TCC CREDIT CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES
Registration No. S28CS0007B

Management Committee's Statement and Audited Financial Statements
for the financial year ended 31 December 2023

TCC CREDIT CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES
Registration No. S28CS0007B
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(Incorporated in the Republic of Singapore)

MANAGEMENT COMMITTEE'S STATEMENT AND
AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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MANAGEMENT COMMITTEE'S REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

In the opinion of the Management Committee,

(i) the accompanying financial statements of the TCC Credit Co-Operative Limited (the "Co-Operative") and its subsidiaries (the "Group") are drawn up so as to give a true and fair view of the financial position of the Co-Operative and of the Group as at 31 December 2023 and of the financial performance, changes in funds and reserves and cash flows of the Group for the financial year ended on that date;

(ii) at the date of this statement there are reasonable grounds to believe that the Group and Co-Operative will be able to pay its debts as and when they fall due; and

(iii) the receipt, expenditure, investment of monies and the acquisition and disposal of assets by the Co-Operative during the financial year ended 31 December 2023 are, in all material respects, in accordance with the provisions of the Co-Operative Societies Act, Chapter 62 and the By-Laws of the Co-Operative;

On behalf of the Management Committee

Shareef Bin Abdul Jaffar
Chairman

Daniel Cher Choong Kiak
Treasurer

Date: 3 May 2024
Singapore

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TCC CREDIT CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Report on the audit of the financial statements

Opinion

We have audited the financial statements of TCC Credit Co-Operative Limited (the "Co-Operative") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Co-operative as at 31 December 2023, and the statement of comprehensive income of the Co-operative, consolidated statement of comprehensive income, consolidated statement of changes in funds and reserves and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Co-Operative Societies Act 1979 ("the Act"), and Singapore Financial Reporting Standards ("FRSs") so as to give a true and fair view of the state of affairs of the Group and the Co-operative as at 31 December 2023 and of the results of the Group and the Co-operative, consolidated changes in funds and reserves and consolidated cash flows of the Group and for the year ended on that date.

Basis of 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 Group and 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 matter

The financial statements for the financial year ended 31 December 2022 were audited by another firm of auditors who issued an unmodified opinion on those financial statements in their report dated 22 May 2023.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditor's report thereon.

We have obtained all other information prior to 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.

RT LLP
Chartered Accountants
UEN : T08LL0811J

RT ASEAN Pte Ltd
Head Office
UEN : 201537050N

RT Advisory Pte Ltd
UEN : 201510979W

RT Links Pte Ltd
UEN : 201542866E

RT Academy Pte Ltd
UEN : 201527798R

RT International Advisory Pte Ltd
UEN : 201726206W

Report on the audit of the financial statements (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 have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's and the Co-Operative's ability to continue as going concerns, 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 the Co-Operative or to cease operations, or has no realistic alternative but to do so.

Those charged with governance's responsibilities include overseeing the Group's and the Co-Operative's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high-level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Co-operative's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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Report on the audit of the financial statements (Cont'd)

Auditor's responsibilities for the audit of the financial statements (Cont'd)

- Conclude on the appropriateness of 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 and the Co-operative's ability to continue as going concerns. 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 or the Co-Operative to cease to continue as going concerns.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirement

During the course of our audit, nothing has come to our attention that causes us to believe that during the financial year:

(a) proper accounting and other records have not been kept by the Co-operative and by those subsidiaries corporations incorporated in Singapore of which we are the auditor; and

(b) the receipt, expenditure, investment of money and the acquisition and disposal of assets by the Co-Operative during the year have not been in accordance with the By-Laws of the Co-operative and the provisions of the Act and the Co-operative Societies Rules 2009 ("the Rules").

The engagement partner on the audit resulting in this independent auditor's report is Lau Foo Me.

DocuSigned by:
RT LLP
8712BEF07E9843A...

RT LLP
Public Accountants and
Chartered Accountants
Singapore, 3 May 2024

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	Group 2023 $	Group 2022 $	Co-Operative 2023 $	Co-Operative 2022 $
MEMBER'S FUNDS, RESERVES AND LIABILITIES					
Members' subscription	4	28,517,323	29,442,169	28,517,323	29,442,169
Reserve fund	5	2,724,226	2,724,226	2,650,197	2,650,196
Common good fund	6	637,088	488,881	637,088	488,881
General fund		13,327,655	12,111,873	9,711,101	8,735,451
		45,206,292	44,767,149	41,515,709	41,316,697
Non-controlling interest		59,088	57,687	-	-
Total members' funds		45,265,380	44,824,836	41,515,709	41,316,697
LIABILITIES					
Non-current liability					
Deferred tax liability	16	55,342	55,342	-	-
Total non-current liability		55,342	55,342	-	-
Current liabilities					
Members' deposits	7	47,218,015	48,109,456	47,218,015	48,109,456
Central Co-Operative fund contribution	8	165,838	208,325	146,814	190,433
Lease liability	25	16,448	43,501	-	-
Other liabilities	9	1,051,159	987,626	732,039	569,096
Total current liabilities		48,451,460	49,348,908	48,096,868	48,868,985
Total liabilities		48,506,802	49,404,250	48,096,868	48,868,985
Net members' funds, reserves and liabilities		**93,772,182**	**94,229,086**	**89,612,577**	**90,185,682**
ASSETS					
Non-current assets					
Property, plant and equipment	10	22,593,343	3,236,337	22,554,743	3,163,849
Intangible assets	11	474,982	563,657	137,445	222,418
Investment properties	12	1,898,361	1,911,541	1,898,361	1,911,541
Right-of-use assets	13	15,924	43,224	-	-
Financial assets	14	1,010,671	959,931	1,010,671	959,931
Investment in subsidiaries	15	-	-	1,170,000	1,170,000
Investment in other Co-operatives	14	519,755	769,755	519,755	769,755
Goodwill	16	686,972	686,972	-	-
Loans to members	18	16,624,746	17,694,445	16,624,746	17,694,445
Total non-current assets		43,824,754	25,865,862	43,915,721	25,891,939
Current assets					
Loans to members	18	7,259,706	7,106,676	7,259,706	7,106,676
Trade and other receivables	17	905,193	1,381,353	83,656	193,810
Cash and cash equivalents	19	41,782,529	59,875,195	38,353,494	56,993,257
Total current assets		49,947,428	68,363,224	45,696,856	64,293,743
Total assets		**93,772,182**	**94,229,086**	**89,612,577**	**90,185,682**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 $	Group 2022 $
Revenue	20	8,329,200	8,685,508
Interest expenses		(59,740)	(61,286)
		8,269,460	8,624,222
Cost of service		(4,359,137)	(5,540,074)
Other income	21	2,824,374	1,647,686
Total income		6,734,697	4,731,834
Salary, wages and employees' benefits	24	(1,857,522)	(1,787,251)
Depreciation of property, plant and equipment	10	(77,209)	(88,984)
Amortisation of intangible asset	11	(88,675)	(82,212)
Depreciation of right-of-use assets	13	(27,300)	(11,375)
Depreciation of investment properties	12	(13,180)	(13,180)
Other expenses	22	(2,006,421)	(1,405,969)
Surplus before Contribution to Central Co-Operative Fund		2,664,390	1,342,863
Contribution to Central Co-Operative Fund		(157,501)	(199,987)
Surplus after contribution		2,506,889	1,142,876
Other comprehensive income:			
Common Good Fund expenses	6	(151,793)	(185,319)
		(151,793)	(185,319)
Total comprehensive income for the financial year		2,355,096	957,557
Surplus attributable to:			
Owners of the Co-Operative		2,505,488	1,142,422
Non-controlling interests		1,401	454
		2,506,889	1,142,876
Total comprehensive income attributable to:			
Owners of the Co-Operative		2,353,695	957,103
Non-controlling interests		1,401	454
		2,355,096	957,557

