

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

85th AGM

Annual Report & Statement of Accounts 2020

**The 85th AGM will be held electronically
on Saturday, 26th June 2021 at 1030 hours**

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

MCI (P) 028/03/2021

85th ANNUAL GENERAL MEETING

STANDING ORDERS

In pursuant to the COVID-19 (Temporary Measures) Order 2020

Alternative Arrangements for Meetings of Co-operative Societies

1. A general meeting of members of a co-operative society, or a meeting of members of a co-operative society, may be convened, held or conducted whether wholly or partly, by electronic means.
2. A co-operative society may provide that a member may only attend a meeting by observing and listening to the proceedings of the meeting by electronics means.
3. A co-operative society may require a member before the meeting, to send to the chairman of the meeting, by post or electronic mail, the matters which the member wishes to raise at the meeting, and each such matter, if substantial and relevant and sent within a reasonable time before the meeting, is to be responded to at or before the meeting by electronic response.
4. A member is deemed to be present at a meeting if the member has appointed the chairman of the meeting as the member's proxy to attend, speak and vote at the meeting, and the relevant quorum requirements are to be determined by the voting instructions and proxies submitted by the members or delegates prior to the commencement of the meeting.
5. A co-operative society may require a member to appoint the chairman of the meeting as the member's proxy to vote at the meeting by depositing with the co-operative society an instrument of appointment by post, or by electronic mail to an electronic mail address stated in the notice of the meeting. A member may not vote at the meeting otherwise than by way of appointing the chairman of the meeting as the member's proxy.
6. A document required to be laid or produced before a meeting may be so laid or produced by being:
 - (a) **Sent with the notice of the meeting; or**
 - (b) **Published at an online location, the address of which is provided with the notice of the meeting, or on the website of the co-operative society.**

CONTENTS

	Page
Notice of Annual General Meeting & Agenda	2
Minutes of the 84 th AGM held on 12 September 2020	3
Report of the Committee of Management for 2020	9
Audit Committee Report for Financial Year 2020	17
Financial Statement for Year Ended 31 st December 2020	19
Annexes:	
Annex 1 - Attendance at the Committee of Management Meetings for Year 2020	82
Annex 2 - Committees' List for 2020/2021	83
Annex 3 – Representatives/Delegates/Staff in Other Co-operative Organization	84
Annex 4 - Proposed Distribution of 2020 Surplus	85
Annex 5 - Adjustments for FY2021 and Estimated Expenditure for FY2022 for the Society	86
Annex 6 - Maximum Liability of \$75 Million for Year 2021	87
Annex 7 – Investments Performance for the year ended 31 st December 2020	88
Annex 8 – To consider and approve the proposed Amendments to the Society's By-Laws 9 (enclosed) 2.1 (h) and 6.13.2	89
Annex 9 - Nomination for Election to the Committee of Management for Year 2021/2024	90
Annex 10 – Profile of candidates standing for election	91

ANNUAL GENERAL MEETING

Notice is hereby given that the **85th ANNUAL GENERAL MEETING** of The Singapore Teachers' Co-operative Society Limited will be held **electronically** on Saturday, 26 June 2021 at 1030h

A G E N D A

1. The President's Address.
2. To confirm the minutes of the 84th Annual General Meetings held on 12 September 2020.
3. To receive, and if approved, to accept the Report of the Committee of Management and the Audit Report for the year ended 31 December 2020.
4. To receive and if approved, to accept the Statement of Accounts for the year ended 31 December 2020.
5. To consider and approve the proposed 'Distribution of 2020 Surplus' (Annex 4)
6. To consider and approve the Adjustments for FY 2021 and Estimated expenditure for FY 2022 for the Society. (Annex 5)
7. To consider and approve the maximum liability of \$75 million for the year 2021, 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. To consider and approve the amendments to the society's by-laws.
9. To consider and appoint Messrs Reanda Adept PAC (Ms Vivienne Chiang Kok Ying) as External Auditor for financial year 2021.
10. Elections:
 - 10.1. To elect **three** members to serve on the Committee of Management for a term of three years.
11. To transact any other business of which at least seven clear days' notice shall have been given in writing to the Chief Executive Officer.

By Order of the Committee of Management



Teo Chor Kai
Chief Executive Officer

THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LTD**150 CHANGI ROAD****#02-06 GUTHRIE BUILDING****SINGAPORE 419973****TEL : 6440 4393****FAX :6440 3382**

Minutes of the 84th Annual General Meeting (AGM) held on Saturday, 12th September 2020 via electronic means at the society's premises

Quorum for the AGM:

A total of fifty-five valid proxy forms were received prior to the meeting date. The quorum required for the meeting was 30. Thus, the society had the necessary quorum to proceed with the meeting.

The society's President, Mr Lim Boon Wee, (Deputy Secretary, Education), chaired the meeting. Thirteen other members who did not submit the proxy forms logged in to view and listen to the AGM's proceeding.

This is the first time the society held its AGM, via electronic means at its premises. The society is deeply honoured to have Mr Lim Boon Wee to conduct the proceedings. The meeting started punctually at 1030 hours. The society's Chairman, Mr Richard Zaccheus, Hon Treasurer, Mr Fok Kim Fook, IT staff and representative from the webinar vendor were present during the meeting

THE CHAIRMAN'S ADDRESS

Good morning, Vice-Presidents, Mrs Brenda Tan, Mr Goh Ek Piang, Chairman of The Singapore Teachers' Co-operative Society Ltd, Mr Richard Zaccheus and members.

The year 2020 has been a tumultuous year, with the advent of the COVID-19 pandemic, a new order in life has evolved.

For the first time since its existence, the society could not conduct its Annual General Meeting (AGM) in a physical form.

As advised by the Ministry of Culture, Community and Youth (MCCY), the society has to hold its AGM via electronic means.

MCCY has also provided guidelines on how this virtual AGM could be conducted. Co-operative societies would need to abide by these guidelines when conducting their AGM.

Among the many guidelines issued, there are major changes to the way how the meeting should be conducted.

I will list a few of the major guidelines for your attention:

1. Members need to download a proxy form which would contain the various resolutions which the society needs to pass and also vote on the candidates, they wish to be elected to serve in the Committee of Management. The proxy form has to be either posted or emailed to the society as prescribed in the guidelines. The confidentiality of voting is therefore now compromised.

The voting on the resolutions and the election of candidates would need to be verified and counted prior to the AGM. The Chairman of the AGM would then announce the results.

2. The voting process has been modified. Members are unable to attend the meeting physically, therefore they can only vote by proxy on all resolutions. Only the Chairman of the meeting may be appointed as proxy.
3. The quorum for the meeting – A member is deemed to be present if the member has appointed the chairman of the meeting as the member's proxy to attend, speak and vote at the meeting, and the relevant quorum requirements are to be determined by the voting instructions and proxies submitted by the member prior to the AGM.
4. For the convenience of members, the society had installed a Temperature Screening Solution machine at its entrance. Besides taking the temperature of visitors to the society, the personal data captured are sent to the Government Safe entry and contact tracing system.

In 2019, the Singapore economy grew by a mere 0.7%, down from the 3.1% in 2018. It slumped particularly in the last month of the year and the growth was the slowest in a decade. While expecting a rebound in 2020, the advent of COVID-19 pandemic in the beginning of 2020 and with the pandemic still continuing worldwide, the world's economic growth had been impacted greatly. No country has been spared. It is projected that Singapore would possibly be registering a negative growth rate and perhaps one of its worst since independence.

The on-going trade war between the two great economic power-houses of the world, namely China and the United States, have impeded economic recovery and growth around the globe. The closure of borders and travel restrictions between countries have virtually stalled all inter country trades and travel businesses. Besides the number of deaths caused by COVID-19, many people are out of jobs.

To help prevent the spread of the virus, governments of countries have introduced restrictive measures for their citizens. Among the measures are safe distancing, wearing of masks and working from homes. A new normal of life has evolved and will remain until a vaccine is found to combat the virus. Only time will tell when the vaccine would be available.

Impact of COVID-19 pandemic on the society

The multi-ministry task force issued many safety measures for Singapore citizens to adopt for their safety.

In line with the authorities advice on the reduction of human traffic in public, starting from 7th April 2020, the society's staff were put into two teams to work on shift. One team reported for work from 0900 hours to 1330 hours while the other worked from 1330 hours to 1800 hours.

On 25th April 2020, the society received an email notification to cease operation within 24 hours, thus the society was closed for business transactions from 27th April 2020. The society was locked-down from 27th April 2020 to 27th May 2020. During this period, staff worked from home and they were only able to meet the members' need on withdrawal of their savings. Loan application was suspended and for the first time the April monthly Committee of Management meeting had to be cancelled.

The Committee of Management held its May meeting electronically, via zoom, and will be conducting its meeting in this manner until the situation gets better.

Currently, two staff are working from home. However, they need to report at the society once a week for updates.

Impact on Loans

The amount of loans disbursed as at end July 2020 was reduced by around \$2 million compared to the same period in 2019. The one-month lock-down of the society had definitely contributed to this decline.

Impact on Investments

Owing to the uncertainties and turbulence in the stock market, the Investment Committee members held on to the stocks at hand and did not do any panic sale.

However, they did purchase some bonds with have coupon rates better than that paid by banks as fixed deposits. It is hoped this could mitigate the drop in loan interest receivable in 2021 and thereafter.

Impact on Membership

The number of members as at end July 2020 was 4,286, a decrease of 41 compared to 31st December 2019 (4,327). It is now not possible to do any membership promotion in school. Presently, one way of increasing the membership is to adopt the 'member get member' method. The society is maintaining its cash incentive reward of \$30/- for the proposer and \$15/- for the seconder for every member recruited until 31st December 2020. I would urge existing members to do your part to help recruit new members.

Maximum Liability (\$75 million)

The society's liabilities increased from \$65 million to \$68 million. This is the first increase on liabilities after a period of more than two years when the liabilities had remained at \$65 million. This increase is a good indication that members have trust in the society and are putting more monies as deposits. I suppose the returns members get from the society are much better than those they could get from the banks or financial institutions. This places an onerous task on the management as they have to ensure that the monies entrusted with the society generates decent returns for the members.

Term Deposit Rates

The society maintained its two tier deposit rate of paying 1.6% p.a. for amount \geq \$10,000.00 and 1.4% for amount $<$ \$10,000.00. However, due to the COVID-19 pandemic, the society consolidated the rates into one and paid 1.4% p.a. for its Term Deposit irrespective of the amount, with a minimum of \$500.00. With effect from May 2020, due to worsening economic situation in the second quarter of 2020, bank interest rates tanked. The society had no choice but to reduce the Term Deposit rate to 1.2% p.a. with effect from 1st September 2020. This rate is still higher than that offered by most of the banks and financial institutions on fixed deposits.

Common Good Fund

The policy and rules governing the Common Good Fund was reviewed and approved by the COM in 2019. Details were worked out and 843 members were paid a total sum of \$671,200. Members do not have to resign from service after their retirement to receive the benefit. Their dues were credited into their General Savings account in March 2019.

Performance of the Society

Amid all the uncertainties in the larger world, the society was able to register a remarkable net profit of \$1.13 million after the write-off of bad loans and impairment. Income on restricted investment increased by \$304,104 while that for non-restricted income rose by \$244,472. The net profit for 2019 was nearly \$400,000 more than that registered for 2018. In view of the better performance, the society had recommended a dividend rate of 8% and on loan interest rate rebate of 4% to reward members. These are 1% higher than that paid in 2018 respectively. I will announce the result of this recommendation later when we go through the resolutions.

IT

In order to serve the members with greater efficiency, the society has continuously upgraded its IT system by upgrading its software as well as its hardware. For the year 2020, it has replaced all its existing computers with new ones running on Window 10. The society's website has also been upgraded to accommodate more platforms. Notices and important news are now e blasted to members, thus saving printing on papers.

