

ANNUAL REPORT 2023



SAVE WITH YOUR TRUE FRIENDS

*Singapore Mercantile
Co-operative Society Ltd*

**SINGAPORE MERCANTILE CO-OPERATIVE
SOCIETY LIMITED**

Block 86 Marine Parade Central #03-216,
Singapore 440086

What You As A Member Should Know !!!

1. Registration of Society : The Society was registered on 18 December 1926.
2. Membership : is open to employees of commercial firms in Singapore. There should be a minimum of five employees from a commercial house before applications for membership is considered pending approval of check-off from the employer.
3. Management Committee : comprises of 13 members who serve on an honorary basis. Their collective decision is final in all matters.
4. Committee Meetings : are held regularly.
5. Capital : Subscription capital is \$28.9 million as at 31.12.2023.
6. Savings : are 2 types - one known as the subscription credit which represents a saving of a member that can be withdrawn upon cessation of membership and the other known as Specific Deposit Account which can be withdrawn at any time.
7. Loan : The maximum loan is \$20,000/- or 4 months' salary plus subscription credit whichever is the lower. Loans are governed by loan policies and based on necessities and merits.
8. Interest on Loans : is 1% on the balance outstanding monthly.
9. Repayment of Loan : are usually over a period of 24 months and this period is sometimes extended depending on the circumstances of each case and at the discretion of the Management Committee.
10. Termination of Membership : shall be on 6 months notice but this can be waived under extenuating circumstances at the sole discretion of the Management Committee.
11. Information : Channel any inquiries pertaining to the society at telephone 6348 5167 / 6348 5176. Such information will be sent by post to the member concerned. A Statement of Accounts as at 31 December each year is also forwarded to every member.

**Do Your Duty and Encourage Your Fellow
Working Colleagues To Join The Society
There Is Much To Gain And Nothing To Lose**

NOMINATION FOR MANAGEMENT COMMITTEE

Nomination Forms to serve in the Management Committee are available at the Society's office Block 86, Marine Parade Central, #03-216, Singapore 440086. Any member desirous to be a candidate may request for a form from the Hon Secretary which, duly completed, should be forwarded to the Society in a sealed envelope marked:

NOMINATION FOR MANAGEMENT COMMITTEE

The closing date for receiving nomination forms will not be later than 11.00am Monday, 10 June 2024.

All nomination papers received will be opened at 11.30am on the same day at Block 86, Marine Parade Central, #03-216, Singapore 440086 in the presence of all members present.

SINGAPORE MERCANTILE CO-OPERATIVE SOCIETY LIMITED

NOTICE OF 93RD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE NINETY-THIRD (93RD) ANNUAL GENERAL MEETING of the Members of Singapore Mercantile Co-operative Society Limited will be held **at the Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard Suntec City, Room: Summit 1, Level 3, Singapore 039593 on Monday, June 24, 2024 at 6.45pm** for the following purposes: -

1. To confirm the Minutes of the 92nd Annual General Meeting held on 23 June 2023 – Pages 76 to 85
2. To receive the Report of the Committee of Management for the year ended 31 December 2023 – Pages 4 to 13
3. To adopt the Audited Financial Statements for the financial year ended 31 December 2023 – Pages 14 to 75
4. (i) To approve the appropriation of net surplus recommended in the Committee’s Report – Page 8
(ii) To approve the payment of Honoraria to Chairman, Vice-Chairman, Hon Secretary, Asst Hon Secretary, Hon Treasurer, Asst Hon Treasurer and Committee Members as shown in accordance with Section 64 (1) of the Co-operative Societies Act, (Cap 62) – Page 21 to 22
(iii) To approve the payment of \$13,200/- as allowances per month to the Committee of Management (Appendix 1) - Page 86
5. To consider and if approved, to adopt the Estimated Expenditure for 2025 (Appendix 1) – Page 86
6. To approve a borrowing limit of \$50 million from members’ deposit in accordance with Section 68 (2) of the Co-operative Societies Act, (Cap 62).
7. To write-off bad debts amounting to \$27,434.99
8. To adopt and approve, the following Resolution: -
“That this General Meeting authorises the Society to deduct the sum of \$6/- from each member’s entitlement to the 2023 Dividend of which \$5/- is to be credited to the Common Good Fund (Benefit), and \$1/- to the Common General Purpose Fund in order to augment the financial position of the funds and that all members are bound by this resolution.”
9. To report the Restricted Investments and the Performance for the year ending 31 December 2023 (Appendix A1) – Page 87 to 88
10. To re-appoint Baker Tilly TFW LLP Public Accountants and Chartered Accountants as external auditors of the Co-operative for Year 2024 and to authorise the Committee of Management to fix their remuneration.
11. To re-appoint Royal Management Services (S) Pte Ltd as internal auditors of the Co-operative for Year 2024.
12. To elect 5 members to serve on the Committee of Management.
13. To transact any other business of which at least three days’ notice in writing shall have been given to the Hon Secretary.

