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Notice is hereby given that the **84th ANNUAL GENERAL MEETING** RI7KH6LQDSRUH7HDFKHUV¶
Co-operative Society Limited will be held **electronically** on Saturday, 12th September 2020 at 1030
hours

A G E N D A

1. ~~78~~
2. To confirm the minutes of the 83rd Annual General Meeting held on 25th May 2019.
3. To receive, and if approved, to accept the Report of the Committee of Management and the Audit Report for the year ended 31st December 2019.
4. To receive and if approved, to accept the Statement of Accounts for the year ended 31st December 2019.
5. ~~79~~
6. To consider and approve the Adjustments for FY 2020 and Estimated Expenditure for FY 2021 for the Society. (Annex 5)
7. To consider and approve the Maximum Liability of \$75 million for the year 2020, which the society may incur in loans and deposits from members and non-members, vide by-laws 9.11 and 9.12. (Annex 6).
8. ~~79~~ -laws.
9. To consider and approve the re-appointment of Yang Lee & Associates as the Internal Audit of the society for the period 2020 to 2022.
10. To consider and appoint Reanda Adept PAC (Ms Vivienne Chiang Kok Ying) as External Auditor for financial year 2020.
11. Elections.
 - 11.1 To elect **five** members to serve on the Committee of Management for a term of three years.
12. To transact any other business RIZKLFKDWOHVWVHYHECOHDUGDVQWLFHVKDOOKDYHEHHQ given in writing to the Chief Executive Officer.

By Order of the Committee of Management



TEO CHOR KAI
CHIEF EXECUTIVE OFFICER

UNCONFIRMED MINUTES

**THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LTD
150 CHANGI ROAD
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Minutes of the 83rd Annual General Meeting (AGM) held on Saturday, 25 May 2019 at Parkroyal on Kitchener Road, 181 Kitchener Road, Singapore 208533

Present:

**President : DS Lim Boon Wee
1st Vice-President : Mrs Brenda Tan
2nd Vice-President : Mr Goh Ek Piang
and 75 members**

Commencement of Meeting

The 83rd AGM commenced at 1005 hours. The President of the society, DS Lim Boon Wee chaired the meeting.

Item 1 THE PRESIDENT'S ADDRESS

The Singapore economy grew 3.2% in 2018. This was 0.3% lower than that in 2017. For 2019, the Ministry of Trade and Industry maintained the forecast GDP growth to be between 1.5% and 3.5%.

The many uncertainties besieging the world such as the US and China trade war, Brexit turbulence in the financial markets. Equities all over the world also took a beating. Many wealth managers fared poorly, suffering huge losses, especially towards the end of 2018.

Society's Performance:

Despite the lackluster performance in equities, the overall return on Restricted Investments was still a respectable 3.39%. The positive return was probably due to the dividends received from equities and interests from corporate bonds.

In view of the lower net profit, the dividends, loan interest rebates and honorarium had to be reduced correspondingly.

Members of the Committee of Management (COM) terminated the arrangement with them in July 2018, halting the realized losses. Members of the Investment Committee (IC) of the society then took over the management of the equity investments.

Loan Interest Rates:

Despite the hike in interest rate by the US Federal Reserve Board which correspondingly affected the banks' lending rates in Singapore, the society kept the loan interest rate unchanged.

Savings and Deposits:

Though the maximum liability was raised to \$75 million, deposits from members did not compare to the banks, which had increased the interest rates for their fixed deposits.

The society has increased its interest rates for Term Deposits for 2019 to be more competitive. The management is also constantly seeking better deposit interest rates from the banks to benefit members.

Better Returns for Members:

The COM endeavours to pay members good dividends and high interests on deposits. To achieve this objective, the loan interest rates would have to be raised and the borrowers would have to bear the brunt of this. Members of the IC are in constant search to invest the surplus funds to generate more income to meet the higher payment. As the investment income made up 50% of the total income, the COM would like to continue with its investment strategies. They would like to seek your approval to extend the current Restricted Investment (RI) limit of 30% limit for another three years.

The current RI limit of 30% for the society granted by the Registrar of Co-operative Societies would expire in July 2019. A resolution to this effect would be put forth later for your decision and I would like to urge you all to give it your full support.

Special Investment (SI)

The Registrar of Co-operative Societies in its written directions to credit co-operatives in October 2018 had allowed them to invest 10% of their total assets in the Central Investment Scheme (CIS), a scheme established in conjunction with the Central Co-operative Fund (CCF). This is in addition to the RI percentage limits allowed for the co-operatives. The appointed fund management. Expected return would be between 3% and 5% per year. The scheme also requires the placement of monies for a three-year lock-in period, that is, the capital and any surplus earned can only be withdrawn after a period of three years. The COM deliberated on the scheme and decided to place \$2 million in the scheme. The return would be deposited.

Accounts Reporting Standards

The COM adopted the new Financial Reporting Standard FRS 109, using the **fair value through profit /loss** statement of accounts. Under this reporting standard, the gains/losses upon disposal cannot be recognized. This might slightly impact the set surplus of the financial year.

IT and Media:

The society had successfully migrated its IT system to the new one. The new system had been operating smoothly since November 2018. The Thrift & Loan and General Ledger systems had been linked, thus saving time and doing away with double entries which might give rise to errors.

To continue with its effort to help keep the environment green, the society had reduced its printing of the AGM report from around 4,500 copies previously to 400 copies for 2019. This is commendable as the reduction is more than 90%.

The Society had introduced the use of Electronic Direct Mailing (EDM) to connect with members. It rolled out the project in March 2019 using it to communicate with members RQWKLVDUW\$*0PDWWHUVVXFKDVRWLFHRIPHHLQXUFKDVHRIOXDK tickets, etc. Response from members via this method was very encouraging. Members were also able to access the 83rd Annual Report & Statement of Accounts from their email.

The use of EDM would be one of the new modes of communication with members to establish greater connectivity.

Membership:

Despite the incentives provided to reward members who helped recruit members, I noted that the membership has not increased. As members, all of you should encourage your colleagues in schools to join the society to boost the membership base.

Common Good Fund:

After much effort, the Common Good Fund benefits were finally streamlined.

Under the old rules, an ordinary member would need to retire from the education service and resign from the society before he was given the cash reward. Under the new rule, all ordinary members who had contributed the \$1.00 per month Common Good Fund for more than 30 years would receive \$800 without them having to resign from the society. This cash award was given to them as long as they had made CGF contributions for 30 years and they did not need to retire and resign from the society to receive this cash award.

More than 700 ordinary members who had contributed for more than 30 years had already had the amount due to them credited into their General Savings accounts in March 2019.

For new members who joined after 1 January 2019, the CGF entitlement would follow WKHQZUXOHVSXEOLVKHGLQKHVRSRILHWWZ

Malacca Condominium:

The sale of the condominium had been finally completed and the Maybank account in Johore Bahru closed.

Conclusion:

In conclusion, despite the financial turbulence, the society had kept an even keel. The COM, particularly, the IC members must be credited for their commitment and timely decisions in equity investments, thus preventing more losses. I would also like to thank the Chairman, Mr Richard Zaccheus for leading his team of members through another successful year and wish them more success in the future.

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 Mr Leong Poong Choon.

Item 3 ADDRESS BY THE CHAIRMAN, MR RICHARD ZACCHEUS

3.1 Introduction

DS 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 COM, ladies and gentlemen, good morning and a warm welcome to our 83rd Annual General Meeting

The Economic Environment

2018 was a volatile year as recession fears and geopolitical chaos swirled around. Economists predicted stress arising from some emerging markets, which could spill over geopolitical turmoil that had roiled markets in the past and will also continue to pose an overhang to the markets as a result of the ongoing America and China trade trade tensions between America and China not easing.

The Society's Performance

The society had to face many challenges during the course of the year. To meet these challenges the management and staff continued to work together, leveraging on each RWKHU's strengths. With prudent budgeting and astute administration, the society was able to generate a surplus of \$718,704.00. We propose to pay out a dividend of 7% on the share capital amounting to \$506,205.49 and a patronage rebate of 3% on the loan interest amounting to \$38,983.69. Members would receive a total of \$545,189.19 or 75% of our surplus.

Loans

Loans form the core business of the society. The society disbursed a total of \$15,517,950 as loans in 2018. The Loan Committee reviewed the loan policies and rules to streamline the method of disbursement of loans to members. Members who were caught in a financial bind, were given exceptional loans as a special dispensation to tide them over during their time of need.

The interest rates charged varied between 3.5% and 5.5%, which were more competitive than the banks, financial institutions and money lenders

Investments

The investment environment for 2018 was not favourable for big scale investments. We sought the help of wealth managers from financial institutions to manage our equities. They were given \$5 million to invest in equities for a projected return of 4.5% to 5.0%. The IC monitored the trading and noted that the funds were not performing up to its expectation. The society terminated the mandate given to the bank to trade. A more comprehensive report on Restricted Investment and Special Investment is found on pages 86 to 89 of the AGM Report for your reference.

The IC was not deterred from making investments because of inherent risks and uncertainties. It was disciplined when planning investment strategies, looking beyond potential returns and assessing if the society could accept the risks that came with specific investments.

The New Information Technology System

The society has installed a new IT system, which would enable the society to provide a better, faster and efficient service. As Singapore digitalizes, the society must also embrace digital transformation and innovation and live up to the expectations of our members. We are moving away from paper to a paperless society. We intend to support WKHJRYH's efforts. The e-news would be conducted on-line, which would cut cost and save time. The e-news would provide more regular updates, the latest happenings and insights, enabling our members to have their fingers on the pulse of the society. I urge all of you to support our effort to go paperless. We would like to stop sending hard copies to our members in the immediate future as most of our senior citizens are becoming avid users of technology. Our new initiative, the EDM system would establish greater connectivity with our members.

Future Plans

The society needs to announce a clear and refreshing articulation of a new vision for the future. Moving forward and making the society a member-centric entity is most important. The COM should turn its diversity and differences to uphold the consensus based decision-making model when dealing with issues to keep the co-operative united, relevant and effective.

needs to be integrated into key business decisions, like sourcing, product design and point-of-sale considerations.

The staff forms an integral part of the society. Having conversations with members of the staff about where the society is heading and their role in the transformation builds trust. Having an open work culture and a system to gather robust feedback from the staff and to act on it, is very crucial. A management which cares and builds a culture that resonates with the staff will see productivity thrive.

Co-operative intends to build a coherent and far-sighted co-operative which allows the members to thrive in an environment of sustainability and stability. We must be alert to face the rapid pace of change in the economic landscape and uncertainties in the global economy. To survive in this environment, the society must transform to stay competitive and relevant.

Conclusion

I would like to conclude by thanking our president, Mr Lim Boon Wee for agreeing to chair this AGM. Our appreciation goes to our two vice-presidents Mrs Brenda Tan who is also our Returning Officer for the election and Mr Goh Ek Piang for all his advice and support. The COM must be accorded due recognition for its part in the progress and vibrancy of the society.

The society would not have performed so well if not for the tireless efforts and team spirit of the staff. Finally our thanks to all our members for your loyalty and support. Our thanks also goes to Mr Jagjit Singh for vetting the 2017 AGM minutes.

Thank you.

- Item 4 TO CONFIRM MINUTES OF THE 82ND ANNUAL GENERAL MEETING HELD ON 26 MAY 2018**
- 4.1** The minutes of the 82nd AGM held on Saturday, 26 May 2018 were unanimously accepted as proposed by Mr Allan Tok and seconded by Mdm Lau Bee Eng.
- Item 5 TO RECEIVE AND, IF APPROVED, TO ACCEPT THE REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 2018**
- 5.1** Mr T Subramaniam requested for time to read the report, and the Chairman acceded to his request.
- 5.2** Mr Jagjit Singh Sandhu raised two questions relating to item 14.1 in the report on Restricted Investments. He wanted to know what else caused the losses stated and whether there was a need for a review.
- 5.3** Mr T Subramaniam, on a point of order, stated that DS Lim was the Chairman of the meeting. He should be chairing the meeting and know all the procedures. DS Lim should not refer to Mr Teo for answers. He also mentioned that Mr Teo was a paid employee of the society and was not a member of the COM.

5.4

DS Lim responded that for certain specific and factual questions for which he did not have the answers, he had to refer to the Chairman of the COM. However, when answering any queries, he was not obliged nor dictated by a third party to provide answers to questions from members.

DS Lim then referred WR 0U -DJMLW 6LQK 6DQKX HDUOLHU WZR TXHVWLRQ \$V WKH questions required specific and factual answers, he directed the COM to provide Mr Singh with a written response, which was flashed on the screen.

6/LPWKH QODERUDWHGRWKHVRFLHW\ SHTXHQ\ He noted that the society had not performed well in equities in 2018.

He conjectured that perhaps the wealth manager appointed by the society could have made bad decisions. As the wealth manager was given the full mandate to buy and sell equities, the COM was unable to control the decisions made. He further pointed out that on hindsight certain things should not have been done. However, he opined that if one was able to have hindsight of what events could happen in the future, then everyone would be rich.

DS Lim then highlighted that the COM had made a key decision earlier to engage a wealth manager to manage its surplus funds in equities for a better return so that the society could benefit.