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Co-Operative 2023 $	2022 $
Revenue	20	3,086,782	2,423,507
Interest expense		(59,740)	(61,286)
		3,027,042	2,362,221
Other income		2,513,019	1,444,202
Total income		5,540,061	3,806,423
Expenses			
Salary, wages and employees' benefits		(1,194,216)	(1,101,817)
Depreciation of property, plant and equipment	10	(37,134)	(45,513)
Amortisation of intangible asset		(84,973)	(79,393)
Depreciation of investment properties	12	(13,180)	(13,180)
Other expenses		(1,828,988)	(1,242,355)
Surplus before Contribution to Central Co-Operative Fund		2,381,570	1,324,165
Contribution to Central Co-Operative Fund	8	(146,814)	(190,433)
Surplus for the financial year		2,234,756	1,133,732

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS AND RESERVES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Attributable to the Members of the Co-Operative						
Group		**Members' subscriptions**	**Reserve fund**	**Common Good Fund**	**General fund**	**Total**	**Non-controlling interest**	**Total**
2023	**Note**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Balance as at 1 January 2023		29,442,169	2,724,226	488,881	12,111,873	44,767,149	57,687	44,824,836
Surplus for the financial year		-	-	-	2,505,488	2,505,488	1,401	2,506,889
Additions during the year	4	2,493,997	-	-	-	2,493,997	-	2,493,997
Withdrawals during the year	4	(3,418,843)	-	-	-	(3,418,843)	-	(3,418,843)
Transfer to common good fund	6	-	-	300,000	(300,000)	-	-	-
Common Good Fund	6	-	-	(151,793)	-	(151,793)	-	(151,793)
Honorarium fee		-	-	-	(112,000)	(112,000)	-	(112,000)
Dividends	23	-	-	-	(877,706)	(877,706)	-	(877,706)
Balance as at 31 December 2023		28,517,323	2,724,226	637,088	13,327,655	45,206,292	59,088	45,265,380

CO-OPERATIVE STATEMENT OF CHANGES IN FUNDS AND RESERVES (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Attributable to the Members of the Co-Operative						
Group		**Members' subscriptions**	**Reserve fund**	**Common Good Fund**	**General fund**	**Total**	**Non-controlling interest**	**Total**
2022	**Note**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Balance as at 1 January 2022		30,769,480	2,724,226	474,200	12,060,748	46,028,654	57,233	46,085,887
Surplus for the financial year		-	-	-	1,142,422	1,142,422	454	1,142,876
Additions during the year	4	2,496,579	-	-	-	2,496,579	-	2,496,579
Withdrawals during the year	4	(3,823,890)	-	-	-	(3,823,890)	-	(3,823,890)
Transfer to common good fund	6	-	-	200,000	(200,000)	-	-	-
Common Good Fund	6	-	-	(185,319)	-	(185,319)	-	(185,319)
Honorarium fee		-	-	-	(142,000)	(142,000)	-	(142,000)
Dividends	23	-	-	-	(749,297)	(749,297)	-	(749,297)
Balance as at 31 December 2022		29,442,169	2,724,226	488,881	12,111,873	44,767,149	57,687	44,824,836

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 $	Group 2022 $
Cash flows from operating activities			
Surplus before contribution		2,664,387	1,342,863
Adjustments for:			
Depreciation of property, plant and equipment	10	77,209	88,984
Amortisation of intangible assets	11	88,675	82,212
Depreciation of investment properties	12	13,180	13,180
Depreciation of right-of-use assets	13	27,300	11,375
Write-off of right-of-use asset	25	-	25,200
Loss on fair value through financial assets	14	-	59,974
Gain on fair value through financial assets		(37,913)	-
Gain on disposal of financial assets	14	(1,272,673)	(133,555)
Interest expense on lease liabilities	25	1,639	857
Operating cash flows before working capital changes		1,561,804	1,491,090
Changes in working capital:			
Trade and other payables		36,480	177,584
Loans to members	18	916,669	3,715,937
Trade and other receivables		476,160	(91,112)
Cash generated from operations		2,991,113	5,293,499
Members' deposits received	7	10,557,892	10,823,320
Members' deposits withdrawal	7	(11,449,333)	(11,382,800)
Honorarium paid		(112,000)	(142,000)
Payments to Central Co-Operative Fund		(199,987)	(215,415)
Net cash generated from operating activities		1,787,686	4,376,604
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(19,434,215)	(37,859)
Purchase of right-of-use asset	13	-	(54,599)
Purchase of Intangible asset	11	-	(85,836)
Purchase of financial assets	14	(22,711)	(200,593)
Proceeds on disposal of financial assets		1,272,673	-
Sale of investment in Co-operative		259,884	-
Fixed deposit		21,327,139	(40,633,707)
Net cash used in / generated from investing activities		3,402,770	(41,012,594)
Cash flows from financing activities			
Interest paid on lease liabilities	25	(1,639)	(857)
Dividends paid to members	23	(877,706)	(749,297)
Proceed from members' subscription	4	2,493,997	2,496,579
Withdrawal of members' subscription	4	(3,418,843)	(3,823,890)
Common Good Fund	6	(151,793)	(185,319)
Net cash used in financing activities		(1,955,984)	(2,262,784)
Net increase in cash and cash equivalents		3,234,472	(38,898,774)
Cash and cash equivalents at beginning of financial year	19	5,086,415	43,985,189
Cash and cash equivalents at end of financial year	19	8,320,887	5,086,415

The accompanying notes form an integral part of these financial statements.

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

1. GENERAL

The Co-Operative is incorporated and registered in Singapore under the Co-Operative Societies Act, Chapter 62. The address of its registered office and principal place of business is at 95 Killiney Road, Singapore 239537.

The principal activities of the Group are to engage in promoting co-operation and self-help, encourage thrift, to receive deposits from members and to assist members to reduce the cost of living and improve their economic position.

The financial statements of the Group for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Management Committee on the date of Management Committees' Statement.

The principal activities of its subsidiaries are disclosed in Note 16.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

The financial statements of the Group have been drawn up in accordance with Financial Reporting Standards in Singapore (FRSs). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below

The preparation of the financial statements in conformity with FRS requires management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of certain accounting estimates and assumptions. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

The financial statements are presented in Singapore Dollars ($), which is the Co-Operative's functional currency.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.2 Adoption of new and amended standards and interpretations

Standards issued but not yet effective

At the date of authorisation of these financial statements, the following standards that were issued but not yet effective, and have not been adopted early in these financial statements:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2024*
Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7: Supplier Finance Arrangements	1 January 2024
Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS(I) 1-21: Lack of Exchangeability	1 January 2025
Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between and Investor and its Associate or Joint Venture	To be determined

The mandatory effective date of this Amendment had been revised from 1 January 2022 to 1 January 2023 by the ASC in July 2020 via Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current – Deferral of Effective Date and further revised to 1 January 2024 in December 2022 via Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants.

Consequential amendments were also made to various standards as a result of these new or revised standards.

Management anticipates that the adoption of the above standards, if applicable in future periods, will not have a material impact on the financial statements of the Group in the period of their initial adoption.

2.3 Basis of consolidation and business combinations

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Co-Operative and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Co-Operative. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Co-Operative obtains control, and continue to be consolidated until the date that such control ceases.

Losses within subsidiaries are attributed to the non-controlling interest even if that results in a deficit balance.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.3 Basis of consolidation and business combinations (Continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Co-Operative loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- re-classifies the Group's hare of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

<u>Business combination</u>

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired, and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

<u>Transactions with non-controlling interests</u>

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.4 Revenue and expense recognition

Revenue is measured based on the 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 parties.

