



**The Singapore Teachers'
Co-operative Society Limited**

83rd AGM

**Annual Report &
Statement of Accounts
2018**

**Saturday, 25 May 2019 at 10.00 am at the
PARKROYAL on Kitchener Road,
181 Kitchener Road, Singapore 208533**

Our Vision

A leading co-operative committed to serving its members and caring for the community.

To establish a strong local and international network; to provide our members with excellent financial products at competitive rates and good investment returns; and to be engaged in social services.

Our Mission

Always There for You...

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **83rd ANNUAL GENERAL MEETING** of **The Singapore Teachers' Co-operative Society Limited** will be held at **1000 hours on Saturday, 25 May 2019 at PARKROYAL on Kitchener Road, 181 Kitchener Road, Singapore 208533.**

A G E N D A

1. The President's Address.
2. Adoption of the Annual General Meeting Standing Orders.
3. Address by the Chairman of the Committee of Management.
4. To confirm the minutes of the 82nd Annual General Meeting held on 26 May 2018.
5. To receive and, if approved, to accept the Report of the Committee of Management for the year ended 2018.
6. To receive and, if approved, to accept the Statement of Accounts for the year ended 31 December 2018.
7. To consider and approve the proposed "Distribution of 2018 Surplus" (Appendix 3).
8. To consider and approve the Adjustments for FY2019 and Estimated expenditure for FY2020 for the Society (Appendix 4).
9. To consider and approve the maximum liability of \$75 million for the year 2019, which the society may incur in loans and deposits from members and non-members, vide By-Laws' 9.11 and 9.12 (Appendix 5).
10. To approve the extension of the 30% in Restricted Investments (RI) for another period of 3 years (Appendix 7).
11. To appoint Messrs Reanda Adept PAC as External Auditors for the Financial Year 2019.
12. Elections
 - 12.1 To elect **three** members to serve on the Committee of Management for a term of **three** years.
13. *To transact any other business of which at least **seven clear days'** notice shall have been given **in writing** to the Senior Manager.

By Order of the Committee of Management.



TEO CHOR KAI
SENIOR MANAGER

- *N.B. 1. All correspondence to the Society on AGM matters should bear the date, the member's name, NRIC number, address and signature.**
- 2. Fifteen clear days' notice must be given in writing to the Senior Manager for any matters pertaining to By-laws.**

STANDING ORDERS

(These will be observed at the Society's Annual General Meeting)

1. Resolutions or Amendments, of which notice in writing has been given, if found to be in order, shall be placed on the Agenda, in the order received, following the business of the Society.
2. The mover of a Resolution or Amendment shall be allowed five minutes to state his case, and only the mover of the resolution shall have the right to reply at the end of the discussion, within five minutes, and he shall confine himself to answering the previous queries and shall not introduce any new matter into the debate.
3. No other speaker shall be allowed more than three minutes.
4. Every member who speaks shall address the Chair, and continue his speech on the subject under discussion.
5. Whenever the Chairman rises during a debate, any member who is speaking or attempting to speak, must resume his seat, failing which the member shall be suspended from taking further part in the business before this meeting.
6. No member shall address the meeting more than once on the same subject except as provided in Standing Order No. 2.
7. The ruling of the Chairman on all questions of order and matters being debated shall be final, and shall not be open for discussion.
8. The Chairman may call on continued irrelevancies, repetitions, unbecoming language, or any breach of order on the part of any member and may direct such member to discontinue his speech.
9. With the permission of the Chairman, a member, whether he has spoken or not, may rise on a point of order or to explain some material points in his speech if he thinks he had been misunderstood.
10. A motion for adjournment shall take precedence over any other motion or amendment to be discussed, but the discussion upon it must be confined solely to the reasons for or against adjournment.

Minutes of the 82nd Annual General Meeting (AGM) held on Saturday, 26 May 2018 at Parkroyal on Kitchener Road, 181 Kitchener Road, Singapore 208533

Present:

President : Mr Lim Boon Wee
 1st Vice-President : Mrs Brenda Tan
 2nd Vice-President : Mr Goh Ek Piang
 and 68 Members

Commencement of Meeting

The 82nd Annual General Meeting commenced at 10.08 hours, with Mr Lim Boon Wee, the President of the society, in the chair.

Item 1 THE PRESIDENT'S ADDRESS

1.1 “The Singapore economy grew 3.6% in 2017, one of the strongest in recent years, and certainly significantly better than the 2.4% growth in 2016”.

For 2018, hopefully we will have another year of good growth – the official growth forecast has just been upgraded to be between 2.5% and 3.5%. However, the trade dispute between the US and China may dent the economic progress of the rest of the world, which will certainly impact the economy of Singapore. Let's hope that the **trade war** does not escalate.

Society's Performance

2017 has been a good year for The Singapore Teachers' Co-operative Society, especially in its financial performance. The Society has taken a prudent step to make provisions on doubtful receivables, amounting to \$380,000 from the operating surplus. Despite making a higher provision, the society was still able to record a net profit comparable to that of 2016.

To reward our loyal members and to answer the call of some members, members of the Committee of Management decided to recommend that the dividend rate and the loan interest rebates for 2017 be increased by 25%. The total amount to be returned to members worked out to 82% of the society's net surplus. This would require your endorsement later on.

Savings and Deposits

While financial institutions vary the interest rates on savings and deposits to meet the changing economic situations, the society has kept its interest rates unchanged.

However, the rising interest rates offered by financial institutions would require the society to take a careful look at whether it should continue to keep its interest rates unchanged. Members continued to place their monies with the society, and as a result, by the third quarter of last year, the society had to suspend the taking in of Term Deposits from members as it was breaching the approved Maximum Liability limit of \$67 million. In this respect, we will be seeking your approval to raise the Maximum Liability limit to \$75 million so that the society can take in more deposits.

Membership

For 2017, 144 new members joined the society, compared to the 139 new members who joined in 2016. Overall, the society had a net increase in membership of just one as 143 members left the society in 2017. To encourage more members to join, the society embarked on a '**member get member**' scheme. Cash incentives are given to both the proposer and the seconder. It is hoped that more members will come forward to help get new members.

However, this being a matter of increasing urgency and importance, I have urged the Committee of Management to prioritise the development of new strategies to recruit more members by going beyond marketing and outreach efforts to consider a deeper review of the benefits and value proposition for new members to find it attractive to join the society.

Environment Concern

I am glad to note that the society had uploaded the Annual Report together with the Statement of Accounts on its website. I note that we are still printing about 800 hardcopies, so I have urged the COM to see how we can bring this down to a smaller number, to play our part in environmental sustainability.

Members of the Committee of Management (COM)

The Committee of Management functioned with ten members. Mr G Anthony Samy resigned from COM in August 2017 due to ill health. He had been a member of the COM since 1975 and served as the Chairman from 1990 to 2008. On behalf of the society, may I thank him for his past contributions and wish him well. I also wish to place on record our gratitude to Mr Loo Choo Beng who served in the COM in various capacities from 1983 to 2017.

Childcare Centre

The Childcare Centre was successfully transferred to a third party in June 2017.

Malacca Condominium

The society has finally managed to secure a buyer for its condominium unit for Rm200,000.00. The society had engaged the services of a Singapore law firm to process the sale. The documentation process had been tedious. The final sales documents have been signed and the society is awaiting payment through its lawyers.

Internal Audit

M/s Yang Lee & Associates performed an internal audit on the society from 11 to 25 September to look into its internal control and regulatory compliance. The results of their review were generally positive, but I would urge the COM to follow up on those areas highlighted for improvements.

IT System

The new IT system to replace the old one is on track. With the new system, the Thrift and Loan system and the General Ledger will be linked, thus doing away with double keying in which is time consuming and subject to errors. It is envisaged that the new system would be fully operational in September 2018.

Amendments to By-Laws

The COM has put forth two amendments to the society's By-laws' 7.6 (Common Good Fund) and 9.9 (Cheque Signatories). These are printed on pages 85 and 86 respectively. Your approval for the two amendments would be appreciated.

Co-operative Societies' Amendment Act

The Co-operative Societies' Amendment Act which was passed by Parliament on 9th January 2018 came into operation on 10th April 2018. Co-operative societies are expected to amend their existing by-laws to be in line with the Act. The Management will be seeking legal advice on this matter and will amend them accordingly. One of the changes will be the provision for the co-operatives to engage and nominate professionals and non-members to sit as COM members.

Conclusion

I must mention that in spite of the many uncertainties and constraints, the society has done well for 2017. Credit must go to the COM, especially COM's Chairman, Mr Richard Zaccheus, who led his members and the staff in the face of many uncertainties to another successful year.

Item 2 TO ADOPT THE ANNUAL GENERAL MEETING STANDING ORDERS

- 2.1** The Standing Orders on page 3 of the Annual Report were unanimously adopted as proposed by Mr Peter Tan and seconded by Mdm Elene Lim Lan Hiang.

Item 3 ADDRESS BY THE CHAIRMAN, MR RICHARD ZACCHEUS

Introduction

Mr Lim Boon Wee, Deputy Secretary (Services), Ministry of Education, our First Vice-President, Mrs Brenda Tan, our Second Vice-President, Mr Goh Ek Piang, members of the Committee of Management, ladies and gentlemen. Good morning and a warm welcome to our 82nd Annual General Meeting.

Next Generation on the Rise

As we look ahead, our sense is that 2018 will be remembered as a year in which the Next Generation – referred to as Millennials – takes important strides towards becoming the decisive force driving human activity and interactions across many economic, social and political realms. That is why it is important to focus our outlook for 2018 on the Next Generation's footsteps.

The Singapore economy is expected to grow at a more moderate pace this year after outperforming in the past year. But the brightening global outlook will benefit a broader swathe of sectors this year. Government forecasters are tipping growth of 2.5% to 3.5% this year, as Singapore's growth in 2018 will come from the continuation of the cyclical boost.

2018 has kicked off on an interesting note. Financial markets have been underpinned by the uncertain volatility recently but this volatility is now rising due to incipient inflation fears, including financial stress and rising geopolitical tensions. As the spectre of a trade war between America and China looms, economists are of the opinion that this will see some spill over impact on Singapore. One immediate reaction will be the continued volatility in trading.

The Society's Performance

Investment

The management was prudent in managing the society's funds. The restricted investment of the society was capped at 30% of its total assets. As at 31/12/2017, the society had invested 20.1% in the restricted investment. The income from this category amounted to \$976,988 of which \$353,682 came from the realization of Singapore equities. The society's non-restricted investment gave a return of \$790,231. Total income from investment was \$1,767,200.

Loans

Loans are the core business of the society. By being able to maintain the Capital Adequacy Ratio at 12.5%, the society was able to disburse the maximum loan quantum of \$50,000. 518 loans were disbursed amounting to \$15,620,730 which was \$58,022 higher than last year. While the loans granted earned revenue for the society, they also brought relief to many members who were caught in a financial bind.

Loan interest income and administration fees collected in 2017 amounted to \$1,573,356. After deducting the administrative expenditure, interest payment on members' deposits and savings, and bad debts write-off, the net surplus was \$953,988.

Dividend and Loan Interest Rebate

As the society has done well, we want our members to benefit from our success. We are recommending an eight plus two percent dividend, and a four plus one percent loan interest rebate. This is an increase of 25% in each case. This will be tabled later for your approval. The total return in dividend and loan interest rebate is approximately **eighty two** percent of the net surplus. A word of caution here, please do not take the payment of dividend and rebate on loan interest for granted. These payments depend greatly on the net surplus which the society realises from its operations and investments.

Overall, we expect a relatively good 2018 economic growth, which should help growth-sensitive assets to do well. Yet, as valuations are quite stretched in many areas, we believe that investment decisions will need to be based on even more precise analysis and a highly disciplined decision making process. With this in mind the management has engaged wealth managers to manage our funds.

The society has placed five million dollars with a private bank in Singapore to invest in Singapore equities. The society has set a target of 4% to 5% return on the investment.

IT System

The society has engaged a new vendor to write an improved system to better serve the members. This new system would not only enhance productivity but would also facilitate greater efficiency. With this new IT system the society intends to embrace technology to be better connected with the members. We would like to encourage all our members to access our online facilities. As we aspire for a smart nation status, we must be prepared to accept technology as part and parcel of our lives, and thrive on the disruption.

Repositioning and Visioning on Changes

The co-operative landscape is constantly evolving and the credit sector is going to face a lot of radical changes to the way we operate. Hence, we have to reposition our co-operative to enhance our brand's status and change the way people think about our products, services and our modus operandi.

Our vision is to navigate our co-operative through this transformative period to meet our members' varying needs amidst the disruptive technology, which is influencing service delivery. For the Singapore Teachers' Co-operative, surviving during this difficult period is crucial. We intend to adopt sound sustainable practices by lowering the cost of capital, which will in turn result in better operational performance. We will work to ensure you will continue to receive sustainable returns. As a co-operative we have to acquire a delicacy of perception to foresee difficulties ahead, find solutions and seize the opportunities as they come. We envisage momentous changes coming our way in the years ahead and so we must position ourselves to not only face them but also find ways to adapt to these changes.

Conclusion

In conclusion, I would like to place on record our appreciation to our president, Mr Lim Boon Wee for not only agreeing to chair our meeting, but also giving us valuable advice. Our special thanks go to our two Vice-Presidents, Mrs Brenda Tan and Mr Goh Ek Piang for their active participation in the affairs of the society. My thanks to our board members and our hard working and loyal staff for their excellent work throughout the year. Finally, our appreciation goes to all our members for their support and trust in us.

Thank you.

Item 4 TO CONFIRM MINUTES OF THE 81ST ANNUAL GENERAL MEETING HELD ON 27 MAY 2017

- 4.1** Chairman, Mr Richard Zaccheus sought the society President's permission to present some amendments in the 2017 AGM's minutes for perusal and decisions.

Members of the Committee of Management had noted the contents in the letter submitted by ordinary member, Mr Jagjit Singh Sandhu, who wanted to correct/amend the 2017 AGM's minutes. He also posted some questions in his letter. The queries would be answered at an appropriate time in the agenda.

- 4.2** Mr Richard Zaccheus, the Chairman of the Society first thanked Mr Jagjit Singh for his interest in the society's affairs by writing in.

He mentioned that Mr Jagjit Singh's offer to amend mistakes in the minutes on the society's webpage before the AGM was not accepted. He added that any amendments to the AGM's minutes should be presented during the meeting and would only be accepted after members' approval.

- 4.3** The corrections and amendments proposed by Mr Jagjit Singh Sandhu were then projected for members' perusal and decisions.

No.	Text as Found in the AGM Report	Proposed Amendments	Response to the Amendments
1.	Item 4 Agenda: To confirm the minutes of the 81 st Annual General Meeting held on 27 th May 2017.	Confirmation of the minutes of the 81 st Annual General Meeting held on 27 th May 2017, and matters arising thereof.	Members of the COM deem it not necessary to amend. It must be noted that “matters arising” is never included in the confirmation of minutes.
2.	Item 10: To consider and adopt the proposed amendments to the Society’s By-law 7.6 and 9.9 (Appendix 7)	Amend By-law to By-laws’.	Agreed to the amendment.
3.	Second, the rate of interest they paid on their loans as compared to banks or private loan companies?	Secondly, the rate of interest they paid on their loans as compared to banks or private companies was less.	No need to amend as this was a question posed by the President to the members. It would be improper to add the phrase “was less” because that was not mentioned by Mr Neo.
4.	Item 3 on page 6: The staff and management were disciplined in managing the finances.	The staff and members of the Committee of Management (COM) were disciplined in managing the finances of the Society.	The management here refers to the officials who work with the staff and give directions. No need to amend. The COM is not involved.
5.	Delete item 5.1 and 5.2		Agreed to the deletion.
6.	Item 12.3: Mr Jagjit Singh Sandhu gave his observation that since the COM had wanted to recruit members to serve in the COM, therefore, the Society should not penalize these two members over “small mistakes”.	Mr Jagjit Singh Sandhu observed that as the COM wanted to recruit members to serve in the COM, it should not penalize members who were keen to serve for erring unwittingly.	There is no material change in the recording. A misstatement was made and the election rules had to be applied.
7.	Item 12.4: President Neo reiterated that the Returning Officer As for Mr Teo Khoon Kok, he filled in “retired” instead of “resigned” for which records at the society showed clearly, this was tantamount to incorrect information	The president <u>stated</u> not (reiterated) that the Returning Officer and he were honorary members. Mr Teo Khoon Kok wrote “retired” instead of “resigned”, which was tantamount to providing “incorrect information”.	Reiterated means the President wanted to emphasise the point. No amendments were needed.
8.	Item 12.5: 2 nd Vice-President, Mr Goh Ek Piang verified with Mr Teo Khoon Kok that he did resign from the Ministry of Education in August 1997.	Mr Goh Ek Piang, the 2 nd Vice-President had verified that Mr Teo Khoon Kok had resigned from the Ministry of Education in 1997.	Members of the COM deem it not necessary to amend as it is written in clear and accurate English.

