DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of Customs Credit Co-operative Society (S) Limited (the "Co-operative") for the financial year ended 31 December 2018.

1	*Opinion of the directors*	In the opinion of the directors, a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2018, and the financial performance, changes in equity and cash flows of the Company for the financial year then ended; and b) at the date of this statement, there are reasonable grounds to believe that the Co-operative will be able to pay its debts as and when they fall due. The board of directors has, on the date of this statement, authorised these financial statements for issue.
2	*Directors*	The directors in office at the date of this report are:

Chairman	Mr. S. Krishnan
Vice Chairman	Mr. Soong Wei Sin
Secretary	Mr. P. Namasivayam
Treasurer	Mr. Farihullah S/O A W Safiullah
Assistant Treasurer	Mr. Abdul Hamid Bin Ahmad
Board Members	Mr. Abdul Halim Bin Hassan
	Mr. Lim Whatt Chye
	Mr. Mohan Singh
Manager	Mr. Tan Ting Meng

3	*Arrangements to enable directors to acquire shares or debenture*	Except as disclosed in the statement, neither at the end of nor at any time during the financial year was the Co-operative a party to any arrangement whose object is to enable the directors of the Co-operative to acquire benefits by means of the acquisition of shares or debentures of the Co-operative or any other body corporate.
4	*Directors' interest in shares or debentures*	According to the register of directors' shareholdings kept by the Co-operative, none of the directors of the Co-operative holding office at the end of financial year had held more than 20% interest in shares or debentures of the Co-operative except as disclosed in the financial statements.

DIRECTORS' STATEMENT (CONT'D)

5	*Shares options*	During the year, there were: (i) no option granted by the Co-operative to any person to take up unissued shares in the Co-operative; and (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Co-operative. As at end of the financial year, there were no unissued shares of the Co-operative under option.
6	*Auditors*	The independent auditor, AG Audit & Assurance, has expressed willingness to accept re-appointment.

On behalf of the Board of Directors

____
S. Krishnan
Chairman

____
P. Namasivayam
Secretary

____
Farihullah S/O A W Safiullah
Treasurer

Singapore

Date:

AG ASSURANCE PAC
Registration Number: 201627595W

111 North Bridge Road, #07-11 Peninsula Plaza, Singapore 179098
O : (65) 6635 8767 **E** : office.agaudit@gmail.com **W**: www.ag-singapore.com

ACKENTING GROUP

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUSTOMS CREDIT CO-OPERATIVE SOCIETY (S) LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Customs Credit Co-operative Society (S) Limited (the "Co-operative"), which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

The directors' responsibilities include overseeing the Co-operative's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Co-operative to cease to continue as a going concern.

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

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

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Co-operative have been properly kept in accordance with the provisions of the Act.

AG ASSURANCE PAC
Public Accountants and
Chartered Accountants
Singapore

Date:

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 S$	2017 S$
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	560,000	599,135
Investment properties	5	-	598,575
Available-for-sale financial assets	6	1,642,629	1,771,676
Total Non-Current Assets		2,202,629	2,969,386
Current Assets			
Prepayments		2,393	1,434
Trade and other receivables	7	44,398	51,583
Loan to members	8	1,390,284	1,519,103
Cash and cash equivalents	9	3,364,130	2,807,071
Total Current Assets		4,801,205	4,379,191
Total Assets		7,003,834	7,348,577
EQUITY AND LIABILITIES			
Equity			
Share capital	10	83,000	84,200
General reserve fund	11	457,269	457,269
Scholarship fund	12	223	223
Thrift savings	13	5,433,123	5,601,678
General savings	14	1,668,418	1,593,835
Fair value reserve	15	(204,527)	208,546
Accumulated fund		(451,332)	(682,690)
Total Equity		6,986,174	7,263,061
Current Liabilities			
Trade and other payables	16	17,660	85,516
Total Liabilities		17,660	85,516
Total Equity and Liabilities		7,003,834	7,348,577