Going Paperless

More members are using the internet to connect with the society. They do their withdrawal of savings and application of loans via the internet. For payment on savings withdrawal, most have opted for GIRO payment thus doing away with the need to write cheques and getting officers to sign them. The doing away with cheques has enabled the society to save a substantial sum on bank charges for cheques clearance. Currently, around 5% of payment are made by cheques. It is hoped that in time to come, payment will be carried out 100% without the issuing of cheques.

Appointment of CEO and CFO

The amended Co-op Act requires that a society appoints a Chief Executive Officer and a Chief Finance Officer to run the society. Mr Teo Chor Kai, who satisfies the minimum competency qualification recognised by MCCY was appointed as the society's Chief Executive Officer with effect from 1st November 2019. Likewise, Ms Jaise Choi was appointed as Chief Finance Officer (Designate). Ms Choi would be appointed the Chief Finance Officer once she acquires the necessary qualifications as prescribed by MCCY.

Election to be a member of the Committee of Management

It is heartening to note that eight members had sent in their nominations for election to be a member of the COM.

Four of them are incumbents, while another four are new. Five members who have the highest votes will be elected into the COM and will serve a three year term from September 2020 to June 2023. I will announce the results later when we go through the resolutions.

Thank you.

Following the address, the Chairman then affirmed the results of the resolutions as listed on the item agenda.

Below are the resolutions and their results:

The following resolutions from 1 to 9 were adopted at the meeting by a simple majority except for resolution (7) which required a 75% or more for votes from the total valid votes.

Resolution 1: To confirm the minutes of the 83rd Annual General Meeting held on 25th May 2019.

Vote for: 51

Against: 1

The resolution was carried.

Resolution 2: 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.

Vote for: 51

Against: 0

The resolution was carried.

Resolution 3: To receive and if approved, to accept the Statement of Accounts for the year ended 31st December 2019.

Vote for: 52

Against: 0

The resolution was carried.

Resolution 4: To consider and approve the proposed “Distribution of 2019 Surplus”. (Annex 4)

Vote for: 53

Against: 0

Dividend: 8%

Loan Interest rebate: 4%

Honorarium: \$55,000

The resolution was carried.

Resolution 5: To consider and approve the Adjustments for FY 2020 and Estimated Expenditure for FY 2021 for the society. (Annex 5)

Vote for: 51

Against: 1

The resolution was carried.

Resolution 6: 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)

Vote for: 52

Against: 0

The resolution was carried.

Resolution 7: To consider and approve the amendments to the society's by-laws.

Vote for: 42

Against: 10

Percent: 80.7%

Under the by-law, 5.10.3, amendments to society's by-laws may be passed only by a mandate of 75% of the members voting at a general meeting.

The resolution was carried.

Resolution 8: To consider and approve the re-appointment of Yang Lee & Associates as the Internal Audit of the society for the period 2020 to 2022.

Vote for: 50

Against: 1

The resolution was carried.

Resolution 9: To consider and appoint Reanda Adept PAC (Ms Vivienne Chiang Kok Ying) as External Auditor for financial year 2020.

Vote for: 49

Against: 1

The resolution was carried.

Election to be members of the Committee of Management for the period September 2020 to June 2023.

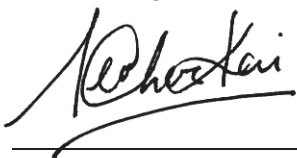
For Item 10 – 17, election to be a member of the Committee of Management, the following five (5) members who received the highest votes from among the eight candidates were elected to serve in the COM for the period September 2020 to June 2023

The five members were:

1. Mr Koh Kian Neng
2. Mr Fok Kim Fook
3. Mdm Seah Ee Leng Elaine
4. Mr Tok Wei Cheng Allan
5. Mr Ho Boon Huat

ANY OTHER BUSINESS

There being no other business, the meeting ended at 1055 hours.



TEO CHOR KAI

CHIEF EXECUTIVE OFFICER

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR 2020

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

1. COMMITTEE OF MANAGEMENT

Chairman	-	Mr Richard Zaccheus
Deputy Chairman	-	Mr Allan Tok Wei Cheng
Hon. Treasurer	-	Mr Fok Kim Fook
1 st Hon. Asst. Treasurer	-	Mdm Elaine Seah Ee Leng
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 Mr Ho Boon Huat (w.e.f. 12.09.2020)

2. 84th Annual General Meeting (AGM) – 12th September 2020

- 2.1 The year 2020 was a special year for the society. In view of the uncertainties arising from the COVID-19 Pandemic, the members of the Committee of Management (COM) decided to hold the 84th AGM by electronic means. This was also to comply with the multi-Ministry COVID-19 advisory on safe-distancing for meetings. The Registrar of Co-operatives had also issued directives for co-operatives to extend the date of their AGM for another three months beyond the six months grace period given following the account closing date of 31st December.

Members of the COM then decided to hold the 84th AGM virtually on 12th September 2020.

An external event organizer was engaged to help organise and run the event.

3. Chairman for the 84th AGM (virtual)

- 3.1 The President of the society, Mr Lim Boon Wee, chaired the 84th AGM. The society is grateful and wished to thank Mr Lim for his presence at the society's premises on 12th September 2020 to conduct the 84th AGM. The event was successfully conducted. The number of valid proxy forms received was fifty-five (55), three forms were voided as they were incorrectly filled. On the day of the meeting, thirteen other members who did not submit the proxy forms logged in to view and listen to the proceedings.

4. Adoption of Resolutions

- 4.1 The following resolutions were adopted by members with a simple majority except for resolution 7 which required a 75% majority votes at the AGM.

Resolution 1: To confirm the minutes of the 83rd Annual General Meeting held on 25th May 2019.

Resolution 2: 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.

Resolution 3: To receive and if approved, to accept the Statement of Accounts for the year ended 31st December 2019.

Resolution 4: To consider and approve the proposed "Distribution of 2019 Surplus". (Annex 4)

Resolution 5: To consider and approve the Adjustments for FY 2020 and Estimated Expenditure for FY 2021 for the society. (Annex 5)

Resolution 6: 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)

Resolution 7: To consider and approve the amendments to the society's by-laws. Votes cast in favour was 80.7%.

Resolution 8: To consider and approve the re-appointment of Yang Lee & Associates as the Internal Audit of the society for the period 2020 to 2022.

Resolution 9: To consider and appoint Reanda Adept PAC (Ms Zhang Liang Yu Tammy) as External Auditor for financial year 2020.

4.2 Elections of COM Members

4.2.1 At its COM meeting held on 25th July 2020, members of the COM decided that to ensure safe distancing and to be in compliance with COVID-19 safety measures, the following procedures were adopted:

- (i) Three staff were deployed to record the vote counts.
- (ii) 1st Vice-President served as the Returning Officer
- (iii) Chairman and CEO supervised the conduct of the counting. Two invited non-members served as independent members. Two candidates, one incumbent and one new witnessed the counting.

4.2.2 Following the results of the election, an unsuccessful candidate wrote and complained to MCCY that there was tempering of nine proxy forms which were received by hand/post. MCCY officials conducted an interview with the officials and the CEO. After reviewing the facts and feedback, the society was cleared of any wrong doing with regard to the conduct of the election.

4.3 Results of the election

4.3.1 There were a total of eight candidates contesting for five vacancies.

4.3.2 The following members with the highest number of votes were elected to serve in the COM for the period September 2020 to June 2023:

- 1. Mr Koh Kian Neng
- 2. Mr Fok Kim Fook
- 3. Mdm Seah Ee Leng Elaine
- 4. Mr Tok Wei Cheng Allan
- 5. Mr Ho Boon Huat

5. Membership of the Society

		Total
5.1	Number of members as at 1 st January 2020	4,300
	Number retired	60
	Number resigned	68
	Number deceased	09
	Number terminated	20
	Number admitted	104

	Number of members as at 31 st December 2020	4,247
		=====

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

MR CARVALHO CHRISTOPHER DENNIS	MDM LIM MIU NGAN
MR LEONG TIN LEONG	MR FOK KWOK ONN
MDM TAN CHING CHING	MRS OH SIEW TIOK NANCY
MR SOH KAI GUAN	MR SATWANT SINGH S/O SEWA SINGH
MRS NACHIARAMMAL W/O THAVASIKKANNU	

6. By-Law Amendments

- 6.1 The whole set of the society's by-law together with the amendments to comply with the updated Co-op Act was presented to members for their approval at the 84th AGM. 80.7% of the votes cast were in favour of the amendments. These were subsequently sent to the Registrar of Co-operatives for registration. They were registered on **24th February 2021**. The amended by-law would take effect from the date of registration.

7. Membership Drive

- 7.1 The membership team was present at MOE HQ Foyer on 8th January 2020 to recruit new members. The team was unable to visit schools to promote membership owing to the outbreak of COVID-19.

8. Meetings

- 8.1 For the year 2020, members of the COM met physically for three meetings and held eight meetings via electronic means amid the COVID-19 Pandemic.
- 8.2 In view of the COVID-19 Pandemic, the COM monthly meeting scheduled for end April 2020 was cancelled.
- 8.3 With effect from May 2020, the members of the COM conducted the monthly meetings electronically.

9. Contingency Plan for period 07.04.2020 to 04.05.2020

- 9.1 In a bid to prevent the spread of COVID-19 in the Community, the Government had ordered the shutdown of all non-essential services. The society was classified as an essential service provider. The Management applied to the Ministry of Trade and Industry (MTI) for permission to continue with its operation at its premises. MTI granted its permission for the society to continue with its operation. To help reduce human traffic in the Community, the Management decided to open its office for business on Mondays, Wednesdays and Fridays during the lock down period to meet members' needs on loans, savings and withdrawals.

10. Number of Committees

- 10.1 The number of committees formed was 8. Please refer to Annex 2 for details.

11. Internal Auditors

- 11.1 Mr Phua Chin Hong was appointed as the society's Internal Auditor. He performed routine checks on receipts and payment vouchers. He also gave invaluable advice to the staff for efficient progress of the society.
- 11.2 M/s Yang Lee & Associates were re-engaged by the general body to perform internal audit on the society for the period 2020 to 2022. They carried out their internal audit on the society from 3rd February 2021 to 9th February 2021.
- 11.3 They performed reviews on Investment, Loan Management, Revenue and General Procedures. They found five areas of moderate and two areas of low concern. Management responded and attended to all areas mentioned in their executive summary.

12. Surplus for the year 2020

- 12.1 Despite the COVID-19 Pandemic, the audited surplus for the year 2020 was \$899,840 which was \$230,657 lower than that earned in 2019. Earnings from investment and interest on loans to members had contributed significantly towards the decrease.

13. Prudential Requirement Ratios

- 13.1 The following were the ratios as at 31st December 2020:

<u>Regulatory Ratio Required</u>			<u>Audited</u>
(i)	Capital Adequacy Ratio (CAR)	min 10%	12.1%
(ii)	Minimum Liquid Asset Ratio (MLA)	min 15%	54.3%
(iii)	Restricted Investment (RI)	max 30%	23.8%

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.

14. Loans

- 14.1 376 loans were granted, amounting to \$11,835,510. This was \$4,433,290 lower than that granted in 2019, a drop of 27.2%.
- 14.2 Interest income from loans was \$1,199,849.08 while Admin fees received was \$188,563.59. Total amount received was \$1,388,412.67. This was \$153,565.33 lower than that of 2019.

15. Bad Debts Write-off

- 15.1 A sum of \$125,492 of bad loans was written off from the 2020 profit. This was \$170,695 lower than that of 2019.

