1 Jul 2021.

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3.2 3.1 The Society has met the requirement of having at least one quarterly meeting a year during both Financial Years. During FY2020 The Board had 5 formal meetings:

1. 04.04.2021
2. 02.05.2021
3. 04.07.2021
4. 19.10.2021
5. 29.12.2021

4. ADMINISTRATION.

4.1 At the end of FY2022, the Society's membership stood at 2,636.

4.2 No allowance is paid to Board Members at present. We may review this practice in FY2024.

4.3 The Board of Directors have not declared any share dividends or savings interest for the FY2021. Dividends and interest payments would be our key priority in the reporting year 2023.

5. GOING FORWARD

5.1 The "Board of Directors (BOD)" is committed to continue functioning as a Thrift-and-Loan Society. We will also continue to support members who require loans for education, hospitalisation, and similar needs.

5.2 For the FY 2022, we expect expenses to remain as present.



R. Kalaichelvan
Chairperson

For and on-behalf of the Management Committee
19.12.2023