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

STATEMENT OF COMPREHENSIVE INCOME FOR FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 S$	2017 S$
Income	17	650,449	509,965
Other operating expenses		(419,091)	(1,206,047)
Surplus/(Deficit) for the year	18	231,358	(696,082)
Other comprehensive income, net of tax			
Item that will not reclassified to profit or loss			-
Item that are or may be reclassified subsequently to profit or loss			
- Changes in fair value of property, plant and equipment		(31,098)	382,124
- Changes in fair value of investment properties		(381,975)	381,975
- Changes in fair value of available-for-sale financial assets		-	(114,660)
Total comprehensive income for the year		(181,715)	(46,643)

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Share capital S$	General reserve fund S$	Scholarship fund S$	Thrift savings S$	General savings S$	Fair value reserve S$	Accumulated fund S$	Total S$
Balance as at 1 January 2017	88,700	457,269	129	5,898,891	1,509,141	(440,893)	95,909	7,609,146
Total comprehensive income for the year	-	-	-	-	-	649,439	(696,082)	(46,643)
Movement for the year	(4,500)	-	94	(297,213)	84,694	-	(82,517)	(299,442)
Balance as at 31 December 2017	84,200	457,269	223	5,601,678	1,593,835	208,546	(682,690)	7,263,061
Total comprehensive income for the year	-	-	-		-	(413,073)	231,358	(181,715)
Movement for the year	(1,200)	-	-	(168,555)	74,583	-	-	(95,172)
Balance as at 31 December 2018	83,000	457,269	223	5,433,123	1,668,418	(204,527)	(451,332)	6,986,174

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

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

	Note	2018 S$	2017 S$
Operating activities			
Surplus/(Deficit) for the year		231,358	(696,082)
Adjustment for:			
Depreciation of property, plant and equipment	4	8,037	8,037
Depreciation of investment property	5	-	5,700
Impairment loss on investment securities	6	100,000	-
Impairment loss on loan to members	8	71,372	-
Interest expenses		15,871	15,107
Interest income		(140,881)	(143,378)
Loss on disposal of investment in subsidiary		-	810,000
Gain on disposal of investment securities	17	-	6,703
Gain on disposal of investment property	17	(383,400)	-
Dividend income	17	(111,381)	(112,461)
Surplus/(Deficit) before changes in working capital		(209,024)	(114,072)
Increase/(Decrease) in trade and other receivables		7,185	(11,681)
Decrease in loan to members		(204,284)	(175,616)
(Decrease)/Increase in trade and other payables		(67,856)	11,362
Net cash used in operating activities		(469,579)	(290,007)
Investing activities			
Proceed from disposal of investment property		662,400	-
Decrease in investment securities		29,047	349,679
Interest received		140,881	143,378
Dividend received		111,381	112,461
Net cash flows generated from investing activities		1,043,709	605,518
Financing activities			
Interest paid		(15,871)	(15,107)
Changes in ordinary shares		(1,200)	(4,500)
Net cash flows used in financing activities		(17,071)	(19,607)
Net increase in cash and cash equivalents		557,059	295,904
Cash and cash equivalents at beginning of year		2,807,071	2,511,167
Cash and cash equivalents at end of year	9	3,364,130	2,807,071

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

NOTES TO THE FINANCIAL STATEMENTS

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

1 *General*

The Co-operative is incorporated and domiciled in Singapore and its registered office is at: -

35 Selegie Road
#04-01 Parklane Shopping Mall
Singapore 188307

The principal activities of the Co-operative, which are governed by the Co-operative Societies Act, Chapter 62 are to promote, in accordance with the co-operative principles, the economic interests of; to encourage thrift, co-operation, self-help and mutual assistance among; to provide financial service to; to establish and operate such co-operative schemes, ventures and projects for its members.

The financial statements of the Company for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of directors on the date of on which the accompanying Directors' Statement was signed.

2 *Significant accounting Policies*

(a) Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRSs") under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements of the Company are presented in Singapore dollars ("S$"), which is the Company's functional currency.

(b) Changes in accounting policies and/or adoption of new/revised standards

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2018. The adoption of these new/revised standards and interpretations did not result in any substantial changes to the accounting policies of the Company, or have any material effect on the financial performance or position of the Company, except for the following:

FRS 109 Financial Instruments

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

The Company applied FRS 109 retrospectively, with an initial application date of 1 January 2018. The Company has not restated comparative information which continues to be reported under FRS 39 and the disclosure requirements of FRS 107 Financial Instruments: Disclosures relating to items within the scope of FRS 39. There is no material impact arising from the Company's adoption of FRS 109.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 supersedes FRS 11 *Construction Contracts*, FRS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. FRS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflect the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

FRS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted FRS 115 using the modified retrospective method of adoption with date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 January 2018.