The IC monitored the performance closely. At a point of time, in the course of the year, they found the performance of equities unsatisfactory. There were trading losses ZKLFK LPSDFWHG WKH VRFLHW\ ERWWRP OLQ 7KH VWUDWHJ\HPSORHG E\WKH ZHDOW\ manager was untenable. So the IC recommended to the COM to terminate the contract to prevent further losses. Subsequently, the society terminated the mandate DUUD\PHQ\ZLWKWKHZHDOWKPDQJHU\EDQ\XO\

(YHQKRXJKWKHFROUDFWZLWKWKHZHDOWKPDQJHU\EDQ\ZDVWH\HPLQWHG,&GLG panic and held on to the equities at hand. It was difficult to conclude whether to hold on to them, or to liquidate. He added that to sell them off when prices were low would have entailed huge losses. As the society had the capacity to hold on to its equities as it did not need to recall the invested funds.

To put all the surplus funds into fixed deposits with banks might not have been a great idea as the interest rates for deposits were low. Therefore, the COM had to take measured decisions to engage in some risk-taking to generate higher returns.

DS Lim mentioned further that the task of the IC was not an enviable one. When more money was made, there was no appreciation. However, when money was lost, they would be blamed.

He then illustrateG WKH &20\ FROHUQQ\LVN making and commitment to generate more income for the society. The COM decided to invest only \$2 million instead of \$8 million which was allowed by the Registrar of Co-operative Societies in the Special Investment Fund. The COM took into consideration the following:

- (i) there was a lock-in period of three years;
- (ii) profit made could only be withdrawn at the end of the minimum three-year tenure; and
- (iii) the returns ranged from 3.5% to 5.0% and they were not guaranteed.

This later model was different from the earlier one as no one would be able to foretell the performance. It was also not a sure bet. It would be good if things were to turn out well. The job of the COM was not an enviable one.

The COM was at all times veU\HULRXVDERXW WKH VRFLHW\ LQHVPHQ\ V:KH\WKH\ decided to terminate the contract on the management of the equities, they took into

account the monthly fees that had to be paid to the wealth manager irrespective of whether there was a profit or loss.

Mr Jagjit Singh Sandhu then opined that the society should lay off from equities as he was advised that the market was expected to go down further. He hoped that the society would be more prudent in its investment in equities.

He further noted that many members were sent for overseas conferences and seminars. He wanted to know,

- (i) [REDACTED]
- (ii) whether the conferences had enhanced the ability of those members who attended them and whether they contributed to the vibrancy of the society, and
- (iii) the cost incurred.

He recalled that he had requested upon their return, members who participated in conferences and seminars, share their learning and experiences with other members. YLD WKH VRFLHWY QZVOHWWHU RU WKURXJK RWKHU PHDQH VXJJHVWHG WKDW WKH SDUWLFLSDQMHX

6/LPQWHG0U6LQYTXHULHVDQGLUHFWHGWKH&20WRSURYLGHWKHXWFRPHVRI some of the past conferences. He also advised the COM to bear in mind the cost factor when sending members to participate in future conferences and seminars.

Mr T Subramaniam next observed that the COM went for retreats every year. He noted that they went overseas to faraway places. He wanted to know where the members went to in 2018. He noted that more than \$30,000 was spent on the retreat. He knew this because he was once a member of the COM.

He suggested that such money be paid out as dividends to members or rebates to borrowers instead.

DS Lim reasoned that he understood the sentiments of members. He noted that the society did not do too well in 2018, thus all the calls for prudent spending be paramount.

Mr Dickson Ng, the 2nd Hon Assistant Treasurer, stated that he had the good fortune to WDONWRSHRSOHIURP)RUWXQHUJDUGLQWKHVRFLHWYSHUIRUPDQH7KHPDUYHOHG DWWKHVRFLHWYDELOLWWRKQHMWZPW. He noted that the society had a good profit, maximum dividend returns and minimum risks. They would like to learn from the society on how to achieve such feats. He then replied that the COM went to Sri Lanka for the year-end retreat in 2018. He asserted that it was not a holiday trip. The participants delved into areas on Investment, Common Good Fund, IT and Media. It was not an easy job for the organizers. Group presentations were made and findings recorded.

The changes in the Common Good Fund Policy and Rules were adopted and subsequently implemented in March 2019.

With regard to equity investment, Mr Dickson Ng affirmed that the IC monitored the market movement conscientiously. The IC did not panic when the market was bad. As the mandate for trade was given to the wealth manager, they could not interfere in the decision making. They met the fund manager for a review and subsequently decided to terminate the mandate arrangement after considering all options. That decision had proven to be the best for the society as it stopped the daily losses of the society. The society also saved on the monthly management fees. He then requested that anyone who had knowledge on equities and could better manage the investment should come forward to help the society.

Mr T Subramaniam recalled the losses made by STIH in 2015. However, DS Lim ruled him out of order. Mr T Subramaniam then commented that it was possible to make 3% to 4% return on equity investment by just investing in a few stocks. He then gave the percentage dividend returns which the local banks had been paying.

However, DS Lim pointed out that in a bad market, even blue chips were not spared. He opined that as the society had reserves which it did need to use to meet current expenditure, they could use such reserves for longer term investment. The COM needed to be careful, but, it should not be overtly careful in risk taking such that the reserves were invested only in fixed deposits generating low returns. Hindsight would be needed if every investment was to produce positive returns.

Mr Jagjit Singh then shared with the members present his investment portfolio managed by his son who gave him a return of 4% and above for all his investments.

He also claimed that he had been an official of the society for many years and he knew what was happening and that he might make a comeback.

~~HRSLQGWKDWLIWKHVRFLHWFRXOGQWPDNHPHPEHUVPRQURZWKHPROVKRXOG~~
not depreciate. He concurred that while the retreat was necessary, it should be cost sensitive. He gave an example of having a retreat locally which might cost around \$3,000.00 rather than having it overseas, which cost more than \$30,000.00.

At this juncture the 2nd Vice-President, Mr Goh Ek Piang reminded members that when taking to the floor, they should remain focused on the items on the agenda. They should not deviate into history talk or personal glorification.

Mr Jagjit Singh then proposed that the report be adopted with the provision that the few hundred mistakes in the report would be corrected.

Mr T Subramaniam took to the floor and directed his question to page 21 of the report regarding STIH to Mr Richard Zaccheus. He pointed out that there were a lot of losses in 2015 and Mr Richard Zaccheus promised to carry out a review and close STIH.

Mr Richard Zaccheus replied that for the year 2018, STIH was in the black. As a consequence of new strategies being implemented, STIH had made profits in 2017 and 2018. Since it was making money, STIH remained a viable proposition.

~~HVSLWH0U=DFFKHXVQH/SRQT~~ Subramaniam reiterated that STIH was losing money. He also questioned whether there was proper accounting done to show that STIH was in the black.

Mr Richard Zaccheus replied that the accounts were included in the annual report. He told Mr T Subramaniam that he should have written in for the numbers he wanted to know so that they could be ascertained first and then presented.

Mr Jagjit Singh Sandhu then proposed that the report of the COM be accepted on condition that it was corrected. Chairman, Mr Richard Zaccheus requested Mr Jagjit Singh to provide all the amendments to the society. The adoption of the report was seconded by Mdm Garmit Kaur.

Item 6 TO RECEIVE AND, IF APPROVED, TO ACCEPT THE STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018

6.1 The Statement of Accounts for the year ended 31 December 2018 was unanimously accepted as proposed by Mdm Garmit Kaur and seconded by Mr Wilson Koh.

Item 7 TO CONSIDER AND APPROVE THE PROPOSED “DISTRIBUTION OF 2018 SURPLUS” (APPENDIX 3)

7.1 Mr Santokh Singh referred to page 69 of the annual report and requested to know why the quantum of honorarium was raised from \$70k to \$80k when the society did not fare too well in the 2018 financial year. He also wanted to know to whom the honorarium

7.2 (to honorarium) of a co-operative. Even though the dividends for shareholders were For 2018, the society did not make a loss, it only had a reduced net surplus. Consequently, the honorarium for the COM was reduced correspondingly. With regard to staff salary, by comparison, the Senior Manager was paid a salary that was 50% below market value.

The honorarium paid to the Chairman was also low by comparison. Mr Dickson Ng opined that the staff and the COM were not overpaid. He invited those who could help the society make more money to come forward. He was prepared to relinquish his post to such members.

Mr Dickson Ng recalled that Mr Jagjit Singh had mentioned that his son could confidently generate 4.5% and above on investments every year. He requested that Mr Jagjit Singh get his son to give his written input so that the society could move on.

7.3 At this juncture, DS Lim Boon Wee cautioned that members should only focus on issues at hand.

7.4 Mr -DJMLW6LQKURVHWRREMHFWWR0ULFNVRQVUHPDUNV HZDQHG0ULFNVRQ 1JWRZLWKGUDZWKRVHUHPDUNVRWKHUZLVHKHZRXOGVXHKLPIRUEULQKLVVRQPH into such a public place.

7.5 6/LP%RRQHUXOHG WKDW0U -DJMLW6LQKZLVK WRXKHNg was a private affair and he did not wish to be dragged into it.

7.6 Mr Jagjit Singh persistently called out for Mr Dickson Ng to withdraw his remarks.

7.7 DS Lim BoonWee had to repeatedly tell Mr Jagjit Singh to take his seat as he wished to proceed with the meeting which still had substantive issues to deal with.

7.8 Mr Santokh Singh resumed with his questions. He wanted to know why while the society was not doing well, the honorarium payment went up from \$70,000.00 to \$80,000.00. He also wanted to know who the recipients of the honorarium were.

7.9 Mr Chern Meng Hock, a member of the COM replied that the honorarium for 2017 was \$80,000.00 and the proposed honorarium for 2018 was \$55,000.00. This represented a reduction and not an increase as claimed. Even though the society did not earn more than 2017, the overall returns on investments was still more than three percent.

He added that when investing the IC and the COM took cognizance of the fact that it was critical on their part to saIHJXDUG WKHPHPEHUVPRQwith regard to Mr T 6XEUDPDQDPVFRPPHVVWGDWWKHVRFLHWVLOHVWPHVZHUHQWGRLLZHOOKHRSLEG WKDWWKHZRUGZHOOZDVUHODWLYH

It was also time sensitive. He asserted that what was well in investing a particular counter in 2015 might not be well in 2019. StarHub was a good example. Its price was around \$4.50 in 2015 and currently it was around \$1.50.

7.10 Mr Jagjit Singh next rose and demanded that Mr Dickson Ng withdraw his earlier remarks. He also rHTXHVWHGWKHVRFLHWWSURYLGHKLPZLWKDUHFRUGLQRIWKHPHHLQ proceedings.

- 7.11 DS Lim Boon Wee ruled the request to be out of order.
- 7.12 Mr Jagjit Singh then voiced that he would get his lawyer to write to the society. He also commented that DS Lim should have ruled Mr Dickson Ng out of order earlier. He had been unfair by not doing so.
- 7.13 DS Lim Boon Wee replied that he had been very fair.
- 7.14 **7KHLVWULEXWLRQI VXUSOXVZDV WKHQDQPRXVODFFHSHWG DV SURSRVHGE**
Mdm Ng Moi Sng Patsy and seconded by Mdm Elaine Seah.
- Item 8 TO CONSIDER AND APPROVE THE ADJUSTMENTS FOR FY2019 AND ESTIMATED EXPENDITURE FOR FY2020 FOR THE SOCIETY (APPENDIX 4)**
- 8.1 Mr Jagjit Singh asked why there was a budget of \$20,000.00 for Hon Secretary/Hon Treasurer, when the society had been functioning without a Hon Secretary. He also wanted to know if all the money was paid to the Hon Treasurer.
- 8.2 Mr Richard Zaccheus replied that the \$20,000.00 was just a provision. In the event that a Hon Secretary was appointed then the appointee could be paid an allowance. DS Lim asserted that this issue had been raised before and the same reasons had been given. He cautioned members against repeating questions which had been raised earlier or in previous years.
- 8.3 The Adjustments for FY2019 and Estimated Expenditure for FY2020 for the society was unanimously accepted as proposed by Mdm Elaine Seah and seconded by Mr Wilson Koh.
- Item 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-LAW'S 9.11 AND 9.12**
- 9.1 The maximum liability at \$75 million for the year 2019 was unanimously accepted as proposed by Mr Chern Meng Hock and seconded by Mr Wilson Koh.
- Item 10 TO APPROVE THE EXTENSION OF THE 30% RESTRICTED INVESTMENT (RI) FOR ANOTHER PERIOD OF THREE YEARS**
- 10.1 The resolution to extend the 30% Restricted Investment (RI) for another period of three years was unanimously approved with 77 voting for and none against.
- Item 11 TO APPOINT MESSRS REANDA ADEPT PAC AS EXTERNAL AUDITORS FOR THE FINANCIAL YEAR 2019**
- 11.1 The members unanimously accepted Messrs Reanda Adept PAC as the External Auditors for the financial year 2019 as proposed by Mdm Ng Moi Sng Patsy and seconded by Mdm Elene Lim.

Item 12 ELECTIONS

12.1 DS Lim referred members to the insert given on page 91. Members present would elect three members out of the five candidates to serve in the COM for a period of three years starting from 25 May 2019 to 31 May 2022. He then invited 1st Vice-President, Mrs Brenda Tan, the Returning Officer to introduce the candidates and conduct the election.

12.2 Mrs Brenda Tan briefed the members present that she had earlier disqualified all the five candidates standing for election based on the Policy and Rules Governing Election of Members crafted by members of the COM. However, to be effective these rules had WREHUHJLVWHUHGLQVKHVRFLHWY-16ys, she announced under clause 59 (9) of the Co-op Act which states:

1. Nomination of candidates for election to be members of the Committee of Management of a society; and
2. The election, appointment, term of office, suspension or removal of the members of the COM of the society, shall be as provided in the by-laws of the society.

