

FINANCIAL STATEMENTS

31 December 2024

**TCC CREDIT CO-OPERATIVE LIMITED
AND ITS SUBSIDIARIES**

Unique Entity Number: S28CS0007B

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MANAGEMENT COMMITTEE'S STATEMENT

For the financial year ended 31 December 2024

The Management Committee is pleased to present their statement to the members together with audited consolidated financial statements of TCC Credit Co-operative Limited (the "Co-operative") and its subsidiaries (the "Group") and the statement of comprehensive income and financial position of the Co-operative for the year ended 31 December 2024.

Opinion of the Management Committee

In the opinion of the Management Committee,

- (a) the accompanying consolidated financial statements of the Group and the statement of comprehensive income and financial position of the Co-operative are drawn up so as to give a true and fair view of the financial position and financial performance of the Group and of the Co-operative as at 31 December 2024, and of the consolidated changes in funds and reserves and consolidated cash flows of the Group for the year then ended;
- (b) 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
- (c) the receipts, expenditure, investment of monies, acquisition and disposal of assets made by the Co-operative during the year ended 31 December 2024 have been made in accordance with the By-Laws of the Co-operative and the provisions of the Co-operative Societies Act 1979 and the Rules (made under Section 95 of the Act).

Management Committee

The Management Committee of the Co-operative in office at the date of this report are as follows:

Mr. Shareef Bin Abdul Jaffar	Chairman
Mr. Tan Geok Seng	Vice Chairman
Mr. Daniel Cher Choong Kiak	Director
Ms. Maria Bte Amri	Director
Mr. Hamzah Bin Hj Abdul Karim	Director
Mr. Joshua Benjamin	Director
Mr. Santhanaram Jayaram	Director
Ms. Helen Campos	Director
Ms. Karen Ang Lee Kiang	Director
Dr. Arunachalam Subramanian	Director
Mr. Munusamy Rethinasingham	Director (resigned on 12 December 2024)

Arrangements to enable Committee of Management to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Co-operative a party to any arrangement whose objects are, or one of whose objects is, to enable the Committee of Management of the Co-operative to acquire benefits by means of the acquisition of shares in, or debentures of the Co-operative or any other body corporate.

Committee of Management's Interest in shares and debentures

According to the register of Committee of Management's shareholdings kept by the Co-operative, none of the Committee of Management of the Co-operative holding office at the end of the financial year had held more than 20% interest in shares or debentures of the Co-operative or its related corporations.

MANAGEMENT COMMITTEE'S STATEMENT

For the financial year ended 31 December 2024

Share options

There were no share options granted by the Co-operative or its subsidiaries during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Co-operative and its subsidiaries.

There were no unissued shares of the Co-operative or its subsidiaries under option at the end of the financial year.

Independent auditor

The independent auditor, P G Wee Partnership LLP, have expressed their willingness to accept re-appointment as external auditor.

On behalf of the Management Committee,



Shareef Bin Abdul Jaffar
Chairman



Daniel Cher Choong Kiak
Director

23 April 2025

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TCC CREDIT CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

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 2024, and the consolidated statement of comprehensive income of the Group and the statement of comprehensive income of the Co-operative, 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 2024 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 for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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 of our opinion.

Other matter

The financial statements of Co-operative and its Subsidiaries (the "Group") for the financial year ended 31 December 2023 were audited by another independent auditor whose report dated 3 May 2024 expressed an unqualified opinion.

Other Information

Management is responsible for 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.

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.

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INDEPENDENT AUDITOR'S REPORT (Continued)
TO THE MEMBERS OF TCC CREDIT CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group's and the Co-operative's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and 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 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 risk 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 disclosure made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Co-operative to cease continue as a going concern.



INDEPENDENT AUDITOR'S REPORT (Continued)
TO THE MEMBERS OF TCC CREDIT CO-OPERATIVE LIMITED AND ITS SUBSIDIARIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Report on the Audit of the Financial Statements (Continued)

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

- 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 Requirements

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 which we are the auditor; and
- (b) the receipt, expenditure, investment of money and the acquisition and disposal of assets made by the Co-operative during the year ended 31 December 2024 are, in all material respects have not been made in accordance with the By-Laws of the Co-operative and the provisions of the Co-operative Societies Act 1979 and the Rules (made under section 95 of the Act)

P G Wee Partnership LLP
Public Accountants and
Chartered Accountants
Singapore

23 April 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2024

	Note	Group 2024 SGD	2023 SGD
Revenue	20	8,493,276	8,329,200
Interest expenses		(58,361)	(59,740)
		8,434,915	8,296,460
Cost of service	21	(4,687,487)	(4,359,137)
Other income	22	1,397,174	2,824,374
Total income		5,144,602	6,734,697
Expenses			
Employee benefits expense	26	(1,962,701)	(1,788,943)
Depreciation of property, plant and equipment	10	(52,144)	(77,208)
Amortisation of intangible asset	11	(94,218)	(88,675)
Depreciation of right-of-use assets	13	(1,327)	(27,300)
Depreciation of investment properties	12	(13,180)	(13,180)
Finance cost	23	(289)	(1,639)
Other expenses	24	(1,669,283)	(2,073,362)
Surplus before Contribution to Central Co-operative Fund		1,351,460	2,664,390
Contribution to Central Co-operative Fund		(129,308)	(157,501)
Surplus for the financial year		1,222,152	2,506,889
Total comprehensive income for the financial year		1,222,152	2,506,889
Surplus attributable to:			
Owners of the Co-operative		1,218,580	2,505,488
Non-controlling interests		3,572	1,401
		1,222,152	2,506,889
Total comprehensive income attributable to:			
Owners of the Co-operative		1,218,580	2,505,488
Non-controlling interests		3,572	1,401
		1,222,152	2,506,889

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2024

	Note	Co-operative 2024 SGD	2023 SGD
Revenue	20	2,808,969	3,086,782
Interest expenses		(58,361)	(59,740)
		2,750,608	3,027,042
Other income	22	1,266,135	2,513,019
Total income		4,016,743	5,540,061
Expenses			
Employee benefits expense	26	(1,335,779)	(1,194,216)
Depreciation of property, plant and equipment	10	(29,240)	(37,134)
Amortisation of intangible asset	11	(90,516)	(84,973)
Depreciation of investment properties	12	(13,180)	(13,180)
Other expenses	24	(1,401,486)	(1,828,988)
Surplus before Contribution to Central Co-operative Fund		1,146,542	2,381,570
Contribution to Central Co-operative Fund		(129,308)	(146,814)
Surplus for the financial year		1,017,234	2,234,756
Total comprehensive income		1,017,234	2,234,756

This accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Note	Group		Co-operative	
		2024	2023	2024	2023
		SGD	SGD	SGD	SGD
MEMBER'S FUNDS, RESERVES AND LIABILITIES					
Subscription capital	4	27,691,563	28,517,323	27,691,563	28,517,323
Reserve fund	5	2,724,226	2,724,226	2,650,197	2,650,197
Common good fund	6	458,666	637,088	458,666	637,088
General fund		13,603,310	13,327,655	9,817,410	9,711,101
		44,477,765	45,206,292	40,617,836	41,515,709
Non-controlling interest		61,343	59,088	-	-
Total members' funds		44,539,108	45,265,380	40,617,836	41,515,709
LIABILITIES					
Non-current liability					
Deferred tax liability		55,342	55,342	-	-
Total non-current liability		55,342	55,342	-	-
Current liabilities					
Members' savings deposits	7	46,522,902	47,218,015	46,522,902	47,218,015
Central Co-operative fund contribution	8	129,308	165,838	129,308	146,814
Lease liability	27	-	16,448	-	-
Trade and other payables	9	1,127,950	1,051,159	869,135	732,039
Total current liabilities		47,780,160	48,451,460	47,521,345	48,096,868
Total liabilities		47,835,502	48,506,802	47,521,345	48,096,868
Net members' funds, reserves and liabilities		92,374,610	93,772,182	88,139,181	89,612,577
ASSETS					
Non-current assets					
Property, plant and equipment	10	26,119,237	22,593,343	26,100,934	22,554,743
Intangible assets	11	460,885	474,982	127,050	137,445
Investment properties	12	1,885,181	1,898,361	1,885,181	1,898,361
Right-of-use assets	13	-	15,924	-	-
Financial assets	14	1,427,991	1,391,915	1,427,991	1,391,915
Investment in subsidiaries	15	-	-	1,170,000	1,170,000
Investment in other Co-operatives	14	138,511	138,511	138,511	138,511
Goodwill	16	686,972	686,972	-	-
Loans to members	18	19,753,334	16,624,746	19,753,334	16,624,746
Total non-current assets		50,472,111	43,824,754	50,603,001	43,915,721

These statements were prepared in accordance with the provisions of the Companies Act, 2016.

STATEMENTS OF FINANCIAL POSITION (Continued)
AS AT 31 DECEMBER 2024

		Group		Co-operative	
	Note	2024	2023	2024	2023
		SGD	SGD	SGD	SGD
Current assets					
Loans to members	18	8,138,027	7,259,706	8,138,027	7,259,706
Trade and other receivables	17	1,423,667	905,193	11,681	83,656
Cash and cash equivalents	19	32,340,805	41,782,529	29,386,472	38,353,494
Total current assets		<u>41,902,499</u>	<u>49,947,428</u>	<u>37,536,180</u>	<u>45,696,856</u>
Total assets		<u>92,374,610</u>	<u>93,772,182</u>	<u>88,139,181</u>	<u>89,612,577</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS AND RESERVES

For the financial year ended 31 December 2024

	Note	Attributable to the Members of the Co-operative					Non-controlling interest SGD	Total SGD
		Subscription capital	Reserve fund	Common Good Fund	General Fund	Total		
		SGD	SGD	SGD	SGD	SGD		
Group								
2024								
Balance as at 1 January 2024		28,517,323	2,724,226	637,088	13,327,655	45,206,292	59,088	45,265,380
Surplus for the financial year		-	-	-	1,218,580	1,218,580	3,572	1,222,152
Additions during the year	4	3,059,145	-	-	-	3,059,145	-	3,059,145
Withdrawals during the year	4	(3,884,905)	-	-	-	(3,884,905)	-	(3,884,905)
Transfer to common good fund	6	-	-	-	-	-	-	-
Common Good Fund	6	-	-	(178,422)	-	(178,422)	-	(178,422)
Honorarium fee		-	-	-	(102,000)	(102,000)	-	(102,000)
Dividends	25	-	-	-	(840,925)	(840,925)	-	(840,925)
Dividends paid by subsidiary to non-controlling interest		-	-	-	-	-	(1,317)	(1,317)
Balance as at 31 December 2024		27,691,563	2,724,226	458,666	13,603,310	44,477,765	61,343	44,539,108

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS AND RESERVES (Continued)

For the financial year ended 31 December 2024

	Note	Attributable to the Members of the Co-operative				Non-controlling interest SGD	Total SGD	
		Subscription capital	Reserve fund	Common Good Fund	General Fund			Total
		SGD	SGD	SGD	SGD			SGD
Group								
2023								
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	25	-	-	-	(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

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group 2024 SGD	2023 SGD
Cash flows from operating activities			
Surplus before contribution		1,351,460	2,664,390
Adjustments for:			
Depreciation of property, plant and equipment	10	52,144	77,208
Amortisation of intangible assets	11	94,218	88,675
Depreciation of investment properties	12	13,180	13,180
Depreciation of right-of-use assets	13	1,327	27,300
Write-off of right-of-use asset	27	14,597	-
Gain on fair value through financial assets	14	(36,076)	(37,913)
Gain on disposal of financial assets		-	(1,272,673)
Interest expense on lease liabilities	23	289	1,639
Provision for doubtful loan to members		400,000	626,771
Operating cash flows before working capital changes		1,891,139	2,188,577
Changes in working capital			
Trade and other payables		77,127	52,285
Loans to members		(4,406,909)	289,898
Trade and other receivables		(518,474)	476,160
Cash generated from operations		(2,957,117)	3,006,920
Members' savings deposits received	7	12,925,623	10,557,892
Members' savings deposits withdrawal	7	(13,620,736)	(11,449,333)
Honorarium paid		(102,536)	(100,752)
Payments to Central Co-operative Fund		(165,838)	(199,988)
Net cash (used in)/generated from operating activities		(3,920,604)	1,814,739
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(3,578,038)	(19,434,215)
Purchase of intangible assets	11	(80,121)	-
Purchase of financial assets	14	-	(22,711)
Proceeds on disposal of financial assets		-	10,057
Sale of investment in Co-operative		-	1,522,500
Fixed deposit		17,967,117	21,327,138
Net cash (used in) / generated from investing activities		14,308,958	3,402,769
Cash flows from financing activities			
Interest paid on lease liabilities	27	(289)	(1,639)
Payment of principal portion of lease liabilities	27	(16,448)	(27,053)
Dividends paid to members	25	(840,925)	(877,706)
Dividends paid to non-controlling interests		(1,117)	-
Proceed from members' subscription capital	4	3,059,145	2,493,997
Withdrawal of members' subscription capital	4	(3,884,905)	(3,418,843)
Common Good Fund	6	(178,422)	(151,793)
Net cash used in financing activities		(1,862,961)	(1,983,037)

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	Group 2024 SGD	2023 SGD
Net increase in cash and cash equivalents		8,525,393	3,234,471
Cash and cash equivalents at beginning of financial year	19	8,320,887	5,086,416
Cash and cash equivalents at end of financial year	19	<u>16,846,280</u>	<u>8,320,887</u>

The accompanying notes form an integral part of these financial statements

NOTE TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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 2024 were authorised for issue in accordance with a resolution of the Management Committee on the date of Management Committee's Statement.

The principal activities of its subsidiaries are disclosed in Note 15.

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 (SGD), which is the Co-operative's functional currency.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and interpretations of FRSs that are effective for annual periods beginning on or after 1 January 2024. The adoption of these standards does not have any material effect on the financial performance or position of the Group.

2.3 Standards issued but not yet effective

A number of new standards and amendments to standard that have been issued are not yet effective and have not been applied in preparing these financial statements.

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.

NOTE TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.4 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.

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;
- re-classifies the Group's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

Business combination

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.

NOTE TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.4 Basis of consolidation and business combinations (Continued)

Transactions with non-controlling interests

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.

2.5 Revenue

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.

NOTE TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.5 Revenue and expense recognition (Continued)

(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.

2.6 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.

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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.

NOTE TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.7 Impairment of non-financial assets excluding goodwill

At the end of each financial year, the Group reviews the carrying amounts of its non financial 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.

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.

2.8 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.

NOTE TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.8 Intangible asset (Continued)

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 an expense as incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised over their estimated useful lives of 5 years.

2.9 Financial instruments

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.

NOTE TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.9 Financial assets (Continued)

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.