There is no change to the Company's previous accounting policies under FRS 18 or material adjustments on the initial transition to the new standard as no changes to the revenue accounting policy was assessed to be required upon application of FRS 115.

(c) Standards issued but not yet effective

Certain new standards, amendments to standards and interpretations are issued but effective for annual financial periods beginning on or after 01 January 2019, and which the Company has not been early adopted in preparing these financial statements.

None of these are expected to have a significant impact on the Company's financial statements in the year of initial application.

(d) Functional and foreign currencies

Functional currency

The functional currency of the Company is determined to be Singapore dollars ("S$"), which is also the presentation currency of the Company's financial statements.

Transactions and balances

Transactions arising in foreign currencies are recorded on initial recognition at the exchange rate approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(e) Investment properties

Investment properties are properties that are owned or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Properties held under operating leases are classified as investment properties when the definition of investment properties is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the financial period in which they arise.

Investment properties are derecognised upon disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on the retirement or disposal of the investment property are recognised in profit or loss in the financial period the asset is derecognised.

(f) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

Buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the end of the reporting period.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Depreciation is computed on a straight-line method over the estimated useful lives of the assets as follows:

	Estimated useful life
Computers	3 years
Course materials	3 years
Furniture and fittings	5 years
Office equipment	5 years
Renovation	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, estimated useful lives and depreciation method are reviewed at 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 arising from derecognition of the assets is included in profit or loss in the period that the assets are derecognised.

(g) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount. Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognised previously. Such reversal is recognised in profit or loss.

(h) Financial assets

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

Initial recognition and measurement

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

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

Trade receivables are measured at the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of a third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

(a) *Investments in debt instruments*

Subsequent measurement of debt instruments depends on the Company'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 Company 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 amortisation process.

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.

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

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

Financial assets are initially recognised at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

(a) *Loans and receivables*

Non-derivative assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(b) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

De-recognition

A financial asset is derecognised where the contractual right to receive cashflows 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 is recognised in profit or loss.

(i) Impairment of financial assets

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

The Company 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 Company 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.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk and recognised ECLs in two stages, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company 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 Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset. To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Available-for-sale financial assets

Available-for-sale financial assets are considered impaired if there is objective evidence of impairment, and there is significant or prolonged decline in the fair value of the investment below its costs.

Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income. For debt instruments, if the fair value increase in subsequent year and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, fixed deposits, and short-term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts.

(k) Financial liabilities

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

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

Subsequent measurement

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

Derecognition

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

(l) Provisions

Provisions are recognised when the Company 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 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 resources embodying economic benefits 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.

(m) Employment benefits

(a) Defined contribution plan

The Company makes contribution to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to this national pension scheme are recognised as an expense in the period in which the related service is performed.

(b) Short-term benefits

All short-term benefits are recognised in profit or loss in the period in which the employees rendered their services to the Company.

(l) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(m) Income recognition

These accounting policies are applied on and after the initial application date of FRS 115, 1 January 2018:

Revenue is measured based on the consideration to which the Company 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 at a point in time when the Company 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.

Interest on loans

Interest on loan granted to members of the Co-operative are calculated at the rate of 5% per annum if the loan granted does not exceed member's share capital and thrift savings and at 6% if it exceeds member's share capital and thrift savings. The interest is recognised evenly throughout the duration of the loan period.

Entrance fee

Entrance fee of S$10 for each new member is taken in as income for the year in which it is received.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

Dividend income

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

Rental income

Rental income is recognised on accrual basis over the terms of the lease agreement.

Rendering of services

Revenue from the rendering of services is recognised when the services are rendered.

These accounting policies are applied before the initial application date of FRS 115, 1 January 2018:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(n) Income tax

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

(n) Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(ii) the amount of the obligation cannot be measured within sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognised on the statement of financial position of the Company.

(p) Related parties

A related party is defined as follows:

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

(i) Has control or joint control over the Company;
(ii) Has significant influence over the Company; or
(iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following condition applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to others);
(ii) One of the entities is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
(iii) Both entities are joint venture of the same third party;
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
(vi) The entity is controlled or jointly controlled by a person identified in (a);

A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (of or a parent of the entity).