By Order Of The Committee Of Management

Rathakrishnan s/o Sinnappan
Hon Secretary
Date: 03 June 2024

COMMITTEE OF MANAGEMENT FOR 2023/2024

PRESIDENT	:	Prof. Dr. Maurice Teo
CHAIRMAN	:	Mr Victor Pang Koon Seah PBM
VICE CHAIRMAN	:	Mr Chua Tian Teck
HON SECRETARY	:	Mr Rathakrishnan s/o Sinnappan
ASST HON SECRETARY	:	Mr Gregory D' Silva
HON TREASURER	:	Mr Paul Ng Kim Seng (Elected on 23/06/2023)
ASST HON TREASURER	:	Ms Joyce Goh Chui Buay (Co-opted on 07/08/2023)
COMMITTEE MEMBERS	:	Mr Richard Kho Hock Guan
	:	Mr Vincent s/o Nallusamy
	:	Mr Haleem Khan Suratee
	:	Mr Poul Vincent s/o Perianayagam
	:	Ms Aileen Chong Hui Yong
	:	Mr Goviden Sathasivam
	:	Mr Ayub Khan Bin Malik Khan Surattee
	:	Ms Jackie Tan Jiak Seng (Deceased on 20/06/2023)

**SINGAPORE MERCANTILE CO-OPERATIVE
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Block 86 Marine Parade Central #03-216
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Dear Members

Ninety-Third Annual Report

Your Committee of Management takes pleasure in presenting its 93rd Annual Report and the duly Audited Financial Statements for the year ending 31 December 2023.

The office bearers up to 22 June 2023 were as follows:-

President	:	Prof. Dr. Maurice Teo
Chairman	:	Mr Victor Pang Koon Seah PBM
Vice Chairman	:	Mr Chua Tian Teck
Hon Secretary	:	Mr Rathakrishnan s/o Sinnappan
Asst Hon Secretary	:	Mr Gregory D' Silva
Asst Hon Treasurer	:	Mr Paul Ng Kim Seng
Committee Members	:	Mr Richard Kho Hock Guan
	:	Mr Vincent s/o Nallusamy
	:	Mr Haleem Khan Suratee
	:	Mr Poul Vincent s/o Perianayagam
	:	Ms Aileen Chong Hui Yong
	:	Mr Goviden Sathasivam
	:	Mr Ayub Khan Bin Malik Khan Suratee
	:	Ms Jackie Tan Jiak Seng (Deceased on 20/06/2023)

On the day of election held on 23 June 2023 the following were elected into the Management Committee for 2023/2024

Chairman	:	Mr Victor Pang Koon Seah PBM
Vice Chairman	:	Mr Chua Tian Teck
Hon Secretary	:	Mr Rathakrishnan s/o Sinnappan
Asst Hon Secretary	:	Mr Gregory D' Silva
Hon Treasurer	:	Mr Paul Ng Kim Seng
Committee Members	:	Mr Richard Kho Hock Guan
	:	Mr Vincent s/o Nallusamy
	:	Mr Haleem Khan Suratee
	:	Mr Poul Vincent s/o Perianayagam
	:	Ms Aileen Chong Hui Yong
	:	Mr Goviden Sathasivam
	:	Mr Ayub Khan Bin Malik Khan Suratee

MEETINGS

1 Annual General Meeting and 25 Committee Meetings were held during 2023.

Attendance of Committee of Management:

Name	Position	No of Meeting	
		Held	Attended
Victor Pang Koon Seah	Chairman	25	16
Chua Tian Teck	Vice Chairman	25	25
Rathakrishnan s/o Sinnappan	Hon Secretary	25	17
Gregory D' Silva	Asst Hon Secretary	25	25
Paul Ng Kim Seng	Hon Treasurer	25	21
Joyce Goh Chui Buay (Co-opted on 07 August 2023)	Asst Hon Treasurer	25	07
Richard Kho Hock Guan	Committee Member	25	19
Vincent s/o Nallusamy	Committee Member	25	21
Haleem Khan Suratee	Committee Member	25	15
Poul Vincent s/o Perianayagam	Committee Member	25	13
Aileen Chong Hui Yong	Committee Member	25	19
Goviden Sathasivam	Committee Member	25	18
Ayub Khan Bin Malik Khan Suratee	Committee Member	25	16

Attendance of Investment Sub Committee Meeting

Name	Position	No of Meeting	
		Held	Attended
Victor Pang Koon Seah	Chairman	3	3
Chua Tian Teck	Member	3	3
Rathakrishnan s/o Sinnappan	Member	3	3
Gregory D' Silva	Member	3	2
Paul Ng Kim Seng	Member	3	3
Richard Kho Hock Guan	Member	3	3
Vincent s/o Nallusamy	Member	3	3
Haleem Khan Suratee	Member	3	3
Joyce Goh Chui Buay	Member	3	3

Attendance of Audit Sub Committee Meeting

Name	Position	No of Meeting	
		Held	Attended
Richard Kho Hock Guan	Chairman	1	1
Chua Tian Teck	Member	1	0
Gregory D' Silva	Member	1	1
Aileen Chong Hui Yong	Member	1	1
Joyce Goh Chui Buay	Member	1	1
John Tham Ming Cheong	Member	1	1

MEMBERSHIP

The total number of members as at 31.12.2023 is 3226.