As the reasons for the disqualifications were not LQVKH VRFLHWY-16ys, she announced that to comply with the Co-op Act clause 59 (9), she had rescinded her decision on the disqualifications. She then named the five candidates eligible for election. They were:

1. Mdm Elene Lim Lan Hiang
2. Mr Chern Meng Hock
3. Mdm Kiren Kaur Gill
4. Mr Santokh Singh s/o Ajaib Singh
5. Mr Jagjit Singh Sandhu

Mrs Brenda Tan next briefed members on the procedure for the election. She also introduced each candidate for members to acknowledge. She reminded members to choose three candidates only as that was the number of vacancies available.

She also mentioned that 2nd Vice-President, Mr Goh Ek Piang would be the Presiding Officer. He would lead the counting officials consisting of Miss Jaise Choi, Mrs Chia Teck Lim and Mdm Hariyani Bte Masrool. She also requested for two independent volunteers from the floor to be scrutineers. Mr Charanjit Singh and Mr T Subramaniam volunteered. Members then proceeded to cast their votes.

12.3 While members were proceeding to cast their votes, Mr T Subramaniam rose to ask the Returning Officer some questions.

He stated that he was confused as originally there were only four named candidates. Suddenly, five candidates were put up for election. He found it all very confusing and wanted to know what had happened.

12.4 Returning Officer, Mrs Brenda Tan replied that she had explained earlier why she disqualified all the five candidates. The reasons why she rescinded her decision were also mentioned.

12.5 Mr T Subramaniam wanted to know which rule she had used to disqualify the candidates and the reasons for the disqualification.

12.6 Mrs Brenda Tan replied that, according to the rules crafted by the COM, Mr Jagjit Singh was disqualified because of the age limit. The rest were disqualified because

two of them did not have the proposers present at the society, while the other two did not have the proposer and seconder signing together at the time when they submitted their nomination papers.

12.7 Mr T Subramaniam cautioned that the Returning Officer should follow the elections SURFHGXUHVVDVSUHVFFULEHGLQKHVRFLLHWVE just follow the rules crafted by the COM.

12.8 The Returning Officer replied that an error was made and she had rescinded her earlier decision.

12.9 DS Lim continued that he had been briefed by the officials on the election issue. Since the issue had been resolved, the election should proceed.

12.10 At this juncture, Mr Jagjit Singh asserted that he had requested the Returning Officer to withdraw her decision earlier, but his request was rejected. He had to turn to the Registrar of Co-operatives to get the matter rectified. He claimed that the Registrar of Co-operatives directed the society to allow him to stand for election. He then concluded EVDLQOHDVHGRWKLGHWKLVIDFW

12.11 Election Results:

<u>Name:</u>	<u>No of votes received:</u>
1. Mdm Elene Lim Lan Hiang	59
2. Mr Chern Meng Hock	64
3. Mdm Kiren Kaur Gill	39
4. Mr Santokh Singh s/o Ajaib Singh	26
5. Mr Jagjit Singh Sandhu	16

The number of ballots issued was 77 and the number of votes received was 77. There was no spoilt vote.

Returning Officer, Mrs Brenda Tan then announced the following three members elected as members of the COM for the period May 2019 to May 2022.

1. Mdm Elene Lim Lan Hiang
2. Mr Chern Meng Hock
3. Mdm Kiren Kaur Gill

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 The Senior Manager briefed that only one letter from member Mr Kaliyaperumal was received. He had requested for his matured amount in Bonus Savings to be rolled over for another two years at the Bonus Savings rate of 2.50% p.a.

The Senior Manager replied WKDWLQJUHHLQVRWKHPHPEHU\UHTXHVWWKHVRFLLHWZR\XOG have to roll over all future maturing Bonus Savings totaling \$12 million.

It would result in the society having to incur extra payment of more than \$100,000.00 in interest. This would have DQPSDFWRQKHVRFLLHW\LRPH7KHUHIRUHWKHVRFLLHW\ was unable to accede to his request.

- 13.2 There being no other business, the meeting came to a close as proposed by Mr Wilson Koh and seconded by Mr Chern Meng Hock.
- 13.3 Mr Peter Tan proposed a vote of thanks to the Chairman, DS Lim Boon Wee.



TEO CHOR KAI
CHIEF EXECUTIVE OFFICER

REPORT OF THE COMMITTEE OF MANAGEMENT

FOR THE YEAR 2019

Patron	-	Ms Indranee Thurai Rajah Minister, Prime Minister, 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 (Resigned w.e.f. 16.08.2019)
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 Mdm Kiren Kaur Gill (w.e.f. 25.05.2019)

2. President

2.1 General Meeting.

2.2 Dialogue with the Society's President

2.2.1 5th November 2019 at the MOE for a discussion. DS Lim wanted the society to look into the following:

- (i) Membership increase ± to provide simple and concise information to prospective members on why they should join the Co-op:
 - e.g. (a) Term Deposit rate for 1st \$20,000 to be pegged at 3%
 - (b) Dividend payout at 7% - 8% on their Share Capital. Remove the restriction of having to place maximum of \$500 for 4 months to achieve \$2,000/- in their Share Capital subscription
 - (c) Keep the loan rates competitive
 - (d) Collaboration with MSRC & other sources to promote membership
 - (e) Highlight the benefits of joining the society.

3. Membership of the Society

3.1	Number of members as at 1 st January 2019		Total
	Number retired	83	4415
	Number resigned	70	
	Number deceased	20	
	Number terminated	11	(184)
	Number admitted		96

	Number of members as at 31 st December 2019		4327
			=====

3.2 Members of the Committee of Management (COM) would like to extend their condolences to the bereaved families of the following members:

- | | |
|------------------------------|---------------------------|
| Mrs Santha Nagandiran | Mrs Ramiah Pereyanayagam |
| Mr Mohamad Ashaari Bin Yunos | Mdm Kit Kaur |
| Mr Goh Yong Kiang | Ms Noraiza Bte Md Ismail |
| Mr Anthony Loh Voon Heng | Mr Samuel Moses @ Ramudas |
| Mr Lim Han Cheong | Mr Jow See Yong |
| Mrs Arukim Mary Joseph | Mr Tan Tien Poh |
| Mdm Ngam Juat Ho | Mr Anuar Bin Harun |
| Mr Lim Fook Sau | Mr Mohamed Nizamudeen |
| Mr Low Kum Poi | Mr Toh Mun Yeen |
| Miss Sim Gek Liang | Mr Mazalan Bin Ajan |

4. By-Law Amendments

4.1 Reviewed. Amendments were made to comply with the model by-law provided by the Registrar of Co-operative Societies and attuned to the Co-op Act. The Registrar had given her in principle approval and the amendments would be tabled at the 84th AGM.

5. Membership Drive

- 5.1 The society staff visited North Light and Bedok South Secondary School to recruit new members.

6. Meetings

- 6.1 Members of the COM held 13 meetings in 2019. The attendance list is found on Annex 1.

- 6.2 Members of the Loan Committee met on alternate weeks to discuss loan requests which were subsequently put to the COM for their ratification.

Loan applications were processed weekly. Once they were checked and verified to be in order by three members of the Loan Committee, the loan applications were approved for payment. The approved and disbursed loans were later ratified at the COM monthly meeting.

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

7. Number of Committees

- 7.1 The number of committees remained at **eight**. Please refer to Annex 2 for the various committees and name list.

8. Appointment of Chief Executive Officer (CEO)

- 8.1 Under 59 (6) of the ACT, every credit society must appoint (a) a chief executive officer, (b) a chief finance officer, to run its daily operations. Such appointments must be approved by the Registrar in writing.

- 8.2 Senior Manager, Mr Teo Chor Kai was certified by the Registrar to have the competency and the experience to be employed as a CEO with effect from 1st November 2019.

9. Staff Salary Structure Review

- 9.1 The staff salary scale was reviewed to ensure their salaries were in line with that of the market. Their designations were also redefined. Their new salary scale became effective from 1st January 2020.

10. Internal Auditors

- 10.1 Mr Phua Chin Hong was appointed the Internal Auditor of the society. He performed routine checks on receipts and payment vouchers regularly.

- 10.2 M/s Yang Lee & Associates, who were engaged by the society as Internal Auditors, performed an internal audit on the society from 20th to 23rd January 2020. The audit entailed the following:

- Review the adequacy of internal control system design.
- Identify deviations from the key procedures as set out by the Management.
- Communicate findings to the management to raise awareness on the internal control issues identified.
- Implement action plans that serve to enhance the effectiveness of internal control system.
- Provide prompt and relevant update to the 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;

7KHIRXQVLDUHDVZLWKPRGHUDWHSULRULWDQWKUHHZLWKORZSULRULWIRUDWWHQWLRQ action.

Areas of concern, which required actions, were addressed immediately. The overall result of the findings was good.

10.3 We would also like to thank the representatives from M/s Yang Lee & Associates for their SUHVHQDWK6RFLHWFM.

11. Surplus for the year 2019

11.1 The unaudited net surplus was around \$ 1 million. This was \$194,000 higher than that of 2018. 7KHLQHDVHZDVSDUWOGXHWRWKHEHWWHUSHUIRUPDQHRWKHVRFLHWLQPHIURPLWV5HV Investment (RI).

12. Prudential Requirement Ratios

12.1 The following were the ratios as at 31st December 2019:

<u>Regulatory Ratio Required</u>		<u>Unaudited Ratio</u>
(i)	Capital Adequacy Ratio (CAR) min >10%	13.09%
(ii)	Minimum Liquid Asset Ratio (MLA) min >15%	46.03%
(iii)	Restricted Investment (RI) max "	24.32%

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.

13. Loans

13.1 536 loans were granted. The amount disbursed was \$16,268,800 which was \$730,850 higher than that disbursed in 2018.

13.2 Interest income from loans was **\$1,268,892** while Admin fees received was **\$273,086**. The total income received was \$1,541,978, which was \$20,251 lower than that of 2018.

14. Bad Debts Write-off

14.1 A sum of \$184,015 of bad loans was written off from the 2019 profit. This amount was \$88,918 lower than that of 2018.

15. Investments

15.1 Restricted Investment (RI) (30% limit)

15.1.1 As at 31/12/2019, the society had invested 24.32% out of the 30% limit allowed in RI. Income received was \$1,001,369 which was \$304,104 higher than that in 2018. This amounted to an increase of 43.6%. Members of the IC should be commended for the hard work put in to realize the higher income. The return on investment (ROI) was 4.87%. This was 1.48% more than that for 2018.

15.2 Non Restricted Investment

15.2.1 Non restricted investment return was \$1,094,912 which was \$244,472 higher than that of 2018.

15.3 Total Returns

15.3.1 The total returns on Investments was \$2,096,281. This worked out to \$548,576 more than 2018.

15.4 Better Returns

15.4.1 The Investment Committee members would continue to look for good returns to invest the

16. IT System

16.1 the new system started operating in November 2018, two months ahead of the scheduled time. The Thrift & Loan system and the General Ledger systems were linked. New features were also programmed into the system to provide enhanced services to our members.

17. E Newsletter and Annual Report

17.1 Hard copies of the Annual Report were made available to members attending the 83rd Annual General Meeting. E newsletter mailed to members. Those who had requested for hard copies had their copies posted to them.

18. Interest on Savings

18.1 General Savings (GS)

18.1.1 The interest rate for GS for the period 1st January 2019 to 31st December 2019 was 0.3% p.a. This was higher than those paid by financial institutions for similar type of savings.

18.2 Term Deposits (TD)

18.2.1 The interest rate was maintained at 1.6% p.a. for the year 2019.

18.3 Bonus Savings (BS)

18.3.1 This savings scheme proved to be popular. The 2.5% p.a. interest gave an effective rate of 3.08% on the amount save for the two-year monthly deposit tenure.

19. Statement of Accounts

19.1 Members continued to receive their statement of balances as at 30 June and 31 December. The society had decided that with effect from July 2020 hard copies of the Statement of Accounts would only be posted to those who had given their names to receive the hard copies of the annual report and newsletter.

20. Common Good Fund (CGF) – Year 2019

20.1 Under the amended by-law 7.6.3, Policy and Rules were formulated to govern the payout for the Common Good Fund. A sum of \$671,200 was paid to 843 eligible members. The amount due to each member had been credited into their General Savings accounts. A sum of \$41,300 was also paid to 50 members who resigned from the society with length of membership ranging from more than 10 years to less than 30 years. The new rules provide for payment of CGF to Ordinary members who did not have to retire from the education service to be eligible for the grant. Those who had more than ten years of membership and subsequently resigned from the society were paid the CGF grant accordingly with reference to the prescribed table.

21. Dividend

21.1 A 7% dividend was declared for the financial year ended 31st December 2018. The amount due was credited to members' savings accounts.

22. Patronage Rebate

22.1 For borrowers, a 3.0% patronage rebate was given for the interests they paid on their loans in the financial year ended 31st December 2018. The amount was credited into members' savings accounts in June 2019.

23. Annual Retreat – Siem Reap, Cambodia, 13th to 16th December 2019

23.1 Twenty five participants consisting of COM Members, staff, the vice-presidents and audit committee members attended the retreat at Siem Reap, Cambodia from 13th to 16th December 2019.

The retreat was held at the Siem Reap Angkor Hotel. Participants were provided with accommodation, meals, and transport. The retreat was a successful event that provided an opportunity for members and staff to bond and discuss the society's future. Members brought with them rice, biscuits and stationery for children of the orphanage. The society also sponsored a buffet lunch for them.