16. Investments

16.1 Restricted Investment (RI) (30% limit)

- 16.1.1 The maximum amount of RI investment allowed was \$25 million (based on FY 2019 audited total asset value). As at 31 December 2020, the amount invested in RI was \$21,428,899. The ROI on RI was a decent 4.32%. The society had targeted for a 3.5% to 4.5% return.

16.2 Non-Restricted Investment

- 16.2.1 The income from Non-Restricted Investment was derived from fixed deposits placed with banks/financial institutions, Statutory Board bonds, Central Investment Fund, shares in other co-op (invested before 30/06/2010) and rental, investment from properties. Total amount received was \$943,385.03. For the amount invested, the percentage return was around 1.83%.

16.3 Total Investment Returns

- 16.3.1 The total investment income for 2020 was \$1,801,915. This was \$163,697 less than that of 2019.

16.4 Better Returns

- 16.4.1** The Investment Committee and the Finance Department had been closely monitoring the market conditions and endeavoured to seek for good investments to achieve higher returns on the society's surpluses.

17. IT System

- 17.1** The society replaced all its desktop computers which were running on Window 7 with new ones which operated on Window 10 to keep up with the technological changes. The IT manager must be commended for effecting the changes smoothly with minimum disruptions.

18. Annual Report

- 18.1** Hard copies of the Annual Report were posted to the members who had requested for one. The rest of the members received by email. This had helped the society save substantially on printing cost and postages. This was also the society's small contribution to help keep the earth "green".

19. E Newsletter

- 19.1** Society's updates, greetings and other relevant information were electronically blasted to members for their perusal. Going forward, this would be the main means of communication with the society's members.

20. Interest on Savings

20.1 General Savings (GS)

- 20.1.1** The interest rate for GS for the period 1st January 2020 to 31st December 2020 was maintained at 0.3% p.a. This rate was higher than those provided by banks/financial institutions for similar type of savings.

20.2 Term Deposit (TD)

- 20.2.1** The society made several adjustments to its Term Deposit's interest rates in line with the changing rates on fixed deposits provided by the banks and financial institutions. For the year 2020 the TD rates were as follows:

01.01.2020	to	30.04.2020	-	1.6% p.a.
01.05.2020	to	31.08.2020	-	1.4% p.a.
01.09.2020	to	30.10.2020	-	1.2% p.a.
01.11.2020	to	31.12.2020	-	1.0% p.a.

20.3 Bonus Savings (BS)

- 20.3.1** In order to continue to reward members with good savings rate, the interest rate for BS was kept at 2.5% p.a. without any change. This savings scheme gave the best savings plan as the effective rate is rather high.

21. Statement of Accounts

- 21.1 Members could view their statement of accounts by logging into the society's website. For those members who had requested for a hard copy, their statement was sent to them on a six-monthly basis, reflecting their balances as at 30th June and 31st December.

22. Dividend/Patronage Rebate

- 22.1 In view of its stable performance, members were rewarded with an 8% dividend on their Share Capital while for the borrowers, they received a 4% rebate on the interests they paid for their loans for the year 2019. The dividend and rebate were credited into members' General Savings account on 17th September 2020.

23. Singapore Teachers' International Holdings (STIH)

- 23.1 STIH continued providing the following services:
- (i) Debt collection for STCS from loan defaulters
 - (ii) Auxiliary services
 - (iii) Partnering with Edu Achiever to provide After-school Care Services. (Currently servicing three schools)
- 23.2 For the year 2020 STIH had an audited surplus of **\$20,786**.

24. Conferences & Training

24.1 Event

Attended By:

March 2020

SNCF – TRAINING ON GOVERNANCE GUIDES FOR CREDIT CO-OPERATIVES – FRIDAY, 20th MARCH 2020
ACE EXPERTS PTE LTD, 16 ARUMUGAM ROAD,
LTC BUILDING BLOCK D, #04-01B

Mr Allan Tok Wei Cheng
Mr Peter Tan Swee Chong
Mdm Ng Moi Sng Patsy
Mr Wilson Koh Kian Neng
Mdm Kiren Kaur Gill

June 2020

SNCF - ONLINE SHARING SESSION ON ZOOM & ADOBE
ON 11.06.2020

Mdm Ng Moi Sng Patsy

July 2020

SNCF – ONLINE DIGITAL MARKETING FUNDAMENTALS
ONLINE SESSION ON 07.07.2020

Mdm Ng Moi Sng Patsy

August 2020

SNCF - WEBINAR IN CYBER SECURITY FOR CO-OPS
ON 21.08.2020

Mdm Ng Moi Sng Patsy

September 2020

SNCF – CCF GRANT ENHANCED FRAMEWORK SHARING
SESSION ON 15.09.2020

Mdm Ng Moi Sng Patsy

**SNCF - MIC MODULE 2 ON GOVERNANCE GUIDES ON
INTERNAL CONTROLS, LOAN MANAGEMENT &
INVESTMENT MANAGEMENT, ON 25.09.2020**

Mdm Ng Moi Sng Patsy

October 2020

**SNCF - ON LINE SHARING ON NEW NORMAL FOR
HR ACHIEVING EMPLOYEE ENGAGEMENT,
ON 22.10.2020 @1500H
SPEAKER – MR TONY CHEUNG FROM WHYZE SOLUTIONS**

**Mdm Ng Moi Sng Patsy
Mr Teo Chor Kai**

November 2020

**SNCF - TRAINING ON MIC MODULE 1 –
CO-OPERATIVE LEGISLATION AND CODE OF
GOVERNANCE – SATURDAY, 28.11.2020**

**Mdm Elene Lim Lan Hiang
Mrs Chia Teck Lim
Mdm Hariyani
Mdm Arifah Begum
Mdm Angela Siow
Mdm Julia Sing**

December 2020

**EDUCARE INTERNATIONAL CONSULTANCY PTE LTD (EIC)
WORKSHOP ON “CORRUPTION DOING TRAFFICKING
AND MONEY LAUNDERING” AND “TAX EVASION
AND TAX AVOIDANCE”, SATURDAY, 5.12.2020**

**Mr Fok Kim Fook
Mr Teo Chor Kai**

25. Appreciation

25.1 The Committee of Management wishes to thank:

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



**TEO CHOR KAI
CHIEF EXECUTIVE OFFICER**


THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LTD

150 CHANGI ROAD

GUTHRIE BUILDING #02-06

SINGAPORE 419973

TEL: 6440 4393

AUDIT COMMITTEE REPORT FOR FINANCIAL YEAR 2020
1. The AC comprises of five members :-

Chairman	-	Mr Sam Lam Weng Yew, PBM
Secretary	-	Mr Peter Tan Swee Chong
Member	-	Mr Allan Tok Wei Cheng
		Mdm Ng Moi Sng Patsy
		Mr Ho Boon Huat

2. The AC conducted four meetings for the term 2020/2021.
3. For the term 2020/2021, AC :

- (i) Reviewed with the external auditor, the audit plan;
- (ii) Reviewed with the external auditor, the audit report;
- (iii) Reviewed the assistance given by the officers of the Society to the external auditor;
- (iv) Reviewed the scope and results of the audit procedures;
- (v) Reviewed the balance-sheet, income and expenditure statement of the Society and the consolidated balance-sheet, income and expenditure statement submitted by the Society's subsidiary;

4. AC reviewed the audit report presented by M/s Yang Lee & Associates for the year covering the following scope :

- (i) Investment Management;
- (ii) Loan Management; and
- (iii) Revenue Management;

5. AC noted in the report there were 5 moderate and 2 low audit findings. AC reviewed the audit findings with the auditors without the management's presence, focusing on the moderate priority audit findings.
6. It was noted that three bonds without the required minimum BBB+ rating were purchased. Management explained that the purchase of the 3 bonds was an one-off case during the COVID-19 pandemic, when face to face meetings could not be held.

7. M/s Yang Lee & Associates recommended that a loan check-list be attached to all loan applications for easy reference. It was noted that this had been implemented.
8. AC observed that receipts, expenditure and investment of monies and acquisition and disposal of assets made by the society during the financial year ended 31 December 2020 were in accordance with the By-laws of the society and the provisions of the Act.
9. The accounting and other records required by the Act and the Singapore Companies Act, Cap 50 kept by the society and its subsidiary were properly kept in accordance with the provisions of the Act.
10. Noted there was a net fair value loss on equity instruments due to adverse market conditions. The valuation of the equity instruments fluctuates based on market conditions, and does not affect the surplus for the financial year.
11. It was also noted that under FRS109 accounting standards, the society is to establish the value of investment in other co-operatives.
12. The staff and Management have been co-operative with the Internal, External Auditors and members of the Audit Committee.
13. AC recommended that Reanda Adept PAC be the External Auditor of the society for the financial year 2021.



Mr Sam Lam Weng Yew
Chairman
Audit Committee

FINANCIAL STATEMENTS

.....
FOR THE YEAR ENDED 31 DECEMBER 2020

**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 2020

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

AUDITED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

COMMITTEE OF MANAGEMENT

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

AUDITOR

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

INDEX	PAGE
STATEMENT BY THE COMMITTEE OF MANAGEMENT	1
INDEPENDENT AUDITOR'S REPORT	2
STATEMENTS OF FINANCIAL POSITION	6
STATEMENTS OF COMPREHENSIVE INCOME	7
STATEMENTS OF CHANGES IN EQUITY	9
CONSOLIDATED STATEMENT OF CASH FLOWS	11
NOTES TO THE FINANCIAL STATEMENTS	12

THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED

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 2020, 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,
24 April 2021

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 2020, 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 2020 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 2020 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Committee of Management's responsibilities include overseeing the Group'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 Group'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 Group'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 Group 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 2020 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 auditor have been properly kept in accordance with the provisions of the Acts.