9.	Item 12.6: Mr Dickson Ng added that he would want to question The Returning Officer, if she had not taken action with regard to the “incomplete” and “incorrect” nomination forms.	Mr Dickson Ng added that he would have questioned the Returning Officer if she had not taken action on the “incomplete” and “incorrect” nomination forms.	Members of the COM deem it not necessary to amend as it is written in clear and accurate English.
10.	Item 12.9: The elected members were then requested to stand up to be acknowledged.	They were then requested to stand up for acknowledgment.	Members of the COM deem it not necessary to amend as the minutes reflects in substance what transpired.
11.	Item 12.11: Mr Jagjit Singh Sandhu objected to the two members who were absent to be elected. He then moved a motion to nominate a member present to be elected to replace them. According to him, it was incorrect by convention to vote people who were not present at the meeting.	Mr Jagjit Singh Sandhu objected to the two members who were absent by proposing that they should not be elected because it was a convention not to elect absentees.	Noted the amendments.
12.	Item 13: TO TRANSACT ANY OTHER BUSINESS OF WHICH AT LEAST SEVEN (7) DAY'S NOTICE SHALL HAVE BEEN GIVEN IN WRITING TO THE SENIOR MANAGER.	TO TRANSACT ANY OTHER BUSINESS OF WHICH AT LEAST SEVEN (7) DAYS' NOTICE SHALL HAVE BEEN GIVEN IN WRITING TO THE SENIOR MANAGER.	Agreed
13.	Item 13.2: Chairman, Mr Richard Zaccheus had the members' queries projected and answered them. The questions and answers are detailed below:	Mr Richard Zaccheus, the Chairman projected their queries and answers on the screen. The queries and answers were:	Agreed
14.	Item 13.3 (a), (b), (c)	... good fixed deposit rates compared to the banks	These three statements should be read in context with the sentence above: e.g. Three areas which they could look at were whether the Co-operative had given them good fixed deposit rates compared to the banks.
15.	Item 13.4: There being no other business the meeting came to a close as proposed by Mr Allan Tok and seconded by Mdm Elene Lim.	There being no other business to consider the meeting came to a close as proposed by Mr Allan Tok and seconded by Mdm Elene Lim.	Agreed

4.4 The President of the society, Mr Lim Boon Wee, then continued to chair the meeting.

4.5 The amendments were presented item by item for members' decision. Members agreed not to amend all the proposed amendments except those that were accepted and noted

- 4.6** Minutes of the 2017 AGM were unanimously accepted after the following amendments:
- Pg 2 – Item 10:
To read as “To consider and adopt the proposed amendments to the society’s **By-laws**’ 7.6 and 9.9”
- Pg 10 – Item 13:
AT LEAST SEVEN (7) DAY’S NOTICE to read as “AT LEAST SEVEN (7) DAYS’ NOTICE.”
- The 81st AGM minutes were then adopted as proposed by Mr Chern Meng Hock and seconded by Mdm Elene Lim Lan Hiang.
- Item 5** **TO RECEIVE AND, IF APPROVED, TO ACCEPT THE REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 2017**
- 5.1** The report of the COM for the year ended 2017 was unanimously accepted as proposed by Mdm Ng Moi Sng Patsy and seconded by Mr Chern Meng Hock.
- Item 6** **TO RECEIVE AND, IF APPROVED, TO ACCEPT THE STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017**
- 6.1** The Statement of Accounts for the year ended 31 December 2017 was unanimously accepted as proposed by Mdm Elaine Seah Ee Leng and seconded by Mdm Ng Moi Sng Patsy.
- Item 7** **TO CONSIDER AND APPROVE THE PROPOSED “DISTRIBUTION OF 2017 SURPLUS” (APPENDIX 4)**
- 7.1** The “Distribution of 2017 Surplus” was unanimously approved as proposed by Mr Allan Tok Wei Cheng and seconded by Mr Wilson Koh Kian Neng.
- Item 8** **TO CONSIDER AND APPROVE THE SUPPLEMENTARY ESTIMATES FOR 2018 AND ESTIMATES FOR 2019 FOR THE SOCIETY (APPENDIX 5)**
- 8.1** The Supplementary Estimates for 2018 and Estimates for 2019 for the Society were unanimously accepted as proposed by Ms Lau Bee Eng and seconded by Mr Chern Meng Hock.
- Item 9** **TO CONSIDER AND APPROVE THE MAXIMUM LIABILITY OF \$75 MILLION FOR THE YEAR 2018, WHICH THE SOCIETY MAY INCUR IN LOANS AND DEPOSITS FROM MEMBERS AND NON-MEMBERS, VIDE BY-LAW 9.11**
- 9.1** The society’s maximum liability set at \$75 million vide By-Law 9.11 for 2018 were unanimously accepted as proposed by Mr Chern Meng Hock and seconded by Mr Wilson Koh Kian Neng.

Item 10 TO CONSIDER AND ADOPT THE PROPOSED AMENDMENTS TO THE SOCIETY'S BY-LAWS' 7.6 AND 9.9 (APPENDIX 7)

- 10.1** After some queries and clarifications by members on the proposed amendments, the President, Mr Lim Boon Wee sought the permission of the members present to approve the amendments to society's By-laws' 7.6 and 9.9 by a show of hands. There being no objection, the amendments to By-laws' 7.6 and 9.9 were unanimously approved as proposed by Mr Ng Khiam Siong Dickson Jedidiah and seconded by Mr T Subramaniam.

Item 11 TO APPOINT REANDA ADEPT PAC, MR GILBERT TIONG TAK GIEW (ENGAGEMENT DIRECTOR) AS EXTERNAL AUDITORS FOR THE FINANCIAL YEAR 2018

- 11.1** M/s Reanda Adept PAC, Mr Gilbert Tiong Tak Giew (Engagement Director) was unanimously appointed as External Auditors of the society for the financial year 2018. This was proposed by Mdm Ng Moi Sng Patsy and seconded by Mr Chern Meng Hock.

Item 12 ELECTIONS

12.1 TO ELECT FOUR MEMBERS TO SERVE ON THE COMMITTEE OF MANAGEMENT FOR A TERM OF THREE YEARS (APPENDIX 8)

- 12.1.1** As there were only four nominations for the four vacancies in the COM, the Returning Officer, Mrs Brenda Tan declared the four candidates namely,

1. Mr Ng Khiam Siong Dickson Jedidiah
2. Mr Zaccheus Richard Bains
3. Mdm Ng Moi Sng Patsy
4. Mr Peter Tan Swee Chong

elected to the Committee of Management for the period May 2018 to May 2021 unopposed.

Item 13 *TO TRANSACT ANY OTHER BUSINESS OF WHICH AT LEAST SEVEN (7) DAYS' NOTICE SHALL HAVE BEEN GIVEN IN WRITING TO THE SENIOR MANAGER

- 13.1** Mr Jagjit Singh Sandhu had written in. His queries were projected and answers provided. Below are the queries and answers:

1. Why have you not updated the List of COM for 2017/2018?

The List of COM is found on page 80 of the AGM Report.

2. Isn't the appointment of Mr Sam Lam Weng Yew contravention of By-law 11.1 as he is not a member of the Society?

When COM does not have competent professionals with the relevant competencies to form the Audit Committee, the Society can invite outsiders to be included as members of the Audit Committee. There is no conflict of interest as this is disclosed to the Registrar of Co-operative Societies.

3. Why has Mr Teo Chor Kai omitted the answer to Mr Teo Khoon Kok's question on who was the Chairman of STIH? – The answer should be included as Mr Teo Chor Kai's appointment as Chairman of STIH is tantamount to conflict of interest because he is an employee of the Society.

Mr Teo Khoon Kok submitted a written question regarding the names of Directors of STIH. The answer to the written question is found on page 11 of the AGM report. The answer to the oral question was, Mr Teo Chor Kai was appointed as Chairman of STIH.

Employees are allowed to be part of the COM as well as represent the society at other entities as provided for in the Co-operative Act. There is no conflict of interest as this restriction has been repealed vide the Co-operative Act.

The interest of the parent body and the subsidiary are parallel. As Mr Teo Chor Kai is not a paid employee of STIH there is no conflict of interest. It is a cost saving measure.

4. As honorarium given to officials of the Society has to be approved at the AGM, why is the COM not releasing the breakdown of how the \$80,000 is distributed among its members in keeping with good governance.

The approval sought at the AGM for the honorarium is only for the quantum and not for how the money is distributed to the individual COM members. This is done by the Remuneration Committee. This method is in compliance with Corporate Governance.

5. Why has the amount of honorarium for distribution to officials of the Society been increased to \$80,000 when the Society's surplus profit for distribution for 2017 has decreased from \$1,026,065.41 in 2016 to \$953,099.00 for 2017. How does the COM justify this increase of \$10,000?

Based on the past five years of dividend and honorarium payments, there has been no increase in both cases. The society is proposing a 8% + 2% dividend payment. The increase is 25% in dividend payout. This amounts to more than \$140,000 while the \$10,000 increase in honorarium is about 14%.

Over the years, the society could have paid more in honorarium as the percentage allowed was capped at not more than 10% of net profit as regulated by the Registrar of Co-operatives. From the figures projected members could see that the co-operative had proposed honorarium to the members of the COM at an average of 6.2% of the net profit. For 2017, its proposal is 8.8%, which is still below 10%. For your information, the Registrar removed the cap of 10% in 2010.

The amount recommended is subject to members' approval at the AGM. The society has been conservative in the proposal of honorarium all these years. Therefore the increase is justifiable.

Members may wish to note that for payment of dividend, the society will have to maintain a Capital Adequacy Ratio (CAR) of 10% and above. The CAR of the society as at 31/12/2017 was 12.5%. Based on this ratio, the members of the COM had taken the initiative to propose the higher dividend, loan interest rebate and honorarium.

6. Instead of increasing the honorarium for officials the COM should accept the advice of our former president, Mr Neo to increase the dividend payment to 10% for our members.

The members of the COM had taken the advice given by Mr Neo to increase the payment of dividend.

It is clearly stated in the Proposed Distribution of 2017 Surplus on page 82 that the society would be recommending a dividend of (8% + 2%) and a loan interest rebate of (4% + 1%). To increase the dividend by \$10,000, the increase would only be 0.142% of the share capital. However, the members of the COM had generously proposed to increase the payment by 2%, which works out to around \$140,000.

7. Are there such members as honorary members of the Society?

Under the Society's By-law 13.2, President and Vice-Presidents are addressed as honorary members.

- 13.2** Mr Loo Choo Beng rose to remark that the society's Chairman, Mr Zaccheus Richard, in answering Mr Jagjit Singh Sandhu's question on how the society was functioning without a Hon Treasurer was incorrect. Mr Zaccheus mentioned during the period 1/8/2016 to 26/5/2017, the Senior Manager, Mr Teo Chor Kai took over the duties of the Hon. Treasurer without receiving any remuneration or allowance. Mr Loo Choo Beng claimed that, as the 1st Hon Asst Treasurer, he signed all documents that required the Hon Treasurer's signature. Since he had signed those documents that required the Hon Treasurer's initials, he should be duly acknowledged.

Mr T. Subramaniam affirmed Mr Loo Choo Beng's remarks.

- 13.3** Mr Dickson Ng remarked that since Mr Loo Choo Beng had signed all the official documents on behalf of the Hon Treasurer, even though he was the 1st Hon. Asst Treasurer, these should be put on record and his effort acknowledged.

- 13.4** The Management agreed to place on record its appreciation for Mr Loo Choo Beng's services as 1st Hon Asst Treasurer during the period when the society functioned without a Hon. Treasurer.

Item 14 CONCLUSION

- 14.1** The meeting came to a close at 12.08 hours, with a vote of thanks proposed to the Chairman, Mr Lim Boon Wee, by Mr Jagjit Singh Sandhu.



TEO CHOR KAI
SENIOR MANAGER

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR 2018

Patron	-	Ms Indranee Thurai Rajah Minister, Prime Minister's Office Second Minister for Finance and Law, and Second Minister for Ministry of Education
President	-	Mr Lim Boon Wee Deputy Secretary (Services) Ministry of Education
Vice-Presidents	-	Mrs Brenda Tan (Principal, Retired) Mr Goh Ek Piang (Principal, Retired) (Deputy Director of CCAB, Retired)

1. COMMITTEE OF MANAGEMENT

Chairman	-	Mr Richard Zaccheus
Deputy Chairman	-	Mr Allan Tok Wei Cheng
Hon. Treasurer	-	Mr Fok Kim Fook
1 st Hon. Asst. Treasurer	-	Mdm Elaine Seah Ee Leng
2 nd Hon. Asst. Treasurer	-	Mr Dickson Ng Khiam Siong (w.e.f. 26/5/2018)
Hon. Asst. Secretary	-	Mdm Elene Lim Lan Hiang
Committee Members	-	Mr Peter Tan Swee Chong Mdm Patsy Ng Moi Sng Mr Chern Meng Hock Mr Wilson Koh Kian Neng

2. Patron

- 2.1 The society wishes to place on record its sincere thanks to Dr Janil Puthucheary, Senior Minister of State, Ministry of Transport & Ministry of Communications and Information for being the society's patron from 5 January 2016 to 18 May 2018. The society is grateful to have Ms Indranee Thurai Raja, Minister, Prime Minister's Office, Second Minister for Finance, Second Minister for Ministry of Education and Second Minister for Law to be its Patron with effect from 11 June 2018.

3. President

- 3.1 The society is honoured and grateful to have had Mr Lim Boon Wee the society's President chairing the 82nd Annual General Meeting.
- 3.2 Mr Lim had invited the officials for an informal discussion on the services and activities provided by the society to its members.

4. Membership of the Society

		Total
4.1	Number of members as at 1 January 2018	4446
	Number retired	63
	Number resigned	51
	Number deceased	16
	Number terminated	25
	Number admitted	(155) 125

	Number of members as at 31 December 2018	4416 =====

- 4.2 Members of the Committee of Management would like to extend their condolences to the bereaved families of the following members:

Mr Rajamogan	Mdm Ng Teck Yong
Mrs Lim Yoke Hoong	Mr Denis Koh Chiew Hock
Mr Tan Sen Chye	Mr Chan Shee Weng
Mdm Ng May Hong	Mr Song Keng Hock
Mr Chia Kee Bak @ Chia Teck Chee	Ms Lim Khee Eng
Mdm Goh Lay Kheng @ Goh Lay Nah	Mr Zaidy Bin Nandir
Mr Ganasha Kumar	Mr Kasan Bin Rashid
Mr Ong Chu Hock	Mrs Ashadevi Udayakumar

5. By-Law Amendments

- 5.1 Members present at the AGM unanimously approved the amendments to the society's By-laws' 7.6 and 9.9.

6. Membership Drive

- 6.1 To recruit new members, the Chairman, Senior Manager and staff continued to visit schools upon invitations to make membership presentations. Staff of schools who joined the society within a month after the date of presentation had their admission fees waived. The schools' Staff Welfare Committee could also receive cash awards. The amount given depended on the number of staff joining. Schools which had more than 30 staff signing up as members during the one month period would receive up to \$1,000.00 towards their Staff Welfare Committee fund.

- 6.2 The membership team visited Naval Base Secondary on 19/9/2018 for a membership presentation.
- 6.3 The membership team was also present at the Teachers' Investiture Ceremonies at NIE on 11 and 12 July 2018 to recruit newly qualified teachers.
- 6.4 To help strengthen the membership campaign, an incentive drive was introduced. With effect from 1st March 2018 to 28 February 2019, for the first 200 new ordinary members recruited, the proposer would be rewarded with \$20 cash while the seconder would get \$10. These cash incentives would be credited into the proposer and seconder's General Savings account respectively.

7. Meetings

- 7.1 Members of the Committee of Management held 13 meetings in 2018. The attendance list is found on Appendix 1.
- 7.2 The Loan Committee held weekly meetings on Saturdays to consider and approve loan applications during the first half of the year. For the second half of the year, members of the Loan Committee met on alternate Saturdays to review borrowers' appeals and requests which were subsequently put up to the COM for their approval at their month end meetings.

Loan applications were processed weekly. Once they were checked and verified to be in order by the three members of the Loan Committee, the loan applications were approved for payment. These approved and disbursed loans were ratified at the COM month end meetings.

- 7.3 The other committees held their meetings as and when necessary.

8. Number of Committees

- 8.1 The number of committees remained at seven. Please refer to Appendix 2 for the name list.

9. Internal Auditors

- 9.1 Mr Phua Chin Hong was nominated to be the Internal Auditor of the society. He performed routine checks on receipts and payment vouchers regularly.
- 9.2 M/s Yang Lee & Associates who were engaged by the society as Internal Auditors, performed an internal audit on the society from 3 to 14 December 2018. The objectives of their review were:
- Review the adequacy of internal control system design.
 - Identify deviations from the key procedures as set out by the Management.
 - Communicate findings to management to raise awareness on the internal control issues identified.
 - Develop recommendations and obtain management's commitment to implement action plans that serve to enhance the effectiveness of internal control system.
 - Provide prompt and relevant update to Audit Committee on the status of the internal control system of the Co-op.

The scope of their review covered the key operating cycles of the Co-op as listed below:

Deposit management
Purchases and operating expenses
Human resource

They found six areas of “moderate” priority and three of “low” priority.

The overall results of the findings were good. Areas of concern which required attention were addressed immediately.

- 9.3** We also wish to thank the representatives from M/s Yang Lee & Associates for their presence at the Society's 82nd AGM.

10. Surplus for the year 2018

- 10.1** The unaudited net surplus was around \$806,234 which was \$147,753 lower than 2017. The lower income derived was partly due to the weak investment environment globally for which Singapore was not spared. Fixed deposits earned from banks remained low as the interest rates for fixed deposits improved only marginally. Income from Investment amounted to \$1.53 million down from \$1.77 million in 2017, while loan interest and administrative fees totaled \$1.56 million which was slightly lower than that of 2017.

11. Prudential Requirement Ratios

- 11.1** The following were the ratios as at 31 December 2018:

	<u>Regulatory Ratio Required</u>	<u>Actual Ratio</u>
(i) Capital Adequacy Ratio (CAR)	>10%	12.2%
(ii) Minimum Liquid Asset Ratio (MLA)	>15%	48.1%
(iii) Restricted Investment (RI)	≤ 30%	24.3%

With the Capital Adequacy Ratio (CAR > 10%), the society continued to give out the maximum loan quantum of \$50,000, or six times the gross monthly salary of the borrower, whichever is lower.

12. Loans

- 12.1** 525 loans were approved. Amount disbursed was \$15,517,950 which was \$102,780 lower than 2017.
- 12.2** Interest income from loans was \$1,299,456.44 while Admin fees received was \$262,772.60. Total income received was \$1,562,229.04. This was \$11,128.23 lower than 2017.

13. Bad Debts Write-off

- 13.1** A sum of \$272,933 of bad loans was written off from the 2018 profit after all efforts to recall them had failed.
- 13.2** The society is providing \$153,451 as allowance for expected credit losses/impairment on loans to members.

14. Investments

14.1 Restricted Investment (RI) (30% limit)

- 14.1.1** As at 31/12/2018, the society had invested 24.33% out of the 30% limit allowed in RI. Income received was \$697,265 which was \$279,723 lower than 2017. This was partly due to the negative income in the sales of equities mandated to the wealth manager by the society.

14.2 Non Restricted Investment

14.2.1 Non restricted investment return was \$850,439 which was \$60,208 higher than that of 2017.

14.3 Total Returns

14.3.1 The total returns on Investments was \$1,527,915.

14.4 Mandate Account

14.4.1 The members of the IC reviewed the performance of the equities under mandate. During the course of the year, they noted that the performance was not up to expectation. There was trading losses which the society had to recognize. There was also over exposure on property counters by the wealth manager. He liquidated all the property counters when the government announced the “cooling measures”. The society took a hit. Members of the IC met the wealth manager and discussed his performance. As the society’s investment strategy was for the long term, it was then decided that the arrangement of the mandate account be terminated. The issue was next discussed by members of the COM and they unanimously decided to terminate the mandate account. The mandate account was closed with effect from 28th August 2018.

14.5 Better Returns

14.5.1 The Investment Committee members would continue to look for good returns to invest its surpluses.

15. IT System

15.1 The society’s new IT system was test run in September. As there were no major hiccups, the society went on ‘live’ without the old system. Officially, the old system was terminated in January 2019. The total cost of the Thrift & Loan and the General Ledger system and some enhancements was \$282,486.00. As the current system has the Thrift & Loan and the General Ledger linked, the staff did not have to do double entries thus saving time and labour.