23.2 Retreat Outcome:

1. Alignment of the by-laws to be in compliance with the model by-law
2. Introduce incentives to recruit new members
3. Updating of the Policy and Rules Governing loans
4. Reviewing of the Policy and Rules Governing Election of Members to the COM

24. Singapore Teachers' International Holdings (STIH)

24.1 STIH continued to provide the following services:

1. Debt collection and management of STCS loans defaulters
2. Auxiliary services for STCS
3. In partnership with Edu Achiever to provide After-School Care Services

24.2 For the year 2019, STIH had a surplus of \$11,672.00.

25. Conferences & Training

25.1 Event

**SNCF – Training On Governance Guides
For Credit Co-operatives
22nd February 2019**

Attended By:

Mr Richard Zaccheus
Mr Fok Kim Fook
Mr Teo Chor Kai
Ms S Telakavathi

**SNCF - Training on Code of Governance
For Credit Co-operatives
15th March 2019**

Mdm Arifah Begum
Mdm Hariyani Bte Masrool
Mdm Julia Sing

**SNCF – Annual Co-operative Leaders
Conference (ACLC), Ho Chi Ming (Vietnam)
6th to 9th April 2019**

Mr Fok Kim Fook
Mr Peter Tan
Mr Teo Chor Kai
Mr Jimmy Lee

**SNCF – Basic Financial Accounting Training
19th, 23rd and 30th July 2019**

Mdm Ng Moi Sng Patsy

**SNCF – Training on Governance Guides For
Credit Co-operatives - 26th July 2019**

Mr Jimmy Lee
Mdm Angela Siow

**SNCF – ACCU FORUM, KUALA LUMPUR (ACCU)
26th - 28th September 2019**

Mr Fok Kim Fook
Mr Phua Chin Hong

**SNCF – Training on Governance Guides For
Credit Co-operatives – 16th November 2019**

Mr Chern Meng Hock
Mdm Kiren Kaur Gill

26. Appreciation

26.1 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
CHIEF EXECUTIVE OFFICER**



AUDIT COMMITTEE

- The AC comprises of four members.
- The AC conducted six meetings for the year 2019/2020. The last three meetings were conducted via virtual conference due to circuit breaker measures.
- For the year 2019 the AC:
 - reviewed with the external auditor, the audit plan;
 - reviewed with the external auditor, the audit report;
 - reviewed the assistance given by the officers of the Society to the external auditor;
 - reviewed the scope and results of the audit procedures;
 - reviewed the balance-sheet, income and expenditure statement and the consolidated balance-sheet of WKH6RFLHW\ VXEVLGLDU\
- The AC noted that the COM reviewed the existing by-laws and proposed amendments taking into consideration the model by-laws provided by the Registry of Co-operatives Societies. The AC opined that the amendments were in compliance with the Governance guidelines and the Co-op Act for Credit Co-operatives issued by the Registrar of Co-operatives.
- AC reviewed the audit report presented by M/s Yang Lee & Associates. AC would monitor the implementation of the recommendations mentioned in the audit report.
- AC noted that COM had enhanced the whistle blowing policy, which aimed to provide a framework for employees and external parties to report any concerns or complaints.
- AC met the internal and external auditors without the maQJHPHQ\ SUHVHQH 7KH\ discussed the system of internal controls and considered the comments made by the auditors. AC noted that the management had addressed all the issues surfaced by the internal audit for actions and improvement.
- Noted that M/s Yang Lee & Associates, had been invited to serve as internal auditors for a new 3 year cycle. AC members endorsed the appointment.
- Recommended that M/s Reanda Adept PAC (Ms Vivienne Chiang Kok Ying) be appointed as the external auditor for the financial year 2020.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

THE SINGAPORE TEACHERS' CO-OPERATIVE
SOCIETY LIMITED
AND ITS SUBSIDIARY
(Incorporated in Singapore)

Unique Entity Number: S32CS0013G

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

AUDITED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

COMMITTEE OF MANAGEMENT

Brenda Tan (1st Vice President)
Goh Ek Piang (2nd Vice President)
Zaccheus Richard Bains (Chairman)
Tok Wei Cheng Allan (Deputy Chairman)
Fok Kim Fook (Honorary Treasurer)
Seah Ee Leng Elaine (Honorary Assistant Treasurer)
Elene Lim Lan Hiang (Honorary Assistant Secretary)
Ng Moi Sng Patsy
Peter Tan Swee Chong
Chern Meng Hock
Wilson Koh Kian Neng
Kiren Kaur Gill

REGISTERED OFFICE

150 Changi Road
#02-06 Guthrie building
Singapore 419973

AUDITORS

Reanda Adept PAC
138 Cecil Street
#06-01 Cecil Court
Singapore 069538

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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 2019, 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

Singapore,
25 July 2020

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED

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 2019, 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 2019 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

Committee of Management is responsible for the other information. The other information comprises the Report of the Committee of Management and appendices included in the Annual Report for 2019 but does not include the financial statements and our auditor's report thereon. This information is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

INDEPENDENT AUDITOR'S REPORT (CONT'D)

TO THE MEMBERS OF THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED
(CONT'D)

Other Information (cont'd)

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 Committee of Management for the Financial Statements

Committee of 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.

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.

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

INDEPENDENT AUDITOR'S REPORT (CONT'D)

TO THE MEMBERS OF THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED
(CONT'D)

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

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.

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

INDEPENDENT AUDITOR'S REPORT (CONT'D)

TO THE MEMBERS OF THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED
(CONT'D)

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

- 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 Committee of Management 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 2019 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.



REANDA ADEPT PAC
Public Accountants and
Chartered Accountants

Singapore
25 July 2020

THE SINGAPORE TEACHERS CO-OPERATIVE SOCIETY LIMITED AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	<u>Group</u>		<u>Co-operative</u>	
		2019 \$	2018 \$ (Restated)	2019 \$	2018 \$ (Restated)
ASSETS					
Non-current assets					
Investment properties	4	1,350,804	1,398,304	1,350,804	1,398,304
Property, plant and equipment	5	1,914,839	1,960,677	1,914,839	1,960,677
Investment in subsidiaries	6	-	-	440,815	529,700
Investment in joint venture	7	24,904	20,831	-	-
Financial assets	8	30,526,884	29,334,480	30,526,884	29,334,480
Loans to members	9	11,195,135	11,505,142	11,195,135	11,505,142
		<u>45,012,566</u>	<u>44,219,434</u>	<u>45,428,477</u>	<u>44,728,303</u>
Current assets					
Loans to members	9	5,786,964	5,867,784	5,786,964	5,867,784
Other receivables	10	386,925	290,912	385,350	290,827
Prepayments		1,187	1,090	1,187	1,090
Fixed deposits	11	31,227,250	31,104,578	30,860,746	30,921,462
Cash and bank balances	12	2,421,688	3,086,441	2,332,083	2,827,650
		<u>39,824,014</u>	<u>40,350,805</u>	<u>39,366,330</u>	<u>39,908,813</u>
Total assets		<u>84,836,580</u>	<u>84,570,239</u>	<u>84,794,807</u>	<u>84,637,116</u>
FUNDS, RESERVES AND					
Funds and reserves					
Retained surplus	13	4,342,267	3,763,136	4,384,794	3,910,294
General reserve fund		6,402,287	6,402,287	6,402,287	6,402,287
Fair value reserve		166,831	(515,664)	166,831	(515,664)
Common good fund	14	269,795	875,887	269,795	875,887
Co-operative education and training Fund	15	190,071	207,108	122,640	139,677
Staff welfare fund	16	135,434	139,629	135,434	139,629
Total equity		<u>11,506,685</u>	<u>10,872,383</u>	<u>11,481,781</u>	<u>10,952,110</u>
Current liabilities					
Share capital	17	7,127,147	7,231,507	7,127,147	7,231,507
General savings	18	25,226,660	27,940,673	25,226,660	27,940,673
Bonus savings	19	12,890,555	12,478,531	12,890,555	12,478,531
Term deposits from members	20	27,476,662	25,552,618	27,476,662	25,552,618
Members' and ex-members' accounts	21	13,729	6,832	13,729	6,832
Other payables	22	459,076	408,987	442,207	396,137
Central co-operative fund	29	136,066	78,708	136,066	78,708
		<u>73,329,895</u>	<u>73,697,856</u>	<u>73,313,026</u>	<u>73,685,006</u>
Total liabilities		<u>73,329,895</u>	<u>73,697,856</u>	<u>73,313,026</u>	<u>73,685,006</u>
Total equity and liabilities		<u>84,836,580</u>	<u>84,570,239</u>	<u>84,794,807</u>	<u>84,637,116</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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

STATEMENTS OF COMPREHENSIVE INCOME

AS AT 31 DECEMBER 2019

	Note	Group		Co-operative	
		2019 \$	2018 \$ <u>(Restated)</u>	2019 \$	2018 \$ <u>(Restated)</u>
Income					
Finance income	23	1,268,892	1,299,456	1,268,892	1,299,456
Investment income	24	1,974,303	1,624,724	1,965,612	1,616,624
Other income	25	395,523	334,305	381,901	323,025
		<u>3,638,718</u>	<u>3,258,485</u>	<u>3,616,405</u>	<u>3,239,105</u>
Cost and expenses					
Cost of services		(29,660)	(37,165)	-	-
Depreciation of investment properties	4	(47,500)	(47,500)	(47,500)	(47,500)
Depreciation of property, plant and equipment	5	(141,466)	(127,906)	(141,466)	(127,906)
Finance costs	26	(792,042)	(757,776)	(792,042)	(757,776)
Impairment loss on investment in subsidiary	6	-	-	(88,885)	-
Net loss on disposal of debt instruments, at FVOCI		-	(2,001)	-	(2,001)
Net loss on disposal of property, plant and equipment		-	(57,325)	-	(57,325)
Staff costs	27	(782,594)	(753,683)	(704,626)	(675,219)
Others		(614,401)	(681,218)	(711,389)	(784,987)
Share of results of joint venture		4,073	8,291	-	-
Surplus for the year		<u>1,235,128</u>	<u>802,202</u>	<u>1,130,497</u>	<u>786,391</u>
Finance costs	26	<u>(496,916)</u>	<u>(709,899)</u>	<u>(496,916)</u>	<u>(709,899)</u>
Surplus from operations		<u>738,212</u>	<u>92,303</u>	<u>633,581</u>	<u>76,492</u>
Income tax expense	28	-	-	-	-
Surplus after taxation		<u>738,212</u>	<u>92,303</u>	<u>633,581</u>	<u>76,492</u>
Less: Statutory appropriation					
- Central co-operative fund	29	(126,099)	(73,240)	(126,099)	(73,240)
Less: Honorarium paid to officers		(55,000)	(80,000)	(55,000)	(80,000)
Net deficit for the financial year (c/f)		<u>557,113</u>	<u>(60,937)</u>	<u>452,482</u>	<u>(76,748)</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group		Co-operative	
		2019 \$	2018 \$ <u>(Restated)</u>	2019 \$	2018 \$ <u>(Restated)</u>
Net deficit for the financial year (b/f)		557,113	(60,937)	452,482	(76,748)
Other comprehensive income:					
<u>Items that will not be reclassified to profit or loss:</u>					
Net fair value gains/(losses) on equity instruments at FVOCI		302,701	(826,990)	302,701	(826,990)
<u>Items that may be reclassified subsequently to profit or loss:</u>					
Net fair value gains/(losses) on debt instruments at FVOCI		515,463	(412,687)	515,463	(412,687)
Net fair value (losses)/gains on debt instruments at FVOCI reclassified to profit or loss upon disposal		(5,000)	2,001	(5,000)	2,001
Other comprehensive income/ (expense) for the year, net of tax		813,164	(1,237,676)	813,164	(1,237,676)
Total comprehensive income		<u>1,370,277</u>	<u>(1,298,613)</u>	<u>1,265,646</u>	<u>(1,314,424)</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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

STATEMENT OF CHANGES IN EQUITY - GROUP

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Group	Retained surplus (Note 13)	General reserve fund	Fair value reserve	Common good fund (Note 14)	Co-operative education & training fund (Note 15)	Staff welfare fund (Note 16)	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 January 2018	4,005,405	6,402,287	635,304	857,536	263,146	139,629	12,303,307
Other appropriations	(30,000)	-	-	30,000	-	-	-
Rebate on loan interest	(64,624)	-	-	-	-	-	(64,624)
Movement in funds	(60,937)	-	-	(11,649)	(56,038)	-	(67,687)
Net surplus/(deficit) for the financial year (restated)	(60,937)	-	-	-	(56,038)	-	(60,937)
<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 gains 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 at 31 December 2018	3,763,136	6,402,287	(515,664)	875,887	207,108	139,629	10,872,383
Other appropriations	(70,000)	-	-	70,000	-	-	-
Rebate on loan interest	(38,651)	-	-	-	-	-	(38,651)
Movement in funds	-	-	-	(676,092)	(17,037)	(4,195)	(697,324)
Net surplus/(deficit) for the financial year (restated)	557,113	-	-	-	-	-	557,113
<u>Other comprehensive income</u>							
Net fair value gains on equity instruments at FVOCI	-	-	302,701	-	-	-	302,701
Net fair value gains on debt instruments at FVOCI	-	-	515,463	-	-	-	515,463
Net fair value losses on debt instruments at FVOCI reclassified to profit or loss upon disposal	-	-	(5,000)	-	-	-	(5,000)
<u>Others</u>							
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	130,669	-	(130,669)	-	-	-	-
Balance at 31 December 2019	4,342,267	6,402,287	1,66,831	2,69,795	190,071	135,434	11,506,685

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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