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

(i) *Interest income and expense*

Interest income from members' loans are recognized based on the contractual rates. The interest expense on members' deposits and savings are recognized based on contractual rates.

(ii) *Administrative fee income and charges*

Administrative fee income is recognized when the services are rendered. The charges for late payments and GIRO rejections are recognized upon the occurrence of the default.

(iii) *Dividend income*

Dividend income from financial assets and subsidiaries are recognized when the right to receive payment is established.

(iv) *Rental income*

Rental income on tenanted areas of the buildings owned by the Group is recognized as revenue on a straight-line basis over the term of the lease.

(v) *Rendering of services*

Revenue is recognized when services are billed which generally coincides with the delivery and acceptances by clients.

(vi) *Grants*

Government grants are recognised when there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual installments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant

(vii) *Interest Income on fixed deposits*

Interest income is recognized using the effective interest method.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment. Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follow.

	Useful lives
Buildings	10 - 12 years
Property improvements	5 years
Computers	5 years
Furniture and fixtures	3 – 5 years
Office equipment	5 years

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

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

2.6 Impairment of non-financial assets excluding goodwill

At the end of each financial year, the Group reviews the carrying amounts of its nonfinancial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.6 Impairment of non-financial assets excluding goodwill (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.7 Intangible asset

Goodwill

Goodwill arising on the acquisition of a subsidiary or business represents the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition.

Goodwill on subsidiary is recognised separately as intangible assets. Goodwill is initially recognised at cost and subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group’s cash generating units expected to benefit from the synergies of the combination. Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill if the assets and their fair values can be measured reliably. The cost of such intangible assets is their fair value as at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets acquired separately.

Computer software licences

Acquired computer software licences are initially recognised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its expenditure which can be reliably measured is added to the original cost of the software. Costs associated with maintaining computer software are recognised as a expense as incurred.

Computer software licences are subsequently carried ay cost less accumulated amortisation and accumulated impairment losses. These costs are amortised losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 years.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.8 Financial assets

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

(a) **Financial assets**

The Group classifies its financial assets into one of the categories below, depending on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group shall reclassify its affected financial assets when and only when the Group changes its business model for managing these financial assets. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.8 Financial assets (Continued)

(a) Financial assets (Continued)

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

<u>Financial assets at fair value through other comprehensive income ("FVOCI")</u>

The Group has a number of strategic investments in listed and unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those equity investments, the Group has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal, any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

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 amortised cost, FVOCI and FVPL. The Group only has debt instruments at amortised cost.

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.8 Financial assets (Continued)

(a) Financial assets (Continued)

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 which will not be reclassified subsequently to profit or loss. 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 debt instruments is recognised in profit or loss.

(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 FVPL, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

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

2.9 Impairment of financial assets

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

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.9 Impairment of financial assets (Continued)

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

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. 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 which could affect debtors' ability to pay.

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 before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.11 General Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.12 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.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.12 Leases (Continued)

(a) 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.

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. The Group's lease liabilities are presented in Note 21.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.12 Leases (Continued)

(a) As lessee (Continued)

Short-term leases and leases of low-value assets

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

(b) 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.

2.13 Income taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.13 Income taxes (Continued)

(c) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on 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

- receivables and payables that 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.

2.14 Investment properties

Investment properties are initially recognised at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of investment properties includes capitalisation of borrowing costs for the purchase, renovation and extension of the investment properties while these activities are in progress. For this purpose, the interest rates applied to funds provided for the development are based on the actual interest rates payable on the borrowings such development.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are written-off to the income statement. The cost of maintenance, repairs and minor improvements is charged to the income statement when incurred.

Properties that are being constructed or developed for future use as investment properties are classified as investment properties. Where the fair value of the investment properties under construction or development cannot be reliably measured, the property is measured at cost until the earlier of the date the construction is completed or the date at which fair value becomes reliably measurable.

On disposal of investment properties, the difference between the net disposal proceeds and its carrying amount is taken to the income statement.

2.15 Investments in subsidiaries

Investment in subsidiaries is carried at cost less accumulated impairment losses in the Co-Operative's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investment are recognized in profit or loss.

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.16 Employee benefits

Employee benefits are recognized as an expense, unless the cost qualifies to be capitalized as an asset.

(i) Defined contribution plans

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

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid 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.

(iii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months after the end of reporting period as a result of services rendered by employees up to the end of the reporting period.

2.17 Dividends expenses

Dividends to the Group's members during the year will be accounted for in the general fund as an appropriation in the next financial year. Dividends are recognized when the dividends are approved for payment.

2.18 Related parties

A party is related to an entity if:

(a) A person or a close member of that person's family is related to the Group if that person:

(i) Has control or joint control over the Group;

(ii) Has significant influence over the Group; or

(iii) Is a member of the key management personnel of the Group or of parent of the Group;

2 MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.18 Related parties (Continued)

(b) An entity is related to the Co-Operative if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third party 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 Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

(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).

2.19 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of nonmonetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

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

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS (Continued)

3.1 Judgments made in applying accounting policies

The management is of the opinion that there are no significant judgments made in applying accounting estimates and policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Provision for expected credit losses of loan to members and trade and other receivables

The Group uses a provision matrix to calculate ECLs for loan receivables. The provision rates are based on days past due for groupings of various customer segments 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 analyzed.

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 customer's actual default in the future. The information about the ECLs on the Group and Co-Operative's loan receivables are disclosed in Note 28.

The carrying amount of the Group and Co-Operative's loan receivables as at 31 December 2023 was $23,884,452 (2022: $25,249,946).

The carrying amount of the Group and Co-Operative's trade and other receivables as at 31 December 2023 was $905,193 (2022: $1,381,353) and $83,656 (2022: $193,810) respectively.

(b) Useful lives of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives, after taking into account their estimated residual values, if any, using straight line method. The estimated useful life reflects the management's estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual values reflect the management's estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(b) Useful lives of property, plant and equipment (Continued)

Management reviews the estimated useful lives of property, plant and equipment at the end of each financial year end. During the financial year, the management determined that the useful lives of property, plant and equipment are appropriate, and no revision required.

(c) Useful life of investment properties

The Group depreciates the investment properties over their estimated useful lives, after taking into account their estimated residual values, if any, using straight line method. The estimated useful life reflects the management's estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's investment properties. The residual values reflect the management's estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

Management reviews the estimated useful lives of investment properties at the end of each financial year end. During the financial year, the management determined that the useful lives of investment property are appropriate, and no revision required.

(d) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units ("CGU") to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. The carrying amount of goodwill as at 31 December 2023 was $686,972 (2022: $686,972).

4. MEMBERS' SUBSCRIPTIONS

	Group and Co-Operative	
	2023	2022
	$	$
Balance as at 1 January	29,442,169	30,769,480
Additions during the financial year	2,493,997	2,496,579
Withdrawals during the financial year	(3,418,843)	(3,823,890)
Balance as at 31 December	28,517,323	29,442,169

The above represents savings in the subscription account. Ordinary members must deposit a minimum of $10 per month into the subscription account. The maximum monthly deposit to this account shall be decided by the management committee.

A member may with the approval of the management committee be allowed to withdraw an amount not exceeding 75% of his subscription credits by giving 90 days' notice in writing. This withdrawal is subject to maintenance of a minimum accumulated balance of $1,000. The management committee have the discretion to allow greater proportion of funds to be withdrawn (including minimum sum), accept shorter notice or to refuse such withdrawals.