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.

Financial assets at fair value through other comprehensive income ("FVOCI")

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.

NOTE TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.9 Financial assets (Continued)

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.

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.

NOTE TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.9 Financial assets (Continued)

(b) Financial liabilities (Continued)

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.

2.10 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.

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.

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

2.11 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.

NOTE TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2.12 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.

2.13 Leases

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

(a) As lessee

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

Right-of-use assets

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

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.7.

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.

NOTE TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.13 Leases (Continued)

(a) As lessee (Continued)

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.

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.

2.14 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.

The Co-operative is exempt from income tax under section 13(1)(f)(ii) of the Income Tax Act, Chapter 134.

NOTE TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.14 Income taxes (Continued)

(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.

(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.

2.15 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.

NOTE TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.16 Investments in subsidiaries

Subsidiary is entity over which the Co-operative has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Co-operative controls another entity.

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.

2.17 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.

2.18 Dividends

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.

NOTE TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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.

3.1 Judgments made in applying accounting policies

Determination of lease term of contracts with extension options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to extend the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the extension. After the commencement date, the Group reassesses the lease term whether there is significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

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 29.

The carrying amount of the Group and Co-operative's loan receivables as at 31 December 2024 was SGD 27,891,361 (2023: SGD 23,884,452).

NOTE TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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

3.2 Key sources of estimation uncertainty (Continued)

The carrying amount of the Group and Co-operative's trade and other receivables as at 31 December 2024 was SGD 1,423,667 (2023: SGD 905,193) and SGD 11,681 (2023: SGD 83,656) 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.

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.

NOTE TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

4. SUBSCRIPTION CAPITAL

	Group and Co-operative	
	2024 SGD	2023 SGD
Balance as at 1 January	28,517,323	29,442,169
Additions during the financial year	3,059,145	2,493,997
Withdrawals during the financial year	(3,884,905)	(3,418,843)
Balance as at 31 December	<u>27,691,563</u>	<u>28,517,323</u>

The above represents savings in the subscription capital account. Ordinary members must deposit a minimum of SGD10 per month into the subscription capital 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 capital credits by giving 90 days' notice in writing. This withdrawal is subject to maintenance of a minimum accumulated balance of SGD1,000. 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	
	2024 SGD	2023 SGD	2024 SGD	2023 SGD
Balance at 1 January and 31 December	<u>2,724,226</u>	<u>2,724,226</u>	<u>2,650,197</u>	<u>2,650,197</u>

The fund was previously classified as statutory reserve fund.

Prior to 2008, pursuant to section 70(3) of the Co-operative Societies Act 1979 (repealed in 2008), every Co-operative shall pay into the statutory reserve fund at least 20% of the surplus resulting from the operations of the Co-operative during the financial year, provided that when the statutory reserve has reached an amount that is equal to 10% of its subscription capital, the Co-operative shall carry 5% of its surplus to the statutory reserve fund.

6. COMMON GOOD FUND

	Group and Co-operative	
	2024 SGD	2023 SGD
Balance as at 1 January	637,088	488,881
Fund given out	(178,422)	(151,793)
Addition	-	300,000
Balance as at 31 December	<u>458,666</u>	<u>637,088</u>

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

NOTE TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

7. MEMBERS' SAVINGS DEPOSITS

	Group and Co-operative	
	2024	2023
	SGD	SGD
Members' Savings Deposits		
Balance as at 1 January	47,218,015	48,109,456
Deposits received	12,925,623	10,557,892
Withdrawals	(13,620,736)	(11,449,333)
Balance as at 31 December	<u>46,522,902</u>	<u>47,218,015</u>

Interest rates for savings are charged at 0.125% to 0.25% per annum (2023: 0.125% to 0.25% per annum).

8. CENTRAL CO-OPERATIVE FUND CONTRIBUTION

	Group		Co-operative	
	2024	2023	2024	2023
	SGD	SGD	SGD	SGD
Central Co-operative fund	<u>129,308</u>	<u>165,838</u>	<u>129,308</u>	<u>146,814</u>

Pursuant to Section 71(2) of the Co-operative Societies Act, Chapter 62 the Group contributes 5% of the first SGD500,000 of the profit from its operations and 20% of its profit in excess of SGD500,000 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.

The rate of 0% is prescribed in substitution of 5% for the contribution payable under section 71(2)(a) of the Act by a Co-operative for any financial year ending between 31 December 2024 and 30 September 2025 (both dates inclusive).

9. TRADE AND OTHER PAYABLES

	Group		Co-operative	
	2024	2023	2024	2023
	SGD	SGD	SGD	SGD
Interest payable on members' deposits	1,208	1,208	1,208	1,208
Unclaimed balances of members	199,230	195,434	199,230	195,435
GST payables	-	27,308	-	-
Other payables	927,512	827,209	668,697	535,396
	<u>1,127,950</u>	<u>1,051,159</u>	<u>869,135</u>	<u>732,039</u>

NOTE TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

10. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Building	Property improvements	Computer hardware	Furniture and fixtures	Office equipment	Total
2024:	SGD	SGD	SGD	SGD	SGD	SGD	SGD
<u>Cost</u>							
As at 1 January 2024	18,914,264	6,040,229	2,228,269	285,951	100,378	127,010	27,696,101
Additions	3,474,705	35,469	-	55,120	4,988	7,756	3,578,038
Written off	-	-	-	(131,151)	(27,103)	(22,358)	(180,612)
As at 31 December 2024	22,388,969	6,075,698	2,228,269	209,920	78,263	112,408	31,093,527
<u>Accumulated depreciation</u>							
As at 1 January 2024	-	2,465,229	2,228,269	220,327	88,101	100,832	5,102,758
Depreciation charge for the year	-	-	-	30,027	11,337	10,780	52,144
Written off	-	-	-	(131,151)	(27,103)	(22,358)	(180,612)
As at 31 December 2024	-	2,465,229	2,228,269	119,203	72,335	89,254	4,974,290
<u>Carrying amount</u>							
As at 31 December 2024	22,388,969	3,610,469	-	90,717	5,928	23,154	26,119,237

NOTE TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group	Freehold land	Building	Property improvements	Computer hardware	Furniture and fixtures	Office equipment	Total
2023	SGD	SGD	SGD	SGD	SGD	SGD	SGD
<u>Cost</u>							
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
<u>Accumulated depreciation</u>							
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
<u>Carrying amount</u>							
As at 31 December 2023	18,914,264	3,575,000	-	65,624	12,277	26,178	22,593,343

NOTE TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

Co-operative	Freehold land	Building	Property improvements	Computer hardware	Furniture and fixtures	Office equipment	Total
2024:	SGD	SGD	SGD	SGD	SGD	SGD	SGD
<u>Cost</u>							
As at 1 January 2024	18,914,264	6,040,229	2,228,269	176,899	26,486	57,760	27,443,907
Additions	3,474,705	35,469	-	55,120	4,200	5,937	3,575,431
Written-off	-	-	-	(99,345)	(4,950)	(22,358)	(126,653)
As at 31 December 2024	22,388,969	6,075,698	2,228,269	132,674	25,736	41,339	30,892,685
<u>Accumulated depreciation</u>							
As at 1 January 2024	-	2,465,229	2,228,269	148,159	14,879	32,628	4,889,164
Depreciation charge for the year	-	-	-	16,370	5,147	7,723	29,240
Written off	-	-	-	(99,345)	(4,950)	(22,358)	(126,653)
As at 31 December 2024	-	2,465,229	2,228,269	65,184	15,076	17,993	4,791,751
<u>Carrying amount</u>							
As at 31 December 2024	22,388,969	3,610,469	-	67,490	10,660	23,346	26,100,934