STATEMENT OF CHANGES IN EQUITY – CO-OPERATIVE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Co-operative	Retained surplus (Note 13)	General reserve fund	Fair value reserve	Common good fund (Note 14)	Co-operative education & training fund (Note 15)	Staff welfare fund (Note 16)	Total
Balance 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)
Movement in funds	-	-	-	(11,649)	(56,038)	-	(67,687)
Net surplus/(deficit) for the financial year (restated)	(76,748)	-	-	-	-	-	(76,748)
<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 gains 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 at 31 December 2018	3,910,294	6,402,287	(515,664)	875,887	139,677	139,629	10,952,110
Other appropriations	(70,000)	-	-	70,000	-	-	-
Rebate on loan interest	(38,651)	-	-	-	-	-	(38,651)
Movement in funds	-	-	-	(676,092)	(17,037)	(4,195)	(697,324)
Net surplus/(deficit) for the financial year (restated)	452,482	-	-	-	-	-	452,482
<u>Other comprehensive income</u>							
Net fair value gains on equity instruments at FVOCI	-	-	302,701	-	-	-	302,701
Net fair value gains on debt instruments at FVOCI	-	-	515,463	-	-	-	515,463
Net fair value losses on debt instruments at FVOCI reclassified to profit or loss upon disposal	-	-	(5,000)	-	-	-	(5,000)
<u>Others</u>							
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	130,669	-	(130,669)	-	-	-	-
Balance at 31 December 2019	4,384,794	6,402,287	166,831	269,795	122,640	135,434	11,481,781

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$ <u>(Restated)</u>
Cash flows from operating activities			
Surplus from operations		738,212	92,303
<u>Adjustments for:</u>			
Depreciation of investment properties	4	47,500	47,500
Depreciation of property, plant and equipment	5	141,466	127,906
Interest income		(1,493,431)	(1,242,646)
Finance costs		1,288,958	1,467,675
Net loss on disposal of property, plant and equipment		-	57,325
Net loss on disposal of debt instruments, at FVOCI		5,000	2,001
Net gain on financial assets at FVTPL		(49,950)	-
Share of results of JV		(4,073)	(8,291)
Dividend income		(300,920)	(321,741)
Operating cash flows before working capital changes		372,762	222,032
<u>Changes in working capital:</u>			
Loans to members		390,827	511,068
Other receivables, prepayments		(95,940)	155,943
Members and ex-members' accounts		6,897	(11,581)
Other payables and accruals		49,919	(22,257)
Cash generated from operating activities		724,465	855,205
Honorarium paid		(55,000)	(80,000)
Interest received		1,493,431	1,242,646
Payment to CCF		(68,741)	(45,061)
Net cash generated from operating activities		2,094,155	1,972,790
Cash flows from investing activities			
Purchase of financial assets, at FVOCI		(4,268,799)	(11,308,434)
Proceeds from disposal of investments		3,934,509	4,801,381
Proceeds from dividend income		300,920	321,741
Purchase of property, plant and equipment		(95,628)	(318,291)
Proceeds from sale of property, plant and equipment		-	64,698
Net cash used in investing activities		(128,998)	(6,438,905)
Cash flows from financing activities			
Payment of common good fund		(676,092)	(11,649)
Payment of co-operative education and training fund		(17,037)	(56,038)
Payment of staff welfare fund		(4,195)	-
Rebate on loan interest		(38,651)	(64,624)
Share capital		(104,360)	(5,830)
General savings		(2,714,013)	1,300,159
Bonus savings		412,024	217,233
Term deposits		1,924,044	(1,433,954)
Interest paid		(792,042)	(774,231)
Dividends paid		(496,916)	(709,899)
Net cash used in financing activities		(2,507,238)	(1,538,833)
Net decrease in cash & cash equivalents		(542,081)	(6,004,948)
Cash and cash equivalents at the beginning of financial year		34,191,019	40,195,967
Cash and cash equivalents at the end of financial year	30	33,648,938	34,191,019

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

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 2019. Except for the adoption of FRS 116: Leases described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group.

Interpretations and amendments to published standards effective in 2019

In the current financial period, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial period. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group had no material effect on the amounts reported for the current or prior financial periods except as disclosed below:

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS (CONT'D)

FRS 116: Leases

FRS 116 supersedes FRS 17: Leases, INT FRS 104: Determining whether an Arrangement contains a Lease, INT FRS 15: Operating Leases-Incentives and INT FRS 27: Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position. The adoption of FRS 116 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 (CONT'D)

31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 BASIS OF CONSOLIDATION (CONT'D)

(c) Joint arrangements (cont'd)

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 BASIS OF CONSOLIDATION (CONT'D)

(c) Joint arrangements (cont'd)

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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 BASIS OF CONSOLIDATION (CONT'D)

(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 (CONT'D)

31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 INVESTMENT PROPERTIES (CONT'D)

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

(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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial assets (cont'd)

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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial assets (cont'd)

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial assets (cont'd)

Impairment of financial assets (cont'd)

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.

(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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 LEASES

These accounting policies are applied on and after the initial application date of FRS 116, 1 January 2019:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Group's investment properties is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

The accounting policy applicable to the Group as a lessor in the comparative period was the same as under FRS 116.

2.9 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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 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.

2.11 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.

2.12 FINANCE COSTS

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

2.13 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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 INCOME TAXES (CONT'D)

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.

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.

2.14 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.

2.15 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.

2.16 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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 SHARE CAPITAL (CONT'D)

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.

2.17 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 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 \$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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 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 (CONT'D)

31 DECEMBER 2019

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

3.1 KEY SOURCES OF ACCOUNTING ESTIMATION AND ASSUMPTIONS (CONT'D)

(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.

(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 \$440,815 (2018: \$529,700) after taking into account accumulated impairment losses of \$349,185 (2018: \$260,300), 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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

4. INVESTMENT PROPERTIES

	Group and Co-operative	
	2019	2018
	\$	\$
<u>Cost</u>		
As at 1 January and 31 December	<u>2,159,819</u>	<u>2,159,819</u>
<u>Accumulated depreciation</u>		
As at 1 January	761,515	714,015
Depreciation charge for the financial year	<u>47,500</u>	<u>47,500</u>
As at 31 December	<u>809,015</u>	<u>761,515</u>
Carrying amount as at 31 December	<u>1,350,804</u>	<u>1,398,304</u>
<u>Fair value</u>		
Leasehold property	1,872,665	2,554,000
Freehold property	<u>1,838,853</u>	<u>1,600,000</u>
	<u>3,711,518</u>	<u>4,154,000</u>

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 average transacted prices of similar 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 property (2018: based on a valuation report prepared by an independent professional valuer at close to the reporting date).

The fair value of the leasehold property as at 31 December 2019 and 31 December 2018 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 property.

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 following amounts are recognised in the statement of comprehensive income:

	Group		Co-operative	
	2019	2018	2019	2018
	\$	\$	\$	\$
Rental income from investment properties	<u>61,769</u>	<u>60,337</u>	<u>53,078</u>	<u>52,237</u>
Direct operating expenses arising from rental generating investment properties	<u>(31,885)</u>	<u>(30,575)</u>	<u>(31,885)</u>	<u>(30,575)</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

5. PROPERTY, PLANT AND EQUIPMENT

<u>Group</u>	Freehold building \$	Furniture and fittings \$	Renovation \$	Computers \$	Total \$
Cost					
At 1 January 2018	2,670,424	52,900	27,847	46,956	2,798,127
Additions	-	24,075	-	294,216	318,291
At 1 January 2019	2,467,226	76,975	27,847	341,172	2,913,220
Additions	-	-	-	95,628	95,628
At 31 December 2019	2,467,226	76,975	27,847	436,800	3,008,848
Accumulated Depreciation					
At 1 January 2018	790,600	42,655	26,764	45,793	905,812
Depreciation charge	59,478	8,584	407	59,437	127,906
Disposals	(81,175)	-	-	-	(81,175)
At 1 January 2019	768,903	51,239	27,171	105,230	952,543
Depreciation charge	54,785	8,006	407	78,268	141,466
At 31 December 2019	823,688	59,245	27,578	183,498	1,094,009
Carrying amounts					
At 31 December 2018	1,698,323	25,736	676	235,942	1,960,677
At 31 December 2019	1,643,538	17,730	269	253,302	1,914,839

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

<u>Co-operative</u>	Freehold building \$	Furniture and fittings \$	Renovation \$	Computers \$	Total \$
Cost					
At 1 January 2018	2,670,424	38,098	23,521	46,956	2,778,999
Additions		24,075	-	294,216	318,291
Disposals	(203,198)	-	-	-	(203,198)
At 1 January 2019	2,467,226	62,173	23,521	341,172	2,894,092
Additions	-	-	-	95,628	95,628
At 31 December 2019	2,467,226	62,173	23,521	436,800	2,989,720
Accumulated Depreciation					
At 1 January 2018	790,600	27,853	22,438	45,793	886,684
Depreciation charge	59,478	8,584	407	59,437	127,906
Disposals	(81,175)	-	-	-	(81,175)
At 1 January 2019	768,903	36,437	22,845	105,230	933,415
Depreciation charge	54,785	8,006	407	78,268	141,466
At 31 December 2019	823,688	44,443	23,252	183,498	1,074,881
Carrying amounts					
At 31 December 2018	1,698,323	25,736	676	235,942	1,960,677
At 31 December 2019	1,643,538	17,730	269	253,302	1,914,839

6. INVESTMENT IN SUBSIDIARY

	Co-operative	
	2019 \$	2018 \$
Unquoted equity shares, at cost	790,000	790,000
<u>Less: Accumulated impairment losses</u>		
Balance at the beginning of the year	(260,300)	(260,300)
Charge during the year	(88,885)	-
Balance at the end of the year	(349,185)	(260,300)
	<u>440,815</u>	<u>529,700</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

6. INVESTMENT IN SUBSIDIARY (CONT'D)

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>	
			2019 %	2018 %
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>	
			2019 %	2018 %
Singapore Edusmart Learning Hub Pte. Ltd.	Singapore	Educational enrichment for pre-primary and primary pupils (strategic to the Co-operative's activities)	42	42

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

7. INVESTMENT IN JOINT VENTURE (CONT'D)

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

	2019	2018
	\$	\$
<u>Current assets</u>		
Cash and cash equivalents	54,984	46,463
Trade receivables	43,724	49,757
Other current assets	14,986	16,486
<u>Non-current assets</u>	68,291	86,559
Total assets	<u>181,985</u>	<u>199,265</u>
<u>Current liabilities</u>	54,347	75,134
<u>Non-current liabilities</u>	68,773	68,773
Total liabilities	<u>123,120</u>	<u>143,907</u>
Net assets	<u>58,865</u>	<u>55,358</u>
Proportion of the Group's ownership	42%	42%
Group's share of net assets	<u>24,904</u>	<u>23,421</u>
Carrying amount of the investment	<u>24,904</u>	<u>23,421</u>

Summarised Statement of Comprehensive Income

	2019	2018
	\$	\$
Revenue	841,522	622,716
Other income	10,024	3,811
Operating expenses	(823,357)	(573,669)
Depreciation/amortisation expense	(24,682)	(17,801)
Profit from continuing operations	<u>3,507</u>	<u>35,057</u>
Income tax	-	-
Income after tax	<u>3,507</u>	<u>35,057</u>
Other comprehensive income	-	-
Total comprehensive income	<u>3,507</u>	<u>35,057</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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

8. FINANCIAL ASSETS

	2019	2018
	\$	\$
Group and Co-operative		
<u>Financial assets at FVOCI</u>		
Quoted equity securities	3,934,571	4,812,273
Quoted bonds (debt instruments)	22,434,557	22,414,401
Unquoted shares in other co-operative societies	2,107,806	2,107,806
<u>Financial assets at FVTPL</u>		
Investment fund	2,049,950	-
	<u>30,526,884</u>	<u>29,334,480</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 \$ 1,611,383 at the date of derecognition to better manage their market price risk exposure. The cumulative gain arising from the disposals amounted \$ 130,669 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 \$ 154,104 from quoted equity securities still held as at the reporting date and \$ 22,368 from quoted equity securities disposed during the year prior to their disposal.

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).

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

9. LOAN TO MEMBERS

	Group and Co-operative	
	2019	2018
	\$	\$
Balance at beginning of financial year	17,526,377	18,389,402
<u>Add:</u>		
Loans granted during the financial year	16,268,800	15,517,950
	<u>33,795,177</u>	<u>33,907,352</u>
<u>Less:</u>		
Repayments during the financial year	(15,360,553)	(15,595,766)
Transfer from share capital	(10,039)	(19,278)
Transfer from general savings (Note 20)	(993,453)	(492,736)
Others	(5,333)	(262)
Bad debts written off	(296,187)	(272,933)
	<u>(16,665,565)</u>	<u>(16,380,975)</u>
	<u>17,129,612</u>	<u>17,526,377</u>
<u>Less:</u>		
Allowance for expected credit losses/ impairment	(147,513)	(153,451)
Balance at end of financial year	<u>16,982,099</u>	<u>17,372,926</u>
Repayable within one year	5,786,964	5,867,784
Repayable after one year but within five years	11,195,135	11,505,142
	<u>16,982,099</u>	<u>17,372,926</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% (2018: 3% to 5.25%) per annum. Loans to members are repayable within periods of up to 60 months.