5. RESERVE FUND

	Group		Co-Operative	
	2023	2022	2023	2022
	$	$	$	$
Balance at 1 January and 31 December	2,724,226	2,724,226	2,650,197	2,650,196

6. COMMON GOOD FUND

	Group and Co-Operative	
	2023	2022
	$	$
Balance as at 1 January	488,881	474,200
Fund given out	(151,793)	(185,319)
Addition	300,000	200,000
Balance as at 31 December	637,088	488,881

This fund was established to provide welfare benefits to the Co-Operative's members.

7. MEMBERS' DEPOSITS

	Group and Co-Operative	
	2023	2022
	$	$
Savings deposits		
Balance as at 1 January	48,109,456	48,668,936
Deposits received	10,557,892	10,823,320
Withdrawals	(11,449,333)	(11,382,800)
Balance as at 31 December	47,218,015	48,109,456

Interest rates for savings are charged at 0.125% to 0.25% per annum (2022: 0.125% to 0.25% per annum).

8. CENTRAL CO-OPERATIVE FUND CONTRIBUTION

	Group and Co-Operative		Co-Operative	
	2023	2022	2023	2022
	$	$	$	$
Central Co-Operative fund	165,838	208,325	146,814	190,433

Pursuant to Section 71(2) of the Co-Operative Societies Act, Chapter 62 the Group contributes 5% of the first $500,000 of the profit from its operations and 20% of its profit in excess of $500,000 to the Central Co-Operative Fund. Contribution from operations is subject to adjustment for non-deductible amounts as per guidelines from the Registry of Co-Operative Societies and the amount is due to be paid out in next financial year.

9. OTHER PAYABLES

	Group		Co-Operative	
	2023	2022	2023	2022
	$	$	$	$
Interest payable on members' deposits	1,208	1,208	1,208	1,208
Unclaimed balances of members	195,434	190,230	195,435	190,230
Other payables	854,517	796,188	535,396	377,658
	1,051,159	987,626	732,039	569,096

10. PROPERTY, PLANT AND EQUIPMENT

Group 2023:	Freehold land $	Building $	Property improvements $	Computer hardware $	Furniture and fixtures $	Office equipment $	Total $
Cost							
As at 1 January 2023	3,094,664	2,465,229	2,228,269	292,392	97,752	113,520	8,291,826
Additions	15,819,600	3,575,000	-	15,818	5,976	17,821	19,434,215
Written off	-	-	-	(22,259)	(3,350)	(4,331)	(29,940)
As at 31 December 2023	18,914,264	6,040,229	2,228,269	285,951	100,378	127,010	27,696,101
Accumulated depreciation							
As at 1 January 2023	-	2,465,229	2,228,269	201,658	75,361	84,973	5,055,490
Depreciation charge for the year	-	-	-	40,928	16,090	20,190	77,208
Written off	-	-	-	(22,259)	(3,350)	(4,331)	(29,940)
As at 31 December 2023	-	2,465,229	2,228,269	220,327	88,101	100,832	5,102,758
Carrying amount							
As at 31 December 2023	18,914,264	3,575,000	-	65,624	12,277	26,178	22,593,343

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group **2022:**	**Freehold land $**	**Building $**	**Property improvements $**	**Computer hardware $**	**Furniture and fixtures $**	**Office equipment $**	**Total $**
Cost							
As at 1 January 2022	3,094,664	2,465,229	2,228,269	271,721	173,078	103,138	8,336,099
Additions	-	-	-	24,428	3,048	10,383	37,859
Written off	-	-	-	(3,757)	(78,374)	-	(82,131)
As at 31 December 2022	3,094,664	2,465,229	2,228,269	292,392	97,752	113,521	8,291,827
Accumulated depreciation							
As at 1 January 2022	-	2,465,229	2,228,269	158,276	133,158	63,705	5,048,637
Depreciation charge for the year	-	-	-	47,139	20,577	21,268	88,984
Written off	-	-	-	(3,757)	(78,374)	-	(82,131)
As at 31 December 2022	-	2,465,229	2,228,269	201,658	75,361	84,973	5,055,490
Carrying amount							
As at 31 December 2022	3,094,664	-	-	90,734	22,391	28,548	3,236,337

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

Co-Operative 2023:	Freehold land $	Building $	Property improvements $	Computer hardware $	Furniture and fixtures $	Office equipment $	Total $
Cost							
As at 1 January 2023	3,094,664	2,465,229	2,228,269	189,527	23,860	44,270	8,045,819
Additions	15,819,600	3,575,000	-	9,631	5,976	17,821	19,428,028
Written-off	-	-	-	(22,259)	(3,350)	(4,331)	(29,940)
As at 31 December 2023	18,914,264	6,040,229	2,228,269	176,899	26,486	57,760	27,443,907
Accumulated depreciation							
As at 1 January 2023	-	2,465,229	2,228,269	145,155	13,910	29,407	4,881,970
Depreciation charge for the year	-	-	-	25,263	4,319	7,552	37,134
Written off	-	-	-	(22,259)	(3,350)	(4,331)	(29,940)
As at 31 December 2023	-	2,465,229	2,228,269	148,159	14,879	32,628	4,889,164
Carrying amount							
As at 31 December 2023	18,914,264	3,575,000	-	28,740	11,607	25,132	22,554,743

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

Co-Operative 2022:	Freehold land $	Building $	Property improvements $	Computer hardware $	Furniture and fixtures $	Office equipment $	Total $
Cost							
As at 1 January 2022	3,094,664	2,465,229	2,228,269	172,698	96,001	35,465	8,092,326
Additions	-	-	-	16,829	3,050	8,805	28,684
Written-off	-	-	-	-	(75,191)	-	(75,191)
As at 31 December 2022	3,094,664	2,465,229	2,228,269	189,527	23,860	44,270	8,045,819
Accumulated depreciation							
As at 1 January 2022	-	2,465,229	2,228,269	111,630	84,593	21,926	4,911,647
Depreciation charge for the year	-	-	-	33,525	4,507	7,481	45,513
Written off	-	-	-	-	(75,190)	-	(75,190)
As at 31 December 2022	-	2,465,229	2,228,269	145,155	13,910	29,407	4,881,970
Carrying amount							
As at 31 December 2022	3,094,664	-	-	44,372	9,950	14,863	3,163,849

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

Location, cost and carrying values of all freehold:

	Group and Co-Operative					
		2023			**2022**	
	Cost	**Carrying value**	**Fair Value**	**Cost**	**Carrying value**	**Fair Value**
	$	**$**	**$**	**$**	**$**	**$**
95/97 Killiney Road						
- Land	1,472,105	1,472,105	5,676,000	1,472,105	1,472,105	5,550,000
- Building	2,336,825	-	2,924,000	2,336,825	-	2,950,000
	3,808,930	1,472,105	8,600,000	3,808,930	1,472,105	8,500,000
99 Killiney Road						
- Land	1,622,559	1,622,559	3,535,000	1,622,559	1,622,559	3,480,000
- Building	128,404	-	1,515,000	128,404	-	1,520,000
	1,750,963	1,622,559	5,050,000	1,750,963	1,622,559	5,000,000
466 Serangoon Road						
- Land	15,819,600	-	12,925,000	-	-	-
- Building	3,575,000		3,575,000			
	19,394,600	-	16,500,000	-	-	-
Total land value	18,914,264	18,914,264	20,761,000	3,094,664	3,094,664	9,030,000
Total building value	6,040,229	3,575,000	8,014,000	2,465,229	-	4,470,000

11. INTANGIBLE ASSETS

	Group 2023 $	Group 2022 $
The software		
Cost		
As at beginning of the year	492,792	406,956
Additions	-	85,836
As at end of the year	492,792	492,792
Accumulated depreciation		
As at beginning of the year	254,682	172,470
Depreciation of current year	88,675	82,212
As at end of the year	343,357	254,682
Carrying amount		
As at year end	149,435	238,110