NOTE TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

Co-operative	Freehold land	Building	Property improvements	Computer hardware	Furniture and fixtures	Office equipment	Total
2023:	SGD	SGD	SGD	SGD	SGD	SGD	SGD
<u>Cost</u>							
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
<u>Accumulated depreciation</u>							
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
<u>Carrying amount</u>							
As at 31 December 2023	18,914,264	3,575,000	-	28,740	11,607	25,132	22,554,743

NOTE TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

Location, cost and carrying values of all freehold:

	Group and Co-operative					
	Cost SGD	2024 Carrying value SGD	Fair Value SGD	Cost SGD	2023 Carrying value SGD	Fair Value SGD
95/97 Killiney Road						
- Land	1,472,105	1,472,105	6,090,000	1,472,105	1,472,105	6,536,000
- Building	2,336,825	-	2,610,000	2,336,825	-	2,064,000
	<u>3,808,930</u>	<u>1,472,105</u>	<u>8,700,000</u>	<u>3,808,930</u>	<u>1,472,105</u>	<u>8,600,000</u>
99 Killiney Road						
- Land	1,622,559	1,622,559	3,570,000	1,622,559	1,622,559	3,989,500
- Building	128,404	-	1,530,000	128,404	-	1,060,500
	<u>1,750,963</u>	<u>1,622,559</u>	<u>5,100,000</u>	<u>1,750,963</u>	<u>1,622,559</u>	<u>5,050,000</u>
466 Serangoon Road						
- Land	15,819,600	15,819,600	14,500,000	15,819,600	15,819,600	12,925,000
- Building	3,610,469	3,610,469	4,500,000	3,575,000	3,575,000	3,575,000
	<u>19,430,069</u>	<u>19,430,069</u>	<u>19,000,000</u>	<u>19,394,600</u>	<u>19,394,600</u>	<u>16,500,000</u>
Adjoining 466 Serangoon Road						
- Land	3,474,705	3,474,705	3,474,705	-	-	-
	<u>3,474,705</u>	<u>3,474,705</u>	<u>3,474,705</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total land value	<u>22,388,969</u>	<u>22,388,969</u>	<u>27,634,705</u>	<u>18,914,264</u>	<u>18,914,264</u>	<u>23,450,500</u>
Total building value	<u>6,075,698</u>	<u>3,610,469</u>	<u>8,640,000</u>	<u>6,040,229</u>	<u>3,575,000</u>	<u>6,699,500</u>

NOTE TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

11. INTANGIBLE ASSETS

	Software SGD	Customer contract SGD (Note 16)	Total SGD
Group			
2024			
<u>Cost</u>			
As at 1 January 2024	492,792	325,547	818,339
Additions	80,121	-	80,121
Written off	(26,767)	-	(26,767)
As at 31 December 2024	546,146	325,547	871,693
<u>Accumulated amortisation</u>			
As at 1 January 2024	343,357	-	343,357
Amortisation for the year	94,218	-	94,218
Written off	(26,767)	-	(26,767)
As at 31 December 2024	410,808	-	410,808
<u>Carrying amount</u>			
As at 31 December 2024	135,338	325,547	460,885

NOTE TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

11. INTANGIBLE ASSETS (Continued)

	Software SGD	Customer contract SGD (Note 16)	Total SGD
Group			
2023			
<u>Cost</u>			
As at 1 January 2023	492,792	325,547	818,339
Additions	-	-	-
As at 31 December 2023	492,792	325,547	818,339
<u>Accumulated amortisation</u>			
As at 1 January 2023	254,682	-	254,682
Amortisation for the year	88,675	-	88,675
As at 31 December 2023	343,357	-	343,357
<u>Carrying amount</u>			
As at 31 December 2023	149,435	325,547	474,982

NOTE TO THE FINANCIAL STATEMENTS (Continued) **FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

11. INTANGIBLE ASSETS (Continued)

	Co-operative 2024 SGD	2023 SGD
The software		
<u>Cost</u>		
As at beginning of the year	474,280	474,280
Additions	80,121	-
Written off	(26,767)	-
As at end of the year	527,634	474,280
<u>Accumulated depreciation</u>		
As at beginning of the year	336,835	251,862
Depreciation of current year	90,516	84,973
Written off	(26,767)	-
As at end of the year	400,584	336,835
<u>Carrying amount</u>		
As at year end	127,050	137,445

12. INVESTMENT PROPERTIES

	Group and Co-operative			
	2024 Freehold land SGD	Building SGD	2023 Freehold land SGD	Building SGD
Killiney Road				
<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	3,666,000	1,034,000	3,627,000	1,023,000
Location:	Site area (Sq. Ft)		Tenure	
93, Killiney Road, Singapore 239537	1,018		Freehold	

NOTE TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

12. INVESTMENT PROPERTIES (Continued)

Jalan Sultan	Group and Co-operative	
	2024 SGD	2023 SGD
<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	134,963	121,783
Additions	13,180	13,180
As at 31 December	148,143	134,963
<u>Carrying amount</u>		
As at 31 December	346,991	360,171
Fair value	880,000	850,000
Location:	Site area (Sq. Ft)	Tenure
200, Jalan Sultan, #10-06 Textile Centre, Singapore 199018	882	99 years
	2024 SGD	2023 SGD
Total investment properties	1,885,181	1,898,361

The investment properties of the Group were leased to tenants under operating leases. The rental income from investment properties is SGD 177,600 (2023: SGD 177,600). The property tax incurred on the investment properties is SGD 17,423 (2023: SGD 34,043).

Valuation of investment properties

The investment properties of the Group were valued at SGD 5,580,000 (2023: SGD 5,500,000) which has been determined based on valuations performed as at 31 December 2024 and 31 December 2023. The valuations were performed by READING Property Consultants Pte Ltd, an independent valuer with a recognized and relevant professional qualification and with recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in Note 30.

NOTE TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

13. RIGHT-OF-USE ASSETS

Lease property

Cost

At beginning of the financial year

Write-off

At end of the financial year

Accumulated depreciation

At beginning of the financial year

Depreciation charge for the financial year

Write-off

At end of the financial year

Carrying amount

At end of the financial year

	Group 2024 SGD	2023 SGD
At beginning of the financial year	54,599	54,599
Write-off	(54,599)	-
At end of the financial year	-	54,599
At beginning of the financial year	38,675	11,375
Depreciation charge for the financial year	1,327	27,300
Write-off	(40,002)	-
At end of the financial year	-	38,675
At end of the financial year	-	15,924

14. FINANCIAL ASSETS

Fair value through profit or loss

Quoted equity

Unquoted equity – Singapore

Fair value through other comprehensive income

Investment in other Co-operatives

Unquoted equity – Singapore

Movement during the financial year:

Balance at 1 January

Addition

Disposed during the financial year

Fair value changes during the financial year (Note 22)

Balance at 31 December

	Group and Co-operative 2024 SGD	2023 SGD
Quoted equity	1,046,747	1,010,671
Unquoted equity – Singapore	381,244	381,244
	1,427,991	1,391,915
Investment in other Co-operatives	138,511	138,511
Unquoted equity – Singapore	138,511	138,511
	1,566,502	1,530,426
Balance at 1 January	1,530,426	1,729,686
Addition	-	22,711
Disposed during the financial year	-	(259,884)
Fair value changes during the financial year (Note 22)	36,076	37,913
Balance at 31 December	1,566,502	1,530,426

Equity investment are quoted in Singapore.