Reanda Adept PAC

REANDA ADEPT PAC

Public Accountants and
Chartered Accountants

Singapore
24 April 2021

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	<u>Group</u>		<u>Co-operative</u>	
		2020	2019	2020	2019
		\$	\$	\$	\$
ASSETS					
Non-current assets					
Investment properties	4	1,303,304	1,350,804	1,303,304	1,350,804
Property, plant and equipment	5	1,822,887	1,914,839	1,822,887	1,914,839
Investment in subsidiary	6	-	-	440,815	440,815
Investment in joint venture	7	47,048	24,904	-	-
Financial assets	8	31,685,464	30,526,884	31,685,463	30,526,884
Loans to members	9	9,440,718	11,195,135	9,440,718	11,195,135
		<u>44,299,421</u>	<u>45,012,566</u>	<u>44,693,187</u>	<u>45,428,477</u>
Current assets					
Loans to members	9	5,238,422	5,786,964	5,238,422	5,786,964
Other receivables	10	535,414	386,925	532,698	385,350
Prepayments		4,259	1,187	4,259	1,187
Fixed deposits	11	36,450,390	31,227,250	36,077,386	30,860,746
Cash and bank balances	12	3,611,600	2,421,688	3,507,267	2,332,083
		<u>45,840,085</u>	<u>39,824,014</u>	<u>45,360,032</u>	<u>39,366,330</u>
Total assets		<u>90,139,506</u>	<u>84,836,580</u>	<u>90,053,219</u>	<u>84,794,807</u>
FUNDS, RESERVES AND					
Funds and reserves					
Retained surplus	13	4,523,265	4,342,267	4,522,863	4,384,794
General reserve fund		6,402,287	6,402,287	6,402,287	6,402,287
Fair value reserve		(151,671)	166,831	(151,671)	166,831
Common good fund	14	311,322	269,795	311,322	269,795
Co-operative education and training Fund	15	208,900	190,071	141,469	122,640
Staff welfare fund	16	135,434	135,434	135,434	135,434
Total funds and reserves		<u>11,429,537</u>	<u>11,506,685</u>	<u>11,361,704</u>	<u>11,481,781</u>
Current liabilities					
Share capital	17	7,060,194	7,127,147	7,060,194	7,127,147
General savings	18	26,735,398	25,226,660	26,735,398	25,226,660
Bonus savings	19	13,030,319	12,890,555	13,030,319	12,890,555
Term deposits from members	20	31,273,382	27,476,662	31,273,382	27,476,662
Members' and ex-members' accounts	21	19,472	13,729	19,472	13,729
Other payables	22	486,236	459,076	467,782	442,207
Central co-operative fund	29	104,968	136,066	104,968	136,066
		<u>78,709,969</u>	<u>73,329,895</u>	<u>78,691,515</u>	<u>73,313,026</u>
Total liabilities		<u>78,709,969</u>	<u>73,329,895</u>	<u>78,691,515</u>	<u>73,313,026</u>
Total funds and reserves and liabilities		<u>90,139,506</u>	<u>84,836,580</u>	<u>90,053,219</u>	<u>84,794,807</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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Co-operative	
		2020	2019	2020	2019
		\$	\$	\$	\$
Income					
Finance income	23	1,199,849	1,268,892	1,199,849	1,268,892
Investment income	24	1,788,898	1,974,303	1,801,915	1,965,612
Other income	25	444,145	395,523	395,804	381,901
		<u>3,432,892</u>	<u>3,638,718</u>	<u>3,397,568</u>	<u>3,616,405</u>
Cost and expenses					
Cost of services		-	(29,660)	-	-
Depreciation of investment properties	4	(47,500)	(47,500)	(47,500)	(47,500)
Depreciation of property, plant and equipment	5	(153,630)	(141,466)	(153,630)	(141,466)
Finance costs	26	(891,157)	(792,042)	(891,157)	(792,042)
Impairment loss on investment in subsidiary	6	-	-	-	(88,885)
Staff costs	27	(879,852)	(782,594)	(799,261)	(704,626)
Others		(540,128)	(614,401)	(606,180)	(711,389)
Share of results of joint venture		22,144	4,073	-	-
		<u>942,769</u>	<u>1,235,128</u>	<u>899,840</u>	<u>1,130,497</u>
Surplus for the year					
Finance costs	26	(561,692)	(496,916)	(561,692)	(496,916)
Surplus from operations		<u>381,077</u>	<u>738,212</u>	<u>338,148</u>	<u>633,581</u>
Income tax expense	28	-	-	-	-
Surplus after taxation		<u>381,077</u>	<u>738,212</u>	<u>338,148</u>	<u>633,581</u>
Less: Statutory appropriation					
- Central Co-operative Fund	29	(112,778)	(126,099)	(112,778)	(126,099)
Less: Honorarium paid to officers		(55,000)	(55,000)	(55,000)	(55,000)
Net surplus for the financial year (c/f)		<u><u>213,299</u></u>	<u><u>557,113</u></u>	<u><u>170,370</u></u>	<u><u>452,482</u></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 2020

Note	Group		Co-operative	
	2020 \$	2019 \$	2020 \$	2019 \$
Net surplus for the financial year (b/f)	213,299	557,113	170,370	452,482
Other comprehensive income:				
<u>Items that will not be reclassified to profit or loss:</u>				
Net fair value (losses)/gains on equity instruments at FVOCI	(453,264)	302,701	(453,264)	302,701
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Net fair value gains on debt instruments at FVOCI	216,071	515,463	216,071	515,463
Net fair value losses on debt instruments at FVOCI reclassified to profit or loss upon disposal	(13,075)	(5,000)	(13,075)	(5,000)
Other comprehensive (expense)/income for the year, net of tax	(250,268)	813,164	(250,268)	813,164
Total comprehensive (loss)/income	<u>(36,969)</u>	<u>1,370,277</u>	<u>(79,898)</u>	<u>1,265,646</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 2020

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 2019	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 for the financial year	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	166,831	269,795	190,071	135,434	11,506,685
Other appropriations	(50,322)	-	-	50,322	-	-	-
Rebate on loan interest	(50,213)	-	-	-	-	-	(50,213)
Movement in funds	-	-	-	(8,795)	18,829	-	10,034
Net surplus for the financial year	213,299	-	-	-	-	-	213,299
<u>Other comprehensive income</u>	-	-	-	-	-	-	-
Net fair value losses on equity instruments at FVOCI	-	-	(453,264)	-	-	-	(453,264)
Net fair value gains on debt instruments at FVOCI	-	-	216,071	-	-	-	216,071
Net fair value losses on debt instruments at FVOCI reclassified to profit or loss upon disposal	-	-	(13,075)	-	-	-	(13,075)
<u>Others</u>	-	-	-	-	-	-	-
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	68,234	-	(68,234)	-	-	-	-
Balance at 31 December 2020	4,523,265	6,402,287	(151,671)	311,322	208,900	135,434	11,429,537

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 2020

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 2019	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 for the financial year	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
Other appropriations	(50,322)	-	-	50,322	-	-	-
Rebate on loan interest	(50,213)	-	-	-	-	-	(50,213)
Movement in funds	-	-	-	(8,795)	18,829	-	10,034
Net surplus for the financial year	170,370	-	-	-	-	-	170,370
<u>Other comprehensive income</u>							
Net fair value losses on equity instruments at FVOCI	-	-	(453,264)	-	-	-	(453,264)
Net fair value gains on debt instruments at FVOCI	-	-	216,071	-	-	-	216,071
Net fair value losses on debt instruments at FVOCI reclassified to profit or loss upon disposal	-	-	(13,075)	-	-	-	(13,075)
<u>Others</u>							
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	68,234	-	(68,234)	-	-	-	-
Balance at 31 December 2020	4,522,863	6,402,287	(151,671)	311,322	141,469	135,434	11,361,704

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 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Surplus from operations		381,077	738,212
<u>Adjustments for:</u>			
Depreciation of investment properties		47,500	47,500
Depreciation of property, plant and equipment		153,630	141,466
Gain on disposal of property, plant and equipment		(5,080)	(75)
Interest income		(1,383,616)	(1,493,431)
Finance costs		1,452,849	1,288,958
Net loss on disposal of debt instruments, at FVOCI		-	5,000
Net gain on financial assets at FVTPL		(71,933)	(49,950)
Share of results of JV		(22,142)	(4,073)
Dividend income		(307,953)	(300,920)
Operating cash flows before working capital changes		244,332	372,687
<u>Changes in working capital:</u>			
Loans to members		2,302,959	390,827
Other receivables, prepayments		(151,561)	(95,940)
Members and ex-members' accounts		5,743	6,897
Other payables and accruals		27,158	49,919
Cash generated from operating activities		2,428,631	724,390
Honorarium paid		(55,000)	(55,000)
Interest received		1,383,616	1,493,431
Payment to CCF		(143,876)	(68,741)
Net cash generated from operating activities		3,613,371	2,094,080
Cash flows from investing activities			
Purchase of financial assets, at FVOCI		(4,148,128)	(4,268,799)
Proceeds from disposal of investments		2,811,214	3,934,509
Proceeds from dividend income		307,953	300,920
Purchase of property, plant and equipment		(61,678)	(95,628)
Proceeds from sale of property, plant and equipment		5,080	75
Net cash used in investing activities		(1,085,559)	(128,923)
Cash flows from financing activities			
Payment of common good fund		(8,795)	(676,092)
Payment of co-operative education and training fund		18,828	(17,037)
Payment of staff welfare fund		-	(4,195)
Rebate on loan interest		(50,213)	(38,651)
Share capital		(66,953)	(104,360)
General savings		1,508,738	(2,714,013)
Bonus savings		139,764	412,024
Term deposits		3,796,720	1,924,044
Interest paid		(891,157)	(792,042)
Dividends paid		(561,692)	(496,916)
Net cash generated from/ (used in) financing activities		3,885,240	(2,507,238)
Net increase/ (decrease) in cash & cash equivalents		6,413,052	(542,081)
Cash and cash equivalents at the beginning of financial year		33,648,938	34,191,019
Cash and cash equivalents at the end of financial year	12	40,061,990	33,648,938

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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.

The Committee of Management has authorised and approved these financial statements for issue on the date of the Statement by the Committee of Management.

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 Group and are effective for annual financial periods beginning on or after 1 January 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

2.3 BASIS OF CONSOLIDATION (CONT'D)

(c) Joint arrangements (cont'd)

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)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

2.8 LEASES

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.

(b) As lessee

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

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

2.8 LEASES (CONT'D)

(b) As lessee (cont'd)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

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.

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 SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

2.17 FUNDS (CONT'D)

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.

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);

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

2.18 RELATED PARTY (CONT'D)

- (b) An entity is related to the Group and the Co-operative if any of the following conditions apply: (cont'd)
 - (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.

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:

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

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

(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 (2019: \$440,815) after taking into account accumulated impairment losses of \$349,185 (2019: \$349,185), as it was determined by the management that the cost of the investment is impaired (see Note 6).

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

3.2 CRITICAL JUDGEMENT IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

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

4. INVESTMENT PROPERTIES

	Group and Co-operative	
	2020	2019
	\$	\$
<u>Cost</u>		
As at 1 January and 31 December	2,159,819	2,159,819
<u>Accumulated depreciation</u>		
As at 1 January	809,015	761,515
Depreciation charge for the financial year	47,500	47,500
As at 31 December	856,515	809,015
Carrying amount as at 31 December	1,303,304	1,350,804
<u>Fair value</u>		
Leasehold property	2,310,087	1,872,665
Freehold property	1,550,000	1,838,853
	3,860,087	3,711,518

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 SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

4. INVESTMENT PROPERTIES (CONT'D)

The fair values of the freehold and leasehold properties as at the end of the reporting period were based on valuation reports prepared by an independent professional valuer at close to the reporting date (2019: 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 properties).

The valuation as done using comparable market transactions that consider sales of similar properties that have been transacted in the open market close to the financial year end.

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

	Group		Co-operative	
	2020	2019	2020	2019
	\$	\$	\$	\$
Rental income from investment properties	25,395	61,770	43,703	53,078
Direct operating expenses arising from rental generating investment properties	(25,375)	(31,885)	(25,375)	(31,885)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold building \$	Furniture and fittings \$	Renovation \$	Computers \$	Total \$
Cost					
At 1 January 2019	2,467,226	76,975	27,847	341,172	2,913,220
Additions	-	-	-	95,628	95,628
At 1 January 2020	2,467,226	76,975	27,847	436,800	3,008,848
Additions	-	22,533	-	39,145	61,678
Disposals	-	(19,956)	-	(19,893)	(39,849)
At 31 December 2020	2,467,226	79,553	27,847	456,052	3,030,677
Accumulated Depreciation					
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 1 January 2020	823,688	59,245	27,578	183,498	1,094,009
Depreciation charge	54,785	235	12,513	86,097	153,630
Disposals	-	(19,956)	-	(19,893)	(39,849)
At 31 December 2020	878,473	39,525	40,091	249,702	1,207,790
Carrying amounts					
At 31 December 2019	1,643,538	17,730	269	253,302	1,914,839
At 31 December 2020	1,588,753	40,028	(12,244)	206,350	1,822,887

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

<u>Co-operative</u>	Freehold building \$	Furniture and fittings \$	Renovation \$	Computers \$	Total \$
Cost					
At 1 January 2019	2,467,226	62,173	23,521	341,172	2,894,092
Additions	-	-	-	95,628	95,628
At 1 January 2020	2,467,226	62,173	23,521	436,800	2,989,720
Additions	-	22,533	-	39,145	61,678
Disposals	-	(19,956)	-	(19,893)	(39,849)
At 31 December 2020	2,467,226	64,751	23,521	456,052	3,011,549
Accumulated Depreciation					
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 1 January 2020	823,688	44,443	23,252	183,498	1,074,881
Depreciation charge	54,785	235	12,513	86,097	153,630
Disposals	-	(19,956)	-	(19,893)	(39,849)
At 31 December 2020	878,473	24,723	35,765	249,702	1,188,662
Carrying amounts					
At 31 December 2019	1,643,538	17,730	269	253,302	1,914,839
At 31 December 2020	1,588,753	40,028	(12,244)	206,350	1,822,887