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:

	Group and Co-operative	
	2019	2018
	\$	\$
Balance at beginning of year	153,451	312,298
Written off	-	(116,948)
Reversal of allowance for the financial year	(5,938)	(41,899)
Balance at end of year	<u>147,513</u>	<u>153,451</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

10. OTHER RECEIVABLES

	Group		Co-operative	
	2019	2018	2019	2018
	\$	\$	\$	\$
Sundry receivables	147	411	147	410
Interest receivable from:				
- fixed deposits	203,417	138,001	201,842	137,917
- bonds	153,723	150,345	153,723	150,345
Deposits	29,638	2,155	29,638	2,155
	<u>386,925</u>	<u>290,912</u>	<u>385,350</u>	<u>290,827</u>

11. FIXED DEPOSITS

	Group		Co-operative	
	2019	2018	2019	2018
	\$	\$	\$	\$
- Banks	25,588,664	22,104,855	25,588,664	22,104,855
- Finance companies	5,638,586	8,999,723	5,272,082	8,816,607
	<u>31,227,250</u>	<u>31,104,578</u>	<u>30,860,746</u>	<u>30,921,462</u>

The effective interest rates of fixed deposits maturing within 12 months from the financial year end vary from 1.20% to 2.28% (2018: 0.25% to 2.14%) per annum.

12. CASH AND BANK BALANCES

	Group		Co-operative	
	2019	2018	2019	2018
	\$	\$	\$	\$
Cash on hand	791	685	326	414
Cash at bank	2,011,869	2,592,088	1,922,729	2,333,568
Money market fund	409,028	493,668	409,028	493,668
	<u>2,421,688</u>	<u>3,086,441</u>	<u>2,332,083</u>	<u>2,827,650</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

13. RETAINED SURPLUS

	Group		Co-operative	
	2019	2018	2019	2018
	\$	\$	\$	\$
		(Restated)		(Restated)
Balance at beginning of year	3,763,136	4,184,516	3,910,294	4,347,485
Adoption of FRS109	-	(179,111)	-	(179,111)
	<u>3,763,136</u>	<u>4,005,405</u>	<u>3,910,294</u>	<u>4,168,374</u>
Less: Other appropriations				
- Common Good Fund (Note 14)	(70,000)	(30,000)	(70,000)	(30,000)
	(70,000)	(30,000)	(70,000)	(30,000)
- Rebate on loan interest of 3% (2018: 4%)	(38,651)	(64,624)	(38,651)	(64,624)
- Transfer of fair value reserves of equity instruments at FVOCI upon disposal	130,669	(86,708)	130,669	(86,708)
	<u>3,785,154</u>	<u>3,824,073</u>	<u>3,932,312</u>	<u>3,987,042</u>
Net surplus/(deficit) for the year after statutory appropriations	557,113	(60,937)	452,482	(76,748)
Balance at end of year	<u>4,342,267</u>	<u>3,763,136</u>	<u>4,384,794</u>	<u>3,910,294</u>

14. COMMON GOOD FUND

	Group and Co-operative	
	2019	2018
	\$	\$
Balance at beginning of year	875,887	857,536
<u>Add:</u>		
Contributions received from members	33,834	40,929
Transfer from general savings (Note 18)	2,560	6,189
Transfer from share capital	14	33
Appropriation for the year (Note 13)	70,000	30,000
	<u>106,408</u>	<u>77,151</u>
	982,295	934,687
<u>Less:</u>		
Amounts disbursed during the year	(41,300)	(58,800)
Transfer to general savings (Note 18)	(671,200)	-
	<u>(712,500)</u>	<u>(58,800)</u>
Balance at end of year	<u>269,795</u>	<u>875,887</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

15. CO-OPERATIVE EDUCATION AND TRAINING FUND

	Group		Co-operative	
	2019	2018	2019	2018
	\$	\$	\$	\$
Balance at beginning of year	207,108	263,146	139,677	195,715
<u>Add:</u>				
Refund received	-	15,205	-	15,205
	<u>207,108</u>	<u>278,351</u>	<u>139,677</u>	<u>210,920</u>
<u>Less:</u>				
Amounts disbursed during the year	(17,037)	(71,243)	(17,037)	(71,243)
Balance at end of year	<u>190,071</u>	<u>207,108</u>	<u>122,640</u>	<u>139,677</u>

16. STAFF WELFARE FUND

	Group and Co-operative	
	2019	2018
	\$	\$
Balance at beginning of year	139,629	139,629
<u>Less:</u>		
Amounts disbursed during the year	(4,195)	-
Balance at end of year	<u>135,434</u>	<u>139,629</u>

17. SHARE CAPITAL

	Group and Co-operative	
	2019	2018
	\$	\$
Balance at beginning of year	7,231,507	7,237,337
Issue of shares	230,021	282,971
Redemption of shares	(334,381)	(288,801)
Balance at end of year	<u>7,127,147</u>	<u>7,231,507</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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

18. GENERAL SAVINGS

	Group and Co-operative	
	2019	2018
	\$	\$
Balance at beginning of year	27,940,673	26,640,514
<u>Add:</u>		
Amounts received from members	4,430,691	3,860,546
Transfer from share capital	49,370	35,420
Transfer from common good fund (Note 14)	671,200	-
Transfer from bonus savings with interest (Note 19)	4,337,950	6,107,414
Transfer from term deposits with interest (Note 20)	308,102	97,576
From sundry	3,090	2,220
Other additions		
- Interest on general savings	78,731	67,871
- Dividends on share capital*	496,916	709,899
- Loan interest rebates	38,509	64,626
- Allowances transferred	-	4,501
- Others	4,764	23,089
	10,419,323	10,973,162
	<u>38,359,997</u>	<u>37,613,676</u>
Amounts withdrawn by members	(8,021,000)	(7,171,910)
Transfer to share capital	(2,836)	(917)
Transfer to term deposits (Note 20)	(4,099,182)	(1,993,438)
Transfer to Common Good Fund (Note 14)	(2,560)	(6,189)
Transfer to Bonus Savings (Note 19)	(600)	-
Adjustment to reduce loans		
- principal (Note 9)	(993,453)	(492,736)
- interest	(12,060)	(6,527)
Others	(1,646)	(1,286)
	(13,133,337)	(9,673,003)
	<u>25,226,660</u>	<u>27,940,673</u>

*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 0.30% (2018: 0.25%) per annum and will be credited into members' accounts on 30th June and 31st December annually.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

19. BONUSSAVINGS

	Group and Co-operative	
	2019	2018
	\$	\$
Balance at beginning of year	12,478,531	12,261,298
<u>Add:</u>		
Amounts received from members	12,274,030	12,030,275
Transfer from general savings (Note 18)	600	-
Interest on maturity of bonus savings	354,813	347,230
	12,629,443	12,377,505
	<u>25,107,974</u>	<u>24,638,803</u>
<u>Less:</u>		
Premature withdrawals by members	(331,960)	(448,449)
Matured withdrawals by members	(5,774,976)	(5,323,825)
Transfer to general savings with interest (Note 18)	(4,337,950)	(6,107,414)
Transfer to share capital	-	(42)
Transfer to term deposit	(1,772,533)	(280,542)
	(12,217,418)	(12,160,272)
Balance at end of year	<u>12,890,555</u>	<u>12,478,531</u>

Bonus savings are for a period of 24 months and bear effective interest rate of 3.08% (2018: 3.08%) per annum. Bonus savings may be withdrawn prematurely in which case neither interest nor bonuses shall be paid.

20. TERM DEPOSIT FROM MEMBERS

	Group and Co-operative	
	2019	2018
	\$	\$
Balance at beginning of year	25,552,618	26,986,572
<u>Add:</u>		
Amounts received from members	396,613	140,124
Transfer from share capital	-	-
Transfer from general savings (Note 18)	4,099,182	1,993,438
Interest on maturity of term deposits	326,185	359,026
Transfer from bonus savings	1,772,533	280,542
	6,594,513	2,773,129
	<u>32,147,131</u>	<u>29,759,701</u>
<u>Less:</u>		
Amounts withdrawn by members	(4,362,367)	(4,109,507)
Transfer to general savings (Note 18)	(308,102)	(97,576)
	(4,670,469)	(4,207,083)
Balance at end of year	<u>27,476,662</u>	<u>25,552,618</u>

Term deposits from members are unsecured and bear interest rate of 1.40% to 1.60% (2018: 1.25% to 1.40%) per annum with maturity period of one year.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

21. MEMBERS' AND EX-MEMBERS' ACCOUNTS

	Group and Co-operative	
	2019	2018
	\$	\$
Balance at beginning of year	6,832	18,413
<u>Add:</u>		
Over deductions and adjustments	176,550	129,752
	183,382	148,165
<u>Less:</u>		
Refunds during the year	(169,653)	(141,333)
	(169,653)	(141,333)
Balance at end of year	13,729	6,832

22. OTHER PAYABLES

	Group		Co-operative	
	2019	2018	2019	2018
	\$	\$	\$	\$
Accruals	182,767	160,539	172,563	154,469
Sundry payables	11,606	16,721	9,941	14,941
Interest payable	247,721	215,408	247,721	215,408
Deposits	11,001	11,001	6,001	6,001
GST payable	5,981	5,318	5,981	5,318
	459,076	408,987	442,207	396,137

23. FINANCE INCOME

This represents interest income from loans granted to members.

24. INVESTMENT INCOME

	Group		Co-operative	
	2019	2018	2019	2018
	\$	\$	\$	\$
Interest income from:				
- bonds	846,378	726,919	846,378	726,919
- fixed deposits	628,820	506,833	628,820	506,833
- savings accounts	13,340	8,894	13,340	8,894
Dividend income from:				
- quoted equity investments	176,472	207,493	176,472	207,493
- unquoted equity investments	124,448	114,248	124,448	114,248
Net gain on disposal of debts instruments at FVOCI	73,125	-	73,125	-
Net gain on financial assets at FVTPL	49,950	-	49,950	-
Rental income	61,770	60,337	53,079	52,237
	1,974,303	1,624,724	1,965,612	1,616,624

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

25. OTHER INCOME

	Group		Co-operative	
	2019	2018	2019	2018
	\$	\$	\$	\$
Gain on disposal of property, plant & equipment	75	-	75	-
Government grant	7,671	25,328	7,671	18,692
Members' admin fee	273,086	262,773	273,086	262,773
Members' entrance fee	795	982	795	982
Interest income	4,893	2,229	-	-
Sundry income	109,003	42,993	100,274	40,578
	<u>395,523</u>	<u>334,305</u>	<u>381,901</u>	<u>323,025</u>

26. FINANCE COSTS

	Group and Co-operative	
	2019	2018
	\$	\$
Interest expenses		
General savings	78,731	67,871
Bonus savings	333,369	366,784
Term deposits from members	379,942	323,121
	<u>792,042</u>	<u>757,776</u>
Dividends paid	496,916	709,899
	<u>1,288,958</u>	<u>1,467,675</u>

27. STAFF COSTS

	Group		Co-operative	
	2019	2018	2019	2018
	\$	\$	\$	\$
Employee benefits expense (including directors):				
Salaries and bonuses	691,521	667,331	619,907	594,997
CPF Contributions	84,520	80,829	78,973	75,227
Other short-term benefits	6,553	5,523	5,746	4,995
	<u>782,594</u>	<u>753,683</u>	<u>704,626</u>	<u>675,219</u>

28. TAXATION

(a) Major components of income tax expense

	Group	
	2019	2018
	\$	\$
Statement of comprehensive income:		
Current tax	-	-
	<u>-</u>	<u>-</u>

28. TAXATION (CON'D)

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

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

	Group	
	2019	2018
	\$	\$
Profit before tax	738,212	92,303
Tax (expense)/benefit on (profit)/loss before tax at 17% (2018: 17%)	125,496	15,692
Non-deductible expenses	4,333	76
Income not subject to taxation	(123,748)	(11,886)
Benefits arising from unrecognised tax loss, tax benefits or temporary differences	(6,081)	(3,882)
Total tax expense	<u>-</u>	<u>-</u>

29. CENTRAL COOPERATIVE 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 \$500,000 and 20% thereafter of the surplus resulting from operations of the Co-operative.

In order to better support the co-operatives during the Covid-19 outbreak, the Singapore National Co-operative Federation agreed to reduce the first \$500,000 Central Co-operative Fund contributions from 5% to 0% for one year for financial years ending from 31 December 2019 to 30 September 2020.