16. E Newsletter and Annual Report

16.1 The society printed only 500 copies of the Annual Report instead of the usual 4500 copies, in response to the call to go ‘green’. The report itself was uploaded onto the society’s website. The year-end newsletter was also uploaded. Only those who had requested for a hard copy received their copy by post.

17. Interest on Savings

17.1 General Savings (GS)

17.1.1 For the year 2018, an interest rate of 0.25% p.a. for General Savings was declared. This rate was higher than those paid by financial institutions for similar types of savings. Members of the COM had decided to be in line with financial institutions by declaring interest rate for GS in advance. The interest rate for GS for the period 1st January 2019 to 30th June 2019 was fixed at 0.3% p.a.

17.2 Term Deposits (TD)

17.2.1 At the 82nd AGM, members approved the maximum liability be raised to \$75 million.

17.2.2 The interest rate for 2019 was raised to 1.6% p.a.

17.3 Bonus Savings (BS)

17.3.1 Members continued to enjoy the rates provided in this savings scheme. The 2.5% p.a. interest gave an effective rate of 3.08% p.a. for the two years monthly deposit tenure.

18. Statement of Balance

18.1 Members continued to receive their statement of balances as at 30 June and 31 December respectively. Members could also view their balances by logging in to the society's website.

19. Common Good Fund (CGF)

19.1 A sum of \$58,800.00 was disbursed to 63 members who had retired and resigned from the society. For the 16 deceased members, \$1,000.00 was paid to each family to help defray some funeral expenses.

19.2 With the amendment of By-Law 7.6 on Common Good Fund, the Policy and Rules governing were reviewed and updated. The following are the salient points with regard to the new policy and rules:

EXISTING

- (i) An ordinary member needs to retire from service and resign from the society in order to get cash payout.
- (ii) An ordinary member continues to contribute \$1.00 per month towards the Common Good Fund perpetually.

REVISED

- (i) An ordinary member does not need to retire from service to be entitled to the cash payment. When he resigns from the society, the quantum of cash payout to him would depend on his length of membership. There is a reference table for use.
- (ii) An ordinary member ceases to contribute the \$1.00 per month after having contributed for 30 years continuously. Those who had contributed for 30 years or more would be paid \$800.00 under the Common Good Fund. This amount would be credited into members' General Savings account and members could withdraw this sum of money. Once a member was credited with this sum, he would not be entitled for other grants under CGF.

19.3 Staff had been working on the list of members who would be eligible for the \$800 payout. Members would be informed once the list had been finalized. The amount granted would be credited into members' General Savings account.

20. Dividend

- 20.1** Members received a 10% dividend on their Share Capital for the year 2018. There was an increase of 25% compared to that given for 2017. The amount due was credited into members' General Savings account in June 2018.

21. Patronage Rebate

- 21.1** For borrowers, a 5% patronage rebate was given to them for the interests they paid on their loans. There was an increase of 25% in the rebate compared to that of 2017.

22. Administration**22.1 Singapore Teachers' International Holdings Pte Ltd (STIH)**

STIH partnered with Eduachiever to run the Student Care services. As at year end, Eduachiever had secured another school to run its Student Care Centre programme. The partnership had done well. It had generated some profit.

- 22.2** STIH had outsourced services from STCS in bad debt collection and management and auxiliary services. STIH realized a small surplus for the financial year. STIH directors would be striving to secure consultancy services on educational development, to boost its income.

23. Conferences & Training**23.1 Event**

**SNCF – Annual Co-operative Leadership
Conference @ Phuket, Thailand
21-24 April 2018**

**Training on Co-operative Governance
8 & 12 June 2018**

**WOCCU – Singapore
15 - 18 July 2018**

**SNCF - Asian Credit Union Forum 2018
@ Manila, Philippines
13 -15 September 2018**

Attended By:

Mrs Brenda Tan
Mr Goh Ek Piang
Mr Fok Kim Fook
Mr Peter Tan Swee Chong
Mdm Ng Moi Sng Patsy
Mr Phua Chin Hong
Mr Teo Chor Kai
Mr Willy Kang

Mr Richard Zaccheus
Mr Dickson Ng Khiam Siong
Mr Phua Chin Hong
Mr Teo Chor Kai
Ms Jaise Choi

Mr Richard Zaccheus
Mr Fok Kim Fook
Mr Teo Chor Kai
Mr Peter Tan Swee Chong
Mdm Ng Moi Sng, Patsy

Mr Fok Kim Fook

24. Malacca Holiday Resort

- 24.1** As the take up rate was very low, even during Singapore School holidays members of the COM decided to sell the unit to mitigate the loss on maintenance and other logistic cost.

After much hard work the unit was finally sold at a price of RM 200,000 before legal and agent fees. Net amount received was S\$64,697.56. The loss on disposal was \$57,325.69.

25. Appreciation

- 25.1** The Committee of Management wishes to thank:-

the Patron
the President and the Vice-Presidents
the Registrar of Co-operative Societies and his officers
the Central Pay Office
the Ministry of Education
the Ministry of Culture, Community and Youth
the National Institute of Education
the Institute of Technical Education
the Members
the staff and
all others who have rendered services in one way or other



TEO CHOR KAI
SENIOR MANAGER

AUDIT COMMITTEE (AC) REPORT FOR FINANCIAL YEAR 2018

1. The AC comprises of three members:-

Chairman	-	Mr Sam Lam Weng Yew, PBM
Secretary	-	Mdm Ng Moi Sng Patsy
Member	-	Mr Allan Tok Wei Cheng

2. The AC conducted four meetings for the year 2018/2019.
3. AC has reviewed the Society's governance framework. The members of the AC opined that the Society is in compliance with the Governance guideline for Credit Co-operatives issued by the Registrar of Co-operatives.
4. AC has reviewed the internal audit report presented by M/s Yang Lee & Associates. AC noted the implementation of the recommendations mentioned in the audit report.
5. AC was informed of the decision by the Committee of Management to insource investment management.
6. AC was informed of the decision by the Committee of Management to reclassify quoted securities from "available-for-sale financial assets" to "financial assets, at fair value through other comprehensive income (FVOCI)". This is an irrevocable decision, and AC has sought external auditors' view on the matter.
7. AC met the internal and external auditors without the management's presence. They discussed the system of internal controls and considered the comments made by the auditors.
8. AC recommended that Reanda Adept PAC be the External Auditor of the Society for the financial year 2019.
9. In 2019, AC will work with the auditors to focus on Membership Management, Cash Management and Fixed Asset Management as part of the 3 year Operating Cycle Review.



Mr Sam Lam
Chairman

Dated: 17 April 2019

Representatives/Delegates/Staff in Other Co-operative Organisation

Singapore National Co-operative Federation (SNCF)

Delegates / EXCO	-	-	-	Richard Zaccheus
	-	-	-	Mr Fok Kim Fook (Credit Sector)

The Singapore Amalgamated Services Co-operative Organisation Ltd (SASCO)

Member, Board of Directors	-	-	Mr Fok Kim Fook
Delegates	-	-	Mr Richard Zaccheus
			Mr Teo Chor Kai

Consumers Association of Singapore (CASE)

Delegates	-	-	-	Mr Allan Tok
				Mr Fok Kim Fook

Premier Security Co-operative Society Ltd

Delegate	-	-	-	Mr Teo Chor Kai
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National Trades Union Congress (NTUC)

NTUC Income Insurance Co-operative Limited (NTUC INCOME)

Delegate	-	-	-	Mr Teo Chor Kai
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NTUC FairPrice Co-operative Ltd

Delegates	-	-	-	Mr Peter Tan Swee Chong
				Mdm Ng Moi Sng Patsy

NTUC Health Co-operative Ltd

Delegate	-	-	-	Mr Ng Khiam Siong Dickson Jedidiah
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NTUC Choice Home

Delegate	-	-	-	Mr Chern Meng Hock
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EDUCARE CO-OPERATIVE LIMITED

Delegates	-	-	-	Mr Richard Zaccheus
				Mr Fok Kim Fook

FINANCIAL STATEMENTS

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FOR THE YEAR ENDED 31 DECEMBER 2018

**THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED
AND ITS SUBSIDIARY**

STATEMENT BY THE COMMITTEE OF MANAGEMENT

In the opinion of the Committee of Management,

- (a) the accompanying statements of financial position, statements of comprehensive income, statements of changes in funds and reserves and consolidated statement of cash flows are drawn up so as to give a true and fair view of the financial position of the Group and of the Co-operative as at 31 December 2018, and the financial performance and changes in funds and reserves of the Group and of the Co-operative and the cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Co-operative will be able to pay its debts as and when they fall due.

These financial statements were authorised for issue on the date of this statement.

On behalf of the Committee of Management,



ZACCHEUS RICHARD BAINS
Chairman



FOK KIM FOOK
Honorary Treasurer

Dated: 20 April 2019



INDEPENDENT AUDITOR'S REPORT

To the Members of
The Singapore Teachers' Co-operative Society Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Singapore Teachers' Co-operative Society Limited (the "Co-operative") and its subsidiary (collectively, the "Group"), which comprise the statements of financial position of the Group and the Co-operative as at 31 December 2018, the statements of comprehensive income and the statements of changes in funds and reserves of the Group and the Co-operative and the consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Group and of the Co-operative are properly drawn up in accordance with the provisions of the Co-operative Societies Act, Cap. 62 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Group and of the Co-operative as at 31 December 2018 and of the financial performance, changes in fund and reserves of the Group and of the Co-operative and cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Co-operative in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information (obtained by us prior to the date of our auditor's report) comprises the Report of the Committee of Management and appendices included in the Annual Report for 2018 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 performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

The Committee of Management's responsibilities include overseeing the Co-operative's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT**

To the Members of
The Singapore Teachers' Co-operative Society Limited
(Continued)

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 Co-operative's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Co-operative to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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

During the course of our audit, nothing has come to our attention to cause us to believe that the receipts, expenditure and investment of monies and acquisition and disposal of assets made by the Co-operative during the financial year ended 31 December 2018 have not been made in accordance with the By-laws of the Co-operative and the provisions of the Act.

In our opinion, the accounting and other records required by the Act and the Singapore Companies Act, Cap. 50 (collectively, the "Acts") to be kept by the Co-operative and by the subsidiary incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Acts.

A handwritten signature in black ink, appearing to read 'Reanda Adept PAC'.

REANDA ADEPT PAC
Public Accountants and
Chartered Accountants

Singapore
Dated: 20 April 2019

**THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED
AND ITS SUBSIDIARY**

(Registered under the Co-operative Societies Act, Cap. 62, Singapore)

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

		GROUP		CO-OPERATIVE	
	Note	2018	2017	2018	2017
		S\$	S\$	S\$	S\$
ASSETS					
Non-current assets					
Investment properties	4	1,398,304	1,445,804	1,398,304	1,445,804
Property, plant and equipment	5	1,960,677	1,892,315	1,960,677	1,892,315
Investment in subsidiary	6	-	-	529,700	529,700
Investment in joint venture	7	20,831	12,540	-	-
Available-for-sale financial assets	8	-	24,067,104	-	24,067,104
Financial assets, at FVOCI	8	29,334,480	-	29,334,480	-
Loans to members	9	11,505,142	12,045,502	11,505,142	12,045,502
		<u>44,219,434</u>	<u>39,463,265</u>	<u>44,728,303</u>	<u>39,980,425</u>
Current assets					
Loans to members	9	5,867,784	6,017,603	5,867,784	6,017,603
Trade and other receivables	10	290,912	338,793	290,827	336,239
Prepayments		1,090	109,037	1,090	109,037
Fixed deposits	11	31,104,578	37,300,831	30,921,462	37,119,886
Cash and bank balances	12	3,086,441	2,895,136	2,827,650	2,641,053
		<u>40,350,805</u>	<u>46,661,400</u>	<u>39,908,813</u>	<u>46,223,818</u>
Total assets		<u><u>84,570,239</u></u>	<u><u>86,124,665</u></u>	<u><u>84,637,116</u></u>	<u><u>86,204,243</u></u>

The annexed notes form an integral part of the financial statements

**THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED
AND ITS SUBSIDIARY**

(Registered under the Co-operative Societies Act, Cap. 62, Singapore)

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018
(continued)**

		GROUP		CO-OPERATIVE	
	Note	2018	2017	2018	2017
		S\$	S\$	S\$	S\$
FUNDS, RESERVES AND LIABILITIES					
Funds and reserves					
Retained surplus	13	3,773,103	4,184,516	3,920,261	4,347,485
General Reserve Fund		6,402,287	6,402,287	6,402,287	6,402,287
Fair value reserve		(515,664)	635,304	(515,664)	635,304
Common Good Fund	14	875,887	857,536	875,887	857,536
Co-operative Education and Training Fund	15	207,108	263,146	139,677	195,715
Staff Welfare Fund	17	139,629	139,629	139,629	139,629
		<u>10,882,350</u>	<u>12,482,418</u>	<u>10,962,077</u>	<u>12,577,956</u>
Current liabilities					
Share capital	19	7,231,507	7,237,337	7,231,507	7,237,337
General savings	20	27,940,673	26,640,514	27,940,673	26,640,514
Bonus savings	21	12,478,531	12,261,298	12,478,531	12,261,298
Term deposits from members	22	25,552,618	26,986,572	25,552,618	26,986,572
Members' and ex-members' accounts	23	6,832	18,413	6,832	18,413
Trade and other payables	24	408,987	447,584	396,137	431,624
Central Co-operative Fund	31	68,741	50,529	68,741	50,529
		<u>73,687,889</u>	<u>73,642,247</u>	<u>73,675,039</u>	<u>73,626,287</u>
Total funds, reserves and liabilities		<u><u>84,570,239</u></u>	<u><u>86,124,665</u></u>	<u><u>84,637,116</u></u>	<u><u>86,204,243</u></u>

The annexed notes form an integral part of the financial statements

**THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED
AND ITS SUBSIDIARY**

(Registered under the Co-operative Societies Act, Cap. 62, Singapore)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

		GROUP		CO-OPERATIVE	
	Note	2018	2017	2018	2017
		S\$	S\$	S\$	S\$
Income					
Finance income	25	1,299,456	1,299,113	1,299,456	1,299,113
Investment income	26	1,624,724	1,785,220	1,616,624	1,767,220
Child care income		-	292,802	-	292,802
Contributions received for:					
- Common Good Fund	14	47,151	45,548	47,151	45,548
- Co-operative Education and Training Fund	15	15,205	5,999	15,205	5,999
- Social Service Fund	16	-	1,800	-	1,800
Net gain on disposal of child care centre		-	93,458	-	93,458
Other income	27	334,305	349,678	323,025	341,344
		<u>3,320,841</u>	<u>3,873,618</u>	<u>3,301,461</u>	<u>3,847,284</u>
Cost and expenses					
Cost of services		(37,165)	(31,430)	-	-
Depreciation of investment properties	4	(47,500)	(62,042)	(47,500)	(62,042)
Depreciation of property, plant and equipment	5	(127,906)	(92,928)	(127,906)	(92,928)
Finance costs	28	(1,467,675)	(1,359,524)	(1,467,675)	(1,359,524)
Net loss on disposal of debt instruments, at FVOCI		(2,001)	-	(2,001)	-
Net loss on disposal of property, plant and equipment		(57,325)	(34,121)	(57,325)	(34,121)
Staff costs	29	(753,683)	(957,308)	(675,219)	(883,055)
Withdrawals					
- Common Good Fund	14	(58,800)	(43,600)	(58,800)	(43,600)
Utilisation of funds					
- Co-operative Education and Training Fund	15	(71,243)	(25,570)	(71,243)	(63,286)
- Staff Welfare Fund	17	-	(305)	-	(305)
Others		(681,218)	(873,488)	(784,987)	(919,080)
Share of results of joint venture		8,291	(18,420)	-	-
		<u>(3,296,225)</u>	<u>(3,498,736)</u>	<u>(3,292,656)</u>	<u>(3,457,941)</u>
Surplus from operations (c/f)		24,616	374,882	8,805	389,343

The annexed notes form an integral part of the financial statements

**THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED
AND ITS SUBSIDIARY**

(Registered under the Co-operative Societies Act, Cap. 62, Singapore)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
(continued)**

		GROUP		CO-OPERATIVE	
	Note	2018	2017	2018	2017
		S\$	S\$	S\$	S\$
Surplus from operations (b/f)		24,616	374,882	8,805	389,343
Taxation	30	-	-	-	-
Surplus after taxation		24,616	374,882	8,805	389,343
Less: Statutory appropriation					
- Central Co-operative Fund	31	(63,273)	(45,061)	(63,273)	(45,061)
Less: Honorarium paid to officers		(80,000)	(70,000)	(80,000)	(70,000)
Net (deficit)/surplus for the financial year		(118,657)	259,821	(134,468)	274,282
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss</i>					
Net fair value losses on equity instruments at FVOCI		(826,990)	-	(826,990)	-
<i>Items that may be reclassified subsequently to profit or loss</i>					
Net fair value losses on debt instruments at FVOCI		(412,687)	-	(412,687)	-
Net fair value losses on debt instruments at FVOCI reclassified to profit or loss upon disposal		2,001	-	2,001	-
Net fair value gains on available-for-sale financial assets		-	162,143	-	162,143
Net fair value gains on available-for-sale financial assets reclassified to profit or loss upon disposal		-	232,167	-	232,167
Total comprehensive (loss)/income for the financial year		<u>(1,356,333)</u>	<u>654,131</u>	<u>(1,372,144)</u>	<u>668,592</u>

The annexed notes form an integral part of the financial statements

THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED AND ITS SUBSIDIARY

(Registered under the Singapore Co-operative Societies Act, Cap. 62)