6. INVESTMENT IN SUBSIDIARY

	Co-operative	
	2020	2019
	\$	\$
Unquoted equity shares, at cost	790,000	790,000
<u>Less: Accumulated impairment losses</u>		
Balance at the beginning of the year	(349,185)	(260,300)
Charge during the year	-	(88,885)
Balance at the end of the year	(349,185)	(349,185)
	<u>440,815</u>	<u>440,815</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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>	
			2020	2019
			%	%
Singapore Teachers' International Holdings Pte. Ltd. ("STIH") ¹	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

¹Audited by Reanda Adept PAC

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>	
			2020	2019
			%	%
Singapore Edusmart Learning Hub Pte. Ltd. ¹	Singapore	Provision of after school student care services (strategic to the Co-operative's Activities)	42	42

¹Audited by Reanda Adept PAC

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

	2020 \$	2019 \$
<u>Current assets</u>		
Cash and cash equivalents	167,508	54,984
Trade receivables	51,603	34,878
Other current assets	32,192	23,832
<u>Non-current assets</u>	46,300	68,291
Total assets	297,603	181,985
<u>Current liabilities</u>	106,250	38,971
<u>Non-current liabilities</u>	80,149	84,149
Total liabilities	186,399	123,120
Net assets	111,204	58,865
Proportion of the Group's ownership	42%	42%
Group's share of net assets	47,048	24,904
Carrying amount of the investment	47,048	24,904

Summarised Statement of Comprehensive Income

	2020 \$	2019 \$
Revenue	828,483	841,522
Other income	182,308	10,024
Operating expenses	(935,963)	(823,357)
Depreciation/amortisation expense	(22,489)	(24,682)
Profit from continuing operations	52,339	3,507
Income tax	-	-
Income after tax	52,339	3,507
Other comprehensive income	-	-
Total comprehensive income	52,339	3,507

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)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

8. FINANCIAL ASSETS

	2020 \$	2019 \$
Group and Co-operative		
<u>Financial assets at FVOCI</u>		
Quoted equity securities	3,700,372	3,934,571
Quoted bonds (debt instruments)	23,755,404	22,434,557
Unquoted shares in other co-operative societies	2,107,806	2,107,806
<u>Financial assets at FVTPL</u>		
Investment fund	2,121,883	2,049,950
	<u>31,685,464</u>	<u>30,526,884</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 \$ 861,214 (2019: \$ 1,611,383) at the date of derecognition to better manage their market price risk exposure. The cumulative gain arising from the disposals amounted \$ 68,234 (2019: \$ 130,669) and was 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 \$ 145,464 (2019: \$ 154,104) from quoted equity securities still held as at the reporting date and \$ 20,184 (2019: \$ 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)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

9. LOAN TO MEMBERS

	Group and Co-operative	
	2020	2019
	\$	\$
Balance at beginning of financial year	17,129,612	17,526,377
<u>Add:</u>		
Loans granted during the financial year	11,835,510	16,268,800
	<u>28,965,122</u>	<u>33,795,177</u>
<u>Less:</u>		
Repayments during the financial year	(12,779,480)	(15,360,553)
Transfer from share capital	(18,117)	(10,039)
Transfer from bonus savings (Note 19)	(200)	-
Transfer from general savings (Note 18)	(1,133,099)	(993,453)
Others	-	(6,698)
Bad debts written off	(125,492)	(294,822)
	<u>(14,056,388)</u>	<u>(16,665,565)</u>
	14,908,734	17,129,612
<u>Less:</u>		
Allowance for expected credit losses/ impairment	(229,594)	(147,513)
Balance at end of financial year	<u>14,679,140</u>	<u>16,982,099</u>
Repayable within one year	5,238,422	5,786,964
Repayable after one year but within five years	9,440,718	11,195,135
	<u>14,679,140</u>	<u>16,982,099</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% (2019: 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	
	2020	2019
	\$	\$
Group and Co-operative		
Balance at beginning of year	147,513	153,451
Provision for expected credit losses	82,081	-
Reversal of allowance for the financial year	-	(5,938)
Balance at end of year	<u>229,594</u>	<u>147,513</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

10. OTHER RECEIVABLES

	Group		Co-operative	
	2020	2019	2020	2019
	\$	\$	\$	\$
Sundry receivables	4,322	147	1,970	147
Interest receivable from:				
- fixed deposits	340,499	203,417	340,135	201,842
- bonds	160,955	153,723	160,955	153,723
Deposits	29,638	29,638	29,638	29,638
	<u>535,414</u>	<u>386,925</u>	<u>532,698</u>	<u>385,350</u>

11. FIXED DEPOSITS

	Group		Co-operative	
	2020	2019	2020	2019
	\$	\$	\$	\$
Banks	24,188,326	25,588,664	24,188,326	25,588,664
Finance companies	12,262,064	5,638,586	11,889,060	5,272,082
	<u>36,450,390</u>	<u>31,227,250</u>	<u>36,077,386</u>	<u>30,860,746</u>

The effective interest rates of fixed deposits maturing within 12 months from the financial year end vary from 0.25% to 2.38% (2019: 1.20% to 2.28%) per annum.

12. CASH AND BANK BALANCES

	Group		Co-operative	
	2020	2019	2020	2019
	\$	\$	\$	\$
Cash on hand	796	791	650	326
Cash at bank	3,200,196	2,011,869	3,096,009	1,922,729
Money market fund	410,608	409,028	410,608	409,028
	<u>3,611,600</u>	<u>2,421,688</u>	<u>3,507,267</u>	<u>2,332,083</u>

For the purposes of the consolidated statement of cash flows, cash and cash equivalents are comprised of the following: -

	Group	
	2020	2019
	\$	\$
Cash and bank balances	3,611,600	2,421,688
Fixed deposits (Note 11)	36,450,390	31,227,250
	<u>40,061,990</u>	<u>33,648,938</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

13. RETAINED SURPLUS

	Group		Co-operative	
	2020	2019	2020	2019
	\$	\$	\$	\$
Balance at beginning of year	4,342,267	3,763,136	4,384,794	3,910,294
	4,342,267	3,763,136	4,384,794	3,910,294
Less: Other appropriations				
- Common Good Fund (Note 14)	(50,322)	(70,000)	(50,322)	(70,000)
	(50,322)	(70,000)	(50,322)	(70,000)
- Rebate on loan interest of 4% (2019: 3%)	(50,213)	(38,651)	(50,213)	(38,651)
- Transfer of fair value reserves of equity instruments at FVOCI upon disposal	68,234	130,669	68,234	130,669
	4,309,966	3,785,154	4,352,493	3,932,312
Net surplus for the year after statutory appropriations	213,299	557,113	170,370	452,482
Balance at end of year	4,523,265	4,342,267	4,522,863	4,384,794

14. COMMON GOOD FUND

	Group and Co-operative	
	2020	2019
	\$	\$
Balance at beginning of year	269,795	875,887
<u>Add:</u>		
Contributions received from members	33,260	33,834
Transfer from general savings (Note 18)	2,036	2,560
Transfer from share capital	9	14
Appropriation for the year (Note 13)	50,322	70,000
	85,627	106,408
	355,422	982,295
<u>Less:</u>		
Amounts disbursed during the year	(20,400)	(41,300)
Transfer to general savings (Note 18)	(23,700)	(671,200)
	(44,100)	(712,500)
Balance at end of year	311,322	269,795

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

15. CO-OPERATIVE EDUCATION AND TRAINING FUND

	Group		Co-operative	
	2020	2019	2020	2019
	\$	\$	\$	\$
Balance at beginning of year	190,071	207,108	122,640	139,677
<u>Add:</u>				
Refund received	21,294	-	21,294	-
	<u>211,365</u>	<u>207,108</u>	<u>143,934</u>	<u>139,677</u>
 <u>Less:</u>				
Amounts disbursed during the year	(2,465)	(17,037)	(2,465)	(17,037)
Balance at end of year	<u>208,900</u>	<u>190,071</u>	<u>141,469</u>	<u>122,640</u>

16. STAFF WELFARE FUND

	Group and Co-operative	
	2020	2019
	\$	\$
Balance at beginning of year	135,434	139,629
<u>Less:</u>		
Amounts disbursed during the year	-	(4,195)
Balance at end of year	<u>135,434</u>	<u>135,434</u>

17. SHARE CAPITAL

	Group and Co-operative	
	2020	2019
	\$	\$
Balance at beginning of year	7,127,147	7,231,507
Issue of shares	216,081	230,021
Redemption of shares	(283,034)	(334,381)
Balance at end of year	<u>7,060,194</u>	<u>7,127,147</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)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

18. GENERAL SAVINGS

	Group and Co-operative	
	2020	2019
	\$	\$
Balance at beginning of year	25,226,660	27,940,673
<u>Add:</u>		
Amounts received from members	4,520,608	4,430,691
Transfer from share capital	24,269	49,370
Transfer from Common Good Fund (Note 14)	23,700	671,200
Transfer from bonus savings with interest (Note 19)	4,847,513	4,337,950
Transfer from term deposits with interest (Note 20)	439,094	308,102
From sundry creditors	-	3,090
Other additions		
- Interest on general savings	75,859	78,731
- Dividends on share capital*	561,692	496,916
- Loan interest rebates	50,213	38,509
- Others	3,431	4,765
	10,546,379	10,419,324
	35,773,039	38,359,997
Amounts withdrawn by members	(5,752,521)	(8,021,000)
Transfer to share capital	(461)	(2,836)
Transfer to term deposits (Note 20)	(2,109,368)	(4,099,182)
Transfer to Common Good Fund (Note 14)	(2,036)	(2,560)
Transfer to Bonus Savings (Note 19)	(3,200)	(600)
Adjustment to reduce loans		
- principal (Note 9)	(1,133,099)	(993,453)
- interest	(12,600)	(12,060)
Others	(24,356)	(1,646)
	(9,037,641)	(13,133,337)
Balance at end of year	26,735,398	25,226,660

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

Interest is payable at the rate of 0.25% (2019: 0.30%) 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)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

19. BONUS SAVINGS

	Group and Co-operative	
	2020	2019
	\$	\$
Balance at beginning of year	12,890,555	12,478,531
<u>Add:</u>		
Amounts received from members	12,510,070	12,274,030
Transfer from general savings (Note 18)	3,200	600
Interest on maturity of bonus savings	371,076	354,813
	12,884,346	12,629,443
	25,774,901	25,107,974
<u>Less:</u>		
Premature withdrawals by members	(229,880)	(331,960)
Matured withdrawals by members	(5,171,754)	(5,774,976)
Transfer to general savings with interest (Note 18)	(4,847,513)	(4,337,950)
Transfer to term deposit (Note 20)	(2,495,235)	(1,772,533)
Transfer to loan principal (Note 9)	(200)	-
	(12,744,582)	(12,217,419)
Balance at end of year	13,030,319	12,890,555

Bonus savings are for a period of 24 months and bear effective interest rate of 2.5% (2019: 3.08%) per annum. Bonus savings may be withdrawn prematurely in which case neither interest nor bonuses shall be paid.