SUBSCRIPTION CAPITAL AND SPECIFIC DEPOSIT

The Subscription Capital of the Society standing as at 31.12.23 as compared with the previous years are as follows:

	2023	2022	2021
Subscription	\$28,898,686	\$29,072,176	\$28,703,795
Specific Deposit	13,051,013	13,763,484	14,011,763

LOANS

Loan during the year totalled \$5,315,447 on 31 December 2023 as against \$5,325,180 on 31 December 2022.

Schedule of Loans	2023		2022	
	No	Amount S\$	No	Amount S\$
Funeral	-	-	-	-
Education	2	9,500	4	32,500
Maternity	-	-	-	-
Dental	-	-	-	-
Medical	1	2,000	1	2,000
Housing	-	-	2	9,000
Household Effects	531	2,512,400	537	2,461,440
Leave & Passage	50	268,970	39	162,100
Marriage	2	22,000	4	33,000
Removal	-	-	-	-
Miscellaneous	6	23,500	9	101,000
	<u>592</u>	<u>2,838,370</u>	<u>596</u>	<u>2,801,040</u>
Old Loans		5,325,180		5,488,308
adjusted by new loan	592	8,165,550	596	8,289,348
		<u>5,315,447</u>		<u>5,325,180</u>
Loans Outstanding as at 31 Dec				

INVESTMENTS

Fixed deposits with various Banks and other investments as at 31 December 2023 amounted to \$40,938,275/-

MLA & CAR

In 2023, Our Co-op maintained a Minimum Liquid Asset of 34.06% and Capital Adequacy Ratio of 13.78%.

GENERAL RESERVE FUND

The general reserve fund as at 31 December 2023 stood at \$5,153,548/-

NET SURPLUS

The net surplus for the year ending 31 December 2023 was \$3,066,270/- compared with net loss \$348,808/- for the previous year. The Committee recommends the appropriation of the surplus as follows: -

Payment of Dividend at 4.00% (2.5% + special 1.5%) on Subscription
@ Dec '23 \$ 1,156,000

Transfer to:

1. Common Good Fund (Benefits)	350,000
2. Scholarship Fund	50,000
3. Contingency Fund	500,000
4. Central Co-operative Fund	538,254
5. Surplus after appropriations	332,016

DIVIDEND

The Dividend shall be paid to all members within three months from the date of declaration. All dividend not claimed shall be transferred to Sundry Account. Such amounts standing to the credit of members in the Sundry Account shall not accrue interests. Prescribed application forms for dividend will be available at the Society's office and will also be distributed immediately after the Annual General Meeting. Dividend payment will be paid via Interbank GIRO.

SOCIETY'S SCHOLARSHIP AWARD

Presentation of Society's Scholarship was made by the Guest-of-Honour Prof. Dr. Maurice Teo at the Max Atria @ Singapore Expo on 07/10/2023.

The Breakdown of the awards is listed below:-

	<u>No of Grants</u>	<u>S\$ Amount Paid</u>
University	9	5,400
GCE 'A' Level	2	500
GCE 'O' Level	15	3,000
PSLE	32	3,200
	<hr/> <u>58</u>	<hr/> <u>12,100</u>

BENEFITS

A total of 246 members benefited from the Common Good Fund (Benefits) Scheme. The breakdown of the claims is as follows: -

<u>Benefit Scheme</u>	<u>No of Claims</u>	<u>S\$ Total Amount Paid</u>
Funeral	58	8,700
Member's Death	10	5,000
Hospitalisation	25	1,000
Retirement	153	137,100
	<hr/> <u>246</u>	<hr/> <u>151,800</u>

SUB – COMMITTEES

Various Sub-Committees with specific duties served during the year 2023/2024.

1. Loan Sub-Committee comprises five members as follows:

Chairman: Mr Chua Tian Teck
Members: Mr Victor Pang Koon Seah PBM
Mr Paul Ng Kim Seng
Mr Vincent s/o Nallusamy
Mr Haleem Khan Suratee

Loan Sub-Committee whose functions are to carefully scrutinize the loan papers before approving them subject to the concurrence of the Management Committee.