(q) Government 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 balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

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 favourable interest is regarded as additional government grant.

3. *Significant Accounting Policies*

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

3.1 Key judgments made in applying accounting policy

In the process of applying the Company's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements.

(a) Determination of functional currency

In determining the functional currency of the Company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currency of the Company is determined based on management's assessment of the economic environment in which the Company operates and its process of determining sales prices.

Management has assessed that prices are mainly denominated and settled in Singapore dollar (S$). In addition, management assessed and measured the performance of the Company in S$. Therefore, management concluded that the functional currency of the Company is S$.

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 reporting period are discussed below. The Company 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 Company. Such changes are reflected in the assumptions when they occur.

i) Residual values and useful lives of investment properties, plant and equipment

The Company reviews the residual values and useful lives of investment properties, plant and equipment at each statement of financial position date, in accordance with the accounting policy stated in Note 2.

Significant judgement is required in determining the residual values and useful lives of investment properties, plant and equipment. In determining the residual values and useful lives, the Company considered the expected usage, expected physical wear and tear, technical or commercial obsolescence and legal or similar limits on the use of the investment properties, plant and equipment.

ii) Estimated impairment of investment properties, plant and equipment

The Company reviews its investment property, plant and equipment for impairment whenever there is any indication that these assets may be impaired in accordance with the accounting policy stated in Note 2. The recoverable amounts of cash-generating-units have been determined based on value-in-use calculations.

iii) Fair value of investment properties and leasehold properties

The fair value of investment properties and leasehold properties is based on valuation report which is reflective of current market conditions. The fair value of the investment property at each statement of financial position date stated in Note 4 & 5.

iv) Impairment of loan and receivables

The Co-operative assesses at each statement of financial position date whether there is objective evidence that these assets have been impaired, based on a review of the current status of existing receivables and historical collections.

4 *Property, plant and equipment*

	Leasehold properties S$	Computers S$	Furniture and fittings S$	Office equipment S$	Renovation S$	Total S$
Cost/Valuation						
At cost	401,872	68,942	29,791	6,101	11,480	518,186
At valuation	382,124	-	-	-	-	382,124
As at 1.1.2017	783,996	68,942	29,791	6,101	11,480	900,310
At cost	401,872	68,942	29,791	6,101	11,480	518,186
At valuation	382,124	-	-	-	-	382,124
As at 31.12.2017	783,996	68,942	29,791	6,101	11,480	900,310
At cost	401,872	68,942	29,791	6,101	11,480	518,186
At valuation	382,124	-	-	-	-	382,124
Changes in fair value	(31,098)					(31,098)
As at 31.12.2018	752,898	68,942	29,791	6,101	11,480	869,212
Accumulated Depreciation						
As at 1.1.2017	176,823	68,942	29,791	6,101	11,480	293,137
Additions	8,038	-	-	-	-	8,038
As at 31.12.2017	184,861	68,942	29,791	6,101	11,480	301,175
Additions	8,037	-	-	-	-	8,037
As at 31.12.2018	192,898	68,942	29,791	6,101	11,480	309,212
Carrying amounts						
As at 31.12.2017	599,135	-	-	-	-	599,135
As at 31.12.2018	560,000	-	-	-	-	560,000

5 *Investment properties*

	Leasehold property S$	Total S$
Cost/Valuation		
As at 01.01.2017		
At cost	285,000	285,000
At valuation	381,975	381,975
As at 31.12.2017	666,975	666,975
Disposal	(666,975)	(666,975)
As at 31.12.2018	-	-
Accumulated depreciation		
As at 01.01.2017	62,700	62,700
Additions	5,700	5,700
As at 31.12.2017	68,400	68,400
Disposal	(68,400)	(68,400)
As at 31.12.2018	-	-

Carrying amounts

As at 31.12.2017	598,575	598,575
As at 31.12.2018	-	-

The property rental income from the investment property all of which are leased out under operating leases amounting to S$ Nil (2017: S$ Nil). Direct operating expenses arising from the rental-generating investment properties amounted to S$ Nil (2017: S$ Nil).