	Group 2023 $	Group 2022 $
Customer contract (Note 16)	325,547	325,547
Total intangible assets	474,982	563,657

12. INVESTMENT PROPERTIES

	Group and Co-Operative			
	2023		2022	
Killiney Road	**Freehold land $**	**Building $**	**Freehold land $**	**Building $**
<u>Cost</u>				
As at beginning of the year	1,538,190	109,870	1,538,190	109,870
Additions	-	-	-	-
As at end of the year	1,538,190	109,870	1,538,190	109,870
<u>Accumulated depreciation</u>				
As at beginning of the year	-	109,870	-	109,870
Depreciation of current year	-	-	-	-
As at end of the year	-	109,870	-	109,870
<u>Carrying amount</u>				
As at year end	1,538,190	-	1,538,190	-
Fair value	4,650,000	800,000	4,600,000	800,000

Location:	**Site area (Sq. Ft)**	**Tenure**
93, Killiney Road, Singapore 239537	1,018	Freehold

Jalan Sultan	**Group and Co-Operative 2023 $**	**2022 $**
<u>Cost</u>		
As at 1 January	495,134	495,134
Additions	-	-
As at 31 December	495,134	495,134
<u>Accumulated depreciation</u>		
As at 1 January	121,783	108,603
Additions	13,180	13,180
As at 31 December	134,963	121,783
<u>Carrying amount</u>		
As at 31 December	360,171	373,351
Fair value	850,000	800,000

Location:	**Site area (Sq. Ft)**	**Tenure**
200, Jalan Sultan, #10-06 Textile Centre, Singapore 199018	882	99 years

	2023 $	**2022 $**
Total investment properties	1,898,361	1,911,541

The investment properties of the Group were leased to tenants under operating leases. The rental income from investment properties is $177,600 (2022: $151,500). The property tax incurred on the investment properties is $34,043 (2022: $35,939).

13. RIGHT-OF-USE ASSETS

Lease property	Group 2023 $	Group 2022 $
Cost		
At beginning of the financial year	54,599	125,940
Additions	-	54,599
Write-off	-	(125,940)
At end of the financial year	54,599	54,599
Accumulated depreciation		
At beginning of the financial year	11,375	100,740
Depreciation charge for the financial year	27,300	11,375
Write-off	-	(100,740)
At end of the financial year	38,675	11,375
Carrying amount		
At end of the financial year	15,924	43,224

14. FINANCIAL ASSETS

	Group and Co-Operative 2023 $	Group and Co-Operative 2022 $
Fair value through profit or loss		
Quoted equity	1,010,671	959,931
Quoted bond - Singapore	-	-
	1,010,671	959,931
Fair value through other comprehensive income		
Unquoted equity – Singapore	519,755	769,755
	1,530,426	1,729,686
Movement during the financial year:		
Balance at 1 January	1,729,686	1,455,512
Addition	22,711	200,593
Disposed during the financial year	(259,884)	-
Fair value changes during the financial year (Note 21 and 22)	37,913	73,581
Balance at 31 December	1,530,426	1,729,686

Equity investment are quoted in Singapore.

The carrying amount of financial assets were denominated in Singapore Dollar.

The quoted investments are stated at fair value based on available market price as at financial year end.

Investments in quoted bond have effective interest rates approximately 2.5% (2022: 2.5%) per annual and have maturity dates ranging from 5 to 12 years (2022: 5-12 years).

15. INVESTMENT IN SUBSIDIARIES

	Co-Operative 2023 $	Co-Operative 2022 $
At beginning of the financial year	1,170,000	1,170,000
Acquisition of unquoted equity shares	-	-
At end of the financial year	1,170,000	1,170,000

The details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Percentage of equity held 2023 %	Percentage of equity held 2022 %	Cost of investments 2023 $	Cost of investments 2022 $
Held by the Co-Operative:					
Secureguard Security Services Co-Operative Limited	Security related services	99.47	99.64	1,170,000	1,170,000
Held by the Secureguard Security Services Co-Operative Ltd:					
Security Masters Pte Ltd	Security related services	100	100	2,810,808	2,810,808

16. GOODWILL

Acquisition of subsidiary

On 31 August 2019, the subsidiary, Secureguard Security Services Co-Operative Ltd, acquired 100% equity interest in 'Security Masters Pte Ltd'. Upon the acquisition, Security Masters Pte Ltd became a wholly owned subsidiary of the Co-Operative.

The fair values of the identifiable assets and liabilities of Security Masters Pte Ltd as at the date of acquisition were:

	Fair value as at 31 December 2023 $	Fair value as at 31 December 2022 $
Cash and bank balance	798,947	798,947
Trade and other receivables	1,254,441	1,254,441
	2,053,388	2,053,388
Property, Plant and Equipment	53,728	53,728
Right of Use Asset	35,535	35,535
Customer contracts (Note 11)	325,547	325,547
	414,810	414,810
Total Assets	2,468,198	2,468,198
Trade payables	46,178	46,178
Other payables	242,842	242,842
Deferred tax liabilities	55,342	55,342
Total liabilities	344,362	344,362
Net identifiable assets at fair value	2,123,836	2,123,836
Consideration for acquisition of 100% equity interest		
- Cash consideration paid on 9 September 2019	1,000,000	1,000,000
- Cash consideration paid on 15 November 2019	634,247	634,247
- Cash consideration paid during year 2020	1,150,441	1,150,441
- Cash consideration paid during year 2022	26,120	26,120
Total purchase consideration	2,810,808	2,810,808
Goodwill	686,972	686,972

Impairment of goodwill

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

16. GOODWILL (Continued)

Impairment of goodwill (Continued)

The recoverable amounts of the CGUs are determined from value in use calculations based on cash flow forecasts derived from the most recent financial budgets approved by management for the next 4 years. The key assumptions for these value in use calculations are follows:

Group	**2022**	**2023**	**2023**	**2024**
	%	**%**	**%**	**%**
Discount rate	8.21	8.21	8.21	8.21
Operating margin	10	10	10	10
Growth rate	10	10	10	10

The growth rate and operating margin assumptions applies only to the period beyond the formal budgeted period with the value in use calculation based on an extrapolation of the budgeted cash flows for year four.

Operating margins have been based on past experience and future expectations in the light of anticipated economic and market conditions. Discount rates are based on the Group's beta adjusted to reflect management's assessment of specific risks related to the cash generating unit.

Acquisition-related cost

Acquisition-related costs of $20,000 are included in the “other expense” in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

Contingent consideration

As part of the purchase agreement, the subsidiary of the Co-Operative, Secureguard Security Services Co-Operative Ltd, agreed to pay the former owners of Security Masters Pte Ltd the remaining purchase consideration of $1,218,453 upon the receipt of the trade receivables from the customers.

Acquired trade and other receivables

Total receivables comprise of trade and non-trade receivables, with fair value of $1,129,039 and $107,506 respectively. Their gross amounts are $1,129,039 and $107,506 respectively. At the acquisition date, the full contractual amounts of other receivables can be collected.

Goodwill arising from acquisition:

Goodwill comprises the fair value of expected synergies arising from the acquisition and is allocated entirely to Security Masters Ltd, which is in the security industry. None of the goodwill is expected to be deductible for tax purpose.