2. Communication and Publicity Sub-Committee comprises two members as follows:

Chairman: Mr Gregory D' Silva
Members: Mr Richard Kho Hock Guan

Communication and Publicity Sub-Committee whose functions are to issue the Society's newsletter periodically concerning the Society's activities. As a result, members are aware of the Society's activities and benefits, etc.

3. Welfare Sub-Committee comprises three members as follows:

Chairman: Mr Haleem Khan Suratee
Members: Mr Chua Tian Teck
Mr Vincent s/o Nallusamy

Welfare Sub-Committee whose functions are to review the administrative policy and rules governing grants made under the Common Good Fund which is to provide reliefs and grants to the members of the Society.

4. Education Sub-Committee comprises seven members as follows:

Chairman: Mr Paul Ng Kim Seng
Members: Mr Chua Tian Teck
Mr Gregory D' Silva
Mr Haleem Khan Suratee
Ms Aileen Chong Hui Yong
Mr Goviden Sathasivam
Mr Ayub Khan Bin Malik Khan Suratee

Education Sub-Committee whose functions are to scrutinize application for scholarship grants and to determine their eligibility.

SUB – COMMITTEES

5. Disciplinary Sub-Committee comprises of three members as follows:

Chairman: Mr Govinden Sathasivam
Members: Mr Rathakrishnan s/o Sinnappan
Mr Paul Ng Kim Seng

Disciplinary Sub-Committee whose functions are to conduct disciplinary inquiries and to make recommendations to the Management Committee.

6. Investment Sub-Committee comprises ten members as follows:

Chairman: Mr Victor Pang Koon Seah PBM
Members: Prof. Dr. Maurice Teo
Mr Chua Tian Teck
Mr Rathakrishnan s/o Sinnappan
Mr Gregory D' Silva
Mr Paul Ng Kim Seng
Mr Richard Kho Hock Guan
Mr Vincent s/o Nallusamy
Mr Haleem Khan Suratee
Ms Joyce Goh Chui Buay

Investment Sub-Committee whose functions are to assist the Management Committee in reviewing investment policies, strategies, transactions and performance of the Society's investments and capital expenditure.

7. Amendment of By-Laws Sub-Committee comprises four members as follows:

Chairman: Mr Rathakrishnan s/o Sinnappan
Members: Mr Gregory D' Silva
Mr Paul Ng Kim Seng
Mr Govinden Sathasivam

Amendment of By-Laws Sub-Committee whose functions are to propose on the amendment of administrative policies and rules of the Society subject to the approval of the Registry of Co-operative Societies and general members of the Society.

8. Chairman Remuneration Sub-Committee comprises of three members as follows:

Chairman: Mr Rathakrishnan s/o Sinnappan
Members: Mr Chua Tian Teck
Mr Paul Ng Kim Seng

Remuneration Sub-Committee whose functions are to review the appropriateness, transparency and accountability related to Society's matters in accordance to address key aspects of Corporate Governance.

SUB – COMMITTEES

9. Chairman Audit Sub Committee comprises of six members as follows:

Chairman: Mr Richard Kho Hock Guan
Members: Mr Chua Tian Teck
Mr Gregory D’ Silva
Ms Aileen Chong Hui Yong
Ms Joyce Goh Chui Buay
Mr John Tham Ming Cheong

Audit Sub Committee whose functions are to review the financial statements, the internal and external audit plans and audit reports, the external auditors’ evaluation of the system of internal accounting controls, the scope and results of the internal audit procedures, independence and objectivity of the external auditors and interested person transactions in consistent with the Code of Corporate Governance.

10. Chairman Loan Default Sub-Committee comprises of nine members as follows:

Chairman: Mr Paul Ng Kim Seng
Members: Mr Victor Pang Koon Seah (Adviser)
Mr Chua Tian Teck
Mr Gregory D’ Silva
Mr Goviden Sathasivam
Ms Joyce Goh Chui Buay
Ms Cheng Siew Juan
Ms R Usha Rani
Ms Jeslyn Goh Kwee Moi

Loan Default Sub Committee whose functions are to recommend to the Management Committee on matters relating to recovery of loans, give borrowers notification of loan status from time to time, monitor repayment of loan of borrowers and in case of defaulters to consider and take appropriate action.

11. Membership Recruitment Sub-Committee comprises of five members as follows:

Chairman: Mr Goviden Sathasivam
Members: Mr Haleem Khan Suratee
Ms Aileen Chong Hui Yong
Mr Muthan Selvam
Mr Ayub Khan Bin Malik Khan Surattee

Membership Recruitment Sub-Committee whose functions are to recruit members through recruitment exercise. Promoting awareness of the resources, services and membership benefits.