6 *Investment securities*

	2018 S$	2017 S$
Quoted investments, at fair value	1,097,049	1,126,096
Unquoted investments, at cost	645,580	645,580
Less: provision for impairment	(100,000)	-
	1,642,629	1,771,676

7 *Trade and other Receivables*

	2018 S$	2017 S$
Other receivables	21,829	29,014
Deposits	90	90
Tax recoverable	22,479	22,479
	44,398	51,583

The carrying amounts of trade and other receivables approximate their fair value.

Trade and other receivables are denominated in Singapore dollars.

8 *Loan to members*

	2018 S$	2017 S$
Special and normal loan		
At beginning of the year	9,384	10,092
Loans granted during the year	5,289	-
Repayments during the year	-	(708)
At end of the year	14,673	9,384
Secured loan		
At beginning of the year	496,044	566,283
Loans granted during the year	323,739	252,213
Repayments during the year	(299,778)	(322,452)
Provision for impairment	(28,234)	-
At end of the year	491,771	496,044

	2018 S$	2017 S$
Unsecured loan		
At beginning of the year	843,366	910,304
Loans granted during the year	288,143	303,863
Repayments during the year	(379,330)	(370,801)
Provision for impairment	(41,207)	-
At end of the year	710,972	843,366
Basic needs loan		
At beginning of the year	9,880	18,550
Loans granted during the year	7,500	11,500
Repayments during the year	(8,880)	(20,170)
Provision for impairment	(1,930)	-
At end of the year	6,570	9,880
Renovation loan		
At beginning of the year	160,429	189,490
Loans granted during the year	65,000	43,000
Repayments during the year	(59,131)	(72,061)
At end of the year	166,298	160,429
Total loan to members	1,390,284	1,519,103

Special loans to members are unsecured loan issued in advance, bear interest at the rate of 12% (2017: 12%) per annum for the first month and 6% per annum subsequently. Normal loans to members are secured loan issued in advance, bear interest at the rate of 10% (2017: 10%) per annum for the first month and 5% per annum subsequently.

Secured loans to members are secured against members' savings, bear interest at the rate of 5% (2017: 5%) per annum and repayable on demand.

Unsecured loans, basic needs loans and renovation loans bear interest at the rate of 6% (2017: 6%) per annum and repayable on demand.

9 *Cash and cash equivalents*

	2018 S$	2017 S$
Cash at banks	894,179	865,357
Cash on hand	135	414
Fixed deposits	2,469,816	1,941,300
	3,364,130	2,807,071

Cash and cash equivalents are denominated in Singapore dollars.

The effective interest rates implicit in the fixed deposits are approximately at 0.05% to 1.20% (2017: 0.05% to 1.20%) per annum.

10 *Share capital*

	2018 S$	2017 S$
<u>Issued and fully paid:</u>		
83,000 (2017: 84,200) ordinary shares	83,000	84,200

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to Co-operative's residual assets. All shares have no par value.

11 *General reserve fund*

	2018 S$	2017 S$
At beginning of the year	457,269	457,269
Appropriation surplus for the year	-	-
At end of the year	457,269	457,269

The General Reserve Fund shall be used (By-Law 12.3):

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

12 *Scholarship fund*

The scholarship fund was set up for the purpose of providing scholarships and other educational awards to members' children.

13 *Thrift savings*

	2018 S$	2017 S$
At beginning of the year	5,601,678	5,898,891
Receipts during the year	351,356	364,512
Dividend credited	-	782
Withdrawals and transfers	(519,911)	(662,507)
At end of the year	5,433,123	5,601,678

The Administrative Rule 3.1 "Subscription (hereinafter referred to as Thrift savings)" of By-Law 13.1 states that all members shall be required to subscribe a minimum of S$30 per month to the Thrift savings.

Thrift savings shall not be withdrawable unless the member resigns from the Co-operative in accordance with By-Law 9.2, 9.3 and 9.4 or if the conditions set out in the Administrative Rules on the Thrift savings are met.