17. TRADE AND OTHER RECEIVABLES

	Group 2023 $	Group 2022 $	Co-Operative 2023 $	Co-Operative 2022 $
Trade receivables				
- External parties	642,003	414,630	-	-
- Related parties	98,700	706,253	-	-
	740,703	1,120,883	-	-
Other receivables				
Prepayment	11,344	94,579	30,590	77,312
Other receivables	109,998	120,173	47,576	109,748
Deposits	43,148	45,718	5,490	6,750
	164,490	260,470	83,656	193,810
Total trade and other receivables	905,193	1,381,353	83,656	193,810

Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

Receivables that are past due but not impaired

The Group had trade receivables amounting to $782,596 (2022: $622,382) that were past due at the reporting date but not impaired. These receivables were unsecured and the analysis of their aging at the reporting date was as follows:

	Group and Co-Operative 2023 $	Group and Co-Operative 2022 $
Trade receivables past due:		
- Less than 30 days	503,777	269,144
- 31 to 60 days	183,116	131,618
- 60 to 90 days	19,100	147,413
- More than 90 days	76,603	74,207
	782,596	622,382

17. TRADE AND OTHER RECEIVABLES (Continued)

Trade receivables that are impaired

The Group had trade receivables that are impaired at the end of the reporting period and the movement of the provision accounts are as follows:

	Group and Co-Operative	
	2023	2022
	$	$
Movement in the provision		
At beginning of the financial year	-	-
- Bad debt recovered	-	-
At end of the financial year	-	-

Trade receivables that are individually determined to be impaired at the end of the financial year relate to debtors that are in significant financial difficulties and have defaulted on payments.

As at 31 December 2023, the Group has provided provision of $Nil (2022: $ Nil) for trade receivables on related parties and third parties. This amount has been outstanding for over at least 60 days.

The carrying amount of trade and other receivables were denominated in Singapore Dollar.

18. LOANS TO MEMBERS

	Group and Co-Operative	
	2023	2022
	$	$
Loans to members	27,970,078	28,937,633
Less: Allowance for expected credit loss	(4,085,626)	(4,136,512)
Loans to members, net	23,884,452	24,801,121
Less: Current portion of loans to members	(7,259,706)	(7,106,676)
Non-Current portion of loans to members	16,624,746	17,694,445

The loans to members by the Co-Operative are interest bearing at the range of 2.9% to 6.99% (2022: 2.9% to 6.99%) per annum and will be repayable by monthly installments over the original period from 3 to 5 years (2022: 3 to 5 years).

18. LOANS TO MEMBERS (Continued)

The movement in the allowance for impairment loss account is as follows:

	Group and Co-Operative 2023 $	2022 $
Balance at 1 January	4,136,512	3,797,635
Written off during the year	(664,913)	(81,328)
Waiver on interest	(12,744)	(28,620)
Provision for Expected Credit Loss for current year (Note 22)	626,771	448,825
Balance at 31 December	4,085,626	4,136,512

Loans breakdown by interest rate basis and type of loans:

	Group and Co-Operative 2023 $	2022 $
Interest rate basis		
Flat rate	13,685,913	11,915,206
Monthly rate	14,284,165	17,022,427
	27,970,078	28,937,633

	Group and Co-Operative 2023 $	2022 $
Type of loans		
Education	1,674,378	1,263,493
Secured Against Property	14,284,165	17,022,427
Renovation	2,045,133	1,773,052
Secured Against Savings	52,308	70,454
Personal	9,914,094	8,808,207
	27,970,078	28,937,633

The carrying amount of loan to members were denominated in Singapore Dollar.

19. CASH AND CASH EQUIVALENTS

	Group 2023 $	Group 2022 $	Co-Operative 2023 $	Co-Operative 2022 $
Cash at bank	8,174,159	4,947,825	5,701,468	2,367,701
Cash in hand	146,728	138,590	141,480	138,590
	8,320,887	5,086,415	5,842,948	2,506,291
Short- term deposits	33,461,642	54,788,780	32,510,546	54,486,966
	41,782,529	59,875,195	38,353,494	56,993,257

Short term deposits bear interest at an average effective interest rate of 3.4% (2022: 0.4%) per annum and has a maturity period of 1 year (2022: 1 year) from the financial year end.

19. CASH AND CASH EQUIVALENTS (Continued)

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

	Group	
	2023	2022
	$	$
Cash and cash equivalents	41,782,529	59,875,195
Less: Short-term deposits	(33,461,642)	(54,788,780)
	8,320,887	5,086,415

The carrying amount of cash and cash equivalents were denominated in Singapore Dollar.

20. REVENUE

Disaggregation of revenue

	Group	
	2023	2022
	$	$
Loans to members	1,768,819	1,871,322
Savings and short-term deposits with banks	1,317,964	552,185
	3,086,783	2,423,507
Security services fee	5,242,417	3,097,767
	8,329,200	5,521,274
Timing of transfer of good or service		
At a point in time	-	-
Over time	8,329,200	5,521,274
	8,329,200	5,521,274

The Group mainly generate revenue by earning interest income of loan to members and fee from security services provided by the subsidiaries.

There is no significant judgement and method used in estimating revenue, no contract liabilities, refund liabilities, and no remaining performance obligations, except that the subsidiaries have to fulfil contractual obligation to supply grands to remaining contract period which is range from 1 to 2 years.

21. OTHER INCOME

	Group 2023 $	Group 2022 $
Administrative fee income	201,359	197,635
Bad debts recovered	144,118	183,462
Dividends from quoted investments	57,380	109,984
Dividends from unquoted investments	26,645	43,242
Giro rejection administration income	47,630	27,765
Interest income	12,007	5,893
Gain on disposal of financial assets	1,272,673	-
Gain on fair value through profit or loss (Note 14)	37,913	133,555
Miscellaneous income	129,641	174,546
Penalty fee income – loan repayment	266,108	294,389
Rental income	179,000	151,500
Government grants	449,900	325,715
	2,824,374	1,647,686

22. OTHER EXPENSES

	Group 2023 $	Group 2022 $
Annual general meeting expenses	55,338	63,033
Bank service charges	73,490	74,751
Computer maintenance expenses	180,940	198,641
Consultancy service	4,850	9,160
Dinner and Dance expenses	285,250	-
Loss on fair value through profit or loss (Note 14)	-	59,974
Legal and professional fee	9,134	3,856
Maintenance expenses	74,065	49,805
Miscellaneous expenses	16,362	62,895
Postage, printing and stationeries	67,631	76,082
Provision for doubtful loan to members (Note 18)	626,771	448,825
Utility charges	60,259	56,120
Others	552,331	302,827
	2,006,421	1,405,969

23. DIVIDENDS

The dividend of $877,706 for the year ended 31 December 2022 (2021: $$748,872) was paid by the Co-Operative after approval at the AGM and the amount was accounted for as appropriation in the general fund in the current financial year.

24. EMPLOYEES' BENEFITS

	Group	
	2023	2022
	$	$
Salaries and bonus	1,572,303	1,464,280
Employer's contribution to Central Provident Fund	133,258	125,451
Foreign worker levy	21,893	17,752
Staff related expenses	130,068	179,768
	1,857,522	1,787,251

25. LEASES

Lease receivable

The Group and Co-Operative leases out at a fixed monthly rental with lease agreements of 2 years which is non-cancellable. No contingent rent is required to be paid under the lease agreements. Future minimum lease receivables for the lease are as follows:

	Group and Co-Operative	
	2023	2022
	$	$
Within one year	177,600	174,800
After one year but not more than five years	132,000	132,000
	309,600	306,800

Income recognised in profit or loss for the financial year ended 31 December 2023 amounted to $179,000 (2022: $151,500).

Lease deposit payable

The Co-Operative leases office space under non-cancellable operating lease agreements.

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

	Group and Co-Operative	
	2023	2022
	$	$
Within one year	16,448	43,501
	16,448	43,501

Recognised as an expense in profit or loss for the financial year ended 31 December 2023 amounted to $27,300 (2022: $11,375).