APPRECIATION

The Management Committee wishes to record its appreciation to:

1. All Employers for assisting in the collection of monthly dues.
2. The Registrar of Co-operative Societies and members of his staff for their advice.
3. Fellow Co-operative Societies for their support.
4. Our President for his guidance.
5. Members of the respective Sub-Committees and Co-operative Representatives for their voluntary services.
6. Members of the staff for their loyalty and devotion to work.

**For and on behalf of the
Committee of Management**

**(Signed)
Rathakrishnan s/o Sinnappan
Hon Secretary**

**SINGAPORE MERCANTILE CO-OPERATIVE
SOCIETY LIMITED**
(Registered under the Co-operative Societies Act, Cap. 62)

STATEMENT BY MANAGEMENT COMMITTEE

On behalf of Management Committee, we, Victor Pang Koon Seah, Rathakrishnan s/o Sinnappan and Paul Ng Kim Seng, being the Chairman, Honorary Secretary and Honorary Treasurer of Singapore Mercantile Co-operative Society Limited (the “Society”) respectively, do hereby state that in our opinion:

- (a) the financial statements of the Society as set out on pages 21 to 75 are properly drawn up in accordance with the provisions of the Co-operative Societies Act 1979 and Financial Reporting Standards in Singapore so as to present fairly, in all material respects the financial position of the Society as at 31 December 2023 and of the financial performance, changes in members’ funds and cash flows of the Society for the financial year ended on that date;
- (b) at the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due; and
- (c) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Society have been carried out in accordance with the By-laws of the Society and the provisions of the Co-operative Societies Act 1979.

Victor Pang Koon Seah PBM
Chairman

Rathakrishnan s/o Sinnappan
Honorary Secretary

Paul Ng Kim Seng
Honorary Treasurer

29 May 2024

**SINGAPORE MERCANTILE CO-OPERATIVE
SOCIETY LIMITED**
(Registered under the Co-operative Societies Act, Cap. 62)

**INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF
SINGAPORE MERCANTILE CO-OPERATIVE SOCIETY LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Singapore Mercantile Co-operative Society Limited (the “Society”) as set out on pages 21 to 75, which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in members’ funds and statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Society are properly drawn up in accordance with the provisions of the Co-operative Societies Act 1979 (the “Act”) and Financial Reporting Standards in Singapore (“FRSs”) so as to present fairly, in all material respects, the financial position of the Society as at 31 December 2023 and of the financial performance, changes in members’ funds and cash flows of the Society for the financial 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 Society 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 Committee is responsible for the other information. The other information comprises the information included in the Statement by Management Committee as set out on page 14 but does not include the financial statements and our auditor’s

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
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Report on the Audit of the Financial Statements (cont'd)

Other Information (cont'd)

report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information obtained prior to the date of this auditor's report, 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

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

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

In preparing the financial statements, Management Committee is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
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Report on the Audit of the Financial Statements (cont'd)

*Responsibilities of Management Committee and Those Charged with Governance
for the Financial Statements (cont'd)*

unless Management Committee either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society's internal control.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
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Report on the Audit of the Financial Statements (cont'd)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Committee.
- Conclude on the appropriateness of Management Committee'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 Society'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 Society 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 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.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
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Report on Other Legal and Regulatory Requirements

Opinion

In our opinion,

- (a) the receipt, expenditure, investment of monies and the acquisition and disposal of assets by the Society during the year are, in all material respects, in accordance with the By-laws of the Society and the provisions of the Act and the Rules (made under Section 95 of the Act); and
- (b) proper accounting and other records have been kept by the Society.

Basis for Opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Compliance Audit* section of our report. We are independent of the Society in accordance with the 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 on Management Committee's compliance.

Emphasis of Matter

As disclosed in Note 3 to the financial statements, the Society has not complied with the requirements of Regulation Section 72(1) of the Act that states the net surplus may be divided among the members by way of dividend or patronage refund or by way of honoraria to officers of the Society or allocated to any other funds constituted by the Society prescribed under this Act during the financial year ended 31 December 2022. The Society made an-over distribution of \$140,000 despite suffering a net deficit of \$747,322 for the financial year ended 31 December 2022. The Registry of Co-operative Societies noted such non-compliance and requested the Society to take the remedial actions as described in Note 3 to the financial statements. Our opinion is not modified in respect of this matter.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
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Report on Other Legal and Regulatory Requirements (cont'd)

***Responsibilities of Management Committee for Compliance with Legal and
Regulatory Requirements***

Management Committee is responsible for ensuring that the receipt, expenditure, investment of monies and the acquisition and disposal of assets, are in accordance with the By-laws of the Society and the provisions of the Act and the Rules (made under Section 95 of the Act). This responsibility includes monitoring related compliance requirements relevant to the Society, and implementing internal controls as Management Committee determines are necessary to enable compliance with the By-laws of the Society and the provisions of the Act and the Rules (made under Section 95 of the Act).