	Group and Co-operative	
	2019	2018
	\$	\$
		(Restated)
Balance at beginning of year	78,708	50,529
Payment to CCF	(68,741)	(45,061)
Appropriation for the year	126,099	63,273
Under provision in prior years	-	9,967
	126,099	73,240
Balance at end of year	<u>136,066</u>	<u>78,708</u>

30. CASH AND CASH EQUIVALENT

	Group	
	2019	2018
	\$	\$
Fixed deposits (Note 11)	31,227,250	31,104,578
Cash and bank balances (Note 12)	2,421,688	3,086,441
	<u>33,648,938</u>	<u>34,191,019</u>

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31. 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	
	2019	2018	2019	2018
	\$	\$	\$	\$
Due within one year	18,385	45,885	37,193	37,193
Due after one year but within five years	-	2,500	1,776	1,776
	<u>18,385</u>	<u>48,385</u>	<u>38,969</u>	<u>38,969</u>

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 \$21,308 (2018: \$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	
	2019	2018	2019	2018
	\$	\$	\$	\$
Due within one year	3,591	4,823	-	-
Due after one year but within five years	-	-	-	-
	<u>3,591</u>	<u>4,823</u>	<u>-</u>	<u>-</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

32. 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	
	2019	2018
	\$	\$
<u>Paid/Payable by the Co-operative</u>		
Honorarium	55,000	80,000
Meeting allowances	6,790	5,070
Transport claims	18,484	16,819
	<u>80,274</u>	<u>101,889</u>
<u>Paid/Payable by subsidiary</u>		
Director's remuneration	39,346	39,346
Board meeting allowances	450	550
	<u>39,796</u>	<u>39,896</u>

33. 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

33. FINANCIAL RISK MANAGEMENT (CONT'D)

33.1 SUMMARY OF FINANCIAL INSTRUMENT

Group	Financial assets at amortised cost	Financial assets carried at cost	Financial liabilities at amortised cost	Non-financial instruments	Financial assets, at FVOCI	Total
As at 31 December 2019	\$	\$	\$	\$	\$	\$
<u>Non-current assets</u>						
Investment properties	-	-	-	1,350,804	-	1,350,804
Property, plant and equipment	-	-	-	1,914,839	-	1,914,839
Investment in joint venture	-	24,904	-	-	-	24,904
Financial assets	-	-	-	-	28,476,934	30,526,884
Loans to members	11,195,135	-	-	-	-	11,195,135
<u>Current assets</u>						
Loans to members	5,786,964	-	-	-	-	5,786,964
Other receivables	386,925	-	-	-	-	386,925
Fixed deposits	31,227,250	-	-	-	-	31,227,250
Cash and bank balances	2,421,688	-	-	-	-	2,421,688
Total assets	51,017,962	24,904	-	3,265,643	28,476,934	84,835,393
<u>Current liabilities</u>						
Share capital	-	-	7,127,147	-	-	7,127,147
General savings	-	-	25,226,660	-	-	25,226,660
Bonus savings	-	-	12,890,555	-	-	12,890,555
Term deposits from members	-	-	27,476,662	-	-	27,476,662
Members' and ex-members' accounts	-	-	13,729	-	-	13,729
Other payables	-	-	459,076	-	-	459,076
Central co-operative fund	-	-	136,066	-	-	136,066
Total Liabilities	-	-	73,329,895	-	-	73,329,895

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

33. FINANCIAL RISKMANAGEMENT (CONT'D)

33.1 SUMMARY OF FINANCIAL INSTRUMENT (CONT'D)

Group	Financial assets at amortised cost	Financial assets carried at cost	Financial liabilities at amortised cost	Non-financial instruments	Financial assets, at FVOCI	Total
As at 31 December 2018	\$	\$	\$	\$	\$	\$
<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 joint venture	-	20,831	-	-	-	20,831
Financial assets	-	-	-	-	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
Other receivables	290,912	-	-	-	-	290,912
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	-	3,358,981	29,334,480	84,569,149
<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
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 (CONT'D)

31 DECEMBER 2019

33. FINANCIAL RISK MANAGEMENT (CONT'D)

33.1 SUMMARY OF FINANCIAL INSTRUMENT (CONT'D)

Co-operative	Financial assets at amortised cost	Financial assets carried at cost	Financial liabilities at amortised cost	Non-financial instruments	Financial assets, at FVOCI	Total
As at 31 December 2019	\$	\$	\$	\$	\$	\$
<u>Non-current assets</u>						
Investment properties	-	-	-	1,350,804	-	1,350,804
Property, plant and equipment	-	-	-	1,914,839	-	1,914,839
Investment in subsidiary	-	440,815	-	-	-	440,815
Financial assets	-	-	-	-	28,476,934	30,526,884
Loans to members	11,195,135	-	-	-	-	11,195,135
<u>Current assets</u>						
Loans to members	5,786,964	-	-	-	-	5,786,964
Other receivables	385,350	-	-	-	-	385,350
Fixed deposits	30,860,746	-	-	-	-	30,860,746
Cash and bank balances	2,332,083	-	-	-	-	2,332,083
Total assets	50,560,278	440,815	-	3,265,643	28,476,934	84,793,620
<u>Current liabilities</u>						
Share capital	-	-	7,127,147	-	-	7,127,147
General savings	-	-	25,226,660	-	-	25,226,660
Bonus savings	-	-	12,890,555	-	-	12,890,555
Term deposits from members	-	-	27,476,662	-	-	27,476,662
Members' and ex-members' accounts	-	-	13,729	-	-	13,729
Other payables	-	-	442,207	-	-	442,207
Total Liabilities	-	-	73,313,026	-	-	73,313,026

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

33. FINANCIAL RISK MANAGEMENT (CONT'D)

33.1 SUMMARY OF FINANCIAL INSTRUMENT (CONT'D)

Co-operative	Financial assets at amortised cost	Financial assets carried at cost	Financial liabilities at amortised cost	Non-financial instruments	Financial assets, at FVOCI	Total
As at 31 December 2018	\$	\$	\$	\$	\$	\$
<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	-	-	-	-	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
Other receivables	290,827	-	-	-	-	290,827
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	-	3,358,981	29,334,480	84,636,026
<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
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 (CONT'D)

31 DECEMBER 2019

33. FINANCIAL RISK MANAGEMENT (CONT'D)

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

33. FINANCIAL RISK MANAGEMENT (CONT'D)

33.2 CREDIT RISK (CONT'D)

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 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 \$	Loss allowance \$	Net carrying amount \$
31 December 2019						
Loans to members	9	I	12-month ECL	16,589,246	-	16,589,246
Loans to members	9	II	Lifetime ECL	540,366	(147,513)	392,853
				<u>17,129,612</u>	<u>(147,513)</u>	<u>16,982,099</u>
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>

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 \$ 296,187 (2018: \$ 272,933) 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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

33. FINANCIAL RISK MANAGEMENT (CONT'D)

33.3 LIQUIDITY RISK (CONT'D)

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 \$	Total \$	One year or less \$	Total \$
At 31 December 2019				
Share capital	7,127,147	7,127,147	7,127,147	7,127,147
General savings	25,226,660	25,226,660	25,226,660	25,226,660
Bonus savings	12,890,555	12,890,555	12,890,555	12,890,555
Term deposits from members	27,476,662	27,476,662	27,476,662	27,476,662
Members' and ex-members accounts	13,729	13,729	13,729	13,729
Other payables	459,076	459,076	442,207	442,207
Central Co-operative Fund	136,066	136,066	136,066	136,066
	<u>73,329,895</u>	<u>73,329,895</u>	<u>73,313,026</u>	<u>73,313,026</u>
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
Other payables	408,987	408,987	396,137	396,137
Central Co-operative Fund	78,708	78,708	78,708	78,708
	<u>73,697,856</u>	<u>73,697,856</u>	<u>73,685,006</u>	<u>73,685,006</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

33. FINANCIAL RISK MANAGEMENT (CONT'D)

33.4 FUND MANAGEMENT (CONT'D)

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	
	2019	2018	2019	2018
Capital Adequacy Ratio (CAR)	≥ 8%	≥ 8%	12.7%	12.2%
Minimum Liquid Assets (MLA)	≥ 13%	≥ 13%	46.0%	48.1%
Restricted Investments	≤ 30%	≤ 30%	24.3%	24.3%

The Co-operative had complied with all of the prudential requirements for the financial years ended 31 December 2019 and 31 December 2018.

33.5 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% (2018: 10%) with all other variables held constant, the Group's fair value reserves would increase or decrease respectively by \$2,841,908 (2018: \$2,722,668).

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

33. FINANCIAL RISK MANAGEMENT (CONT'D)

33.6 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONT'D)

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).

	2019			
	Fair value measurements at the reporting date using			
	Quoted prices in active markets for identical instruments	Significant other observable inputs	Significant unobservable inputs	Total
	(Level 1)	(Level 2)	(Level 3)	Total
	\$	\$	\$	\$
Group and Co-operative 2019				
<u>Financial assets, at FVOCI</u>				
Quoted equity securities	3,934,571	-	-	3,934,571
Quoted bonds	22,434,557	-	-	22,434,557
Unquoted shares in other co-operative societies	-	2,107,806	-	2,107,806
<u>Financial assets, at FVTPL</u>				
Investment fund	-	2,049,950	-	2,049,950
	26,369,128	4,157,756	-	30,526,884
2018				
<u>Financial assets, at FVOCI</u>				
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
	27,226,674	2,107,806	-	29,334,480

Information regarding Financial asset, at FVOCI is disclosed in Note 8.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

34. COMPARATIVE INFORMATION

Restatement

In prior years, the Group and Co-operative had included the movement in funds as part of their surplus from operations. This has been excluded in the current year to align their presentation with that of other co-operatives. Arising from this change in presentation, the Co-operative will have to contribute an additional amount of \$9,967 to the Central Co-operative Fund. The following adjustments have been made to the comparative information:

	As previously reported \$	Amount adjusted \$	As restated \$
2018 Statement of Financial Position			
<u>Group</u>			
Retained surplus	3,773,103	(9,967)	3,763,136
<i>Current liabilities</i>			
Central Co-operative Fund	68,741	9,967	78,708
<u>Co-operative</u>			
Retained surplus	3,920,261	(9,967)	3,910,294
<i>Current liabilities</i>			
Central Co-operative Fund	68,741	9,967	78,708
2018 Statement of Comprehensive Income			
<u>Group</u>			
Contributions received for:			
Common Good Fund	47,151	(47,151)	-
Co-operative Education and Training Fund	15,205	(15,205)	-
Withdrawals			
Common Good Fund	(58,800)	58,800	-
Utilisation of funds			
Co-operative Education and Training Fund	(71,243)	71,243	-
Statutory appropriation			
- Central Co-operative Fund	(63,273)	(9,967)	(73,240)
Net deficit for the financial year	(118,657)	57,720	(60,937)

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

34. COMPARATIVE INFORMATION (CONT'D)

	As previously reported \$	Amount adjusted \$	As restated \$
2018 Statement of Comprehensive Income (cont'd)			
<u>Co-operative</u>			
Contributions received for:			
Common Good Fund	47,151	(47,151)	-
Co-operative Education and Training Fund	15,205	(15,205)	-
<i>Withdrawals</i>			
Common Good Fund	(58,800)	58,800	-
<i>Utilisation of funds</i>			
Co-operative Education and Training Fund	(71,243)	71,243	-
Statutory appropriation			
- Central Co-operative Fund	(63,273)	(9,967)	(73,240)
Net deficit for the financial year	(134,468)	57,720	(76,748)
2018 Statement of Changes in Equity			
<u>Group</u>			
Movement in funds	-	(67,687)	(67,687)
Net deficit for the financial year	(118,657)	57,720	(60,937)
<u>Co-operative</u>			
Movement in funds	-	(67,687)	(67,687)
Net deficit for the financial year	(134,468)	57,720	(76,748)
2018 Consolidated Statement of Cash Flows			
Surplus from operations	24,616	67,687	92,303
Cash flows from financing activities			
Payment of common good fund	-	(11,649)	(11,649)
Payment of co-operative education and training fund	-	(56,038)	(56,038)

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2019

35. 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:

Effective date (annual periods beginning on or after)	New or revised accounting standards and interpretations
1 January 2020	<ul style="list-style-type: none"> Amendment to References to the Conceptual Framework in FRS Standards
1 January 2020 To be determined	<ul style="list-style-type: none"> Amendments to FRS 1 and FRS 8 Definition of Material Amendments to FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>

The Committee of 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

36. EVENTS OCCURRING AFTER THE REPORTING PERIOD

The Coronavirus Disease (COVID-19) outbreak and the measures taken to contain the spread of the pandemic have created a high level of uncertainty to global economic prospects and this has impacted the Group's operations and its financial performance subsequent to the financial year end.

The Singapore Multi-Ministry Taskforce implemented an elevated set of safe distancing measures as a circuit breaker from 7 April 2020, to pre-empt the trend of increasing local transmission of COVID-19. Except for those providing essential services and selected economic sectors which are critical for our local and the global supply chains, all businesses are required to suspend all in-person activities and activities at the business location. As a result, the Group suspended operations at its registered office from 7 April 2020 to 1 June 2020.

As the situation continues to evolve with significant level of uncertainty, the Group is unable to reasonably estimate the full financial impact of the COVID-19 outbreak. The Group continues to monitor the impact of the virus outbreak as part of its risk management activities.

37. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Committee of Management on 25 July 2020.

THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED

DETAILED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	CO-OPERATIVE	
	2019	2018
	\$	\$
Revenue		
Interest income from:		
- loans granted to members	1,268,892	1,299,456
- bonds	846,379	726,919
- fixed deposits	628,820	506,833
- savings account	13,340	8,894
Dividend income from:		
- quoted equity investments	176,472	207,493
- unquoted equity investments	124,448	114,248
Net gain on financial assets at FVTPL	49,950	-
Net gain on redemption of bonds	73,125	-
Rental income	53,078	52,237
Administrative fee income	273,086	262,773
Entrance fee income	795	982
Other income	108,020	59,270
	<u>3,616,405</u>	<u>3,239,105</u>
LESS: EXPENDITURE		
Depreciation of investment properties	(47,500)	(47,500)
Depreciation of property, plant and equipment	(141,466)	(127,906)
Impairment loss on investment in subsidiary	(88,885)	-
Interest expense paid/payable on:		
- general savings	(78,731)	(67,871)
- bonus savings	(333,369)	(366,784)
- term deposits from members	(379,942)	(323,121)
Dividends paid	(496,916)	(709,899)
Net loss on disposal of bonds	-	(2,001)
Net loss on disposal of property, plant and equipment	-	(57,325)
Staff costs	(704,626)	(675,219)
Other expenses	(711,389)	(784,987)
	<u>(2,982,824)</u>	<u>(3,162,613)</u>
SURPLUS FROM OPERATIONS	<u>633,581</u>	<u>76,492</u>

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

THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED

ANNEX A

OPERATING EXPENSES

	Co-operative	
	2019	2018
	\$	\$
OTHER EXPENSES		
Administrative expenses	33,600	33,600
Affiliation fee	1,101	1,093
Allowance for expected credit losses on loans to members	(5,938)	(41,899)
AC exp/internal audit	18,050	18,039
Auditor's remuneration	20,000	20,000
Bad debts written off	296,187	272,933
Bank charges	5,033	3,758
Central pay office charges	6,395	6,447
Co-operative activities	25,955	36,115
Computer service charges and supplies	47,717	117,001
Debts Collection Fees	42,000	42,000
Expenses in operating Grobina Condominium	783	7,419
General meeting expenses	29,874	26,082
General expenses	8,306	10,301
Insurance	22,631	22,972
Internal audit expenses	7,600	6,120
Investment management fee	-	47,439
Legal fees	500	12,454
Maintenance of equipment	1,909	3,171
MC meeting allowance	6,250	4,700
Membership drive expenses	5,863	3,562
Property maintenance fee	35,265	35,350
Postages	8,205	7,776
Printing and stationery	10,540	10,777
Property tax	13,160	12,380
Refreshments	8,442	6,990
Treasurer allowance	18,000	16,500
Sub comm meeting allowance	540	370
Telephone expenses	11,891	11,554
Transport expenses	22,310	21,020
Utilities	9,220	8,963
	<u>711,389</u>	<u>784,987</u>

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

The Singapore Teachers' Co-operative Society Limited
150 Changi Road, #02-06, Guthrie Building
83rd/84th Committee of Management 2019

Attendance at the Committee of Management Meetings for the Year 2019

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	0	1	12	92.3%
Mr Fok Kim Fook	1	1	1	1	2	1	1	1	0	1	1	1	12	92.3%
Mdm Elaine Seah Ee Leng	1	1	1	0	2	1	1	1	1	1	1	1	12	92.3%
Mr Ng Khiam Siong Dickson Jedidiah	1	0	1	1	2	1	1						7	87.5%
Mdm Elene Lim Lan Hiang	1	1	1	1	2	1	1	1	0	1	1	1	12	92.3%
Mr Peter Tan Swee Chong	1	1	0	1	2	1	1	1	1	0	1	1	11	84.6%
Mdm Pasty Ng Moi Sng	1	1	1	0	1	0	1	1	1	0	1	1	9	69.2%
Mr Chern Meng Hock	1	1	0	1	2	1	0	0	1	1	1	1	10	76.9%
Mr Wilson Koh Kian Neng	1	1	1	1	2	1	1	1	1	1	1	1	13	100%
Mdm Kiren Kaur Gill					1	1	1	1	1	1	1	1	8	100%

Note:

1. Mr Ng Khiam Siong Dickson Jedidiah, resigned from the post of 2nd Honorary Assistant Treasurer w.e.f 16.08.2019.
2. Mdm Kiren Kaur Gill was elected as a member of the COM on 25.05.2019.

COMMITTEES' LIST 2019/2020

LOAN – IT WILL CONSIST OF FIVE MEMBERS:

Chairman	-	Mr Richard Zaccheus / Mr Allan Tok Wei Cheng
Hon Treasurer	-	Mr Fok Kim Fook/Mdm Elaine Seah Ee Leng
Members	-	Mdm Elene Lim Lan Hiang, Mr Wilson Koh Kian Neng, Mdm Kiren Kaur Gill, 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 Chern Meng Hock
Mr Teo Chor Kai
Mr Wilson Koh Kian Neng

Media/ Publicity/Welfare

Chairperson	-	Mdm Patsy Ng Moi Sng
Secretary	-	Mdm Kiren Kaur Gill
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 Accountant from
M/s Yang & Lee Associates

Audit Committee

Chairman	-	Mr Sam Lam
Secretary	-	Mr Peter Tan Swee Chong

Member

Mr Allan Tok Wei Cheng
Mdm Patsy Ng Moi Sng

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

By-law Committee

Chairman	-	Mr Richard Zaccheus
Secretary	-	Mr Fok Kim Fook

Members

Mr Allan Tok
Mdm Garmit Kaur
Mr Teo Chor Kai

Dinner & Dance Committee

Chairman	-	Mr Allan Tok
Secretary	-	Mdm Elaine Seah Ee Leng

Members

Mr Wilson Koh Kian Neng
Mdm Elene Lim Lan Hiang
Mdm Kiren Kaur Gill

Staff - Mdm Arifah Begum
Mr Willy Kang
Mr Latch

Representatives/Delegates/Staff in Other Co-operative Organisation

Singapore National Co-operative Federation (SNCF)

Delegates / EXCO	-	-	-	-	Mr 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 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	-	-	-	-	Mdm Kiren Kaur Gill
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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 (up to 15.08.2019)
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NTUC Choice Home

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

Delegates	-	-	-	-	Mr Fok Kim Fook (Board Member)
					Mr Teo Chor Kai

Annex 4

PROPOSED DISTRIBUTION OF 2019 SURPLUS

	S\$	S\$
SURPLUS FOR THE YEAR 2019 (including dividend payment of \$496,916 in June 2019)		1,130,497.02
Less: Contribution to Central Co-operative Fund ***		<u>(136,066.78)</u>
		994,430.24
Add: Balance Brought Forward as at 31 December 2019		<u>3,259,837.95</u>
		4,254,268.19
Proposed Dividend on Share Capital: 8% x \$7,127,147.37 (2018 = 7%)	570,171.79	
Proposed Loan Interest Rebate: 4% x \$1,268,892.08 (2018 = 3%)	<u>50,755.68</u>	<u>(620,927.47)</u>
		3,633,340.72
Distribution to:-		
Common Good Fund	50,000.00	
Honorarium	55,000.00	
Retained Surplus	<u>3,528,340.72</u>	<u>(3,633,340.72)</u>
Net Surplus after Distribution		<u><u>(0.00)</u></u>



ZACCHEUS RICHARD BAINS
CHAIRMAN



FOK KIM FOOK
HON TREASURER

DATED: 25 JULY 2020

*** CCF Support | Reduce first tier CCF contributions payable from 5% to 0% for one year.

This is applicable to the first \$500,000 surplus of a co-op, for financial year ending from 31 Dec 2019 to 30 Sep 2020.

*** Central Co-operative Fund		
Surplus for the Year 2019	633,580.86	
Add: Dividend payment	<u>496,916.16</u>	
	1,130,497.02	
1st S\$500,000 @ 5%	<u>(500,000.00)</u>	-
Balance @ 20%	630,497.02	<u>126,099.40</u>
		126,099.40
Add: Payment of prior years FY2014 to FY2018 due to reclassification of net funds movements		<u>9,967.38</u>
		<u><u>136,066.78</u></u>

THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED

(Registered under the Co-operative Societies Act, Cap. 62, Singapore) Annual Report 2019

Annex 5

THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LTD			
ESTIMATES FOR FY 2020 - FY 2021			
	FY 2020	FY 2020 (Adjustments)	FY 2021
	S\$	S\$	S\$
Auditor's Remuneration	20,000	7,000	31,500
Administrative Expenses - Grobina Condo	5,000	(5,000)	-
Administrative Expenses	33,600	1,200	34,800
Affiliation Fees	2,000		2,000
Allowance for Hon Secretary & Treasurer	20,000		20,000
Bank Charges	6,500		6,500
Bad Debts Written Off	250,000		250,000
CPF Contributions	83,000	8,000	94,560
Co-Operative Activities	50,000		50,000
Computer & Equipment	20,000	20,000	20,000
Computer Software	100,000		100,000
Computer Service & Supplies	100,000		100,000
Courier & Postage	15,000		15,000
Debts Management Fees	42,000	1,200	43,200
Dinner & Dance expenses	-	150,000	150,000
Furniture & Office Equipment	30,000		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	50,000		50,000
Maintenance of Office Premises	5,000		5,000
Maintenance of Office Equipment	7,000		7,000
Membership Drive Expenses	10,000		10,000
MC Meeting / Attendance Allowance	9,000		9,000
Printing & Stationery	25,000		20,000
Professional & Legal Expenses	50,000		30,000
Property Tax & Quit Rent	16,000		16,000
Provision for Doubtful Debts	250,000		250,000
Refreshment	8,000	1,000	9,000
Renovation	50,000		50,000
Salaries & Bonuses for Staff	620,000	125,000	780,000
Service Charges for Check-off	8,000		8,000
Service Charges for Premises	40,000		40,000
Skill Development Levy	1,500	150	1,750
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	25,000		25,000
Utilities	12,000		12,000
TOTAL	\$2,093,600	\$ 308,550	\$ 2,400,310

Annex 6

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 2020 be set at **S\$75,000,000**.

	BALANCE 31/12/2019	MONTHLY CONTRIBUTION	PROJECTED BALANCE 31/12/2020	ESTIMATE INTEREST PAYABLE	INTEREST PAYABLE 31/12/2019
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
GENERAL SAVINGS	25,227	390	29,000	80	79
BONUS SAVINGS	12,891	1,100	14,000	400	333
TERM DEPOSITS	27,477	-	32,000	450	380
TOTAL	\$ 65,595	\$ 1,490	\$ 75,000	\$ 930	\$ 792



ZACCHEUS RICHARD BAINS
CHAIRMAN



FOK KIM FOOK
HON TREASURER

DATED: 25 JULY 2020

INVESTMENT PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2019

Restricted Investments	2019		FY 2018	
	Investment Amount (\$)	Income (\$)	Investment Amount (\$)	Income (\$)
Shares listed on SGX	3,934,571.13	307,140.52	4,812,273.05	120,783.94
Corporate bonds and Managed Funds	16,014,394.19	682,429.07	15,082,154.34	566,881.47
Shares in private companies	440,815.00	-	529,700.00	-
Shares in other co-op (invest after 30/06/2010)	191,990.00	11,799.40	169,990.00	9,599.40
Total	\$ 20,581,770.32	\$ 1,001,368.99	\$ 20,594,117.39	\$ 697,264.81
Returns on restricted investment	4.87%		3.39%	
Total Assets	\$ 84,794,808.68		\$ 84,637,117.76	
Restricted Investment (RI) approved	30%		30%	
Approved RI @ 30% of Total Assets	\$25,438,442.60		\$25,391,135.33	
Total RI invested	\$ 20,581,770.32		\$ 20,594,117.39	
RI as a % of Total Assets	24%		24%	

Non Restricted Investments	2019		FY 2018	
	Investment Amount (\$)	Income (\$)	Investment Amount (\$)	Income (\$)
Investment properties	1,350,804.17	53,078.40	1,398,303.73	52,237.28
Statutory board bonds	6,420,162.49	237,074.18	7,332,247.49	177,825.63
Central investment fund (SI)	2,049,950.04	49,950.00	-	-
Shares in other co-op (invest before 30/06/2010)	1,915,816.00	112,648.96	1,915,816.00	104,648.96
Fixed deposits and bank balances	33,192,829.28	642,160.15	33,749,112.49	515,727.58
Total	\$ 44,929,561.98	\$ 1,094,911.69	\$ 44,395,479.71	\$ 850,439.45
Returns on non restricted investment	2.44%		1.92%	

The Investment Committee members had three meetings in the year 2019 to review the performance and update changes to the policy and rules where required. They ensured that the 30% RI limit was adhered to at all time.

For non-restricted investments, the funds were mainly placed as fixed deposits with banks and financial institutions. Before a fixed deposit was made, the finance manager would check for the best interest rate available, obtaining quotes from a minimum of three banks, before the decision making.

The amount of funds used for RI investment in 2019 was \$20,581,770 which was slightly lower than that used in 2018. However, income generated was \$1,001,369 which was \$304,104 higher than that received in 2018, a whopping 43.6% increase. The gain on disposal of quoted shares and dividend income was \$307,141 which was \$186,357 higher than that earned in 2018. The increase from corporate bond interest in 2019 was due to the domino effect from 2018 bond purchase.

The ROI also increased to 4.87% as against 3.39% in 2018. This had exceeded the target of between 3.5% to 4.5% set by the COM on RI returns. The performance was achieved without the society engaging a professional wealth manager. The Investment Committee members should be commended for the good performance.

Non-RI income increased by \$244,472 which was 28.7% higher than that of 2018. The ROI also increased from 1.92% in 2018 to 2.44% in 2019.

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GUTHRIE BUILDING
SINGAPORE 419973

TEL: 6440 4393

Annex 8

84TH ANNUAL GENERAL MEETING – 12TH SEPTEMBER 2020

NOMINATION FOR ELECTION TO THE COMMITTEE OF MANAGEMENT – 2020/2023

NO	NAME OF CANDIDATE	NAME OF PROPOSER	NAME OF SECONDER
01.	MR KOH KIAN NENG	MR ZACCHEUS RICHARD BAINS	MDM TAN HUI TENG
02.	MR FOK KIM FOOK	MR ZACCHEUS RICHARD BAINS	MR TAN SWEE CHONG
03.	MDM SEAH EE LENG ELAINE	MR ZACCHEUS RICHARD BAINS	MR FOK KIM FOOK
04.	MR TOK WEI CHENG ALLAN	MR ZACCHEUS RICHARD BAINS	MR FOK KIM FOOK
05.	MR HO BOON HUAT (HE WENFA)	MR TOK WEI CHENG ALLAN	MR TEO CHOR KAI
06.	MR LEONG CHAO SHING	MR CHAN KWAN MENG ALEX	MR GENESAN THIRUVALLUVAN
07.	MR CHAN KWAN MENG ALEX	MR LEONG CHAO SHING	MR GANESAN THIRUVALLUVAN
08.	MR GANESAN THIRUVALLUVAN	MR LEONG CHAO SHING	MR CHAN KWAN MENG ALEX



BRENDA TAN
VICE PRESIDENT
RETURNING OFFICER

DATED: 3RD JULY 2020