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

NOTE TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

15. INVESTMENT IN SUBSIDIARIES

	Co-operative 2024 SGD	2023 SGD
At beginning and end of the financial year	1,170,000	1,170,000

The details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Place of Business	Percentage of equity held		Cost of investments	
			2024 %	2023 %	2024 SGD	2023 SGD
Held by the Co-operative:						
* Secureguard Security Services Co-operative Ltd.	Security related services	Singapore	98.89	98.89	1,170,000	1,170,000
Held by the Secureguard Security Services Co-operative Ltd:						
* Security Masters Pte Ltd	Security related services	Singapore	100	100	2,810,808	2,810,808

* Audited by P G Wee Partnership LLP, Singapore.

NOTE TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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

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

NOTE TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

16. GOODWILL (Continued)

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.

The key assumption used in the estimation of the recoverable amounts are set out below

	2024	2023
Group	%	%
Discount rate	8.21	8.21
Growth rate	10	10
Terminal growth rate	1.0	1.0

The recoverable amounts are determined based on value-in-use calculations. The value-in-use calculation is a discounted cash flow model using cash flow projections based on the most recent forecasts approved by management covering 5 years. Cash flows beyond these periods are extrapolated using the estimated terminal growth rates stated in table above. The terminal growth rate used is within management's expectation of the long-term average growth rates of the industry in which it operates. The discount rates applied are the weighted average cost of capital from the comparable companies' data.

Based on the impairment review, no impairment charge was recognized in 2024 and 2023.

NOTE TO THE FINANCIAL STATEMENTS (Continued) **FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

17. TRADE AND OTHER RECEIVABLES

	Group		Co-operative	
	2024	2023	2024	2023
	SGD	SGD	SGD	SGD
<u>Trade receivables</u>				
- External parties	1,068,494	642,003	-	-
- Related parties	86,000	98,700	-	-
	<u>1,154,494</u>	<u>740,703</u>	<u>-</u>	<u>-</u>
<u>Other receivables</u>				
Advances	8,007	8,622	-	-
Salary advance	153,807	-	-	-
GST receivables	4,637	-	-	-
Prepayment	26,658	59,337	590	30,590
Other receivables	29,415	53,383	5,601	47,576
Deposits	46,649	43,148	5,490	5,490
	<u>269,173</u>	<u>164,490</u>	<u>11,681</u>	<u>83,656</u>
Total trade and other receivables	<u>1,423,667</u>	<u>905,193</u>	<u>11,681</u>	<u>83,656</u>

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 SGD 1,154,494 (2023: SGD 740,703) 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	
	2024	2023
	SGD	SGD
Trade receivables past due:		
- Less than 30 days	991,777	503,777
- 31 to 60 days	198,665	183,115
- 60 to 90 days	9,810	19,100
- More than 90 days	(45,758)	34,711
	<u>1,154,494</u>	<u>740,703</u>

NOTE TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

18. LOANS TO MEMBERS

	Group and Co-operative	
	2024	2023
	SGD	SGD
Loans to members	30,331,075	27,970,078
Less: Allowance for expected credit loss	(2,439,714)	(4,085,626)
Loans to members, net	27,891,361	23,884,452
Less: Current portion of loans to members	(8,138,027)	(7,259,706)
Non-Current portion of loans to members	19,753,334	16,624,746

The loans to members by the Co-operative are interest bearing at the range of 2.2% to 6.99% (2023: 2.2% to 6.99%) per annum and will be repayable by monthly installments over the original period from 3 to 25 years (2023: 3 to 25 years).

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

	Group and Co-operative	
	2024	2023
	SGD	SGD
Balance at 1 January	4,085,626	4,136,512
Written off during the year	(2,042,281)	(664,913)
Waiver on late payment charges	(3,631)	(12,744)
Provision for Expected Credit Loss for current year (Note 24)	400,000	626,771
Balance at 31 December	2,439,714	4,085,626

Loans breakdown by interest rate basis and type of loans:

	Group and Co-operative	
	2024	2023
	SGD	SGD
<u>Interest rate basis</u>		
Flat rate	13,609,252	13,685,913
Monthly rate	16,721,823	14,284,165
	30,331,075	27,970,078

	Group and Co-operative	
	2024	2023
	SGD	SGD
<u>Type of loans</u>		
Education	1,232,518	1,674,376
Secured Against Property	16,721,823	14,284,165
Renovation	2,325,103	2,047,548
Secured Against Savings	36,995	52,309
Personal	10,014,636	9,911,680
	30,331,075	27,970,078

NOTE TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

19. CASH AND CASH EQUIVALENTS

	Group		Co-operative	
	2024	2023	2024	2023
	SGD	SGD	SGD	SGD
Cash at bank	16,742,610	8,174,159	15,288,327	5,701,468
Cash in hand	103,670	146,728	101,670	141,480
	<u>16,846,280</u>	<u>8,320,887</u>	<u>15,389,997</u>	<u>5,842,948</u>
Fixed deposits	15,494,525	33,461,642	13,996,475	32,510,546
	<u>32,340,805</u>	<u>41,782,529</u>	<u>29,386,472</u>	<u>38,353,494</u>

Fixed deposits bear interest rates ranging from 2.5% to 3.8% (2023: 2.5% to 3.85%) per annum and has a maturity period of 1 month to 12 months (2023: 1 month to 12 months) from the financial year end.

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

	Group	
	2024	2023
	SGD	SGD
Cash and cash equivalents	32,340,805	41,782,529
Less: Fixed deposits	(15,494,525)	(33,461,642)
	<u>16,846,280</u>	<u>8,320,887</u>

20. REVENUE

Disaggregation of revenue

	Group		Co-operative	
	2024	2023	2024	2023
	SGD	SGD	SGD	SGD
Loans to members	1,781,039	1,768,819	1,781,039	1,768,819
Savings and short-term deposits with banks	1,027,930	1,317,964	1,027,930	1,317,964
	<u>2,808,969</u>	<u>3,086,783</u>	<u>2,808,969</u>	<u>3,086,782</u>
Security services fee	5,684,307	5,242,417	-	-
	<u>8,493,276</u>	<u>8,329,200</u>	<u>2,808,969</u>	<u>3,086,782</u>
<u>Timing of transfer of good or service</u>				
Over time	8,493,276	8,329,200	2,808,969	3,086,782
	<u>8,493,276</u>	<u>8,329,200</u>	<u>2,808,969</u>	<u>3,086,782</u>

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 guards to remaining contract period which is range from 1 to 2 years.