Auditor's Responsibilities for the Compliance Audit

Our responsibility is to express an opinion on Management Committee's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipt, expenditure, investment of monies and the acquisition and disposal of assets, are in accordance with the By-laws of the Society and the provisions of the Act and the Rules (made under Section 95 of the Act).

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipt, expenditure, investment of monies and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

29 May 2024

**SINGAPORE MERCANTILE CO-OPERATIVE
SOCIETY LIMITED**
(Registered under the Co-operative Societies Act, Cap. 62)

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

	Note	General fund 2023 \$	Other funds 2023 \$	Total funds 2023 \$	Total funds 2022 \$
Income					
Dividend income		362,341	-	362,341	487,794
Donation		-	4,000	4,000	4,000
Entrance fee		461	-	461	820
Interest income from financial assets		408,622	-	408,622	459,586
Interest income from fixed deposits		445,609	-	445,609	122,418
Interest income from loans to members		662,842	-	662,842	670,247
Rental income		121,000	-	121,000	95,500
Sundry income		94,825	-	94,825	23,593
Amortisation of premium on loans to members	18	80,571	-	80,571	91,059
Government grant		6,294	-	6,294	2,504
Gain on disposal of financial assets at fair value through profit or loss					
Overprovision of contribution for Central Co-operative Fund	16	2,036,000	-	2,036,000	-
Fair value gain with respect to financial assets at FVTPL (Note 8)		190,178	-	190,178	-
Bad debts recovered		2,509	-	2,509	1,927
Total income		4,411,352	4,000	4,415,352	2,009,389
Expenditure	4	(1,345,082)	(184,337)	(1,529,419)	(2,756,711)
Surplus/(deficit) before contributions		3,066,270	(180,337)	2,885,933	(747,322)

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

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SOCIETY LIMITED**
(Registered under the Co-operative Societies Act, Cap. 62)

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (cont'd)

	Note	General fund 2023 \$	Other funds 2023 \$	Total funds 2023 \$	Total funds 2022 \$
Contributions to:					
Proposed honorarium	15	(140,000)	-	(140,000)	(140,000)
Central Co-operative Fund	16	(538,254)	-	(538,254)	-
		(678,254)	-	(678,254)	(140,000)
Surplus/(deficit) for the financial year		2,388,016	(180,337)	2,207,679	(887,322)
Other comprehensive income/(loss):					
<i>Items that are or may be reclassified subsequently to profit or loss:</i>					
Financial assets at fair value through other comprehensive income	22	886,384	-	886,384	(1,942,766)
- Fair value gain/(loss)	22	351,132	-	351,132	(9,813)
- Reclassification					
		1,237,516	-	1,237,516	(1,952,579)
Total comprehensive income/(loss) for the financial year		3,625,532	(180,337)	3,445,195	(2,839,901)

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

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STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023

	Note	2023 \$	2022 \$
Non-current assets			
Investment property	5	4,014,763	4,110,353
Plant and equipment	6	7,638	5,193
Right-of-use assets	7	35,952	82,052
Financial assets at fair value through profit or loss	8	11,985,396	12,119,641
Financial assets at fair value through other comprehensive income	9	15,719,667	13,018,915
Loans made to members	10	2,970,428	2,980,271
Intangible assets	11	-	-
Total non-current assets		34,733,844	32,316,425
Current assets			
Financial assets at fair value through other comprehensive income	9	747,113	4,246,557
Other receivables	12	2,655,893	2,449,736
Amounts due from members	13	24,711	26,478
Cash and cash equivalents	14	14,288,025	10,523,968
Total current assets		17,715,742	17,246,739
Total assets		52,449,586	49,563,164
Non-current liabilities			
Lease liabilities	7	3,113	40,266
Current liabilities			
Other payables	15	1,660,657	1,841,939
Lease liabilities	7	36,691	46,197
Central Co-operative Fund	16	538,254	-
Specific deposits account	17	13,051,013	13,763,484
Deferred income	18	338,897	322,022
Total current liabilities		15,625,512	15,973,642
Total liabilities		15,628,625	16,013,908
Net assets		36,820,961	33,549,256
Members' funds and reserve			
Subscription capital	19	28,898,686	29,072,176
General reserve fund	20	5,153,548	5,153,548
Other funds	21	1,757,638	1,037,975
Unappropriated surplus		2,075,214	587,198
Fair value reserve	22	(1,064,125)	(2,301,641)
Total funds		36,820,961	33,549,256