20. TERM DEPOSITS FROM MEMBERS

	Group and Co-operative	
	2020	2019
	\$	\$
Balance at beginning of year	27,476,662	25,552,618
<u>Add:</u>		
Amounts received from members	1,840,037	396,613
Transfer from share capital	4,000	-
Transfer from general savings (Note 18)	2,109,368	4,099,182
Interest on maturity of term deposits	432,032	326,185
Transfer from bonus savings (Note 19)	2,495,235	1,772,533
	6,880,673	6,594,513
	34,357,335	32,147,131
<u>Less:</u>		
Amounts withdrawn by members	(2,644,858)	(4,362,367)
Transfer to general savings (Note 18)	(439,094)	(308,102)
	(3,083,953)	(4,670,469)
Balance at end of year	31,273,382	27,476,662

Term deposits from members are unsecured and bear interest rate of 1% to 1.60% (2019: 1.4% to 1.60%) 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)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

21. MEMBERS' AND EX-MEMBERS' ACCOUNTS

	Group and Co-operative	
	2020	2019
	\$	\$
Balance at beginning of year	13,729	6,832
<u>Add:</u>		
Over deductions and adjustments	316,505	176,550
	330,234	183,382
<u>Less:</u>		
Refunds during the year	(310,762)	(169,653)
	(310,762)	(169,653)
Balance at end of year	19,472	13,729

22. OTHER PAYABLES

	Group		Co-operative	
	2020	2019	2020	2019
	\$	\$	\$	\$
Accruals	201,138	182,767	187,686	172,563
Sundry payables	10,341	11,606	10,341	9,941
Interest payable	259,914	247,721	259,912	247,721
Deposits	11,001	11,001	6,001	6,001
GST payable	3,842	5,981	3,842	5,981
	486,236	459,076	467,782	442,207

23. FINANCE INCOME

This represents interest income from loans granted to members.

24. INVESTMENT INCOME

	Group		Co-operative	
	2020	2019	2020	2019
	\$	\$	\$	\$
Interest income from:				
- bonds	846,159	846,378	846,159	846,378
- fixed deposits	526,665	628,820	521,375	628,820
- savings accounts	10,793	13,340	10,793	13,340
Dividend income from:				
- quoted equity investments	165,648	176,472	165,648	176,472
- unquoted equity investments	142,305	124,448	142,305	124,448
Net gain on disposal of debts instruments at FVOCI	-	73,125	-	73,125
Net gain on financial assets at FVTPL	71,933	49,950	71,933	49,950
Rental income	25,395	61,770	43,702	53,078
	1,788,898	1,974,303	1,801,915	1,965,611

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

25. OTHER INCOME

	Group		Co-operative	
	2020	2019	2020	2019
	\$	\$	\$	\$
Gain on disposal of property, plant and equipment	5,080	75	5,080	75
Government grants	157,038	7,671	157,038	7,671
Members' admin fee	188,564	273,086	188,564	273,086
Members' entrance fee	767	795	767	795
Interest income	-	4,893	-	-
Bad debts written back	31,993	98,031	31,993	98,031
Sundry income	60,703	10,972	12,361	2,243
	<u>444,145</u>	<u>395,523</u>	<u>395,803</u>	<u>381,901</u>

26. FINANCE COSTS

	Group and Co-operative	
	2020	2019
	\$	\$
Interest expenses		
General savings	75,859	78,731
Bonus savings	370,988	333,369
Term deposits from members	<u>444,310</u>	<u>379,942</u>
	891,157	792,042
Dividends paid	<u>561,692</u>	<u>496,916</u>
	<u>1,452,849</u>	<u>1,288,958</u>

27. STAFF COSTS

	Group		Co-operative	
	2020	2019	2020	2019
	\$	\$	\$	\$
Employee benefits expense (including directors):				
Salaries and bonuses	782,942	691,521	708,158	619,907
CPF Contributions	90,276	80,829	84,653	78,973
Other short-term benefits	<u>6,634</u>	<u>10,244</u>	<u>6,450</u>	<u>5,746</u>
	<u>879,852</u>	<u>782,594</u>	<u>799,261</u>	<u>704,626</u>

28. INCOME TAX EXPENSE

(a) Major components of income tax expense

	Group	
	2020	2019
	\$	\$
Statement of comprehensive income:		
Current year tax expense	<u>-</u>	<u>-</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

28. INCOME TAX EXPENSE (CON'D)

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

	Group	
	2020	2019
	\$	\$
Surplus from operations	381,077	738,212
Tax benefit on profit before tax at 17% (2019: 17%)	64,783	125,496
Non-deductible expenses	3,126	4,333
Income not subject to taxation	(68,631)	(123,748)
Benefits arising from unrecognised tax losses, tax benefits or temporary differences	722	(6,081)
Total tax expense	-	-

29. CENTRAL CO-OPERATIVE FUND

Section 71(2)(a) of the Co-operative Societies Act, Cap. 62, requires every society to contribute to the Central Co-operative Fund at 5% of the first \$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	
	2020	2019
	\$	\$
Balance at beginning of year	136,066	78,708
Payment to CCF	(143,876)	(68,741)
Appropriation for the year	104,968	126,099
Under provision in prior years	7,810	-
	112,778	126,099
Balance at end of year	104,968	136,066

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

30. 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 Co-operative'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	
	2020	2019	2020	2019
	\$	\$	\$	\$
Due within one year	18,085	18,385	17,661	37,193
Due after one year but within five years	-	-	-	1,776
	<u>18,085</u>	<u>18,385</u>	<u>17,661</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 \$2,200 (2019: \$2,500).

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	
	2020	2019	2020	2019
	\$	\$	\$	\$
Due within one year	39,456	3,591	-	-
Due after one year but within five years	34,122	-	-	-
	<u>73,578</u>	<u>3,591</u>	<u>-</u>	<u>-</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

31. COMPENSATION OF OFFICERS OF THE CO-OPERATIVE

The remuneration and allowances of the officers of the Co-operative for the financial year are as follows:

	Group	
	2020	2019
	\$	\$
<u>Paid/Payable by the Co-operative</u>		
Honorarium	55,000	55,000
Meeting allowances	16,940	6,790
Transport claims	13,563	22,310
	<u>85,503</u>	<u>84,100</u>
 <u>Paid/Payable by subsidiary</u>		
Director's remuneration	40,741	39,346
Board meeting allowances	450	450
	<u>41,191</u>	<u>39,796</u>

32. 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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

32. FINANCIAL RISK MANAGEMENT (CONT'D)

32.1 SUMMARY OF FINANCIAL INSTRUMENT

Group	Financial assets at amortised cost	Financial assets, equity accounted	Financial liabilities at amortised cost	Non- financial instruments	Financial assets, at FVOCI	Financial assets, at FVTPL	Total
As at 31 December 2020	\$	\$	\$	\$	\$	\$	\$
Non-current assets							
Investment properties	-	-	-	1,303,304	-	-	1,303,304
Property, plant and equipment	-	-	-	1,822,887	-	-	1,822,887
Investment in joint venture	-	47,048	-	-	-	-	47,048
Financial assets	-	-	-	-	29,563,581	2,121,883	31,685,464
Loans to members	9,440,718	-	-	-	-	-	9,440,718
Current assets							
Loans to members	5,238,422	-	-	-	-	-	5,238,422
Other receivables	535,414	-	-	-	-	-	535,414
Prepayment	-	-	-	4,259	-	-	4,259
Fixed deposits	36,450,390	-	-	-	-	-	36,450,390
Cash and bank balances	3,611,600	-	-	-	-	-	3,611,600
Total assets	55,276,544	47,048	-	3,130,450	29,563,581	2,121,883	90,139,506
Current liabilities							
Share capital	-	-	7,060,194	-	-	-	7,060,194
General savings	-	-	26,735,398	-	-	-	26,735,398
Bonus savings	-	-	13,030,319	-	-	-	13,030,319
Term deposits from members	-	-	31,273,382	-	-	-	31,273,382
Members' and ex-members' accounts	-	-	19,472	-	-	-	19,472
Other payables	-	-	486,236	-	-	-	486,236
Central Co-operative Fund	-	-	104,968	-	-	-	104,968
Total Liabilities	-	-	78,709,969	-	-	-	78,709,969

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

32. FINANCIAL RISK MANAGEMENT (CONT'D)

32.1 SUMMARY OF FINANCIAL INSTRUMENT (CONT'D)

Group	Financial assets at amortised cost	Financial assets, equity accounted	Financial liabilities at amortised cost	Non-financial instruments	Financial assets, at FVOCI	Financial assets, at FVTPL	Total
As at 31 December 2019	\$	\$	\$	\$	\$	\$	\$
Non-current assets							
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	-	-	-	-	28,506,934	2,019,950	30,526,884
Loans to members	11,195,135	-	-	-	-	-	11,195,135
Current assets							
Loans to members	5,786,964	-	-	-	-	-	5,786,964
Other receivables	386,925	-	-	-	-	-	386,925
Prepayment	-	-	-	-	-	-	1,187
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	28,506,934	2,019,950	84,836,580
Current liabilities							
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)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

32. FINANCIAL RISK MANAGEMENT (CONT'D)

32.1 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	Financial assets, at FVTPL	Total
As at 31 December 2020	\$	\$	\$	\$	\$	\$	\$
Non-current assets							
Investment properties	-	-	-	1,303,304	-	-	1,303,304
Property, plant and equipment	-	-	-	1,822,887	-	-	1,822,887
Investment in subsidiary	-	440,815	-	-	-	-	440,815
Financial assets	-	-	-	-	29,563,580	2,121,883	31,685,463
Loans to members	9,440,718	-	-	-	-	-	9,440,718
Current assets							
Loans to members	5,238,422	-	-	-	-	-	5,238,422
Other receivables	532,698	-	-	-	-	-	532,698
Prepayment	-	-	-	4,259	-	-	4,259
Fixed deposits	36,077,386	-	-	-	-	-	36,077,386
Cash and bank balances	3,507,267	-	-	-	-	-	3,507,267
Total assets	54,796,491	440,815	-	3,130,450	29,563,580	2,121,883	90,053,219
Current liabilities							
Share capital	-	-	7,060,194	-	-	-	7,060,194
General savings	-	-	26,735,398	-	-	-	26,735,398
Bonus savings	-	-	13,030,319	-	-	-	13,030,319
Term deposits from members	-	-	31,273,382	-	-	-	31,273,382
Members' and ex-members' accounts	-	-	19,472	-	-	-	19,472
Other payables	-	-	467,782	-	-	-	467,782
Central Co-operative Fund	-	-	104,968	-	-	-	104,968
Total Liabilities	-	-	78,691,515	-	-	-	78,691,515

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

32. FINANCIAL RISK MANAGEMENT (CONT'D)

32.1 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	Financial assets, at FVTPL	Total
As at 31 December 2019	\$	\$	\$	\$	\$	\$	\$
Non-current assets							
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	2,049,950	30,526,884
Loans to members	11,195,135	-	-	-	-	-	11,195,135
Current assets							
Loans to members	5,786,964	-	-	-	-	-	5,786,964
Other receivables	385,350	-	-	-	-	-	385,350
Prepayment	-	-	-	1,187	-	-	1,187
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	-	3,266,830	28,476,934	2,049,950	84,794,807
Current liabilities							
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
Central Co-operative Fund	-	-	136,066	-	-	-	136,066
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)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

32. FINANCIAL RISK MANAGEMENT (CONT'D)

32.2 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)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

32. FINANCIAL RISK MANAGEMENT (CONT'D)

32.2 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 2020						
Loans to members	9	I	12-month ECL	14,078,600	-	14,078,600
Loans to members	9	II	Lifetime ECL	830,134	(229,594)	600,540
				<u>14,908,734</u>	<u>(229,594)</u>	<u>14,679,140</u>
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>

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 \$ 125,492 (2019: \$ 296,187) 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.