NOTE TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

21. COST OF SERVICE

	Group 2024 SGD	2023 SGD	Co-operative 2024 SGD	2023 SGD
Salaries and allowances	4,246,339	3,864,242	-	-
Employer's contribution to Central Provident Fund	256,109	295,266	-	-
Foreign worker levy	185,039	199,629	-	-
	<u>4,687,487</u>	<u>4,359,137</u>	<u>-</u>	<u>-</u>

22. OTHER INCOME

	Group 2024 SGD	2023 SGD	Co-operative 2024 SGD	2023 SGD
Administrative fee income	229,696	201,359	229,696	201,359
Bad debts recovered	187,701	144,118	187,701	144,118
Dividends from quoted investments	53,413	57,380	53,413	57,380
Dividends from unquoted investments	35,190	26,645	35,190	26,645
Gain on disposal of financial assets	-	1,272,673	-	1,272,673
Gain on fair value through profit or loss (Note 14)	36,076	37,913	36,076	37,913
Giro rejection administration income	35,820	47,630	35,820	47,630
Government grants	243,794	449,900	-	-
Income from subsidiaries	-	-	153,000	153,000
Interest income	51,376	12,007	-	-
Miscellaneous income	94,186	129,641	91,317	127,193
Penalty fee income – loan repayment	265,522	266,108	265,522	266,108
Rental income	164,400	179,000	178,400	179,000
	<u>1,397,174</u>	<u>2,824,374</u>	<u>1,266,135</u>	<u>2,513,019</u>

23. FINANCE COST

	Group 2024 SGD	2023 SGD	Co-operative 2024 SGD	2023 SGD
Interest expense on lease liability	289	1,639	-	-

NOTE TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

24. OTHER EXPENSES

	Group		Co-operative	
	2024	2023	2024	2023
	SGD	SGD	SGD	SGD
Annual general meeting	37,085	55,338	35,595	53,754
Bank service charges	73,472	73,490	69,770	70,174
IT maintenance	224,757	180,940	224,757	180,940
Consultancy service	4,500	4,850	-	-
Anniversary	-	285,250	-	285,250
Legal and professional fee	12,103	23,809	12,103	23,809
Maintenance	77,702	39,739	77,702	39,739
Miscellaneous	87,036	60,201	57,474	33,786
Postage, printing and stationeries	116,781	99,386	112,377	94,152
Provision for doubtful loan to members (Note 18)	400,000	626,771	400,000	626,771
Utility charges	41,964	60,260	38,116	56,581
Write-off right-of-use assets	14,597	-	-	-
Others	579,286	563,328	373,592	364,032
	<u>1,669,283</u>	<u>2,073,362</u>	<u>1,401,486</u>	<u>1,828,988</u>

25. DIVIDENDS

The dividend of SGD 840,925 for the year ended 31 December 2023 (2022: SGD 877,706) 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.

26. EMPLOYEE BENEFITS EXPENSE

	Group		Co-operative	
	2024	2023	2024	2023
	SGD	SGD	SGD	SGD
Salaries and allowances	1,567,273	1,427,709	1,069,443	968,071
Employer's contribution to Central Provident Fund	177,063	163,423	132,018	119,666
Foreign worker levy	28,246	27,693	13,200	11,400
Staff related expenses	190,119	170,118	121,118	95,079
	<u>1,962,701</u>	<u>1,788,943</u>	<u>1,335,779</u>	<u>1,194,216</u>

NOTE TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

27. LEASES

Lease receivable

The Group and Co-operative leases out at a fixed monthly rental with lease agreements of 1 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		Co-operative	
	2024 SGD	2023 SGD	2024 SGD	2023 SGD
Within one year	132,000	177,600	151,600	177,600
After one year but not more than five years	-	132,000	-	132,000
	<u>132,000</u>	<u>309,600</u>	<u>151,600</u>	<u>309,600</u>

Income recognised in profit or loss for the financial year ended 31 December 2024 amounted to SGD 164,400 (2023: SGD 179,000).

Lease deposit payable

The Group 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	
	2024 SGD	2023 SGD
Not later than one year	35,640	2,850
Later than one year but not later than five years	5,940	-
	<u>41,580</u>	<u>2,850</u>

Recognised as an expense in profit or loss for the financial year ended 31 December 2024 amounted to SGD 38,586 (2023: SGD 36,612).

Lease liabilities

	Group	
	2024 SGD	2023 SGD
At beginning of the financial year	16,448	43,501
Changes from financing cash flows:		
- Repayment of lease liabilities	(16,448)	(27,053)
- Repayment of interest	(289)	(1,639)
	<u>(16,737)</u>	<u>(28,692)</u>
Non-cash changes:		
- Interest expense (Note 23)	289	1,639
At end of the financial year	<u>-</u>	<u>16,448</u>

NOTE TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

27. LEASES (Continued)

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.

(a) Carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are disclosed in Note 13.

(b) Amounts recognised in profit or loss

	Group	
	2024	2023
	SGD	SGD
Depreciation of right-of-use assets	1,327	27,300
Interest expenses on lease liabilities	289	1,639
Write-off right-of-use assets	14,597	-
Total amount recognised in profit or loss	<u>16,213</u>	<u>28,939</u>

(c) Total cash outflow

The Group had total cash outflows for leases of SGD 16,737 (2023: SGD 28,692).

(d) 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. Management exercise significant judgement in determining whether these extension options are reasonably certain to be exercised (Note 3.1).

NOTE TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

28. 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.

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year.

(i) Key management personnel compensation

	Group		Co-operative	
	2024	2023	2024	2023
	SGD	SGD	SGD	SGD
Key management personnel salary, bonuses, and benefits	349,104	276,125	163,454	135,900
Employer's contribution to Central Provident Fund	30,808	19,394	10,661	8,554
Directors' honorarium payments	102,000	112,000	70,000	80,000
	<u>481,912</u>	<u>407,519</u>	<u>244,115</u>	<u>224,454</u>

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	
	2024	2023	2024	2023
	SGD	SGD	SGD	SGD
With related parties:				
Expenses charge by	8,615	-	8,615	-
Services charge to	651,600	721,200	-	-
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	14,000	-	14,000	-
With director's immediate family member:				
Loan to Director's Spouse	(2,400,000)	-	(2,400,000)	-

NOTE TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. 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 from loans to members and trade and other receivables. 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.

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.

NOTE TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. FINANCIAL RISK MANAGEMENT (Continued)

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 60 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

NOTE TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. 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 SGD	Expected credit loss SGD	Net carrying amount SGD
31 December 2024						
Loan to members	18	Note 1	Lifetime ECL	30,331,075	2,439,714	27,891,361
Trade receivables	17	Note 1	12-month ECL	1,154,494	-	1,154,494
Other receivables	17	Note 2	12-month ECL	76,064	-	76,064
					<u>2,439,714</u>	
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	96,531	-	96,531
					<u>4,085,626</u>	

NOTE TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Co-operative	Note	Category	12-month or lifetime ECL	Gross carrying amount SGD	ECL SGD	Net carrying amount SGD
31 December 2024						
Loan to members	18	Note 1	Lifetime ECL	30,331,075	2,439,714	27,891,361
Other receivables	17	Note 2	12-month ECL	11,091	-	11,091
					<u>2,439,714</u>	
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	53,066	-	53,066
					<u>4,085,626</u>	

NOTE TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Trade receivables (Note 1)

For loans to members 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)

For other receivables, 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.

NOTE TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Group and Co-operative

	Loan to members					Total
	Days past due					
	≤3 months	3 - 6 months	6 -12 months	>12 months	Collateral loan	
	SGD	SGD	SGD	SGD	SGD	
31 December 2024						
Total gross carrying amount	3,034,474	467,904	1,199,504	1,575,956	9,178,822	15,456,660
ECL amount	1,358	105,582	756,818	1,575,956	-	2,439,714
						<u>13,016,946</u>
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
						<u>12,525,379</u>

The current portion of loan to members is SGD 8,138,027 (2023: SGD 7,259,706) which is not past due.

NOTE TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Group

	Trade receivables				Total
	Days past due				
	Less than 30 days	31 – 60 days	60 – 90 days	More than 90 days	
	SGD	SGD	SGD	SGD	SGD
31 December 2024					
Total gross carrying amount	991,777	198,665	9,810	(45,758)	1,154,494
ECL amount	-	-	-	-	-
					1,154,494
31 December 2023					
Total gross carrying amount	503,777	183,115	19,100	34,711	740,703
ECL amount	-	-	-	-	-
					740,703

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.