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

**SINGAPORE MERCANTILE CO-OPERATIVE
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**STATEMENT OF CHANGES IN MEMBERS' FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Subscription capital \$	General reserve fund \$	Other funds \$	Unappropriated surplus \$	Fair value reserve \$	Total funds \$
2023						
Balance at 1 January 2023	29,072,176	5,153,548	1,037,975	587,198	(2,301,641)	33,549,256
Subscriptions received and receivable	2,196,607	-	-	-	-	2,196,607
Withdrawals	(2,370,097)	-	-	-	-	(2,370,097)
Surplus/(deficit) for the financial year	-	-	(180,337)	3,066,270	-	2,885,933
Other comprehensive income: Fair value gain on financial assets at FVOCI (Note 9)	-	-	-	-	886,384	886,384
Reclassification adjustment on financial assets at FVOCI	-	-	-	-	351,132	351,132
Other comprehensive income for the financial year, net of tax	-	-	-	-	1,237,516	1,237,516
Total comprehensive (loss)/ income for the financial year	-	-	(180,337)	3,066,270	1,237,516	4,123,449
Appropriation of fund	-	-	900,000	(1,578,254)	-	(678,254)
Balance at 31 December 2023	28,898,686	5,153,548	1,757,638	2,075,214	(1,064,125)	36,820,961

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

**SINGAPORE MERCANTILE CO-OPERATIVE
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**STATEMENT OF CHANGES IN MEMBERS' FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Subscription capital \$	General reserve fund \$	Other funds \$	Unappropriated surplus \$	Fair value reserve \$	Total funds \$
2022						
Balance at 1 January 2022	28,703,795	5,153,548	1,415,309	1,440,996	(349,062)	36,364,586
Subscriptions received and receivable	2,206,017	-	-	-	-	2,206,017
Withdrawals	(1,837,636)	-	-	-	-	(1,837,636)
Deficit for the financial year	-	-	(398,514)	(488,808)	-	(887,322)
Other comprehensive loss: Fair value loss on financial assets with FVOCI (Note 9)	-	-	-	-	(1,942,766)	(1,942,766)
Reclassification adjustment on financial assets at FVOCI	-	-	-	-	(9,813)	(9,813)
Other comprehensive loss for the financial year, net of tax	-	-	-	-	(1,952,579)	(1,952,579)
Total comprehensive loss for the financial year	-	-	(398,514)	(488,808)	(1,952,579)	(2,839,901)
Dividends (Note 23)	-	-	21,180	(364,990)	-	(343,810)
Balance at 31 December 2022	29,072,176	5,153,548	1,037,975	587,198	(2,301,641)	33,549,256

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

**SINGAPORE MERCANTILE CO-OPERATIVE
SOCIETY LIMITED**
(Registered under the Co-operative Societies Act, Cap. 62)

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

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Surplus/(deficit) before contributions		2,885,933	(747,322)
Adjustments for:			
Bad debts written off	4	27,435	15,002
Depreciation of investment property	5	95,590	95,589
Depreciation of plant and equipment	6	4,443	4,108
Depreciation of right-of-use assets	7	46,100	46,101
Plant and equipment written off		21	–
Dividend income		(362,341)	(487,794)
Fair value (gain)/loss with respect to financial assets at FVTPL	8	(190,178)	1,639,502
Gain on disposal of financial assets at fair value through profit or loss		(2,036,000)	–
Loss/(gain) on disposal of financial assets at FVOCI	4	351,132	(9,813)
Interest income		(1,517,073)	(1,252,251)
Interest on specific deposits	17	130,556	137,183
Interest on lease liabilities	7	3,211	5,459
Overprovision of contribution for Central Co-operative Fund	16	–	(49,941)
Deficit before movements in working capital		(561,171)	(604,177)
Amounts due from members		2,471	(2,174)
Other receivables		(22)	1,797
Other payables		(83,825)	(215,069)
Deferred income		(10,560)	(28,113)
Specific deposits account		(712,471)	(248,279)
Cash used in operations		(1,365,578)	(1,096,015)
Interest received		1,310,344	1,176,970
Interest on specific deposits paid		(130,556)	(137,183)
Payments to Central Co-operative Fund		–	(2,792)
Net cash used in operating activities		(185,790)	(59,020)
Cash flows from investing activities			
Proceeds from disposal of financial assets at FVTPL		7,412,298	711,106
Proceeds from redemption of financial assets at FVOCI		5,735,976	500,000
Purchase of plant and equipment		(6,909)	–
Purchase of financial assets at FVTPL		(5,051,875)	(201,925)
Purchase of financial assets at FVOCI		(4,050,900)	–
Repayment from members on loans granted	10	2,850,966	2,971,781
Loans made to members	10	(2,841,233)	(2,808,653)
Dividend received		362,341	487,794
Net cash generated from investing activities		4,410,664	1,660,103

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

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**STATEMENT OF CASH FLOWS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Note	2023 \$	2022 \$
Cash flows from financing activities			
Dividend paid to members	23	(237,457)	(491,398)
Repayment of lease liabilities	7	(46,659)	(43,949)
Interest on lease liabilities paid	7	(3,211)	(5,459)
Net (decrease)/increase in subscription capital		(173,490)	368,381
Net cash used in financing activities		(460,817)	(172,425)
Net increase in cash and cash equivalents		3,764,057	1,428,658
Cash and cash equivalents at beginning of the financial year		10,523,968	9,095,310
Cash and cash equivalents at end of the financial year	14	14,288,025	10,523,968

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

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

1 General information

Singapore Mercantile Co-operative Society Limited (the “Society”) is incorporated and domiciled in Singapore. The registered office is located at Block 86 Marine Parade Central, #03-216, Singapore 440086.