STATEMENT OF CHANGES IN FUNDS AND RESERVES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

GROUP	Attributable to Members of the Co-operative								
	Retained Surplus (Note 13) S\$	General Reserve Fund S\$	Fair Value Reserve S\$	Common Good Fund (Note 14) S\$	Co-operative Education & Training (Note 15) S\$	Social Services Fund (Note 16) S\$	Staff Welfare Fund (Note 17) S\$	Anniversary Dinner Fund (Note 18) S\$	Total S\$
Balance as at 1 January 2017 Other appropriations Rebate on loan interest Net surplus for the financial year Other comprehensive income Net fair value gains on available-for-sale financial assets Net fair value gains on available-for-sale financial assets reclassified to profit or loss upon disposal	3,571,341	6,402,287	240,994	775,588	282,717	285,430	139,934	183,038	11,881,329
	390,268	-	-	80,000	-	(287,230)	-	(183,038)	-
	(53,042)	-	-	-	-	-	-	-	(53,042)
	275,949	-	-	1,948	(19,571)	1,800	(305)	-	259,821
	-	-	-	-	-	-	-	-	-
	-	-	162,143	-	-	-	-	-	162,143
	-	-	232,167	-	-	-	-	-	232,167
	4,184,516	6,402,287	635,304	857,536	263,146	-	139,629	-	12,482,418
	(179,111)	-	-	-	-	-	-	-	(179,111)
	Balance as at 1 January 2018 Other appropriations Rebate on loan interest Net deficit for the financial year Other comprehensive income Net fair value losses on equity instruments at FVOCI Net fair value losses on debt instruments at FVOCI Net fair value losses on debt instruments at FVOCI reclassified to profit or loss on derecognition Others Transfer of fair value reserves of equity instruments at FVOCI upon disposal	4,005,405	6,402,287	635,304	857,536	263,146	-	139,629	-
(30,000)	-	-	30,000	-	-	-	-	-	-
(64,624)	-	-	-	-	-	-	-	-	(64,624)
(50,970)	-	-	-	(11,649)	(56,038)	-	-	-	(118,657)
-	-	-	-	-	-	-	-	-	-
-	-	(826,990)	-	-	-	-	-	-	(826,990)
-	-	(412,687)	-	-	-	-	-	-	(412,687)
-	-	2,001	-	-	-	-	-	-	2,001
(86,708)	-	-	86,708	-	-	-	-	-	-
Balance as at 31 December 2018	3,773,103	6,402,287	(515,664)	875,887	207,108	-	139,629	-	10,882,350

The annexed notes form an integral part of the financial statements

THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED

(Registered under the Singapore Co-operative Societies Act, Cap. 62)

STATEMENT OF CHANGES IN FUNDS AND RESERVES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (continued)

CO-OPERATIVE	Retained Surplus (Note 13) S\$	General Reserve Fund S\$	Fair Value Reserve S\$	Common Good Fund (Note 14) S\$	Co-operative Education & Training Fund (Note 15) S\$	Social Services Fund (Note 16) S\$	Staff Welfare Fund (Note 17) S\$	Anniversary Dinner Fund (Note 18) S\$	Total S\$
Balance as at 1 January 2017	3,775,849	6,402,287	240,994	775,588	253,002	285,430	139,934	89,322	11,962,406
Other appropriations	296,552	-	-	80,000	-	(287,230)	-	(89,322)	-
Rebate on loan interest	(53,042)	-	-	-	-	-	-	-	(53,042)
Net surplus for the financial year	328,126	-	-	1,948	(57,287)	1,800	(305)	-	274,282
<u>Other comprehensive income</u>									
Net fair value gains on available-for-sale financial assets	-	-	162,143	-	-	-	-	-	162,143
Net fair value gains on available-for-sale financial assets reclassified to profit or loss upon disposal	-	-	232,167	-	-	-	-	-	232,167
Balance as at 31 December 2017	4,347,485	6,402,287	635,304	857,536	195,715	-	139,629	-	12,577,956
Adoption of FRS109 (Note 2.2)	(179,111)	-	-	-	-	-	-	-	(179,111)
Balance as at 1 January 2018	4,168,374	6,402,287	635,304	857,536	195,715	-	139,629	-	12,398,845
Other appropriations	(30,000)	-	-	30,000	-	-	-	-	-
Rebate on loan interest	(64,624)	-	-	-	-	-	-	-	(64,624)
Net deficit for the financial year	(66,781)	-	-	(11,649)	(56,038)	-	-	-	(134,468)
<u>Other comprehensive income</u>									
Net fair value losses on equity instruments at FVOCI	-	-	(826,990)	-	-	-	-	-	(826,990)
Net fair value losses on debt instruments at FVOCI	-	-	(412,687)	-	-	-	-	-	(412,687)
Net fair value losses on debt instruments at FVOCI reclassified to profit or loss upon disposal	-	-	2,001	-	-	-	-	-	2,001
<u>Others</u>									
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	(86,708)	-	86,708	-	-	-	-	-	-
Balance as at 31 December 2018	3,920,261	6,402,287	(515,664)	875,887	139,677	-	139,629	-	10,962,077

The annexed notes form an integral part of the financial statements

**THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED
AND ITS SUBSIDIARY**

(Registered under the Co-operative Societies Act, Cap. 62, Singapore)

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	2018	2017
	S\$	S\$
Cash flows from operating activities		
Surplus from operations	24,616	374,882
Adjustments for:		
Depreciation of investment properties	47,500	62,042
Depreciation of property, plant and equipment	127,906	92,928
Interest income	(1,242,646)	(1,078,767)
Finance costs	1,467,675	1,359,524
Net loss on disposal of property, plant and equipment	57,325	34,121
Net gain on disposal of available-for-sale financial assets	-	(340,183)
Net loss on disposal of debt instruments, at FVOCI	2,001	-
Net gain on disposal of child care centre	-	(93,458)
Share of results of joint venture	(8,291)	18,420
Dividend income	(321,741)	(304,526)
Operating cash flows before changes in working capital	<u>154,345</u>	<u>124,983</u>
Changes in working capital:		
Loans to members	511,068	448,690
Trade, other receivables and prepayments	155,943	(89,755)
Members and ex-members' accounts	(11,581)	7,579
Trade and other payables	(22,257)	(60,035)
Cash flows from operations	<u>787,518</u>	<u>431,462</u>
Honorarium paid	(80,000)	(70,000)
Interest received	1,242,646	1,078,767
Payment to Central Co-operative Fund	(45,061)	(126,965)
Net cash flows from operating activities	<u>1,905,103</u>	<u>1,313,264</u>

The annexed notes form an integral part of the financial statements

**THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED
AND ITS SUBSIDIARY**

(Registered under the Co-operative Societies Act, Cap. 62, Singapore)

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

(continued)

	2018	2017
	S\$	S\$
Cash flows from investing activities		
Purchase of available-for-sale financial assets	-	(15,938,023)
Purchase of financial assets, at FVOCI	(11,308,434)	-
Proceeds from disposal of available-for-sale financial assets	-	8,612,248
Proceeds from disposal of financial assets, at FVOCI	4,801,381	-
Proceeds from dividend income	321,741	304,526
Proceeds from disposal of property, plant and equipment	64,698	19
Purchase of property, plant and equipment	(318,291)	(10,337)
Proceeds from disposal of child care centre	-	93,458
Net cash flows used in investing activities	<u>(6,438,905)</u>	<u>(6,938,109)</u>
Cash flows from financing activities		
Rebate on loan interest	(64,624)	(53,042)
Share capital	(5,830)	46,259
General savings	1,300,159	1,927,053
Bonus savings	217,233	333,287
Term deposits from members	(1,433,954)	2,439,082
Decrease in fixed deposit pledged with bank	-	100,000
Interest paid	(774,231)	(794,879)
Dividends paid	(709,899)	(564,645)
Net cash flows (used in)/generated from financing activities	<u>(1,471,146)</u>	<u>3,433,115</u>
Net decrease in cash and cash equivalents	(6,004,948)	(2,191,730)
Cash and cash equivalents at beginning of year	<u>40,195,967</u>	<u>42,387,697</u>
Cash and cash equivalents at end of year (Note 32)	<u><u>34,191,019</u></u>	<u><u>40,195,967</u></u>

The annexed notes form an integral part of the financial statements

The Singapore Teachers' Co-operative Society Limited and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

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

1. General information

The Singapore Teachers' Co-operative Society Limited (The "Co-operative") is domiciled in Singapore and constituted under the Co-operative Societies Act, Cap. 62.

The Co-operative's registered office and principal place of business is at

150 Changi Road
 #02-06 Guthrie Building
 Singapore 419973

The principal activities of the Co-operative are to promote in accordance with the Co-operative's principles, the economic interest of and self-help and thrift among its members who are professional teachers engaged by the Ministry of Education and other educational institutions.

The principal activities of its subsidiary and joint venture are disclosed in Note 6 and Note 7 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") and the applicable requirements of the Singapore Co-operative Societies Act, Cap. 62, under the historical cost convention except as disclosed in the accounting policies below.

2.2 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 Group has adopted all the new and amended standards which are relevant to the Co-operative and are effective for annual financial periods beginning on or after 1 January 2018. Except for the adoption of FRS 109 Financial Instruments and FRS 115 Revenue from Contracts with Customers described below, the adoption of these standards did not have any material effect on the financial performance or financial position of the Group and the Co-operative.

FRS 109 Financial Instruments

FRS 109 Financial Instruments FRS 109 replaces FRS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied FRS 109 retrospectively, with an initial application date of 1 January 2018. The Group has not restated comparative information which continues to be reported under FRS 39 and the disclosure requirements of FRS 107 Financial Instruments: Disclosures relating to items within the scope of FRS 39. The impact arising from FRS 109 adoption was included in the opening retained surplus and other components of funds and reserves at the date of initial application.

The effect of adopting FRS 109 as at 1 January 2018 was as follows:

	Ref	Decrease S\$
Assets		
Loans to members	(b)	(179,111)
Total assets		<u>(179,111)</u>
Total adjustment on funds and reserves:		
Retained surplus	(b)	(179,111)
		<u>(179,111)</u>

The Singapore Teachers' Co-operative Society Limited and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.2 Adoption of new and amended standards and interpretations (continued)

The nature of the adjustments are described below:

(a) Classification and measurement

Under FRS 109, debt instruments are subsequently measured either at fair value through profit or loss (FVPL), amortised cost or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of FRS 109 did not have a significant impact to the Group. The Group continued measuring at fair value all financial assets previously held at fair value under FRS 39. The following are the changes in the classification and measurement of the Group's financial assets:

- (i) Loans to members and trade and other receivables classified as loans and receivables as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These were classified and measured as financial assets at amortised cost beginning 1 January 2018.
- (ii) The Group has made an irrevocable election to recognise changes in the fair value of all its quoted equity securities not held for trading and previously classified as available-for sale, in other comprehensive income. As a result, quoted equity securities with a fair value of S\$ 4,644,313 were reclassified from "Available-for-sale financial assets" to "Financial assets, at FVOCI" on 1 January 2018.
- (iii) The Group's quoted bonds amounting to S\$ 17,314,985 previously classified as "Available-for-sale financial assets" were reclassified to "Financial assets, at FVOCI" on 1 January 2018. The Group's business model on these assets is to collect contractual cash flows and sell these assets. The contractual cash flows of these investments consist of solely payments of principal and interest.
- (iv) Unquoted shares in other co-operative societies amounting to S\$2,107,806 previously classified as "Available-for-sale financial assets" were classified and measured as equity instruments designated at FVOCI" beginning 1 January 2018. The Group elected to classify irrevocably its unquoted shares in other co-operative societies under this category at the date of initial application as it intends to hold these investments for long-term appreciation.

The Group has not designated any financial liabilities at FVPL. There are no changes in classification and measurement for the Group's financial liabilities.

In summary, upon adoption of FRS 109, the Group and the Co-operative had the following required or elected reclassifications as at 1 January 2018:

FRS 39 measurement category	S\$	FRS 109 measurement	
		FVOCI S\$	Amortised cost S\$
<u>Loans and receivables</u>			
Loans to members	18,063,105	-	18,063,105
Trade and other receivables	338,793	-	338,793
<u>Available-for-sale financial assets</u>			
Quoted equity securities	4,644,313	4,644,313	-
Quoted bonds	17,314,985	17,314,985	-
Unquoted shares in other co-operative societies	2,107,806	2,107,806	-
		24,067,104	18,401,898

The Singapore Teachers' Co-operative Society Limited and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.2 Adoption of new and amended standards and interpretations (continued)

(b) Impairment

The adoption of FRS 109 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing FRS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. FRS 109 requires the Group to recognise an allowance for ECLs for all debt instruments not held at FVPL.

Upon adoption of FRS 109, the Group and the Co-operative recognised additional write-offs of S\$ 193,110 and a decrease in impairment of S\$ 13,999 on the Group's loans to members, resulting in a net decrease in retained earnings of S\$ 179,111 as at 1 January 2018.

Set out below is the reconciliation of the ending impairment allowances in accordance with FRS 39 to the opening loss allowances determined in accordance with FRS 109:

	Allowance for impairment under FRS 39 as at 31.12.2017 S\$	Remeasure- ment S\$	ECL under FRS 109 as at 1.1.2018 S\$
Loans and receivables under FRS 39/ Financial assets at amortised cost under FRS 109	(326,297)	13,999	(312,298)

FRS 115 Revenue from Contracts with Customers

The Group and Co-operative primarily generates income from financial instruments including interest, dividend and rental income. These sources of income are outside the scope of FRS 115, and therefore the adoption of FRS 115 did not have a significant impact to the Group or the Co-operative.

2.3 Basis of consolidation

(a) Business combinations

Business combinations are accounted for under the acquisition method. The cost of acquisition is measured at the fair value of the assets acquired, equity instruments issued and liabilities incurred at the acquisition date. Acquisition related costs are recognised as an expense in the periods in which the costs are incurred and the services are rendered.

Any excess or deficiency of the purchase consideration over and above the fair value of the underlying net assets of the entity acquired is accounted for as goodwill / bargain purchase gain.

(b) Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Co-operative's separate financial statements, investment in subsidiary is accounted for at cost less impairment losses.

(c) Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

The Singapore Teachers' Co-operative Society Limited and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.3 Basis of consolidation (continued)

(c) Joint arrangements (continued)

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

Joint operations

A joint operation is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group recognises in relation to its interest in a joint operation,

- (a) its assets, including its share of any assets held jointly;
- (b) its liabilities, including its share of any liabilities incurred jointly;
- (c) its revenue from the sale of its share of the output arising from the joint operation;
- (d) its share of the revenue from the sale of the output by the joint operation; and
- (e) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

Joint ventures

The results of joint ventures are incorporated in these financial statements using the equity method of accounting from the date on which it becomes a joint venture.

On acquisition, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss.

Under the equity method, the investment in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint ventures. The profit or loss reflects the share of results of operations of the joint ventures. Distributions received from joint ventures reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the joint ventures are eliminated to the extent of the interest in the joint venture.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the joint ventures are prepared as the same reporting date as the Co-operative. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Singapore Teachers' Co-operative Society Limited and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.3 Basis of consolidation (continued)

(c) Joint arrangements (continued)

Upon loss of joint control over the joint venture, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

The Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would have been required if that joint venture had directly disposed of the related assets or liabilities.

(d) Accounting for subsidiaries by the Co-operative

Investments in subsidiaries are stated in the Co-operative's statement of financial position at cost less accumulated impairment losses. On disposal of investment in subsidiaries, the difference between disposal proceeds and the carrying amount of the investments are recognised in the statement of comprehensive income.

(e) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2.4 Foreign currencies

(a) Functional and presentation currencies

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Singapore dollars ("S\$"), which is also the functional currency of the Co-operative.

(b) Transactions and balances

Transactions in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the date of the statement of financial position are translated to the functional currency at the exchange rates closely approximating to those ruling at the date of the statement of financial position.

Non-monetary items measured at historical cost in foreign currencies are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value are translated using the exchange rates at the dates when the fair value was determined.

Translation differences are taken to the statement of comprehensive income.

The Singapore Teachers' Co-operative Society Limited and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.5 Property, plant and equipment

(a) Owned assets

The cost of an item of property, plant and equipment is recognised as an asset, if and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All items of property, plant and equipment are initially recorded at cost, which includes expenditure that is directly attributable to the acquisition of the assets less accumulated depreciation and impairment losses. Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

The carrying amount of property, plant and equipment is reviewed annually to determine whether it is impaired at the date of the statement of financial position.

An impairment loss is recognised immediately in the statement of comprehensive income. Any revaluation surplus if recognised is credited directly to revaluation reserve in equity, except to the extent that it reverses the impairment loss of the same asset previously recognised in the statement of comprehensive income, in which case the surplus is recognised in the statement of comprehensive income. An impairment loss is recognised in the statement of comprehensive income, except to the extent that it offsets an existing surplus on the same assets carried in the revaluation reserve.

The accumulated depreciation of an asset is eliminated on the date of revaluation or impairment.

(b) Component of costs

The cost of an item of property, plant and equipment initially recognised includes the purchase price and any cost that is directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the property, plant and equipment when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

(d) Disposals

Gain or loss arising from the retirement or disposal of property, plant and equipment is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income on the date of retirement or disposal.

(e) Depreciation

No depreciation is provided on freehold land, leasehold land with tenure in excess of 100 years and assets under construction. Depreciation is computed on a straight-line basis so as to write off the cost or the carrying amount over the estimated useful lives of the assets.

The carrying amount, residual value and useful lives are reviewed and adjusted as appropriate at the end of each reporting period with changes in estimates accounted for on a prospective basis.

The Singapore Teachers' Co-operative Society Limited and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.6 Investment properties

Investment properties are properties (land or a building—or part of a building—or both) held directly or under a finance lease to earn rentals or for capital appreciation or both, rather than for (i) use in the production or supply of goods or services or for administrative purposes; or (ii) sale in the ordinary course of business.

Investment properties are recognised at cost less accumulated depreciation and any impairment losses. Fully depreciated investment properties are retained in the financial statements until they are no longer in use.

The carrying amount of investment properties is reviewed annually to determine whether it is impaired at the date of the statement of financial position.

An impairment loss is recognised immediately in the statement of comprehensive income. Any revaluation surplus if recognised is credited directly to revaluation reserve in equity, except to the extent that it reverses the impairment loss of the same asset previously recognised in the statement of comprehensive income, in which case the surplus is recognised in the statement of comprehensive income. An impairment loss is recognised in the statement of comprehensive income, except to the extent that it offsets an existing surplus on the same asset carried in the revaluation reserve.

The accumulated depreciation of an investment property is eliminated on the date of revaluation or impairment.

Gain or loss arising from the retirement or disposal of investment property is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income on the date of retirement or disposal. Any revaluation surplus included in the revaluation reserve in respect of an asset that is disposed or retired is transferred directly to retained earnings.

Depreciation is computed on a straight-line basis so as to write off the cost or the carrying amount over their estimated useful lives. The carrying amount, residual value and useful lives are reviewed and adjusted as appropriate at the end of each reporting period with changes in estimate accounted for on a prospective basis.

2.7 Financial instruments

These accounting policies are applied on and after the initial application date of FRS 109, 1 January 2018:

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the entity becomes party to the contractual provision of the instruments.

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

Trade receivables are measured at the amount of consideration to which the Group 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 Group'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:

i) 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 amortisation process.

The Singapore Teachers' Co-operative Society Limited and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.7 Financial instruments (continued)

(a) Financial assets (continued)

ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from funds and reserves to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in 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 equity instruments is transferred within funds and reserves.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

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). In calculating ECLs for loans to members, the Group 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.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

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

The Singapore Teachers' Co-operative Society Limited and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.7 Financial instruments (continued)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group 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 fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss 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 de-recognised 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.