25. LEASES (Continued)

Lease liabilities	Group 2023 $	Group 2022 $
At beginning of the financial year	43,501	62,105
Addition lease liability during the year	-	54,599
Write-off	-	(62,105)
	43,501	54,599
Changes from financing cash flows:		
- Repayments	(27,053)	(11,098)
- Interest paid	(1,639)	(857)
Non-cash changes:		
- Interest expense	1,639	857
At end of the financial year	16,448	43,501

Group as a lessee

The Group has lease contracts for office. The Group's obligations under these leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets. There is lease contract that include extension options which are further discussed below.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Carrying amounts of right-of-use assets

Lease property	Group 2023 $	Group 2022 $
At beginning of the financial year	43,224	25,200
Effect from acquisition from subsidiary	-	-
Write-off	-	(25,200)
Addition	-	54,599
Depreciation for the financial year	(27,300)	(11,375)
At end of the financial year	15,924	43,224

Amounts recognised in profit or loss

	Group 2023 $	Group 2022 $
Depreciation of right-of-use assets	27,300	11,375
Interest expenses on lease liabilities	1,639	857
Total amount recognised in profit or loss	28,939	12,232

25. LEASES (Continued)

Total cash outflow

The Group had total cash outflows for leases of $857 (2022: $857) which consist of repayment of an interest on lease.

Extension options

The Group has lease contract that include extension options. This option is negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

26. RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

(i) Key management personnel compensation

	Group		Co-Operative	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Key management personnel salary, bonuses, and benefits	252,400	269,400	135,900	156,130
Employer's contribution to Central Provident Fund	15,463	20,918	8,554	12,798
Directors' honorarium payments	112,000	142,000	80,000	70,000
	379,863	432,318	224,454	238,928

Key management personnel of the Group and Co-Operative are those persons having those authority and responsibilities for planning, directing and controlling the activities of the Group and Co-Operative.

(ii) Related parties' transactions

Significant transactions with related parties took place at terms agreed between the parties during the financial year are as follows:

	Group		Co-Operative	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
With related parties				
Expenses charge by	-	(712,350)	-	-
Services charge to	721,200	677,400	-	-
With subsidiaries				
Managements fees charge to subsidiaries	36,000	36,000	36,000	36,000
Dividend received from subsidiaries	117,000	117,000	117,000	117,000
Rental income from a subsidiary	-	-	-	-
Payment on behalf	-	-	-	-

27 FINANCIAL RISK MANAGEMENT

The Group and Co-Operative's activities expose it to a variety of financial risks from its operations. The key financial risks include credit risk, liquidity risk and market risk (including interest rate risk).

The management committee review and agree policies and procedures for the management of these risks, which are executed by the management team. It is and has been throughout the current and previous financial year, the Group and Co-Operative's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group and Co-Operative's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

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

(a) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group and Co-Operative. The Group and Co-Operative's exposure to credit risk arises primarily. For other financial assets (including investment securities and cash and cash equivalent), the Group and Co-Operative minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group and Co-Operative has adopted a policy of dealing with creditworthy but appropriate collateral and surety. The Group and Co-Operative performs ongoing credit evaluation of its counterparties' financial condition and generally do require a collateral.

The Group and Co-Operative considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group and Co-Operative has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 30 days, default of interest due for more than 30 days or there is significant difficulty of the counterparty.

To minimise credit risk, the Group and Co-Operative has developed and maintained the Group and Co-Operative's credit risk gradings to categories exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Group and Co-Operative's own trading records to rate its major customers and other members. The Group and Co-Operative considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

27 FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

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

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or another financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group and Co-Operative categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 24 months past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

The Co-Operative's current credit risk grading framework comprises the following categories:

Category	**Definition of category**	**Basis for recognizing 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 more than 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is more than 30 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

27 FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

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

Group	Note	Category	12-month or lifetime ECL	Gross carrying amount $	ECL $	Net carrying amount $
31 December 2023						
Loan to members	18	Note 1	Lifetime ECL	27,970,078	4,085,626	23,884,452
Trade receivables	17	Note 1	12-month ECL	740,703	-	740,703
Other receivables	17	Note 2	12-month ECL	164,490	-	164,490
					4,085,626	
31 December 2022						
Loan to members	18	Note 1	Lifetime ECL	29,174,684	4,373,562	24,801,122
Trade receivables	17	Note 1	12-month ECL	1,120,883	-	1,120,883
Other receivables	17	Note 2	12-month ECL	260,470	-	260,470
					4,373,562	

Co-Operative	Note	Category	12-month or lifetime ECL	Gross carrying amount $	ECL $	Net carrying amount $
31 December 2023						
Loan to members	18	Note 1	Lifetime ECL	27,970,078	4,085,626	23,884,452
Other receivables	17	Note 2	12-month ECL	83,656	-	83,656
					4,085,626	
31 December 2022						
Loan to members	18	Note 1	Lifetime ECL	29,174,684	4,373,562	24,801,122
Other receivables	17	Note 2	12-month ECL	193,810	-	193,810
					4,373,562	

27 FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Trade receivables (Note 1)

For and trade receivables, the Group has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Group determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

Other receivables (Note 2)

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

Group and Co-operative

	Loan to members					
	Days past due					
	≤3 months	3 - 6 months	6 -12 months	>12 months	Collateral loan	Total
	$	$	$	$	$	$
31 December 2023						
Total gross carrying amount	1,618,040	833,568	1,204,304	2,627,965	10,327,128	16,611,005
ECL amount	16,841	138,789	840,326	2,627,963	461,707	4,085,626
						12,525,379

	≤3 months	3 - 6 months	6 -12 months	>12 months	Collateral Loan	Total
31 December 2022						
Total gross carrying amount	281,310	273,988	1,636,463	1,740,648	15,507,618	19,440,027
ECL amount	2,509	64,018	1,170,850	1,740,648	1,158,486	4,136,511
						15,303,516

The current portion of loan to members is $7,259,706 (2022: $7,106,676) which is not past due.

27 FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Group

	Trade receivables					
	Days past due					
	Current	**Less than 30 days**	**31 – 60 days**	**60 – 90 days**	**More than 90 days**	**Total**
	$	$	$	$	$	$
31 December 2023						
Total gross carrying amount	157,991	345,785	183,116	19,100	34,711	740,703
ECL amount	-	-	-	-	-	-
						740,703

	Current	**Less than 30 days**	**31 – 60 days**	**60 – 90 days**	**More than 90 days**	**Total**
31 December 2022						
Total gross carrying amount	498,501	269,144	131,618	147,413	74,207	1,120,883
ECL amount	-	-	-	-	-	-
						1,120,883

Information regarding loss allowance movement of loan to members is disclosed in Note 18.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

Exposure to credit risk

The Group has no significant concentration of credit risk other than those balances with holding Co-Operative and related companies comprising Nil% (2020: 19%) of trade receivables. The Group has credit policies and procedures in place to minimise and mitigate its credit risk exposure

27 FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk

Liquidity risk refers to the risk that the Group will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand- by credit facilities. The Group finances its working capital requirements funds generated from operations. The directors are satisfied that funds are available to finance the operations of the Group.

The table below summarizes the maturity profile of the Group's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Within one year			
	Group		Co-Operative	
	2023	2022	2023	2022
	$	$	$	$
Members' deposits	47,218,016	48,109,456	47,218,016	48,109,456
Other payables	1,051,159	987,626	732,039	569,096
Balance at 31 December	48,269,175	49,097,082	47,950,055	48,678,552

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Co-Operative's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Co-Operative's financial instruments will fluctuate because of changes in market interest rates. The Co-Operative's exposure to interest rate risk arises primarily from their loan to holding Co-Operative, cash and cash equivalents and borrowings.