14 *General savings*

	2018 S$	2017 S$
At beginning of the year	1,593,835	1,509,141
Receipts during the year	434,675	397,302
Interest credited	15,871	15,107
Dividend credited	-	31,334
Withdrawals and transfers	(375,963)	(359,049)
At end of the year	1,668,418	1,593,835

This is a non-compulsory savings and every member may make a minimum monthly deposit of not less than S$10 per month for specific purposes as set out in By-laws 10.1. Interest is payable on 30 June and 31 December at a rate of 1% (2017: 1%) per annum and shall be calculated on the amount on the minimum monthly balance, provided that such balance does not fall below S$50 in each case.

15 *Fair value reserve*

Fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets, investment properties and property, plant and equipment, until its derecognised or impaired.

16 *Trade and other payables*

	2018 S$	2017 S$
Other payables	-	69,428
Accruals	17,660	16,087
	17,660	85,516

The carrying amounts of trade and other payables approximate their fair value, normally settled within 30-90 days.

Trade and other payables are denominated in Singapore dollars.

17 *Income*

	2018 S$	2017 S$
Administrative fee	10,309	9,218
Entrance fee	210	210
Interest income:		
- loan to members	116,941	125,641
- current accounts	2,410	1,379
- fixed deposits	21,530	16,358
Income from dinner and dance	-	237,193
Dividend income	111,381	112,461
Gain on disposal of investment securities	-	995
Gain on disposal of investment property	383,400	-
Other income	4,268	6,510
	650,449	509,965

18 *Surplus/(Deficit) for the year*

	2018 S$	2017 S$
Arrived after charging:		
Dinner and dance expenses	-	189,017
Impairment loss on investment securities	100,000	-
Impairment loss on loan to members	71,372	-
Loss on disposal of financial assets at fair value	65,456	-
Loss on disposal of investment in a subsidiary	-	810,000

19 *Employee benefits costs*

The key management personnel are the directors and those persons who have the authority and responsibility for planning, directing and controlling the activities of the Co-operative. The directors constitute the Co-operative's key management personnel and their remuneration is as disclosed below.

	2018 S$	2017 S$
Key management remuneration		
Salaries and allowances	9,600	9,600
CPF and related	-	-
Staff remuneration		
Salaries and allowances	63,000	63,550
CCF and related	5,339	5,392
	77,939	78,542

20 *Financial risk management*

Risk management is integral to the whole business of the Co-operative. The Co-operative has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Board continually monitors the Co-operative's risk management process to ensure that an appropriate balance between risk and control is achieved.

(a) Interest rate risk

The Company's exposure to interest rates relates primarily to interest-bearing financial liabilities. Interest rate risk is managed by the Company on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The Company is not exposed to significant interest rate risk as it does not hold any floating interest bearing financial assets or financial liabilities.

(b) Market price risk

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

(c) Liquidity risk

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

Typically, the Co-operative ensures that it has sufficient cash on demand to meet expected operational expenses.

The table below analyses the maturity profile of the Co-operative's financial liabilities based on contractual undiscounted cash flows: -

	2018 S$	2017 S$
Payable within 1 year		
Trade and other payables	17,660	85,516

(d) Credit risk

Credit risk is a risk of loss that may arise on outstanding financial instruments should a counterpart default on its obligations. The Co-operative's exposures to credit risk arise primarily from trade and other receivables and cash at banks.

The Co-operative's objective is to seek continual revenue growth while minimising losses incurred due to increase in credit risk exposure. The Co-operative trade with all parties but will only provide credit terms upon approval of the Managing Director. The receivable balances are monitored on an ongoing basis with the result that the Co-operative's exposure to bad debts is not significant.

Cash balances are held with high credit quality financial institutions.

Exposure to credit risk

At financial period end date, the Co-operative's maximum exposures to credit risk are represented by the carrying value of each class of financial assets recognised in the statement of financial position as disclosed in Note 8 & 9.

(e) Fair value estimation

The carrying amounts of the financial assets and financial liabilities approximate their values due to their short-term maturities; bank balances, trade and other receivables, loan to members, trade and other payables and bank borrowings.

(g) Categories of financial instruments

The following table sets out the financial instruments as at the financial year end.

	2018	2017
	S$	S$
Financial assets		
Loan & receivables	1,434,682	1,570,686
Cash and cash equivalent	3,364,130	2,807,071
	4,798,812	4,377,757
Financial liabilities		
Amortised cost	17,660	85,516

21 *Capital management*

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Board continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.