2.8 Financial instruments

These accounting policies are applied before the initial application date of FRS 109, 1 January 2018:

(a) Classification

i) Financial instruments at fair value through profit or loss

Held for trading ("HFT") – acquired for the purpose of selling or repurchasing in the near term and includes derivatives that are not designated as hedging instruments.

Designated at inception as fair value through profit or loss ("FVTPL") – group of financial assets or liabilities, or both, is managed and its performance is evaluated on a fair value basis.

ii) Held-to-maturity investments ("HTM")

Non-derivative financial instruments with fixed or determinable payments and fixed maturity, and which management has the intention and ability to hold to maturity.

iii) Loans and receivables / non-trading financial liabilities

Non-derivative financial instrument with fixed or determinable payments that are not quoted in an active market.

iv) Available-for-sale financial assets ("AFS")

Non-derivative financial assets that are not HFT, FVTPL, HTM or loans and receivables. AFS include equity and debt securities that are intended to be held for an indefinite period of time and which may be sold in response to changes in the market conditions.

(b) Recognition and derecognition

A financial instrument is recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. With respect to regular way purchase and sale, the instrument is recognised on trade date.

A financial asset is derecognised when then contractual rights to receive cash flows from the asset have expired or have substantially transferred the risks and rewards of ownership of the asset. A financial liability is derecognised when the contractual obligation is discharged, cancelled or expires.

The Singapore Teachers' Co-operative Society Limited and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.8 Financial instruments (continued)

(c) Initial measurement

All financial instruments are initially recognised at fair value plus directly attributable transaction costs except for HFT and FVTPL, whose transaction costs are expensed.

(d) Subsequent measurement

Subsequent to initial recognition, financial instruments are measured as follows:

Categories of financial instruments	Subsequent measurement	Assessment for impairment
<i>Financial assets:</i>		
HFT and FVTPL	(A)	Not applicable
HTM	(B)	Yes
Loans and receivables	(B)	Yes
AFS	(C)	Yes
<i>Financial liabilities:</i>		
HFT and FVTPL	(A)	Not applicable
Non-trading financial liabilities	(B)	Not applicable

- (A) At fair value. Any gains or losses arising from changes in fair value are recognised in the statement of comprehensive income.
- (B) At amortised cost using the effective interest rate method. Gains or losses are recognised in the statement of comprehensive income. In account of financial instruments with a short realisation period of less than one year, the carrying values are assumed to approximate the values using this measurement basis.
- (C) At fair value. Gains or losses from changes in fair value are recognised in other comprehensive income, except that the effects of foreign exchange on such changes are recognised in the statement of comprehensive income. The cumulative fair value gain or loss previously recognised in other comprehensive income is reclassified from the equity to statement of comprehensive income when the financial asset is derecognised. Investments in equity instruments whose fair value cannot be reasonably determined are measured at cost ("Financial assets carried at cost").

Interest income and dividends are recognised in the statement of comprehensive income.

(e) Impairment of financial assets

At the date of the statement of financial position, the Group assesses whether there is any objective evidence that a financial asset is impaired. Impairment loss (if any) is recognised as follows:

i) HTM and loans and receivables

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the impairment loss is recognised in the statement of comprehensive income.

The Singapore Teachers' Co-operative Society Limited and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.8 Financial instruments (continued)

(e) Impairment of financial assets (continued)

ii) AFS

The amount of the impairment loss comprising the difference between its acquisition cost and its current fair value, less any impairment loss previously recognised in the statement of comprehensive income, is transferred from other comprehensive income and recognised in the statement of comprehensive income. In respect of equity instruments, for any subsequent increase in fair value over the carrying (after impairment) value, the resulting reversal of impairment loss shall not be reversed through the statement of comprehensive income, but recognised directly in other comprehensive income. However, impairment loss in respect of debt instruments is reversible to the statement of comprehensive income subject to condition.

iii) Financial assets carried at cost

Impairment losses, measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current rate, shall not be reversed.

2.9 Leases

When the Group is the lessee

The Group leases office space under operating leases from non-related parties.

(i) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in the statement of comprehensive income on a straight-line basis over the period of the lease.

Contingent rentals are recognised as an expense in the statement of comprehensive income when incurred.

When the Group is the lessor

The Group leases investment properties under operating leases to non-related parties.

(ii) Lessor – Operating leases

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in the statement of comprehensive income on a straight-line basis over the lease term.

2.10 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred.

The Singapore Teachers' Co-operative Society Limited and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.10 Employee benefits (continued)

Short-term benefits

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

Accruals is made for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group 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.

Employees' entitlements to annual leave are recognised when they accrue to employees. Such accruals are made for the estimated liability for leave as a result of services rendered by employees up to the date of the statement of financial position.

2.11 Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the income can be reliably measured, regardless of when the payment is made. Income is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before income is recognised:

Rental income

Rental income is recognised on a straight-line basis over the term of the relevant operating leases.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. Finance income comprises interest income from loans granted to members and is recognised using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

2.12 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all the attaching conditions will be complied with. Where the grant relates to an asset, the carrying amount of the asset is deducted against the amount of grant received.

2.13 Finance costs

Interest expenses and similar charges are recognised as it accrues, using the effective interest method.

2.14 Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current income tax for the current period and any adjustments to tax payable in respect of prior periods is recognised to be paid or recovered from the tax authorities, using tax rates and tax laws that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The Singapore Teachers' Co-operative Society Limited and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.14 Income taxes (continued)

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the date of the statement of financial position. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.15 Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of goods and services tax except:

- (i) where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- (ii) receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.16 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are not subject to significant change in value.

2.17 Share capital

Shares held by members are repayable on cessation of membership in accordance with By-law 4.13. Shares shall normally be withdrawn after the effective date of cessation of membership.

Dividends on shares are recognised as finance costs in the statement of comprehensive income in the year in which they are declared and approved for payment.

2.18 Funds

General Reserve Fund

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

- (i) to meet unforeseen losses;
- (ii) to provide a margin beyond the liabilities of the Co-operative so as to ensure its ability to pay such liabilities in full in the event of dissolution; and
- (iii) to enable the Co-operative by reason of the income derived from the General Reserve Fund to reduce the rate of interest on loans granted to members without causing a reduction in the rate of dividend on share capital and bonus shares.

The Singapore Teachers' Co-operative Society Limited and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

2. Summary of significant accounting policies (continued)

2.18 Funds (continued)

The Common Good Fund

This fund shall be used only for the benefit of the members of the Co-operative and may be devoted to any educational, medical, social or charitable purposes.

The Common Good Fund shall be derived from:-

- (i) a subscription of S\$1.00 per month by each member;
- (ii) annual contribution not exceeding ten per cent of the net surplus of the Co-operative subject to the approval of the general meeting; and
- (iii) donations made by third persons.

Co-operative Education and Training Fund

This fund is used for education and training activities of the Co-operative.

Staff Welfare Fund

This fund is established for the benefit and welfare of the staff of the Co-operative and the appropriation is normally from retained surplus.

2.19 Related party

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and the Co-operative if that person:-
 - (i) Has control or joint control over the Co-operative;
 - (ii) Has significant influence over the Co-operative; or
 - (iii) Is a member of the key management personnel of the Group or Co-operative.
- (b) An entity is related to the Group and the Co-operative if any of the following conditions apply:
 - (i) The entity and the Co-operative are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Co-operative or an entity related to the Co-operative. If the Co-operative is itself such a plan, the sponsoring employers are also related to the Co-operative;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The Singapore Teachers' Co-operative Society Limited and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

3. Critical accounting estimates, assumptions and judgements

The preparation of the Group's financial statements requires management to make judgements, 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3.1 Key sources of accounting estimation and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of the statement of financial position, that have a significant risk in causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Depreciation of investment properties, property, plant and equipment

These assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be 5 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, and therefore future depreciation charges could be revised.

Depreciation is computed on a straight-line basis so as to write off the cost over their estimated useful lives as follows:

	<u>Number of years</u>
Investment properties (Note 4)	50
<u>Property, plant and equipment (Note 5)</u>	
Freehold properties (strata-title units)	50
Leasehold buildings	50
Renovation	10
Furniture and office equipment	5
Computers	5

The carrying amounts of investment properties, property and plant and equipment at the end of the reporting period are disclosed in Note 4 and 5, respectively.

(b) Provision for expected credit losses ("ECLs") of loans to members

The Group uses a provision matrix to calculate ECLs for loans to members. The provision rates are based on days past due for groupings of loans that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of members' actual default in the future. The information about the ECLs on the Group's loans to members and the carrying amount of loans to members is disclosed in Note 9 to the financial statements.

The Singapore Teachers' Co-operative Society Limited and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

3. Critical accounting estimates, assumptions and judgements (continued)

3.1 Key sources of accounting estimation and assumptions (continued)

(c) Investment in subsidiary – assessment of impairment (Note 6)

At the date of the statement of financial position, the carrying amount of the Co-operative's investment in subsidiary was S\$529,700 (2017: S\$529,700) after taking into account accumulated impairment losses of S\$470,300 (2017: S\$470,300), as it was determined by the management that the cost of the investment is impaired (see Note 6).

Management has made a judgement that the decline in the carrying value of this investment is significant and prolonged and has considered the long-term duration of the decline and the significant magnitude by which the recoverable amount is below cost. Other factors taken into consideration in determining the impairment loss include the future profitability of the subsidiary, financial health of and near-term business outlook of the subsidiary.

3.2 Critical judgement in applying the entity's accounting policies

In the process of applying the Group's accounting policies, management is not aware of any judgement that has a significant effect on the amounts recognised in the financial statements.

4. Investment properties

	Group and Co-operative	
	2018	2017
	S\$	S\$
<u>Cost</u>		
As at 1 January and 31 December	2,159,819	2,159,819
<u>Accumulated depreciation</u>		
As at 1 January	714,015	651,973
Depreciation charge for the financial year	47,500	62,042
As at 31 December	761,515	714,015
Carrying amount as at 31 December	1,398,304	1,445,804
<u>Fair value</u>		
Leasehold property	2,554,000	2,100,000
Freehold property	1,600,000	1,900,000
	4,154,000	4,000,000

The investment properties are comprised of a 99-year leasehold (strata-title) commercial unit and a freehold (strata-title) commercial unit, held for capital appreciation and rental income purposes.

The fair value of the freehold property as at the end of the reporting period was estimated based on a valuation report prepared by an independent professional valuer at close to the reporting date (2017: based on average transacted prices of similar property units).

The fair value of the leasehold property as at 31 December 2018 and 31 December 2017 was based on the average transacted prices of property units during the financial year, that were of the same nature, in the same vicinity and of similar condition as the Group's investment properties. The average selling price has been adjusted to the size (floor area) of the Group's investment properties. Therefore, the fair value of the properties was determined by reference to market evidence.

The Singapore Teachers' Co-operative Society Limited and its subsidiary
Notes to the Financial Statements
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4. Investment properties (continued)

The following amounts are recognised in the statement of comprehensive income:

	Group		Co-operative	
	2018	2017	2018	2017
	S\$	S\$	S\$	S\$
Rental income from investment properties	60,337	62,044	52,237	44,044
Direct operating expenses arising from rental generating investment properties	(30,575)	(31,795)	(30,575)	(31,795)

5. Property, plant and equipment

<u>Group</u>	Freehold properties S\$	Renovation S\$	Furniture and office equipment S\$	Computers S\$	Total S\$
<u>Cost</u>					
As at 1 January 2017	2,670,424	79,137	97,765	70,113	2,917,439
Additions	-	9,850	487	-	10,337
Disposals	-	(61,140)	(45,352)	(23,157)	(129,649)
As at 31 December 2017	2,670,424	27,847	52,900	46,956	2,798,127
Additions	-	-	24,075	294,216	318,291
Disposals	(203,198)	-	-	-	(203,198)
As at 31 December 2018	2,467,226	27,847	76,975	341,172	2,913,220
<u>Accumulated depreciation</u>					
As at 1 January 2017	714,513	61,197	74,536	58,147	908,393
Depreciation charge for the financial year	76,087	1,782	6,180	8,879	92,928
Disposals	-	(36,215)	(38,061)	(21,233)	(95,509)
As at 31 December 2017	790,600	26,764	42,655	45,793	905,812
Depreciation charge for the financial year	59,478	407	8,584	59,437	127,906
Disposals	(81,175)	-	-	-	(81,175)
As at 31 December 2018	768,903	27,171	51,239	105,230	952,543
<u>Carrying amounts</u>					
As at 31 December 2017	1,879,824	1,083	10,245	1,163	1,892,315
As at 31 December 2018	1,698,323	676	25,736	235,942	1,960,677

The Singapore Teachers' Co-operative Society Limited and its subsidiary
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For the financial year ended 31 December 2018

5. Property, plant and equipment (continued)

<u>Co-operative</u>	Freehold properties S\$	Renovation S\$	Furniture and office equipment S\$	Computers S\$	Total S\$
<u>Cost</u>					
As at 1 January 2017	2,670,424	74,811	82,963	70,113	2,898,311
Additions	-	9,850	487	-	10,337
Disposals	-	(61,140)	(45,352)	(23,157)	(129,649)
As at 31 December 2017	2,670,424	23,521	38,098	46,956	2,778,999
Additions	-	-	24,075	294,216	318,291
Disposals	(203,198)	-	-	-	(203,198)
As at 31 December 2018	2,467,226	23,521	62,173	341,172	2,894,092
<u>Accumulated depreciation</u>					
As at 1 January 2017	714,513	56,871	59,734	58,147	889,265
Depreciation charge for the financial year	76,087	1,782	6,180	8,879	92,928
Disposals	-	(36,215)	(38,061)	(21,233)	(95,509)
As at 31 December 2017	790,600	22,438	27,853	45,793	886,684
Depreciation charge for the financial year	59,478	407	8,584	59,437	127,906
Disposals	(81,175)	-	-	-	(81,175)
As at 31 December 2018	768,903	22,845	36,437	105,230	933,415
<u>Carrying amounts</u>					
As at 31 December 2017	1,879,824	1,083	10,245	1,163	1,892,315
As at 31 December 2018	1,698,323	676	25,736	235,942	1,960,677

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6. Investment in subsidiary

	Co-operative	
	2018	2017
	S\$	S\$
Unquoted equity shares, at cost	1,000,000	1,000,000
Less: Accumulated impairment losses		
Balance at beginning and end of year	(470,300)	(470,300)
	<u>529,700</u>	<u>529,700</u>

Details of the subsidiary is as follows:

<u>Name of subsidiary</u>	<u>Principal place of business</u>	<u>Principal Activities</u>	<u>Percentage of equity held</u>	
			2018	2017
			%	%
Singapore Teachers' International Holdings Pte. Ltd. ("STIH")	Singapore	To carry on the business of investment holding and to act as general or special agents or managers or managing agents and to enter into partnership or any agreement for sharing profits or co-operation	100	100

7. Investment in joint venture

The details of the joint venture (held by subsidiary) are as follows:

<u>Name of joint venture</u>	<u>Principal place of business</u>	<u>Principal activities</u>	<u>Percentage of equity held by the Group</u>	
			2018	2017
			%	%
Singapore Edusmart Learning Hub Pte. Ltd.	Singapore	Educational enrichment for pre-primary and primary pupils (strategic to the Co-operative's activities)	42%	42%

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7. Investment in joint venture (continued)

The summarised financial information of the joint venture and reconciliation with the carrying amount of the investment in the consolidated financial statements is as follows:

Summarised statement of financial position

	2018	2017
	S\$	S\$
<u>Current assets</u>		
Cash and cash equivalents	46,463	21,544
Trade receivables	43,637	40,331
Other current assets	19,371	9,081
Non-current assets	86,559	62,315
Total assets	<u>196,030</u>	<u>133,271</u>
<u>Current liabilities</u>	<u>146,792</u>	<u>103,631</u>
Total liabilities	<u>146,792</u>	<u>103,631</u>
Net assets	<u>49,238</u>	<u>29,640</u>
Proportion of the Group's ownership	<u>42%</u>	<u>42%</u>
Group's share of net assets	<u>20,831</u>	<u>12,540</u>
Carrying amount of the investment	<u>20,831</u>	<u>12,540</u>

Summarised statement of comprehensive income

	2018	2017
	S\$	S\$
Revenue	616,596	350,581
Other income	23,321	5,085
Operating expenses	(602,519)	(385,477)
Depreciation/amortisation expense	(17,801)	(13,727)
Loss from continuing operations	<u>19,597</u>	<u>(43,538)</u>
Income tax	-	-
Income/(loss) after tax	<u>19,597</u>	<u>(43,538)</u>
Other comprehensive income	-	-
Total comprehensive income/(loss)	<u>19,597</u>	<u>(43,538)</u>

The Group jointly controls the joint venture entity with another party (joint venturer) and the joint venture requires unanimous consent from its shareholders for all major decisions.

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8. Financial assets

a) Financial assets, at FVOCI (as at 31 December 2018)

	2018
	S\$
Group and Co-operative	
Quoted equity securities	4,812,273
Quoted bonds (debt instruments)	22,414,402
Unquoted shares in other co-operative societies	2,107,806
	<u>29,334,481</u>

The Group has elected to measure its investments in quoted equity securities and unquoted shares in other co-operative societies at fair value through other comprehensive income due to the Group's intention to hold them for long-term appreciation.

During the year, the Group disposed of investments in equity securities with fair value amounting to S\$ 2,781,933 at the date of derecognition to better manage their market price risk exposure. The cumulative losses arising from the disposals amounted S\$ 86,708 and were transferred from the fair value reserve to retained surplus.

The Group's investments in bonds are classified as financial assets, at FVOCI as the Group holds them to collect contractual cash flows and sell these assets.

The Group recognised dividends amounting to S\$ 178,725 from quoted equity securities still held as at the reporting date and S\$ 28,768 from quoted equity securities disposed during the year prior to their disposal.

b) Available-for-sale financial assets (as at 31 December 2017)

	2017
	S\$
Group and Co-operative	
Quoted equity securities	4,644,313
Quoted bonds	17,314,985
Unquoted shares in other co-operative societies	2,107,806
	<u>24,067,104</u>

The Co-operative's investments in bonds are classified available-for sale financial assets instead of held-to-maturity as the Group generally sells them before maturity date.

The quoted equity securities and bonds are based on their closing bid price quotations on the last market day of the financial year and are classified under Level 1 of the fair value hierarchy.

The unquoted equity shares in co-operative societies are valued based on their realisable values as set out in the by-laws of the respective co-operative societies (the lesser of the nominal value of the shares and net asset value of the share as per the last audited statement of financial position prepared by the co-operative society).