NOTE TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Exposure to credit risk

The Group has no significant concentration of credit risk. The Group has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

(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.

NOTE TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

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

	1 year or less	2024 More than 1 years	Total contractual cash flow	1 year or less	2023 More than 1 years	Total contractual cash flow
	SGD	SGD	SGD	SGD	SGD	SGD
Group						
Financial assets						
Financial assets	-	1,427,991	1,427,991	-	1,391,915	1,391,915
Investment in other Co-operatives	-	138,511	138,511	-	138,511	138,511
Loans to members	8,138,027	22,193,048	30,331,075	7,259,706	20,710,372	27,970,078
Trade and other receivables	1,230,558	-	1,230,558	837,234	-	837,234
Cash and cash equivalents	32,340,805	-	32,340,805	41,782,529	-	41,782,529
	41,709,390	23,759,550	65,468,940	49,879,469	22,240,798	72,120,267
Financial liabilities						
Members' savings deposits	46,522,902	-	46,522,902	47,218,015	-	47,218,015
Central Co-operative fund contribution	129,308	-	129,308	165,838	-	165,838
Lease liability	-	-	-	16,737	-	16,737
Other liabilities	1,127,950	-	1,127,950	1,023,851	-	1,023,851
	47,780,160	-	47,780,160	48,424,441	-	48,424,441
Total net undiscounted financial assets (liabilities)	(6,070,770)	23,759,550	17,688,780	1,455,028	22,240,798	23,695,826

NOTE TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

	1 year or less	2024 More than 1 years	Total contractual cash flow	1 year or less	2023 More than 1 years	Total contractual cash flow
	SGD	SGD	SGD	SGD	SGD	SGD
Co-operative						
Financial assets						
Financial assets	-	1,427,991	1,427,991	-	1,391,915	1,391,915
Investment in other Co-operatives	-	138,511	138,511	-	138,511	138,511
Loans to members	8,138,027	22,193,048	30,331,075	7,259,706	20,710,372	27,970,078
Trade and other receivables	11,091	-	11,091	53,066	-	53,066
Cash and cash equivalents	29,386,472	-	29,386,472	38,353,494	-	38,353,494
	<u>37,535,590</u>	<u>23,759,550</u>	<u>61,295,140</u>	<u>45,666,266</u>	<u>22,240,798</u>	<u>67,907,064</u>
Financial liabilities						
Members' savings deposits	46,522,902	-	46,522,902	47,218,015	-	47,218,015
Central Co-operative fund contribution	129,308	-	129,308	146,814	-	146,814
Other liabilities	869,135	-	869,135	732,039	-	732,039
	<u>47,521,345</u>	<u>-</u>	<u>47,521,345</u>	<u>48,096,868</u>	<u>-</u>	<u>48,096,868</u>
Total net undiscounted financial assets (liabilities)	<u>(9,985,755)</u>	<u>23,759,550</u>	<u>13,773,795</u>	<u>(2,430,602)</u>	<u>22,240,798</u>	<u>19,810,196</u>

NOTE TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. FINANCIAL RISK MANAGEMENT (Continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's and 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 Group and the Co-operative's exposure to interest rate risk through the impact of rate changes on interest-earning assets and interest-bearing liabilities.

The Group and the Co-operative does not expect any significant effect on the Group and 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.

Group	Variable rates		Fixed rates		Total
	Less than 12 months SGD	More than 1 year SGD	Less than 12 months SGD	More than 1 year SGD	
At 31 December 2024					
<u>Assets</u>					
Loans to members	-	-	8,138,027	19,753,334	27,891,361
Cash and cash Equivalents	16,846,280	-	15,494,525	-	32,340,805
	16,846,280	-	23,632,552	19,753,334	60,232,166
<u>Liabilities</u>					
Members' savings deposits	-	-	46,522,902	-	46,522,902
Net interest-earning assets (liabilities)	16,846,280	-	(22,890,350)	19,753,334	13,709,264

Group	Variable rates		Fixed rates		Total
	Less than 12 months SGD	More than 1 year SGD	Less than 12 months SGD	More than 1 year SGD	
At 31 December 2023					
<u>Assets</u>					
Loans to members	-	-	7,259,706	16,624,746	23,884,452
Cash and cash equivalents	8,320,887	-	33,461,642	-	41,782,529
	8,320,887	-	40,721,348	16,624,746	65,666,981
<u>Liabilities</u>					
Members' savings deposits	-	-	47,218,015	-	47,218,015
Net interest-earning assets (liabilities)	8,320,887	-	(6,496,667)	16,624,746	18,448,966

NOTE TO THE FINANCIAL STATEMENTS (Continued) **FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

29. FINANCIAL RISK MANAGEMENT (Continued)

(d) Interest rate risk (Continued)

Co-operative	<u>Variable rates</u>		<u>Fixed rates</u>		Total
	Less than 12 months	More than 1 year	Less than 12 months	More than 1 year	
	SGD	SGD	SGD	SGD	
At 31 December 2024					
<u>Assets</u>					
Loans to members	-	-	8,138,027	19,753,334	27,891,361
Cash and cash equivalents	15,389,997	-	13,996,475	-	29,386,472
	15,389,997	-	22,134,502	19,753,334	57,277,833
<u>Liabilities</u>					
Members' savings deposits	-	-	46,522,902	-	46,522,902
Net interest-earning assets (liabilities)	15,389,997	-	(24,388,400)	19,753,334	10,754,931

Co-operative	<u>Variable rates</u>		<u>Fixed rates</u>		Total
	Less than 12 months	More than 1 year	Less than 12 months	More than 1 year	
	SGD	SGD	SGD	SGD	
At 31 December 2023					
<u>Assets</u>					
Loans to members	-	-	7,259,706	16,624,746	23,884,452
Cash and cash equivalents	5,842,948	-	32,510,546	-	38,353,494
	<u>5,842,948</u>	<u>-</u>	<u>39,770,252</u>	<u>16,624,746</u>	<u>62,237,946</u>
<u>Liabilities</u>					
Members' savings deposits	-	-	47,218,016	-	47,218,016
Net interest-earning assets (liabilities)	<u>5,842,948</u>	<u>-</u>	<u>(7,447,764)</u>	<u>16,624,746</u>	<u>15,019,930</u>

NOTE TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

30. 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:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as is prices) or indirectly (i.e. derived from prices) (Level 2);
- 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 SGD	Fair value measurement using:		
		Level 1 SGD	Level 2 SGD	Level 3 SGD
2024				
Financial assets:				
<u>Fair value through profit or loss</u>				
- Quoted equities	1,046,747	1,046,747	-	-
- Unquoted equities	381,244	-	-	381,244
<u>Fair value through other comprehensive income</u>				
-Unquoted equities	138,511	-	-	138,511
Total	1,566,502	1,046,747	-	519,755
Non-financial assets:				
Investment properties	1,885,181	-	5,580,000	-

Group and Co-operative	Carrying amount SGD	Fair value measurement using:		
		Level 1 SGD	Level 2 SGD	Level 3 SGD
2023				
Financial assets:				
<u>Fair value through profit or loss</u>				
- Quoted equities	1,010,671	1,010,671	-	-
- Unquoted equities	381,244	-	-	381,244
<u>Fair value through other comprehensive income</u>				
-Unquoted equity	138,511	-	-	138,511
Total	1,530,426	1,010,671	-	519,755
Non-financial assets:				
Investment properties	1,898,361	-	5,500,000	-

NOTE TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

30. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Continued)

Level 2 fair value measurements

The valuation of investment properties is based on the sales comparison method or valuation. This method takes into consideration transactions of comparable properties in the vicinity of the subject property. Adjustments were made then to reflect the differences between the comparable and the subject property, which include transaction time, location, type, size, condition, orientation, etc.