Information regarding the loss allowance movement of loans to members is disclosed in Note 9.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

32. FINANCIAL RISK MANAGEMENT (CONT'D)

32.2 CREDIT RISK (CONT'D)

Set out below is the information about the credit risk exposure on the Group's loans to members using a provision matrix:

	Trade receivables					
	Days past due					
	Not past due	30-90 days	91-182 days	183-365 days	>365 days	Total
	\$	\$	\$	\$	\$	\$
31 December 2020						
Total gross carrying amount	14,078,600	487,014	88,111	163,909	91,100	14,908,734
ECL rate	0%	16%	25%	41%	45%	
31 December 2019						
Total gross carrying amount	16,651,601	281,474	67,075	45,644	83,818	17,129,612
ECL rate	0%	25%	37%	26%	27%	

32.3 LIQUIDITY RISK

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

32. FINANCIAL RISK MANAGEMENT (CONT'D)

32.3 LIQUIDITY RISK (CONT'D)

	Group		Co-operative	
	One year or less	Total	One year or less	Total
	\$	\$	\$	\$
At 31 December 2020				
Share capital	7,060,194	7,060,194	7,060,194	7,060,194
General savings	26,735,398	26,735,398	26,735,398	26,735,398
Bonus savings	13,030,319	13,030,319	13,030,319	13,030,319
Term deposits from members	31,273,382	31,273,382	31,273,382	31,273,382
Members' and ex-members accounts	19,472	19,472	19,472	19,472
Other payables	486,236	486,236	467,782	467,782
Central Co-operative Fund	104,968	104,968	104,968	104,968
	78,709,969	78,709,969	78,691,515	78,691,515
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
	73,329,895	73,329,895	73,313,026	73,313,026

32.4 Fund Management

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

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

	Prudential Requirements		Co-operative	
	2020	2019	2020	2019
Capital Adequacy Ratio (CAR)	≥ 8%	≥ 8%	12.1%	12.7%
Minimum Liquid Assets (MLA)	≥ 13%	≥ 13%	54.3%	46.0%
Restricted Investments	≤ 30%	≤ 30%	23.8%	24.3%

The Co-operative had complied with all of the prudential requirements for the financial years ended 31 December 2020 and 31 December 2019.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

32. FINANCIAL RISK MANAGEMENT (CONT'D)

32.5 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% (2019: 10%) with all other variables held constant, the Group's fair value reserves would increase or decrease respectively by \$ 2,957,766 (2019: \$ 2,841,908).

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.

32.6 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, other receivables, fixed deposits, cash and bank balances, share capital, general savings, bonus savings, term deposits from members, members' and ex-members' accounts, other payables and Central Co-operative Fund) are assumed to approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of the financial assets and liabilities are disclosed in the respective notes to the financial statements.

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

- a) the fair value of financial assets and financial liabilities traded on liquid markets are determined with reference to quoted market prices; and
- b) 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 SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

32. FINANCIAL RISK MANAGEMENT (CONT'D)

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

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).

	2020			
	Fair value measurements at the reporting date using			Total
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	\$	\$	\$	\$
Group and Co-operative 2020				
<u>Financial assets, at FVOCI</u>				
Quoted equity securities	3,700,372	-	-	3,700,372
Quoted bonds	23,755,403	-	-	23,755,403
Unquoted shares in other co-operative societies	-	2,107,806	-	2,107,806
<u>Financial assets, at FVTPL</u>				
Investment fund	-	2,121,883	-	2,121,883
	<u>27,455,775</u>	<u>4,229,689</u>	<u>-</u>	<u>31,685,464</u>
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
	<u>26,369,128</u>	<u>4,157,756</u>	<u>-</u>	<u>30,526,884</u>

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)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

33. 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 June 2020	<ul style="list-style-type: none"> Amendment to FRS 116 Leases: Covid-19-Related Rent Concessions
1 January 2021	<ul style="list-style-type: none"> Amendments to FRS 109 Financial Instruments, FRS 39 Financial Instruments: Recognition and Measurement, FRS 107 Financial Instruments: Disclosures, FRS 104 Insurance Contracts, FRS 116 Leases: Interest Rate Benchmark Reform – Phase
1 January 2022	<ul style="list-style-type: none"> Amendments to FRS 16 Property, Plant and Equipment: Proceeds before Intended Use
1 January 2022	<ul style="list-style-type: none"> Amendments to FRS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract
1 January 2022	<ul style="list-style-type: none"> Annual Improvements to FRSs 2018-2020 Amendments to FRS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current
Date to be determined	<ul style="list-style-type: none"> Amendments to FRS 110 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED

DETAILED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(For management purposes)

	CO-OPERATIVE	
	2020	2019
	\$	\$
Revenue		
Interest income from:		
- loans granted to members	1,199,849	1,268,892
- bonds	846,159	846,378
- fixed deposits	521,375	628,820
- savings account	10,793	13,340
Dividend income from:		
- quoted equity investments	165,648	176,472
- unquoted equity investments	142,305	124,448
Net gain on financial assets at FVTPL	71,933	49,950
Net gain on redemption of bonds	-	73,125
Rental income	43,702	53,078
Administrative fee income	188,564	273,086
Entrance fee income	767	795
Other income	206,473	108,021
	<u>3,397,568</u>	<u>3,616,405</u>
LESS: EXPENDITURE		
Depreciation of investment properties	(47,500)	(47,500)
Depreciation of property, plant and equipment	(153,630)	(141,466)
Impairment loss on investment in subsidiary	-	(88,885)
Interest expense paid/payable on:		
- general savings	(75,859)	(78,731)
- bonus savings	(370,988)	(333,369)
- term deposits from members	(444,310)	(379,942)
Dividends paid	(561,692)	(496,916)
Staff costs	(799,261)	(704,626)
Other expenses	(606,180)	(711,389)
	<u>(3,059,420)</u>	<u>(2,982,824)</u>
SURPLUS FROM OPERATIONS	<u>338,148</u>	<u>633,581</u>

THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED

ANNEX A

OPERATING EXPENSES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(For management purposes)

	Co-operative	
	2020	2019
	\$	\$
OTHER EXPENSES		
Administrative expenses	34,800	33,600
Affiliation fee	1,078	1,101
Allowance for expected credit losses on loans to members	82,081	(5,938)
AC exp/internal audit	17,500	18,050
Auditor's remuneration	27,000	20,000
Bad debts written off	125,492	296,187
Bank charges	5,628	5,033
Central pay office charges	6,332	6,395
Co-operative activities	6,440	25,955
Computer service charges and supplies	75,824	47,717
Debts Collection Fees	43,200	42,000
Expenses in operating Grobina Condominium	-	783
General meeting expenses	7,755	29,874
General expenses	9,499	8,306
Insurance	22,570	22,631
Internal audit expenses	7,020	7,600
Legal fees	1,926	500
Maintenance of equipment	2,769	1,909
MC meeting allowance	8,150	6,250
Membership drive expenses	4,035	5,863
Property maintenance fee	36,081	35,265
Postages	4,846	8,205
Printing and stationery	9,216	10,540
Property tax	6,510	13,160
Refreshments	4,081	8,442
Treasurer allowance	18,000	18,000
Sub comm meeting allowance	270	540
Telephone expenses	12,278	11,891
Transport expenses	17,763	22,310
Utilities	8,036	9,220
	<u>606,180</u>	<u>711,389</u>

Annex 1

The Singapore Teachers' Co-operative Society Limited
150 Changi Road, #02-06, Guthrie Building
84th/85th Committee of Management 2020

Attendance at the Committee of Management Meetings for the Year 2020

Member	J	F	M	A	M	J	J	A	S	O	N	D	Total	%
Mr Richard Zaccheus Bains	1	1	1	No meeting due to COVID-19 pandemic safe distancing measures.	1	1	1	1	2	1	1	1	12	100%
Mr Allan Tok Wei Cheng	1	1	1		1	1	1	1	2	1	1	1	12	100%
Mr Fok Kim Fook	1	1	1		1	1	1	1	2	1	1	1	12	100%
Mdm Elaine Seah Ee Leng	1	1	1		1	1	1	1	2	0	1	1	11	91.7%
Mdm Elene Lim Lan Hiang	1	1	1		1	1	1	1	2	1	0	0	10	83.3%
Mr Peter Tan Swee Chong	1	1	1		1	1	1	1	2	1	1	1	12	100%
Mdm Pasty Ng Moi Sng	1	1	1		1	1	1	1	2	1	1	1	12	100%
Mr Chern Meng Hock	1	1	0		1	1	1	1	2	1	1	1	11	91.7%
Mr Wilson Koh Kian Neng	1	1	0		1	1	1	1	2	1	1	1	11	91.7%
Mdm Kiren Kaur Gill	1	1	0		1	1	1	1	2	1	1	1	11	91.7%
Mr Ho Boon Huat									1	1	1	1	4	80%

Note:

1. Mr Ho Boon Huat was elected as a member of the COM on 12 September 2020.

COMMITTEES' LIST 2020/2021

Annex 2

Membership Committee:

- Chairman - Mdm Patsy Ng Moi Sng
 Secretary - Mr Ho Boon Huat

Loan Committee:

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

Recording Secretary - Mr Latch

Investment Committee:

- Chairman - Mr Allan Tok Wei Cheng
 Vice Chairman - Mr Fok Kim Fook
 Recording Secretary - Ms Jaise Choi

Finance Committee:

- Chairman - Mr Fok Kim Fook
 Secretary - Ms Jaise Choi

Media/ Publicity/Welfare Committee:

- Chairperson - Mdm Kiren Kaur Gill
 Secretary - Mdm Garmit Kaur
 Editor - Mr Teo Chor Kai

Dinner & Dance Committee:

- Chairman - Mr Allan Tok Wei Cheng
 Secretary - Mdm Elaine Seah Ee Leng
 Staff - Mdm Arifah Begum
 Mr Willy Kang
 Mr Latch

Remuneration Committee:

- Chairperson - Mrs Brenda Tan
 Secretary - Mr Phua Chin Hong
 CEO - Mr Teo Chor Kai

Audit Committee:

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

Internal Auditors:**Members:**

Mdm Elene Lim Lan Hiang
 Mr Chern Meng Hock
 Mdm Shamsulbadariah

Members:

Mdm Elene Lim Lan Hiang
 Mr Peter Tan Swee Chong
 Mr Teo Chor Kai

Members:

Mdm Elaine Seah Ee Leng
 Mr Wilson Koh Kian Neng
 Mr Teo Chor Kai

Members:

Mr Allan Tok Wei Cheng
 Mdm Elaine Seah Ee Leng
 Mr Teo Chor Kai

Members:

Mdm Lau Bee Eng
 Mdm Tan Hui Teng
 Mr Willy Kang

Members:

Mr Wilson Koh Kian Neng
 Mdm Kiren Kaur Gill

Members:

Mr Goh Ek Piang
 Mr Richard Zaccheus
 Mr Fok Kim Fook

Members:

Mr Allan Tok Wei Cheng
 Mdm Patsy Ng Moi Sng
 Mr Ho Boon Huat

Members:

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

Annex 3

Representatives/Delegates/Staff in Other Co-operative Organisation**Singapore National Co-operative Federation (SNCF)**

Delegates / EXCO	-	Mr Allan Tok Wei Cheng
-	-	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 Wei Cheng
-	-	Mr Fok Kim Fook

Premier Security Co-operative Society Ltd

Delegate	-	Mr Teo Chor Kai
----------	---	-----------------

National Trades Union Congress (NTUC)**NTUC Income Insurance Co-operative Limited (NTUC INCOME)**