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9. Loans to members

	Group and Co-operative	
	2018	2017
	S\$	S\$
Balance at beginning of financial year	18,389,402	18,511,795
<u>Add:</u>		
Loans granted during the financial year	15,517,950	15,620,730
	<u>33,907,352</u>	<u>34,132,525</u>
<u>Less:</u>		
Repayments during the financial year	(15,595,766)	(15,371,949)
Transfer from share capital	(19,278)	(15,193)
Transfer from general savings (Note 20)	(492,736)	(302,440)
Others	(262)	(328)
Bad debts recovered	-	1,987
Bad debts written off	(272,933)	(55,200)
	<u>(16,380,975)</u>	<u>(15,743,123)</u>
	<u>17,526,377</u>	<u>18,389,402</u>
<u>Less:</u>		
Allowance for expected credit losses/ impairment	(153,451)	(326,297)
Balance at end of financial year	<u>17,372,926</u>	<u>18,063,105</u>
Repayable within one year	5,867,784	6,017,603
Repayable after one year but within five years	11,505,142	12,045,502
	<u>17,372,926</u>	<u>18,063,105</u>

Repayments during the financial year consist of monthly instalments, full repayments and full settlements of existing loans to obtain new loans.

Loans to members bear flat interest rates ranging from 3% to 5.25% (2017: 3% to 5.25%) per annum. Loans to members are repayable within periods of up to 60 months.

Loans to members that are impaired

The movement in allowance for impairment is as follows:

	2017
	S\$
Group and Co-operative	
Balance at beginning of year	259,126
Reversal of allowance	(1,987)
Written-off	(257,139)
Allowance for the financial year	<u>326,297</u>
Balance at end of year	<u>326,297</u>

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9. Loans to members (continued)

Expected credit losses

The movement in allowance for expected credit losses of loans to members computed based on 12-month and lifetime ECL are as follows:

	2018 S\$
Group and Co-operative	
Balance at beginning of year	312,298
Written-off	(116,948)
Allowance for the financial year	(41,899)
Balance at end of year	<u>153,451</u>

10. Trade and other receivables

	Group		Co-operative	
	2018 S\$	2017 S\$	2018 S\$	2017 S\$
Sundry receivables	411	3,875	410	1,375
Interest receivable from:				
- fixed deposits	138,001	201,458	137,917	201,404
- bonds	150,345	131,015	150,345	131,015
Deposits	<u>2,155</u>	<u>2,445</u>	<u>2,155</u>	<u>2,445</u>
	<u>290,912</u>	<u>338,793</u>	<u>290,827</u>	<u>336,239</u>

11. Fixed deposits

	Group		Co-operative	
	2018 S\$	2017 S\$	2018 S\$	2017 S\$
<i>Fixed deposits maturing within 12 months from the financial year end</i>				
- Banks	22,104,855	27,541,762	22,104,855	27,541,762
- Finance companies	<u>8,999,723</u>	<u>9,759,069</u>	<u>8,816,607</u>	<u>9,578,124</u>
	<u>31,104,578</u>	<u>37,300,831</u>	<u>30,921,462</u>	<u>37,119,886</u>

The effective interest rates of fixed deposits maturing within 12 months from the financial year end vary from 0.25% to 2.14% (2017: 0.25% to 2.08%) per annum.

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12. Cash and bank balances

	Group		Co-operative	
	2018	2017	2018	2017
	S\$	S\$	S\$	S\$
Cash on hand	685	755	414	358
Cash at bank	2,592,088	2,877,161	2,333,568	2,623,475
Money market fund	493,668	17,220	493,668	17,220
	<u>3,086,441</u>	<u>2,895,136</u>	<u>2,827,650</u>	<u>2,641,053</u>

13. Retained surplus

	Group		Co-operative	
	2018	2017	2018	2017
	S\$	S\$	S\$	S\$
Balance at beginning of year	4,184,516	3,571,341	4,347,485	3,775,849
Adoption of FRS109	(179,111)	-	(179,111)	-
	<u>4,005,405</u>	<u>3,571,341</u>	<u>4,168,374</u>	<u>3,775,849</u>
Less: Other appropriations				
- Common Good Fund (Note 14)	(30,000)	(80,000)	(30,000)	(80,000)
- Social Services Fund (Note 16)	-	287,230	-	287,230
- Anniversary Dinner Fund (Note 18)	-	183,038	-	89,322
	<u>(30,000)</u>	<u>390,268</u>	<u>(30,000)</u>	<u>296,552</u>
- Rebate on loan interest of 4% (2017: 4%)	(64,624)	(53,042)	(64,624)	(53,042)
- Transfer of fair value reserves of equity instruments at FVOCI upon disposal	(86,708)	-	(86,708)	-
	<u>3,824,073</u>	<u>3,908,567</u>	<u>3,987,042</u>	<u>4,019,359</u>
Net (deficit)/surplus for the year after statutory appropriations	<u>(50,970)</u>	<u>275,949</u>	<u>(66,781)</u>	<u>328,126</u>
Balance at end of year	<u>3,773,103</u>	<u>4,184,516</u>	<u>3,920,261</u>	<u>4,347,485</u>

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14. Common Good Fund

	Group and Co-operative	
	2018	2017
	S\$	S\$
Balance at beginning of year	857,536	775,588
<u>Add:</u>		
Contributions received from members	40,929	41,061
Transfer from general savings (Note 20)	6,189	4,468
Transfer from share capital	33	19
Appropriation for the year (Note 13)	30,000	80,000
	77,151	125,548
	934,687	901,136
<u>Less:</u>		
Amounts disbursed during the year	(58,800)	(43,600)
	(58,800)	(43,600)
Balance at end of year	875,887	857,536

15. Co-operative Education and Training Fund

	Group		Co-operative	
	2018	2017	2018	2017
	S\$	S\$	S\$	S\$
Balance at beginning of year	263,146	282,717	195,715	253,002
<u>Add:</u>				
Refund received	15,205	5,999	15,205	5,999
	278,351	288,716	210,920	259,001
<u>Less:</u>				
Amounts disbursed during the year	(71,243)	(25,570)	(71,243)	(63,286)
Balance at end of year	207,108	263,146	139,677	195,715

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16. Social Services Fund

	Group and Co-operative	
	2018	2017
	S\$	S\$
Balance at beginning of year	-	285,430
<u>Add:</u>		
Refund received	-	1,800
<u>Less:</u>		
Transfer to retained surplus (Note 13)	-	(287,230)
Balance at end of year	-	-

The Fund was established for social service purposes and the appropriation was normally from retained surplus. The Fund was abolished since the prior year.

17. Staff Welfare Fund

	Group and Co-operative	
	2018	2017
	S\$	S\$
Balance at beginning of year	139,629	139,934
<u>Less:</u>		
Amounts disbursed during the year	-	(305)
Balance at end of year	139,629	139,629

18. Anniversary Dinner Fund

	Group		Co-operative	
	2018	2017	2018	2017
	S\$	S\$	S\$	S\$
Balance at beginning of year	-	183,038	-	89,322
Transfer to retained surplus (Note 13)	-	(183,038)	-	(89,322)
Balance at end of year	-	-	-	-

The Fund was set up for the Co-operative's events such as dinner and other celebrations. In the prior financial year, the Fund was abolished and the balance of funds was transferred to the Retained Surplus account.

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19. Share Capital

	Group and Co-operative	
	2018	2017
	S\$	S\$
Balance at beginning of year	7,237,337	7,191,078
Issue of shares	282,971	312,022
Redemption of shares	(288,801)	(265,763)
Balance at end of year	<u>7,231,507</u>	<u>7,237,337</u>

This relates to shares held by members where the Co-operative does not have the right of refusal to members' request for withdrawals upon cessation of membership.

20. General savings

	Group and Co-operative	
	2018	2017
	S\$	S\$
Balance at beginning of year	26,640,514	24,713,461
<u>Add:</u>		
Amounts received from members	3,860,546	4,188,584
Transfer from share capital	35,420	41,311
Transfer from bonus savings with interest (Note 21)	6,107,414	5,972,549
Transfer from term deposits with interest (Note 22)	97,576	221,268
From sundry	2,220	2,776
Other additions		
- Interest on general savings	67,871	61,873
- Dividends on share capital*	709,899	564,645
- Loan interest rebates	64,626	53,042
- Allowances transferred	4,501	29,643
- Honorarium	-	70,000
- Others	23,089	-
	<u>10,973,162</u>	<u>11,205,691</u>
	37,613,676	35,919,152
Amounts withdrawn by members	(7,171,910)	(6,160,738)
Transfer to share capital	(917)	(182)
Transfer to term deposits (Note 22)	(1,993,438)	(2,800,237)
Transfer to Common Good Fund (Note 14)	(6,189)	(4,468)
Transfer to Bonus Savings	-	(1,000)
Adjustment to reduce loans		
- principal (Note 9)	(492,736)	(302,440)
- interest	(6,527)	(8,540)
Others	(1,286)	(1,033)
	<u>(9,673,003)</u>	<u>(9,278,638)</u>
Balance at end of year	<u>27,940,673</u>	<u>26,640,514</u>

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20. General savings (continued)

*Under the Co-operative's By-law 9.4, dividends declared by the Co-operative will be credited to the members' general savings accounts except when a claim is made by a member.

Interest is payable at the rate of 0.25% (2017: 0.25%) per annum and will be credited into members' accounts on 30th June and 31st December annually.

21. Bonus savings

	Group and Co-operative	
	2018	2017
	S\$	S\$
Balance at beginning of year	12,261,298	11,928,011
<u>Add:</u>		
Amounts received from members	12,030,275	11,862,660
Interest on maturity of bonus savings	347,230	342,708
	12,377,505	12,205,368
	24,638,803	24,133,379
<u>Less:</u>		
Premature withdrawals by members	(448,449)	(372,260)
Matured withdrawals by members	(5,323,825)	(5,527,272)
Transfer to general savings with interest (Note 20)	(6,107,414)	(5,972,549)
Transfer to share capital	(42)	-
Transfer to term deposit	(280,542)	-
	(12,160,272)	(11,872,081)
Balance at end of year	12,478,531	12,261,298

Bonus savings are for a period of 24 months and bear effective interest rate of 2.50% (2017: 3.08%) per annum. Bonus savings may be withdrawn prematurely in which case neither interest nor bonuses shall be paid.

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22. Term deposits from members

	Group and Co-operative	
	2018	2017
	S\$	S\$
Balance at beginning of year	26,986,572	24,547,490
<u>Add:</u>		
Amounts received from members	140,124	2,272,810
Transfer from share capital	-	-
Transfer from general savings (Note 20)	1,993,438	2,800,237
Interest on maturity of term deposits	359,025	361,469
Transfer from bonus savings	280,542	-
	2,773,129	5,434,516
	29,759,701	29,982,006
<u>Less:</u>		
Amounts withdrawn by members	(4,109,507)	(2,774,166)
Transfer to general savings (Note 20)	(97,576)	(221,268)
	(4,207,083)	(2,995,434)
Balance at end of year	25,552,618	26,986,572

Term deposits from members are unsecured and bear interest rate of 1.25% to 1.40% (2017: 1.25% to 1.50%) per annum with maturity period of one year.

23. Members' and ex-members' accounts

	Group and Co-operative	
	2018	2017
	S\$	S\$
Balance at beginning of year	18,413	10,834
<u>Add:</u>		
Over deductions and adjustments	129,752	148,926
	148,165	159,760
<u>Less:</u>		
Refunds during the year	(141,333)	(141,347)
	(141,333)	(141,347)
Balance at end of year	6,832	18,413

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24. Trade and other payables

	Group		Co-operative	
	2018	2017	2018	2017
	S\$	S\$	S\$	S\$
Accruals	160,539	187,939	154,469	178,503
Sundry payables	16,721	11,166	14,941	9,642
Interest payable	215,408	231,863	215,408	231,863
Deposits	11,001	11,001	6,001	6,001
GST payable	5,318	5,615	5,318	5,615
	<u>408,987</u>	<u>447,584</u>	<u>396,137</u>	<u>431,624</u>

25. Finance income

This represents interest income from loans granted to members.

26. Investment income

	Group		Co-operative	
	2018	2017	2018	2017
	S\$	S\$	S\$	S\$
Interest income from:				
- bonds	726,919	537,212	726,919	537,212
- fixed deposits	506,833	515,111	506,833	515,111
- savings accounts	8,894	26,144	8,894	26,144
Dividend income from:				
- quoted equity investments	207,493	187,028	207,493	187,028
- unquoted equity investments	114,248	117,498	114,248	117,498
Net gain on disposal of available-for-sale financial assets	-	340,183	-	340,183
Rental income	60,337	62,044	52,237	44,044
	<u>1,624,724</u>	<u>1,785,220</u>	<u>1,616,624</u>	<u>1,767,220</u>

27. Other income

	Group		Co-operative	
	2018	2017	2018	2017
	S\$	S\$	S\$	S\$
Government grants	25,328	59,284	18,692	53,160
Members' admin fee	262,773	274,244	262,773	274,244
Members' entrance fee	982	991	982	991
Sundry income	42,993	10,962	40,578	10,962
Interest income	2,229	2,210	-	-
Bad debts recovered	-	1,987	-	1,987
	<u>334,305</u>	<u>349,678</u>	<u>323,025</u>	<u>341,344</u>

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28. Finance costs

	Group and Co-operative	
	2018	2017
	S\$	S\$
Interest expenses		
- general savings	67,871	61,873
- bonus savings	366,784	343,430
- term deposits from members	323,121	389,576
Dividends paid	709,899	564,645
	<u>1,467,675</u>	<u>1,359,524</u>

29. Staff costs

	Group		Co-operative	
	2018	2017	2018	2017
	S\$	S\$	S\$	S\$
Employee benefits expense (including directors):				
Salaries and bonuses	667,331	839,248	594,997	770,629
CPF Contributions	80,829	103,788	75,227	98,500
Other short-term benefits	5,523	14,272	4,995	13,926
	<u>753,683</u>	<u>957,308</u>	<u>675,219</u>	<u>883,055</u>

30. Taxation

(a) Major components of income tax expense

	Group	
	2018	2017
	S\$	S\$
Current year tax	<u>-</u>	<u>-</u>

(a) Reconciliation between income tax expense and the accounting surplus

	Group	
	2018	2017
	S\$	S\$
Surplus before income tax	<u>24,616</u>	<u>374,882</u>
Tax at the applicable tax rate of 17% (2017: 17%)	4,185	63,730
Tax effect of income that are not chargeable in determining taxable profits	76	(376)
Tax effect of expenses that are not deductible in determining taxable profits	(379)	3,420
Exempt income (net of exempt expenses)*	-	(80,381)
Benefits arising from unrecognised tax loss, tax benefits or temporary differences	<u>(3,882)</u>	<u>13,607</u>
Tax expense	<u>-</u>	<u>-</u>

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30. Taxation (continued)

* Exempt income pertains mainly to the Co-operative's income. The income of any Co-operative Society registered under the Co-operative Societies Act, Cap. 62 is exempted from income tax under Section 13(1)(f)(ii) of the Income Tax Act, Cap. 134.

31. Central Co-operative Fund

Section 71(2)(a) of the Co-operative Societies Act, Cap. 62, requires every society to contribute to the Central Co-operative Fund at 5% of the first S\$500,000 and 20% thereafter of the surplus resulting from operations of the Co-operative.

	Group and Co-operative	
	2018	2017
	S\$	S\$
Balance at beginning of year	50,529	132,433
Payment to CCF	(45,061)	(126,965)
Appropriation for the year	63,273	45,061
	63,273	45,061
Balance at end of year	68,741	50,529

32. Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2018	2017
	S\$	S\$
Fixed deposits (Note 11)	31,104,578	37,300,831
Cash and bank balances (Note 12)	3,086,441	2,895,136
	34,191,019	40,195,967

33. Commitments

Operating lease commitment – as lessor

The Co-operative has entered into a lease agreement on its freehold investment property unit (see Note 4) with its subsidiary, which in turn, sub-leased (as lessor) the property to an external party to generate rental income.

The Group's leasehold investment property unit is leased to a non-related party to generate rental income.

The future minimum rental receivable under non-cancellable operating leases are as follows:

	Group		Co-operative	
	2018	2017	2018	2017
	S\$	S\$	S\$	S\$
Due within one year	45,885	34,270	37,193	32,705
Due after one year but within five years	2,500	15,885	1,776	15,885
	48,385	50,155	38,969	48,590

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33. Commitments (continued)

The total of future minimum sublease payments expected to be received under non-cancellable sublease on the Group's freehold investment property unit at the end of the reporting period is S\$ 32,500 (2017: S\$32,500).

Operating lease commitment – as lessee

The Group's joint venture has lease commitments (as lessee) on office premises and tuition centre.

The future minimum lease payable under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group		Co-operative	
	2018	2017	2018	2017
	S\$	S\$	S\$	S\$
Due within one year	4,823	4,823	-	-
Due after one year but within five years	-	-	-	-
	<u>4,823</u>	<u>4,823</u>	<u>-</u>	<u>-</u>
			Group and Co-operative	
			2018	2017
			S\$	S\$
Lease expense for the financial year			<u>-</u>	<u>5,070</u>

Unrecognised contractual commitments

The total value of unrecognised contractual commitments to be recognised as an expense (for future periods) under the Co-operative's Information Technology shared service and Hardware purchasing, Software System licensing and installation as at the end of the reporting period is S\$560,792 (2017: S\$648,792).

34. Compensation of officers of the Committee of Management

The remuneration and allowances of the officers of the Committee of Management for the financial year are as follows:

	Group	
	2018	2017
	S\$	S\$
<u>Paid/Payable by the Co-operative</u>		
Allowances	-	200
Honorarium	80,000	70,000
Meeting allowances	5,070	6,670
Transport claims	16,819	19,692
Professional fees	-	8,750
	<u>101,889</u>	<u>105,312</u>
<u>Paid/Payable by subsidiary</u>		
Director's remuneration	39,346	37,632
Board meeting allowances	550	950
	<u>39,896</u>	<u>38,582</u>

The Singapore Teachers' Co-operative Society Limited and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

35. Financial risk management

The Group is exposed to credit risk, liquidity risk, market risk and fund management risk which arise in the normal course of its operations. The Group reviews and agrees policies for managing each of these risks and they are summarised below. The Group does not hold or issue derivative financial instruments.