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.

31. 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 Group 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 2024 and 31 December 2023.

Neither the Co-operative nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTE TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

32. FINANCIAL INSTRUMENTS BY CATEGORY

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year

	Group		Co-operative	
	2024	2023	2024	2023
	SGD	SGD	SGD	SGD
Fair value through profit and loss				
Quoted equities	1,046,747	1,010,671	1,046,747	1,010,671
Unquoted equities	381,244	381,244	381,244	381,244
	<u>1,427,991</u>	<u>1,391,915</u>	<u>1,427,991</u>	<u>1,391,915</u>
Fair value through other comprehensive income				
Unquoted equities	<u>138,511</u>	<u>138,511</u>	<u>138,511</u>	<u>138,511</u>
Financial assets measured at amortised cost				
Loan to members	27,891,361	23,884,452	27,891,361	23,884,452
Trade and other receivables	1,230,558	837,234	11,091	53,066
Cash and cash equivalents	32,340,805	41,782,529	29,386,472	38,353,494
	<u>61,462,724</u>	<u>66,504,215</u>	<u>57,288,924</u>	<u>62,291,012</u>
Financial liabilities measured at amortised cost				
Members' savings deposits	46,522,902	47,218,015	46,522,902	47,218,015
Central Co-operative fund contribution	129,308	165,838	129,308	146,814
Lease liability	-	16,448	-	-
Other payables	1,127,950	1,023,851	869,135	732,039
	<u>47,780,160</u>	<u>48,424,152</u>	<u>47,521,345</u>	<u>48,096,868</u>

33. CAPITAL COMMITMENTS

Capital expenditure contracted as at the end of reporting period but not recognized in the financial statements are as follows:

	Group		Co-operative	
	2024	2023	2024	2023
	SGD	SGD	SGD	SGD
Capital commitments in respect of property, plant and equipment	<u>266,000</u>	<u>-</u>	<u>266,000</u>	<u>-</u>

NOTE TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

34. COMPARATIVE FIGURES

- (a) The financial statements of TCC Credit Co-operative Limited and Its Subsidiaries (the "Group") for the financial year ended 31 December 2023 were audited by another independent auditor whose report dated 3 May 2024 expressed an unqualified opinion.
- (b) The comparative figures in the statement of comprehensive income have been reclassified as follows:

	Reclassified	Previously reported
	Group	Group
	2023	2023
	SGD	SGD
Employee benefits expense	(1,788,943)	(1,857,522)
Depreciation of property, plant and equipment	(77,208)	(77,209)
Finance cost	(1,639)	-
Other expenses	(2,073,362)	(2,006,421)

- (c) The comparative figures in the statement of financial position have been reclassified as follows:

	Reclassified	Previously reported
	Group and Co-operative	Group
	2023	2023
	SGD	SGD
Non-current assets		
Financial assets	1,391,915	1,010,671
Investment in other Co-operatives	138,511	519,755

- (d) The comparative figures in the statement of cash flows have been reclassified as follows:

	Reclassified	Previously reported
	Group	Group
	2023	2023
	SGD	SGD
Cash flows from operating activities		
Provision for doubtful loan to members	626,771	-
Trade and other payables	52,285	36,480
Loans to members	289,898	916,669
Honorarium paid	(100,752)	(112,000)
Cash flows from investing activities		
Proceeds on disposal of financial assets	10,057	1,272,673
Sale of investment in Co-operative	1,522,500	259,884
Cash flows from financing activities		
Payment of principal portion of lease liabilities	(27,053)	-

NOTE TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

35. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements of the Group for the financial year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Management Committee on the date of Management Committee's Statement.

Detailed Income Statement

For the financial year ended 31 December 2024

	2024 SGD	2023 SGD
Revenue		
Interest income		
Loans to members	1,781,039	1,768,818
Savings and fixed deposits with banks	1,027,930	1,317,964
	<u>2,808,969</u>	<u>3,086,782</u>
Interest expense		
Interest expense on members' savings	(58,361)	(59,740)
Other income		
Administrative fee income	229,696	201,359
Bad debts recovered	187,701	144,118
Gain on disposal of financial assets	-	1,272,673
Gain on fair value through profit or loss	36,076	37,913
Giro rejection administration income	35,820	47,630
Gross dividends from quoted investments	53,413	57,380
Gross dividends from unquoted investments	35,190	26,645
Miscellaneous income	91,317	127,193
Penalty fee income - loan repayment	265,522	266,108
Rental income	178,400	179,000
	<u>1,113,135</u>	<u>2,360,019</u>
Income from subsidiaries	153,000	153,000
Total other operating income	<u>1,266,135</u>	<u>2,513,019</u>
Salary, wages and employees' benefits	(1,335,779)	(1,194,216)
Depreciation of property, plant and equipment	(29,240)	(37,134)
Amortisation of intangible asset	(90,516)	(84,973)
Depreciation of investment properties	(13,180)	(13,180)
Other expenses	(1,401,486)	(1,828,988)
Operating surplus for the financial year	<u>1,146,542</u>	<u>2,381,570</u>
Contribution to Central Co-Operative Fund	(129,308)	(146,814)
Net operating surplus for the financial year	<u>1,017,234</u>	<u>2,234,756</u>

Detailed Income Statement

For the financial year ended 31 December 2024

	2024 SGD	2023 SGD
Other expenses		
Advertising and sponsorship	8,178	7,279
Affiliation fee	3,891	3,842
Annual general meeting expenses	35,595	53,754
Audit fee	73,465	71,300
Bank charges	69,770	70,174
Board expenses	18,678	29,237
Commission paid	-	-
Computer maintenance	224,757	180,940
Co-operative functions	3,450	11,450
Credit assessment/review expense	11,958	13,150
Dinner and dance expenses	-	285,250
Education and training	29,564	52,498
Insurance expense	-	-
Legal and professional fee	12,103	23,809
Loss on fair value of financial assets	-	-
Maintenance	77,702	39,739
Marketing expenses	78,694	62,153
Miscellaneous expenses	57,474	33,786
Postage	18,802	15,130
Printing and stationery	93,575	79,022
Prizes for lucky draw	12,000	12,964
Promotional expenses	10,640	26,376
Property tax	65,819	34,043
Property transaction expenses	4,488	500
Provision for expected credit losses	400,000	626,771
Service charges	667	721
Storage expenses	18,164	13,464
Telephone charges	22,311	14,430
TOL license fee	518	514
Transport charges	11,107	10,111
Utility charges	38,116	56,581
	<u>1,401,486</u>	<u>1,828,988</u>
Salary, wages and employees' benefits		
Salaries & allowances	1,069,443	968,071
Staff incentives	3,750	-
Staff insurance	23,781	20,848
Staff training	49,487	49,718
Staff uniform, laundry and other allowances	640	768
Staff welfare	43,460	23,745
Foreign worker levy contributions	13,200	11,400
CPF Contribution and SDL	132,018	119,666
	<u>1,335,779</u>	<u>1,194,216</u>