Delegate	-	Mdm Kiren Kaur Gill
----------	---	---------------------

NTUC FairPrice Co-operative Ltd

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

NTUC Health Co-operative Ltd

Delegate	-	Mdm Elene Lim Lan Hiang
----------	---	-------------------------

NTUC Choice Home

Delegate	-	Mr Chern Meng Hock
----------	---	--------------------

EDUCARE CO-OPERATIVE LIMITED

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

THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED

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

Annual Report 2020

Annex 4**PROPOSED DISTRIBUTION OF 2020 SURPLUS**

	S\$	S\$
SURPLUS FOR THE YEAR 2020 (including dividend payment of \$561,692 in September 2020)		899,839.39
Less: Contribution to Central Co-operative Fund ***		(104,967.88)
		<u>794,871.51</u>
Add: Balance Brought Forward as at 31 December 2020		3,728,562.13
		<u>4,523,433.64</u>
Proposed Dividend on Share Capital: 8% x \$7,060,194.05 (2019 = 8%)	564,815.52	
Proposed Loan Interest Rebate: 5% x \$1,199,849.08 (2019 = 4%)	<u>59,992.45</u>	(624,807.98)
		<u>3,898,625.66</u>
Distribution to:-		
Common Good Fund	23,000.00	
Honorarium	55,000.00	
Retained Surplus	<u>3,820,625.66</u>	(3,898,625.66)
Net Surplus after Distribution		<u><u>0.00</u></u>



ZACCHEUS RICHARD BAINS
CHAIRMAN



FOK KIM FOOK
HON TREASURER

***** Central Co-operative Fund**

Surplus for the Year 2020	338,147.64	
Add: Dividend payment	<u>561,691.75</u>	
	899,839.39	
1st S\$500,000 @ 5%	<u>(500,000.00)</u>	25,000.00
Balance @ 20%	399,839.39	<u>79,967.88</u>
		<u><u>104,967.88</u></u>

THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED

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

Annual Report 2020

Annex 5**THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LTD**

ESTIMATES FOR FY 2021 - FY 2022

	FY 2021	FY 2021 (Adjustments)	FY 2022
	S\$	S\$	S\$
Auditor's Remuneration	31,500		31,500
Administrative Expenses	34,800		34,800
Affiliation Fees	2,000	(500)	1,500
Allowance for Hon Secretary & Treasurer	20,000	5,000	25,000
Allowance for expected credit losses on loans to members	-	100,000	100,000
Amortisation of bonds	-	20,000	20,000
Bank Charges	6,500	(500)	6,000
Bad Debts Written Off	250,000	(50,000)	200,000
CPF Contributions	94,560	(8,560)	86,000
Co-Operative Activities	50,000	(20,000)	30,000
Computer & Equipment	20,000		20,000
Computer Software	100,000	(50,000)	50,000
Computer Service & Supplies	100,000		100,000
Courier & Postage	15,000	(7,000)	8,000
Debts Management Fees	43,200		43,200
Dental & Medical Expenses for Staff	9,000		9,000
Furniture & Office Equipment	30,000		30,000
General Meeting Expenses	40,000	(10,000)	30,000
General Expenses	10,000		10,000
Insurance	25,000		25,000
Internal Audit / AC Expenses	28,000	(8,000)	20,000
Maintenance of Office Premises	5,000		5,000
Maintenance of Office Equipment	7,000	(2,000)	5,000
Membership Drive Expenses	10,000		10,000
MC Meeting / Attendance Allowance	9,000		9,000
Printing & Stationery	20,000		20,000
Professional & Legal Expenses	30,000		30,000
Property Tax & Quit Rent	16,000	(2,000)	14,000
Refreshment	9,000	(3,000)	6,000
Renovation	50,000		50,000
Salaries & Bonuses for Staff	780,000		780,000
Service Charges for Check-off	8,000	(1,000)	7,000
Service Charges for Premises	40,000	(5,000)	35,000
Skill Development Levy	1,750	(350)	1,400
Sub-Comm Meeting / Attendance Allowance	2,000	(1,000)	1,000
Telephone Charges	16,000	(1,000)	15,000
Transport Expenses	25,000	(5,000)	20,000
Utilities	12,000	(2,000)	10,000
TOTAL	\$ 1,950,310	\$ (51,910)	\$ 1,898,400

THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED

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

Annual Report 2020

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 2021 be set at **S\$75,000,000**.

	BALANCE 31/12/2020	MONTHLY CONTRIBUTION	PROJECTED BALANCE 31/12/2021	ESTIMATE INTEREST PAYABLE	INTEREST PAYABLE 31/12/2020
GENERAL SAVINGS	S\$'000 26,735	S\$'000 350	S\$'000 29,000	S\$'000 84	S\$'000 76
BONUS SAVINGS	13,030	1,100	14,000	395	371
TERM DEPOSITS	31,273	-	32,000	450	444
TOTAL	\$ 71,038	\$ 1,450	\$ 75,000	\$ 929	\$ 891


ZACCHEUS RICHARD BAINS
CHAIRMAN

FOK KIM FOOK
HON TREASURER

DATED:

THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LIMITED

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

Annual Report 2020

Annex 7**INVESTMENT PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2020**

Restricted Investments	2020		FY 2019	
	Investment Amount (\$)	Income (\$)	Investment Amount (\$)	Income (\$)
Shares listed on SGX	3,700,371.52	233,881.47	3,934,571.13	307,140.52
Corporate bonds and Managed Funds	17,095,722.76	680,883.51	16,014,394.19	682,429.07
Shares in private companies	440,815.00	-	440,815.00	-
Shares in other co-op (invest after 30/06/2010)	191,990.00	11,999.25	191,990.00	11,799.40
Total	\$ 21,428,899.28	\$ 926,764.23	\$ 20,581,770.32	\$ 1,001,368.99
Returns on restricted investment		4.32%		4.87%
Total Assets	\$ 90,053,219.00		\$ 84,637,117.76	
Restricted Investment (RI) approved		30%		30%
Approved RI @ 30% of Total Assets		\$ 27,015,965.70		\$ 25,391,135.33
Total RI invested		\$ 21,428,899.28		\$ 20,581,770.32
RI as a % of Total Assets		24%		24%

Non Restricted Investments	2020		FY 2019	
	Investment Amount (\$)	Income (\$)	Investment Amount (\$)	Income (\$)
Investment properties	1,303,304.56	43,703.40	1,350,804.17	53,078.40
Statutory board bonds	6,659,680.00	165,275.32	6,420,162.49	237,074.18
Central investment fund (SI)	2,121,883.43	71,933.39	2,049,950.04	49,950.00
Shares in other co-op (invest before 30/06/2010)	1,915,816.00	130,305.30	1,915,816.00	112,648.96
Fixed deposits and bank balances	39,584,652.38	532,167.62	33,192,829.28	642,160.15
Total	\$ 51,585,336.37	\$ 943,385.03	\$ 44,929,561.98	\$ 1,094,911.69
Returns on non restricted investment		1.83%		2.44%

**PROPOSED AMENDMENTS TO THE BY-LAWS OF
THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LTD**

TABLE OF AMENDMENTS

By-Law No	Existing	Revised by-law No	Proposed Amendment (Proposed changes underlined)	Remarks
2.1(h)	" Officer " includes a chairman, 2 (two) deputy chairmen (1st deputy chairmen and 2nd deputy chairmen), honorary secretary, honorary assistant secretary, honorary treasurer, 2 (Two) honorary assistant treasurers (1st hon assistant treasurer and 2nd hon assistant treasurer), a member of the COM, chief-executive officer, member of any committee constituted under the By-laws, employee, internal auditor, liquidator, or any other person empowered under the Act, the Rules or the By-laws to give directives in regard to the business of the Society or to supervise such business;	2.1 (h)	" Officer " includes a chairman, 2 (two) deputy chairmen (1st deputy chairman and 2nd deputy chairman), honorary secretary, honorary assistant secretary, honorary treasurer, 2 (Two) honorary assistant treasurers (1st hon assistant treasurer and 2nd hon assistant treasurer), a member of the COM, chief-executive officer, member of any committee constituted under the By-laws, employee, internal auditor, liquidator, or any other person empowered under the Act, the Rules or the By-laws to give directives in regard to the business of the Society or to supervise such business;	Editorial amendment. Concord
6.13.2	Duties of Deputy Chairman	6.13.2	Duties of <u>deputy chairman</u>	
6.13.3.1	In the absence of the Chairman, his duties shall be carried out by the 1 st Deputy Chairman, or in the absence of both the Chairman and the 1 st Deputy Chairman, by the 2 nd Deputy Chairman. In the event that the three persons are absent, a member from among the Committee may be elected by a majority to act as the Chairman.	6.13.2.1	In the absence of the chairman, his duties shall be carried out by the 1 st <u>deputy chairman</u> , or in the absence of both the <u>chairman</u> and the 1 st Deputy <u>chairman</u> , by the 2 nd <u>deputy chairman</u> . In the event that the three persons are absent, a member from among the <u>COM</u> may be elected by a majority to act as the <u>chairman</u> .	Editorial amendment Numbering

Signed for and on behalf of the Society by:


Chairman
Mr Richard Zaccheus


Hon Treasurer
Mr Fok Kim Fook


Committee member
Mr Peter Tan Swee Chong

Annex 9

THE SINGAPORE TEACHERS' CO-OPERATIVE SOCIETY LTD

150 CHANGI ROAD #02-06

GUTHRIE BUILDING

SINGAPORE 419973

TEL: 6440 4393

85th ANNUAL GENERAL MEETING – 26 JUNE 2021
NOMINATION FOR ELECTION TO THE COMMITTEE OF MANAGEMENT – 2021/2024

NO	NAME OF CANDIDATE	NAME OF PROPOSER	NAME OF SECONDER
01.	MR ZACCHEUS RICHARD BAINS	MR FOK KIM FOOK	MR TEO CHOR KAI
02.	MR TAN SWEE CHONG	MR FOK KIM FOOK	MR ZACCHEUS RICHARD BAINS
03.	MDM NG MOI SNG	MR ZACCHEUS RICHARD BAINS	MR TEO CHOR KAI



MRS BRENDA TAN
1st VICE PRESIDENT
RETURNING OFFICER

DATED: 23 April 2021



Name: **Mr Richard Zaccheus**

Designation: **Retired Teacher**

Date of joining the society: **17 July 1965**

Servicing with the Teachers' Co-op:

Duration:

1990 – 1995

1996 – To date

1996 – 2015

1996 – to date

2004 – 2018

2008 – To date

2015 – To date

2016 – To date

Committee:

Supervisory Board

Committee of Management

Childcare

Loan

EXCO

Chairman (COM)

Investment

Remuneration

Services in other Co-operatives and Singapore National Co-operative Federation (SNCF):

2012 – 2020

Singapore National Co-operative
Federation – Board Member

2018 – 2020

EduCare Co-operative –
Board Member



Name: **Mr Peter Tan Swee Chong**

Designation: **Retired Teacher**

Date of joining the society: **1 December 1965**

Services with the Teachers' Co-op:

Duration:

1977 – 1984

1985 – To date

1986 – 1998

1990 – 2015

1994 – 2016

2016 – To date

2001 – To date

Committee:

Supervisory Board

Committee of Management

Hon Asst Treasurer

Childcare

Investment

Audit

Loan



Name: **Mdm Ng Moi Sng**

Designation: **Retired HOD**

Date of joining the society: **12 October 1974**

Services with the Teachers' Co-op:

Duration:

1989 – To date

1990 – 1993

1991 – 2013

2016 – 2019

2020 – To date

2017 – To date

Committee:

Committee of Management

Childcare

Ladies

Media/Publicity/Welfare

Membership

Audit

NOTES

Co-operative Principles

Voluntary Association and Open Membership

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

Democratic Control

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

Limited interest on Capital

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

Equitable division of surplus

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

Co-operative Education

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

Co-operation among Co-operatives

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



The Singapore Teachers' Co-operative Society Ltd

150 Changi Road #02-06
Guthrie Building
Singapore 419973
Tel: 6440 4393 Fax: 6440 3382
Website: www.teachersco-op.org.sg
E-mail: cs@teachersco-op.org.sg