35.1 Summary of Financial Instrument

Group	Financial assets at amortised cost S\$	Financial assets carried at cost S\$	Financial liabilities at amortised cost S\$	Non-financial instruments S\$	Financial assets, at FVOCI S\$	Total S\$
As at 31 December 2018						
Non-current assets						
Investment properties	-	-	-	1,398,304	-	1,398,304
Property, plant and equipment	-	-	-	1,960,677	-	1,960,677
Investment in joint venture	-	20,831	-	-	-	20,831
Financial assets, at FVOCI	-	-	-	-	29,334,480	29,334,480
Loans to members	11,505,142	-	-	-	-	11,505,142
Current assets						
Loans to members	5,867,784	-	-	-	-	5,867,784
Trade and other receivables	290,912	-	-	-	-	290,912
Prepayment	-	-	-	1,090	-	1,090
Fixed deposits	31,104,578	-	-	-	-	31,104,578
Cash and bank balances	3,086,441	-	-	-	-	3,086,441
Total assets	51,854,857	20,831	-	3,360,071	29,334,480	84,570,239
Current liabilities						
Share capital	-	-	7,231,507	-	-	7,231,507
General savings	-	-	27,940,673	-	-	27,940,673
Bonus savings	-	-	12,478,531	-	-	12,478,531
Term deposits from members	-	-	25,552,618	-	-	25,552,618
Members' and ex-members' accounts	-	-	6,832	-	-	6,832
Trade and other payables	-	-	408,987	-	-	408,987
Central co-operative fund	-	-	68,741	-	-	68,741
Total Liabilities	-	-	73,687,889	-	-	73,687,889

**The Singapore Teachers' Co-operative Society Limited and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018**

35. Financial risk management (continued)

35.1 Summary of Financial Instrument (continued)

Group	Loans and receivables S\$	Financial assets carried at cost S\$	Non-trading financial liabilities S\$	Non-financial instruments S\$	Available-for- sale financial assets S\$	Total S\$
As at 31 December 2017						
<u>Non-current assets</u>						
Investment properties	-	-	-	1,445,804	-	1,445,804
Property, plant and equipment	-	-	-	1,892,315	-	1,892,315
Investment in joint venture	-	12,540	-	-	-	12,540
Available-for-sale financial assets	-	-	-	-	24,067,104	24,067,104
Loans to members	12,045,502	-	-	-	-	12,045,502
<u>Current assets</u>						
Loans to members	6,017,603	-	-	-	-	6,017,603
Trade and other receivables	338,793	-	-	-	-	338,793
Prepayment	-	-	-	109,037	-	109,037
Fixed deposits	37,300,831	-	-	-	-	37,300,831
Cash and bank balances	2,895,136	-	-	-	-	2,895,136
Total assets	58,597,865	12,540	-	3,447,156	24,067,104	86,124,665
<u>Current liabilities</u>						
Share capital	-	-	7,237,337	-	-	7,237,337
General savings	-	-	26,640,514	-	-	26,640,514
Bonus savings	-	-	12,261,298	-	-	12,261,298
Term deposits from members	-	-	26,986,572	-	-	26,986,572
Members' and ex-members' accounts	-	-	18,413	-	-	18,413
Trade and other payables	-	-	447,584	-	-	447,584
Central co-operative fund	-	-	50,529	-	-	50,529
Total Liabilities	-	-	73,642,247	-	-	73,642,247

The Singapore Teachers' Co-operative Society Limited and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

35. Financial risk management (continued)

35.1 Summary of Financial Instrument (continued)

Co-operative As at 31 December 2018	Financial assets at amortised cost S\$	Financial assets carried at cost S\$	Financial liabilities at amortised cost S\$	Non-financial instruments S\$	Financial assets, at FVOCI S\$	Total S\$
<u>Non-current assets</u>						
Investment properties	-	-	-	1,398,304	-	1,398,304
Property, plant and equipment	-	-	-	1,960,677	-	1,960,677
Investment in subsidiary	-	529,700	-	-	-	529,700
Financial assets, at FVOCI	-	-	-	-	29,334,480	29,334,480
Loans to members	11,505,142	-	-	-	-	11,505,142
<u>Current assets</u>						
Loans to members	5,867,784	-	-	-	-	5,867,784
Trade and other receivables	290,827	-	-	-	-	290,827
Prepayment	-	-	-	1,090	-	1,090
Fixed deposits	30,921,462	-	-	-	-	30,921,462
Cash and bank balances	2,827,650	-	-	-	-	2,827,650
Total assets	51,412,865	529,700	-	3,360,071	29,334,480	84,637,116
<u>Current liabilities</u>						
Share capital	-	-	7,231,507	-	-	7,231,507
General savings	-	-	27,940,673	-	-	27,940,673
Bonus savings	-	-	12,478,531	-	-	12,478,531
Term deposits from members	-	-	25,552,618	-	-	25,552,618
Members' and ex-members' accounts	-	-	6,832	-	-	6,832
Trade and other payables	-	-	396,137	-	-	396,137
Central co-operative fund	-	-	68,741	-	-	68,741
Total Liabilities	-	-	73,675,039	-	-	73,675,039

**The Singapore Teachers' Co-operative Society Limited and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018**

35. Financial risk management (continued)

35.1 Summary of Financial Instrument (continued)

Co-operative As at 31 December 2017	Loans and receivables S\$	Financial assets carried at cost S\$	Non-trading financial liabilities S\$	Non-financial instruments S\$	Available-for- sale financial assets S\$	Total S\$
Non-current assets						
Investment properties	-	-	-	1,445,804	-	1,445,804
Property, plant and equipment	-	-	-	1,892,315	-	1,892,315
Investment in subsidiaries	-	529,700	-	-	-	529,700
Available-for-sale financial assets	-	-	-	-	24,067,104	24,067,104
Loans to members	12,045,502	-	-	-	-	12,045,502
Current assets						
Loans to members	6,017,603	-	-	-	-	6,017,603
Trade and other receivables	336,239	-	-	-	-	336,239
Prepayment	-	-	-	109,037	-	109,037
Fixed deposits	37,119,886	-	-	-	-	37,119,886
Cash and bank balances	2,641,053	-	-	-	-	2,641,053
Total assets	58,160,283	529,700	-	3,447,156	24,067,104	86,204,243
Current liabilities						
Share capital	-	-	7,237,337	-	-	7,237,337
General savings	-	-	26,640,514	-	-	26,640,514
Bonus savings	-	-	12,261,298	-	-	12,261,298
Term deposits from members	-	-	26,986,572	-	-	26,986,572
Members' and ex-members' accounts	-	-	18,413	-	-	18,413
Trade and other payables	-	-	431,624	-	-	431,624
Central co-operative fund	-	-	50,529	-	-	50,529
Total Liabilities	-	-	73,626,287	-	-	73,626,287

The Singapore Teachers' Co-operative Society Limited and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

35. Financial risk management (continued)

35.2 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations, resulting in a loss to the Group. The Group's exposure to credit risk arises primarily from loans to members. For other financial assets (including financial assets, at FVOCI, fixed deposits and cash and cash balances), the Group minimises credit risk by dealing with high credit rating counterparties.

In the management of credit risk on loans to members, the Group considers the probability of default upon initial recognition of the loan and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group generally does not require a collateral on loans.

The Group has determined the default event on loans to members to be when internal and/or external information indicates that the loan is unlikely to be received, which could include default of loan instalments due for more than 30 days or there is significant difficulty of the member in repaying the loan.

To minimise credit risk, the Group has developed and maintained the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is based on the Group's own records to rate its loans to members. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- Actual or expected significant adverse changes in Singapore's financial or economic conditions that are expected to cause a significant change to the members' ability to meet their obligations,
- Actual or expected significant changes in the employment status and creditworthiness of the individual members,
- Significant changes in the expected performance and behaviour of the member, including changes in the payment status of members in the group and changes in the creditworthiness of the member.

Regardless of the analysis above, a significant increase in credit risk is presumed if a member has defaulted (past due) in making a loan instalment payment.

The Group determined that its financial assets are credit-impaired when:

- There is a significant difficulty of the member,
- A breach of the loan agreement, such as a default or past due event,
- It is becoming probable that the member will enter bankruptcy or another financial difficulty.

The Group categorises a loan for potential write-off when a member has defaulted in making loan instalment payment for at least 180 days. Loans are written off when there is evidence indicating that the member is in severe financial difficulty and there is no realistic prospect of recovery of the loan.

The Group's current credit risk grading framework comprises the following categories:

Category	Definition	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is past due, there has been a significant increase in credit risk since initial recognition or there is evidence indicating the loan is credit-impaired (in default).	Lifetime ECL - credit-impaired
III	There is evidence indicating that the member is in severe financial difficulty and the loan has no realistic prospect of recovery.	Amount is written off

The Singapore Teachers' Co-operative Society Limited and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

35. Financial risk management (continued)

35.2 Credit risk (continued)

The table below details the credit quality of the Group's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	Note	Category	12-month or lifetime ECL	Gross carrying amount S\$	Loss allowance S\$	Net carrying amount S\$
31 December 2018						
Loans to members	9	I	12-month ECL	17,177,031	(1,367)	17,175,664
Loans to members	9	II	Lifetime ECL	349,346	(152,084)	197,262
				<u>17,526,377</u>	<u>(153,451)</u>	<u>17,372,926</u>
1 January 2018						
Loans to members	9	I	12-month ECL	17,339,528	(427)	17,339,101
Loans to members	9	II	Lifetime ECL	856,763	(311,871)	544,892
				<u>18,196,291</u>	<u>(312,298)</u>	<u>17,883,993</u>

The Group has assessed the latest repayments and creditworthiness of the members, adjusted for the future outlook of the economic environment. In the current year, loans amounting to S\$ 272,932 were deemed credit-impaired owing to change in the members' financial situation and default of loan instalments. Accordingly, the Group measured the impairment loss using the lifetime ECL and determined that the entire amount owed was to be written off.

35.3 Liquidity risk

Liquidity risk is the risk that the Group and the Co-operative will not be able to meet its financial obligations as and when they fall due. The Group's and the Co-operative's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's and Co-operative's reputation.

The Group and the Co-operative monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's and Co-operative's operations and to mitigate the effects of fluctuations in cash flows.

The following table analyses the Group's and Co-operative's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the date of statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Group		Co-operative	
	One year or less S\$	Total S\$	One year or less S\$	Total S\$
At 31 December 2018				
Share capital	7,231,507	7,231,507	7,231,507	7,231,507
General savings	27,940,673	27,940,673	27,940,673	27,940,673
Bonus savings	12,478,531	12,478,531	12,478,531	12,478,531
Term deposits from members	25,552,618	25,552,618	25,552,618	25,552,618
Members' and ex-members accounts	6,832	6,832	6,832	6,832
Trade and other payables	408,987	408,987	396,137	396,137
Central Co-operative Fund	68,741	68,741	68,741	68,741
	<u>73,687,889</u>	<u>73,687,889</u>	<u>73,675,039</u>	<u>73,675,039</u>

The Singapore Teachers' Co-operative Society Limited and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

35. Financial risk management (continued)

35.3 Liquidity risk (continued)

	Group		Co-operative	
	One year or less	Total	One year or less	Total
	S\$	S\$	S\$	S\$
At 31 December 2017				
Share capital	7,237,337	7,237,337	7,237,337	7,237,337
General savings	26,640,514	26,640,514	26,640,514	26,640,514
Bonus savings	12,261,298	12,261,298	12,261,298	12,261,298
Term deposits from members	26,986,572	26,986,572	26,986,572	26,986,572
Members' and ex-members accounts	18,413	18,413	18,413	18,413
Trade and other payables	447,584	447,584	431,624	431,624
Central Co-operative Fund	50,529	50,529	50,529	50,529
	<u>73,642,247</u>	<u>73,642,247</u>	<u>73,626,287</u>	<u>73,626,287</u>

35.4 Fund management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders value.

The Co-operative is also required to comply with the prudential requirements issued in 2010 by the Registrar of the Co-operative Societies. The relevant ratios are:

	Prudential Requirements		Co-operative	
	2018	2017	2018	2017
Capital Adequacy Ratio (CAR)	≥ 8%	≥ 8%	12.2%	12.5%
Minimum Liquid Assets (MLA)	≥ 13%	≥ 13%	48.1%	54.3%
Restricted Investments	≤ 30%	≤ 30%	24.3%	20.1%

The Co-operative had complied with all of the prudential requirements for the financial years ended 31 December 2018 and 31 December 2017.

35.5 Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Price risk on quoted bonds and equity

Group

If prices for quoted bonds and equity increase or decrease by 10% (2017: 10%) with all other variables held constant, the Group's fair value reserves would increase or decrease respectively by S\$2,722,668 (2017: S\$2,195,930).

The Singapore Teachers' Co-operative Society Limited and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

35. Financial risk management (continued)

35.5 Market risk (continued)

Foreign currency risk

The Group is not exposed to foreign currency risk since it does not operate in currencies other than the functional currency of each entity.

Interest rate risk

The Group is not exposed to any significant interest rate risk.

35.6 Fair value of financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including loans to members, trade and other receivables, fixed deposits, cash and bank balances, share capital, general savings, bonus savings, term deposits from members, members' and ex-members' accounts, trade and other payables and central co-operative fund) are assumed to approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of the financial assets and liabilities are disclosed in the respective notes to the financial statements.

The fair values of other financial assets and liabilities are determined as follows:

- the fair value of financial assets and financial liabilities traded on liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on observable current market transactions and dealer quotes for similar instruments.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

	Level 1	Level 2	Level 3	Total
	S\$	S\$	S\$	S\$
Group and Co-operative				
2018				
Financial assets, at FVOCI				
Quoted equity securities	4,812,273	-	-	4,812,273
Quoted bonds	22,414,401	-	-	22,414,401
Unquoted shares in other co-operative societies	-	2,107,806	-	2,107,806
	<u>27,226,674</u>	<u>2,107,806</u>	<u>-</u>	<u>29,334,480</u>

The Singapore Teachers' Co-operative Society Limited and its subsidiary
Notes to the Financial Statements
For the financial year ended 31 December 2018

35. Financial risk management (continued)

35.6 Fair value of financial assets and liabilities (continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
Group and Co-operative				
2017				
Available-for-sale financial assets				
Quoted equity securities	4,644,313	-	-	4,644,313
Quoted bonds	17,314,985	-	-	17,314,985
Unquoted shares in other co-operative societies	-	2,107,806	-	2,107,806
	<u>21,959,298</u>	<u>2,107,806</u>	<u>-</u>	<u>24,067,104</u>

Information regarding Financial asset, at FVOCI and available-for-sale financial assets are disclosed in Note 8.

36. Comparative information

Reclassifications

Certain reclassifications have been made to the comparative information to enhance comparability with current year's financial statements. These reclassifications do not have any impact on the financial results of the Group or Co-operative.

	<u>As previously</u>	<u>Amount</u>	<u>As</u>
	<u>reported</u>	<u>reclassified</u>	<u>reclassified</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
<u>Group</u>			
<u>2017 Statement of Comprehensive Income</u>			
Other income	315,557	34,121	349,678
Net loss on disposal of property, plant and equipment	-	(34,121)	(34,121)
<u>Co-operative</u>			
<u>2017 Statement of Comprehensive Income</u>			
Other income	307,223	34,121	341,344
Net loss on disposal of property, plant and equipment	-	(34,121)	(34,121)

37. New or revised accounting standards and interpretations

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

<u>Effective date</u> <u>(annual periods</u> <u>beginning on or</u> <u>after)</u>	<u>New or revised accounting standards and interpretations</u>
1 Jan 2019	. FRS 116 Leases
Date to be determined	. Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

38. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Committee of Management on 20 April 2019.

**THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED
AND ITS SUBSIDIARIES**
(Registered under the Co-operative Societies Act, Cap. 62, Singapore)

**DETAILED INCOME STATEMENT FOR THE YEAR ENDED
31 DECEMBER 2018**

	CO-OPERATIVE	
	2018	2017
	S\$	S\$
Revenue		
Interest income from:		
- loans granted to members	1,299,456	1,299,113
- bonds	726,919	537,212
- fixed deposits	506,833	515,111
- savings account	8,894	26,144
Dividend income from:		
- quoted equity investments	207,493	187,028
- unquoted equity investments	114,248	117,498
Contributions		
- common good fund	47,151	45,548
- co-operative education and training fund	15,205	5,999
- social service fund	-	1,800
Net gain on disposal of child care centre	-	93,458
Net gain on disposal of available-for-sale financial assets	-	340,183
Rental income	52,237	44,044
Administrative fee income	262,773	274,244
Child care income	-	292,802
Entrance fee income	982	991
Impairment loss written back on property	-	-
Bad debt recovered	-	1,987
Other income	59,270	64,122
	<u>3,301,461</u>	<u>3,847,284</u>
LESS: EXPENDITURE		
Depreciation of investment properties	(47,500)	(62,042)
Depreciation of property, plant and equipment	(127,906)	(92,928)
Interest expense paid/payable on:		
- general savings	(67,871)	(61,873)
- bonus savings	(366,784)	(343,430)
- term deposits from members	(323,121)	(389,576)
Dividends paid	(709,899)	(564,645)
Net loss on disposal of bonds	(2,001)	-
Net loss on disposal of property, plant and equipment	(57,325)	(34,121)
Staff costs	(675,219)	(883,055)
Withdrawals		
- common good fund	(58,800)	(43,600)
Utilisation of funds		
- co-operative education and training fund	(71,243)	(63,286)
- staff welfare fund	-	(305)
Others	(784,987)	(919,080)
	<u>(3,292,656)</u>	<u>(3,457,941)</u>
SURPLUS FROM OPERATIONS	<u>8,805</u>	<u>389,343</u>

This page does not form an integral part of the financial statements

**THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED
AND ITS SUBSIDIARIES**

(Registered under the Co-operative Societies Act, Cap. 62, Singapore)

**DETAILED INCOME STATEMENT FOR THE YEAR ENDED
31 DECEMBER 2018**

	Co-operative	
	2018	2017
	S\$	S\$
OTHER EXPENSES		
Administrative expenses	33,600	10,000
Affiliation fee	1,093	1,091
Allowance for expected credit losses on loans to members	(41,899)	-
Art fees	-	4,554
AC exp/internal audit	18,039	-
Auditor's remuneration	20,000	22,700
Bank charges	3,758	5,328
Centre activities	-	919
Central pay office charges	6,447	6,309
Children book and teachers' resources	-	485
Children insurance	-	341
Co-operative activities	36,115	16,928
Computer service charges and supplies	117,001	116,725
Conservancy and service charges	-	316
Debts Collection Fees	42,000	50,000
Education and training expenses	-	683
Expenses in operating Grobina Condominium	7,419	9,691
General meeting expenses	26,082	29,482
General expenses	10,301	12,016
Household expenses	-	451
Insurance	22,972	27,823
Investment management fee	47,439	-
Legal fees	12,454	32,525
Maintenance of equipment	3,171	-
MC meeting allowance	4,700	5,250
Membership drive expenses	3,562	3,272
Music and drama fees	-	9,061
Property maintenance fee	35,350	36,324
Postages	7,776	13,446
Printing and stationery	10,777	13,589
Property tax	12,380	13,130
Provision for doubtful debts	-	326,297
Bad debts written off	272,933	55,200
Refreshments	6,990	14,252
Rental expenses	-	5,070
Repairs and maintenance	-	7,598
Spark expenses	-	400
Secretary and treasurer allowance	16,500	8,400
Supervisory board expenses	6,120	6,360
Sub comm meeting allowance	370	1,420
Telephone expenses	11,554	13,573
Toiletries	-	153
Transport expenses	21,020	23,513
Utilities	8,963	14,405
	<u>784,987</u>	<u>919,080</u>