The Co-Operative does not expect any significant effect on the Co-Operative's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

27 FINANCIAL RISK MANAGEMENT (Continued)

(d) Interest rate risk (Continued)

Group	Variable rates Less than 12 months $	Variable rates More than 1 year $	Fixed rates Less than 12 months $	Fixed rates More than 1 year $	Total $
At 31 December 2023					
Assets					
Cash and cash Equivalents	8,320,887	-	33,461,642	-	41,782,529
Loans to members	-	-	7,259,706	16,624,746	23,884,452
Liabilities					
Members' deposits	-	-	47,218,016	-	47,218,016

Group	Variable rates Less than 12 months $	Variable rates More than 1 year $	Fixed rates Less than 12 months $	Fixed rates More than 1 year $	Total $
At 31 December 2022					
Assets					
Cash and cash equivalents	43,985,189	-	14,155,073	-	58,140,262
Loans to members	-	-	6,775,884	21,741,174	28,517,058
Liabilities					
Members' deposits	-	-	48,668,936	-	48,668,936

Co-Operative	Variable rates Less than 12 months $	Variable rates More than 1 year $	Fixed rates Less than 12 months $	Fixed rates More than 1 year $	Total $
At 31 December 2023					
Assets					
Cash and cash equivalents	5,842,948	-	32,510,546	-	38,353,494
Loans to members			7,259,706	16,624,746	23,884,452
Liabilities					
Members' deposits	-	-	47,218,016	-	47,218,016

27 FINANCIAL RISK MANAGEMENT (Continued)

(d) Interest rate risk (Continued)

Co-Operative	Variable rates		Fixed rates		
	Less than 12 months	More than 1 year	Less than 12 months	More than 1 year	**Total**
	$	$	$	$	$
At 31 December 2022					
Assets					
Cash and cash equivalents	40,911,386	-	14,155,073	-	55,066,459
Loans to members	-	-	6,775,884	21,741,174	28,517,058
Liabilities					
Members' deposits	-	-	48,668,936	-	48,668,936

(e) Foreign currency risk

Exposure for foreign currency is not material to the Group and Co-Operative.

28 FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values because of the short period to maturity. The fair value of quoted financial assets is determined by reference to their quoted market prices at the financial year end date.

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

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

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

Investments in unquoted equity investments are made in fellow Co-Operatives and Group is able to sell to respective Co-Operative based on cost price. Hence, fair value of investment is equal to cost of investment. There is no movement on unquoted equity investment.

Group and Co-Operative	**Carrying amount**	**Fair value measurement using:**		
		Level 1	**Level 2**	**Level 3**
	$	**$**	**$**	**$**
2023				
Fair value through profit or loss				
-Quoted equities	1,010,671	1,010,671	-	-
-Quoted bonds	-	-	-	-
Fair value through other comprehensive income				
-Unquoted equity	519,755	-	-	519,755
Total	1,530,426	1,010,671	-	519,755

28 FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Continued)

Group and Co-Operative	Carrying amount	Fair value measurement using:		
		Level 1	Level 2	Level 3
	$	$	$	$
2022				
Fair value through profit or loss				
-Quoted equities	959,931	959,931	-	-
-Quoted bonds	-	-	-	-
Fair value through other comprehensive income				
-Unquoted equity	769,755	-	-	769,755
Total	1,729,686	959,931	-	769,755

The carrying amounts of cash and cash equivalents, fixed deposits, trade and other receivables, members' deposits and other payables are assumed to approximate their fair value as these instruments are relatively short-term in nature.

This investment is not quoted on any market and do not have any comparable industry peers. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant.

29 CAPITAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The primary objective of the Group capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximize shareholder value. The capital structure of the Group comprises issued share capital and retained earnings.

The Co-Operative manages its capital structure and makes adjustments to it, in light of change in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes during the financial years ended 31 December 2023 and 31 December 2022.

30 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position, except for the following:

	Group		Co-Operative	
	2023	2022	2023	2022
	$	$	$	$
Fair value through profit and loss				
Quoted equity	1,010,671	959,931	1,010,671	959,931
Quoted bond	-	-	-	-
	1,010,671	959,931	1,010,671	959,931
Fair value through other comprehensive income				
Unquoted equity	519,755	769,755	519,755	769,755
Financial assets measured at amortised cost				
Loan to members	23,884,452	24,801,121	23,884,452	24,801,121
Trade and other receivables	905,193	1,381,353	83,656	193,810
Cash and cash equivalents	41,782,529	59,875,195	38,353,494	56,993,257
	66,572,174	86,057,669	62,321,602	81,988,188
Financial liabilities measured at amortised cost				
Members' deposits	47,218,016	48,109,456	47,218,016	48,109,456
Other payables	1,051,159	987,626	732,039	569,096
	48,269,175	49,097,082	47,950,055	48,678,552

31 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2023 were authorized for issue in accordance with a resolution of the Board of Directors of the Co-Operative on the date of the Management Committee's report.

DETAILED INCOME AND OPERATING EXPENSES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Co-Operative	
	2023	**2022**
	$	**$**
Revenue		
Interest income:		
Loans to members	1,768,819	1,871,322
Savings and fixed deposits with banks	1,317,964	552,185
	3,086,783	2,423,507
Interest expense:		
Interest expense on members' savings	(59,740)	(61,286)
	(59,740)	(61,286)
Other operating income:		
Administrative fee income	201,359	197,635
Giro rejection administration income	47,630	27,765
Gross dividends from quoted investments	57,380	109,984
Gross dividends from unquoted investments	26,645	43,242
Miscellaneous income	127,192	149,670
Penalty fee income - loan repayment	266,108	294,389
Rental income	179,000	151,500
Gain on fair value through profit or loss	37,913	133,555
Gain on disposal of financial assets	1,272,673	-
Bad debts recovered	144,118	183,462
	2,360,018	**1,291,202**
Income from Subsidiaries	153,000	153,000
Total other operating income	**2,513,018**	**1,444,202**
Other operating expenses (see APPENDIX A)	(1,202,217)	(793,530)
Salary, wages and employees' benefits	(1,194,216)	(1,101,817)
Depreciation for property, plant and equipment	(37,134)	(45,513)
Amortisation for intangible assets	(84,973)	(79,393)
Depreciation for investment properties	(13,180)	(13,180)
Provision for Expected Credit Loss	(626,771)	(448,825)
Operating surplus for the financial year	**2,381,570**	**1,324,165**
Contribution to Central Co-Operative Fund	(146,814)	(190,433)
Net operating surplus for the financial year	**2,234,756**	**1,133,732**

APPENDIX A: OTHER OPERATING EXPENSES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Co-Operative	
	2023	2022
	$	$
Advertising and sponsorship	7,279	7,294
Affiliation fee	3,842	225
Audit fee	71,300	30,000
Dinner and Dance expenses	285,250	-
Annual general meeting expenses	53,754	61,775
Bank charges	70,174	69,808
Board expenses	29,236	15,986
Computer maintenance	180,940	198,641
Co-operative functions	11,450	-
Credit assessment/review expense	13,150	11,778
Education and training	52,498	7,649
Insurance expense	-	8,534
Legal and professional fee	23,809	3,856
Loss on fair value of financial assets	-	59,974
Maintenance	39,739	45,930
Marketing expenses	62,153	20,454
Miscellaneous expenses	33,786	20,684
Postage, printing and stationery	94,153	71,942
Prizes for lucky draw	12,964	7,000
Promotional expenses	26,376	13,995
Property tax	34,043	35,939
Property Transaction expenses	500	6,700
Service charges	721	819
Storage expenses	13,464	16,291
Telephone charges	14,430	16,183
TOL license fee	514	513
Transport charges	10,111	9,192
Utility charges	56,581	52,368
	1,202,217	793,530