This page does not form an integral part of the financial statements

APPENDIX 1

The Singapore Teachers' Co-operative Society Limited
83rd Committee of Management (2018/2019)
Attendance at the Committee of Management Meetings for the Year 2018

Member	J	F	M	A	M	J	J	A	S	O	N	D	Total	%
Mr Richard Zaccheus Bains	1	1	1	1	2	1	1	1	1	1	1	1	13	100
Mr Allan Tok Wei Cheng	1	1	1	1	2	1	1	1	1	1	1	1	13	100
Mr Fok Kim Fook	1	1	1	1	2	1	1	1	1	1	1	1	13	100
Mdm Elaine Seah Ee Leng	0	1	1	0	1	1	1	1	1	0	0	0	7	53.8
Mr Guo Youjun Eugene	0	1	0	0	0	0							1	14.3
Mr Ng Khiam Siong Dickson Jedidiah					1	1	1	1	1	1	1	1	8	100
Mdm Elene Lim Lan Hiang	0	1	1	0	2	1	0	1	1	0	0	1	8	61.5
Mr Peter Tan Swee Chong	1	1	1	1	1	1	0	1	1	1	0	1	10	76.9
Mdm Patsy Ng Moi Sng	1	1	0	1	2	0	1	0	1	1	1	0	9	69.2
Mr Chern Meng Hock	1	0	1	0	2	0	1	1	1	1	1	1	10	76.9
Mr Wilson Koh Kian Neng	1	0	1	1	2	1	1	1	1	1	1	1	12	92.3

Note:

1. Mr Guo Youjun Eugene : Resigned w.e.f. 1/7/2018
2. Mr Ng Khiam Siong Dickson Jedidiah : Appointed w.e.f. 26/5/2018

COMMITTEES' LIST 2018/2019

Executive

- Chairperson - Mrs Brenda Tan
Vice-Chairman - Mr Goh Ek Piang

- Recording Secretary - Mr Teo Chor Kai

Members

- Mr Richard Zaccheus
Mr Fok Kim Fook
Mr Allan Tok Wei Cheng
Mdm Elene Lim Lan Hiang

Loan – It will consist of five members from the following list:

- Chairman - Mr Richard Zaccheus / Mr Allan Tok Wei Cheng
Hon Treasurer - Mr Fok Kim Fook/Mdm Elaine Seah Ee Leng/Mr Ng Khiam Siong Dickson
Members - Mdm Elene Lim Lan Hiang, Mr Wilson Koh Kian Neng, Mr Teo Chor Kai

***Only one member each from the Chairman and Treasurer's group need to attend meetings.**

Investment

- Chairman - Mr Richard Zaccheus
Vice Chairman - Mr Fok Kim Fook

- Recording Secretary - Ms Jaise Choi

Members

- Mdm Elaine Seah Ee Leng
Mr Teo Chor Kai
Mr Chern Meng Hock

Media/ Publicity/Welfare

- Chairperson - Mdm Patsy Ng Moi Sng
Secretary - Mr Koh Kian Neng
Editor - Mr Teo Chor Kai

Members

- Mr Peter Tan Swee Chong
Mdm Shamsulbadariah
Ms Lau Bee Eng
Ms Tan Hui Teng
Mdm Garmit Kaur
Mr Willy Kang

Internal Auditors

Members

- Mr Phua Chin Hong
Professional Accountants from
M/s Yang Lee & Associates

Audit Committee

- Chairman - Mr Sam Lam
Secretary - Mdm Patsy Ng Moi Sng

Member

- Mr Allan Tok Wei Cheng

Remuneration

- Chairperson - Mrs Brenda Tan
Secretary - Mr Phua Chin Hong

Members

- Mr Goh Ek Piang
Mr Richard Zaccheus
Mr Fok Kim Fook

- Senior Manager - Mr Teo Chor Kai

APPENDIX 3

PROPOSED DISTRIBUTION OF 2018 SURPLUS

	S\$	S\$
SURPLUS FOR THE YEAR 2018		718,704.00
(including dividend payment of \$709,899 in June 2018)		
Less: Contribution to Central Co-operative Fund	***	(68,740.80)
		<u>649,963.20</u>
Add: Balance Brought Forward as at 31 December 2018		<u>3,462,958.68</u>
		4,112,921.88
Proposed Dividend on Share Capital: 7% x \$7,231,507.05 (2017 = 8% + 2%)	506,205.49	
Proposed Loan Interest Rebate: 3% x \$1,299,456.44 (2017 = 4% + 1%)	<u>38,983.69</u>	(545,189.19)
		<u>3,567,732.69</u>
Distribution to:-		
Common Good Fund	70,000.00	
Honorarium	55,000.00	
Retained Surplus	<u>3,442,732.69</u>	(3,567,732.69)
		<u>0.00</u>
Net Surplus after Distribution		<u><u>0.00</u></u>



ZACCHEUS RICHARD BAINS
CHAIRMAN



FOK KIM FOOK
HON TREASURER

DATED: 20 APRIL 2019

*** Central Co-operative Fund		
Surplus for the Year 2018	8,805.00	
Add: Dividend payment	<u>709,899.00</u>	
	718,704.00	
1st S\$500,000 @ 5%	<u>(500,000.00)</u>	25,000.00
Balance @ 20%	218,704.00	<u>43,740.80</u>
		<u><u>68,740.80</u></u>

APPENDIX 4

THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LTD ESTIMATES FOR FY 2019 - FY 2020			
	FY 2019	FY 2019 (Adjustments)	FY 2020
	S\$	S\$	S\$
Auditor's Remuneration	20,000		20,000
Administrative Expenses - Grobina Condo	18,000	(13,000)	5,000
Administrative Expenses	33,600		33,600
Affiliation Fees	2,000		2,000
Allowance for Hon Secretary & Treasurer	20,000		20,000
Allowance for expected credit loss / impairment of loan	250,000		250,000
Bank Charges	6,500		6,500
Bad Debts Written Off	250,000		250,000
CPF Contributions	83,000		83,000
Co-Operative Activities	50,000		50,000
Computer & Equipment	20,000		20,000
Computer Software	100,000		100,000
Computer Service & Supplies	100,000		100,000
Courier & Postage	20,000		15,000
Debts Management Fees	42,000		42,000
Furniture & Office Equipment	50,000	(20,000)	30,000
General Meeting Expenses	40,000		40,000
General Expenses	10,000		10,000
Insurance	25,000		25,000
Internal Audit / AC Expenses	28,000		28,000
Investment Management Fees	100,000	(50,000)	50,000
Maintenance of Office Premises	5,000		5,000
Maintenance of Office Equipment	7,000		7,000
Membership Drive Expenses	20,000	(10,000)	10,000
MC Meeting / Attendance Allowance	9,000		9,000
Printing & Stationery	25,000		25,000
Professional & Legal Expenses	50,000		50,000
Property Tax & Quit Rent	16,000		16,000
Refreshment	8,000		8,000
Renovation	50,000		50,000
Salaries for Staff	620,000		620,000
Service Charges for Check-off	8,000		8,000
Service Charges for Premises	40,000		40,000
Skill Development Levy	1,500		1,500
Sub-Comm Meeting / Attendance Allowance	2,000		2,000
Dental & Medical Expenses for Staff	9,000		9,000
Telephone Charges	16,000		16,000
Transport Expenses	30,000	(5,000)	25,000
Utilities	14,000	(2,000)	12,000
TOTAL	\$ 2,198,600	\$ (100,000)	\$ 2,093,600

APPENDIX 5

THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LTD

MAXIMUM LIABILITY

The Committee of Management reviewed its savings policy and is satisfied that it is possible to maintain the present level of liability and provide members with better returns. It is therefore recommended that the maximum borrowing limit of the Society for the year 2019 be set at **S\$75,000,000**.

	BALANCE 31/12/2018	MONTHLY CONTRIBUTION	PROJECTED BALANCE 31/12/2019	ESTIMATE INTEREST PAYABLE	INTEREST PAYABLE 31/12/2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
GENERAL SAVINGS	27,941	300	30,000	82	68
BONUS SAVINGS	12,479	1,010	15,000	400	367
TERM DEPOSITS	25,553	-	30,000	390	323
TOTAL	\$ 65,973	\$ 1,310	\$ 75,000	\$ 872	\$ 758



ZACCHEUS RICHARD BAINS
CHAIRMAN



FOK KIM FOOK
HON TREASURER

DATED: 20 APRIL 2019

APPENDIX 6

REPORT ON RESTRICTED INVESTMENTS (RI)**1. What are Restricted Investment?**

Restricted Investment or RI refers any form or type of investment other than the following:

- (a) bonds issued by statutory board in Singapore,
- (b) Singapore dollars deposits in financial institutions licensed by the Monetary Board of Singapore (MAS),
- (c) Singapore Government Securities,
- (d) Capital guaranteed investment funds or products managed by financial institutions licensed or regulated by MAS, where the issuer(s) guarantee the return of 100% of the capital invested at a predetermined date in the future,
- (e) Special Investment based on 10% of the total assets of the society.

2. Limits on RI

On 28/05/2016, at the society's 80th Annual General Meeting, members of the society approved the proposal to invest up to 30% of its total assets in RI for a period of 3 years.

Subsequently, the Registrar of Co-operative Societies endorsed the application for the society to increase its RI limit from 20% to 30%, from 20/07/2016 to 31/07/2019, or the society's Annual General Meeting date in 2019 whichever is earlier.

As at 31/12/2018, the society's RI amounted to \$20,594,117.39, or 24.33% of its total assets of \$84,637,117.76.

3. Performance of RI

For FY2016, the members of the Investment Committee (IC) used only 14.89% of the 30% allowed. Use of 30% on RI was only granted in July 2016. The return on RI was 4.18%.

In FY2017, the society's RI investment was 20.11% and the return was 5.64%.

For FY2018, the amount of RI as at 31/12/2018 was 24.33%. The return on investment was 3.39%.

For the three years, the average return was a respectable 4.40% which met the society's upper end target of between 3.5% and 4.5%.

In November 2017, the society engaged the services of a wealth management bank to manage equities. \$5 million was placed with them to invest in equities for a projected return of 4.5% to 5.0%. Discretionary mandate was given to them. Members of the IC monitored trading closely. In the third quarter of the year, members noted that the funds

were not performing up to expectation. They then recommended to the members of the COM to terminate the agreement which took effect in August 2018. The equities under their charge were transferred back to the society.

As the equity market was volatile and depressed for most part of 2018 globally as well as locally, the diminution in the society's investments value as at 31/12/2018 was around \$1.1m. However, for the first quarter of 2019, the local stock market has recovered quite a bit and the diminution in value has reduced to about \$400,000. During this period, some investments had been sold and gains realised. Despite the difficult market conditions, the overall return in RI for 2018 was 3.39%. The positive returns were due to the interests from bonds and dividends received.

PERFORMANCE ON RESTRICTED INVESTMENTS (RI) FOR THE PAST THREE YEARS

Restricted Investments and Portfolio Mix	Portfolio Mix (%)	FY2018		FY2017		FY2016	
		Investment Amount (\$)	Actual Portfolio Mix (%)	Investment Amount (\$)	Actual Portfolio Mix (%)	Investment Amount (\$)	Actual Portfolio Mix (%)
Shares listed on SGX	35%	4,812,273.05	18.95	4,644,313.0	17.96	3,253,692.00	13.39
Corporate bonds and Managed Funds	65%	15,082,154.34	59.40	11,989,317.56	46.36	8,107,763.25	33.38
Shares in private companies	Nil	529,700.00	2.09	529,700.00	2.05	529,700.00	2.18
Shares in other co-operatives (invest after 30/06/2010)	Nil	169,990.00	0.67	169,990.00	0.66	169,990.00	0.70
Total RI	100%	\$20,594,117.39	81.11%	\$17,333,320.56	67.03%	\$12,0621,145.25	49.65%
Total Assets		\$84,637,117.76		\$86,204,242.44		\$80,975,366.00	
Approved RI %		30%		30%		30%	
Approved RO @ 30% of Total Assets		\$25,391,135.33		\$25,861,272.73		\$24,292,609.80	
RI as a % of Total Assets		24.33%		20.11%		14.89%	

Restricted Investments	FY2018		FY2017		FY2016	
	Investment Amount (\$)	Net Income (\$)	Investment Amount (\$)	Net Income (\$)	Investment Amount (\$)	Net Income (\$)
Shares listed on SGX	4,812,273.05	120,783.93	4,644,313.0	540,710.87	3,253,692.00	198,486.84
Corporate bonds and Managed Funds	15,082,154.34	566,881.47	11,989,317.56	421,677.89	8,107,763.25	300,120.25
Shares in private companies	529,700.00	-	529,700.00	-	529,700.00	-
Shares in other co-operatives (invest after 30/06/2010)	169,990.00	9,599.40	169,990.00	14,599.40	169,990.00	9,599.40
Total	\$20,594,117.39	\$697,264.80	\$17,333,320.56	\$976,988.26	\$12,0621,145.25	\$504,206.49
Returns on restricted investments		3.39%		5.64%		4.18%

4. Adoption of new financial reporting standards

Under FRS 109, debt instruments are subsequently measured either at fair value through profit or loss (FVPL), amortised cost or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Co-operative's business model for managing the assets; and whether the instruments' contractual cash flows represent 'society payments of principal and interest' on the principal amount outstanding.

The assessment of the Co-operative's business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The Co-operative has made an irrevocable decision to recognise changes in the fair value of all its quoted equity securities not held for trading and previously classified as available-for sale, in other comprehensive income. As a result, quoted equity securities were reclassified from "Available-for-sale financial assets" to "Financial assets, at FVOCI" on 1 January 2018.

The Co-operative's quoted bonds previously classified as "Available-for-sale financial assets" were reclassified to "Financial assets, at FVOCI" on 1 January 2018. The Co-operative's business model on these assets is to collect contractual cash flows and sell these assets. The contractual cash flows of these investments consist solely of payments of principal and interest.

For quoted equity securities on derecognition, 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 equity instruments is transferred within funds and reserves and not recognised in profit or loss.

5. Reason for seeking approval to extend the RI ratio of 30% for another three years.

Based on the performance of the last three years, the society invested about \$20 million in RI. On average, the return on investment (ROI) was 4.4%. This return was definitely much higher than placing in fixed deposits with banks which averaged to less than 2%. Income from corporate bonds and dividend received from listed companies were major contributors towards the RI earnings.

Higher income for the society would translate into higher dividend for members' share capital and higher interest rates for Term Deposits and General Savings.

If members approve the 30% RI limit, we plan to place the investible funds broadly based on the following asset allocation:

Restricted Investments	Current (%) Approved on 20/07/2016	Proposed (%)
Shares Listed on SGX	35	25
Corporate bonds and Managed funds	65	70
Shares in private companies	0	5
Shares in other co-ops (invested after 30/06/2010)	0	
Total	100	100

6. Special Investment (SI)

The Registrar of Co-operatives Societies has taken cognizance of the fact that cash rich co-operatives were not getting good returns on their surplus cash at hand as most would have placed them as fixed deposits with banks receiving only meagre returns.

In March 2019, the Registrar of Co-operatives Societies gave written directions to credit co-operatives permitting them to use up to 10% of their total assets to invest in the Central Investment Scheme (CIS), if the credit society is able to meet the MLA requirement as set out in the prevailing Written Direction on Minimum Liquid Assets issued by the Registrar (reference: RCS SF70.1.2).

This investment scheme is established in conjunction with the Central Co-operative Fund subject to terms and conditions of its agreement with the appointed fund manager.

The COM decided to place \$2 million in this CIF fund.

APPENDIX 7

EXTENSION OF RESTRICTED INVESTMENTS (RI) 30% BE EXTENDED FOR ANOTHER THREE YEARS FROM 25/05/2019 TO 24/05/2022, OR ON THE SOCIETY'S ANNUAL GENERAL MEETING DATE WHICHEVER IS EARLIER.

Resolved that the current limit of Restricted Investments (RI) of 30% limit be extended for another three years from 25/05/2019 to 24/05/2022, or on the date of the society's Annual General Meeting date in the third year whichever is earlier.



Zaccheus Richard Bains
Chairman



Fok Kim Fook
Hon Treasurer



Tan Swee Chong
Committee Member

Dated: 25 May 2019

APPENDIX 8

THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LTD

150 CHANGI ROAD #02-06

GUTHRIE BUILDING

SINGAPORE 419973

TEL: 6440 4393

83RD ANNUAL GENERAL MEETING – 25 MAY 2019
NOMINATION FOR ELECTION TO THE COMMITTEE OF MANAGEMENT – 2019/2022

NO	NAME OF CANDIDATE	NAME OF PROPOSER	NAME OF SECONDER
1.	MDM ELENE LIM LAN HIANG	MR ZACCHEUS RICHARD BAINS	MR FOK KIM FOOK
2.	MR CHERN MENG HOCK	MR ZACCHEUS RICHARD BAINS	MR FOK KIM FOOK
3.	MDM KIREN KAUR GILL	MR GANESAN THIRUVALLUVAN	MR SANTOKH SINGH S/O AJAIB SINGH
4.	MR SANTOKH SINGH S/O AJAIB SINGH	MR GANESAN THIRUVALLUVAN	MDM KIREN KAUR GILL



BRENDA TAN
VICE PRESIDENT
RETURNING OFFICER

DATED: 15 APRIL 2019

NOTES

Co-operative Principles

Voluntary Association and Open Membership

1. Membership of a co-operative society shall be voluntary and available without artificial restriction or any social, political, racial or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities of membership.

Democratic Control

2. Co-operative societies are democratic organisations. Their affairs shall be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary societies should enjoy equal rights of voting (one member, one vote) and participation in decisions affecting their societies. In other than primary societies the administration should be conducted on a democratic basis in a suitable form.

Limited interest on Capital

3. Share capital shall only receive a strictly limited rate of interest, if any.

Equitable division of surplus

4. The economic results arising out of the operations of the society belong to the members of that society and shall be distributed in such a manner as would avoid one member gaining at the expense of others.
This may be done by decision of the members as follows:
 - (a) By provision for development of the business of the Co-operative;
 - (b) By provision of common services; or,
 - (c) By distribution among the members in proportion to their transactions with the society.

Co-operative Education

5. All co-operative societies shall make provision for the education of their members, officers, and employees and of the general public, in the principles and technique of Co-operation, both economic and democratic.

Co-operation among Co-operatives

6. All co-operative organisations, in order to best serve the interests of their members and communities shall actively co-operate in every practical way with other co-operatives at local, national and international levels.



The Singapore Teachers' Co-operative Society Ltd

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