The principal activities of the Society are to promote co-operation and self help, to encourage thrift, to receive deposits from members, to prevent permanent indebtedness of its members by enabling them to obtain loans at reasonable terms, to assist members in reducing the cost of living and improving their economic position; and to undertake any co-operative venture or project subject to the approval of the registrar and members of the Society.

2 Material accounting policies

(a) Basis of preparation

The financial statements, expressed in Singapore dollar (“\$”), which is the Society’s functional currency, have been prepared in accordance with the provisions of the Co-operative Societies Act 1979 (the “Act”) and Financial Reporting Standards in Singapore (“FRSs”). The financial statements have been prepared under the historical cost convention except as disclosed in the following accounting policies.

The preparation of financial statements in conformity with FRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on Management Committee’s best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

2 Material accounting policies (cont'd)

(a) Basis of preparation (cont'd)

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, receivables and payables (other than lease liabilities) approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

New and revised standards that are adopted

In the current financial year, the Society has adopted all the new and revised FRSs and Interpretations of FRSs (“INT FRSs”) that are relevant to its operations and effective for the current financial year. Changes to the Society’s accounting policies have been made as required in accordance with the transitional provisions in the respective FRSs and INT FRSs.

The adoption of these new/revised FRSs and INT FRSs did not have any material effect on the financial results or position of the Society except as disclosed below:

Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies

The amendments to FRS 1 and FRS Practice Statement 2 *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments require

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

2 Material accounting policies (cont'd)

(a) Basis of preparation (cont'd)

Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies (cont'd)

entities to disclose their material accounting policies rather than their significant accounting policies, and provide guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The Society has adopted the amendments to FRS 1 on disclosures of accounting policies. The amendments have no impact on the measurement, recognition and presentation of any items in the Society's financial statements.

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the reporting date but are not yet effective for the financial year ended 31 December 2023 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Society.

(b) Plant and equipment

Depreciation is calculated on a straight-line basis to allocate the depreciable amount of plant and equipment over their expected useful lives. The estimated useful lives are as follows:

	Years
Computer equipment	3
Office equipment	5
Furniture and fittings	10
Air-conditioners	5

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**NOTES TO THE FINANCIAL STATEMENTS
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2 Material accounting policies (cont'd)

(c) Investment property

Depreciation is calculated on a straight-line basis to allocate the depreciable amount of investment property over the estimated useful life of 50 years.

(d) Financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Society commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Society has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Society classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (“FVOCI”); and
- Fair value through profit or loss (“FVTPL”).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

2 Material accounting policies (cont'd)

(d) Financial assets (cont'd)

Classification and measurement (cont'd)

The classification is based on the Society's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Society reclassifies financial assets when and only when its business model for managing those assets changes.

The Society's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Subsequent measurement

Debt instruments

Debt instruments include cash and cash equivalents, loans made to members, other receivables (excluding prepayments) and amounts due from members. These are subsequently measured at amortised cost based on the Society's business model for managing the asset and cash flow characteristics of the asset.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

2 Material accounting policies (cont'd)

(d) Financial assets (cont'd)

Subsequent measurement (cont'd)

Debt instruments (cont'd)

The Society measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Fair value through other comprehensive income (“FVOCI”)

The Society measures debts instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

2 Material accounting policies (cont'd)

(d) Financial assets (cont'd)

Subsequent measurement (cont'd)

Fair value through other comprehensive income ("FVOCI") (cont'd)

Movements in fair values for debts instruments at FVOCI are recognised in other comprehensive income and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss.

When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment and presented in "income/expenditure". Interest income from these financial assets is recognised in profit or loss using the EIR method.

Equity instruments

The Society subsequently measures all its equity investment at their fair values. Equity investments are classified at FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other income". For equity investments which are not held for trading, the Society has not make an irrevocable election (on an investment by investment basis) to designate equity investments as at FVOCI.

Collective Investment Fund

The Society classifies its investment in co-operative fund that does not meet the definition of an equity instrument and does not give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding as financial asset measured at fair value through profit or loss ("FVTPL") with movements in their fair values and dividend income

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**NOTES TO THE FINANCIAL STATEMENTS
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2 Material accounting policies (cont'd)

(d) Financial assets (cont'd)

Subsequent measurement (cont'd)

Collective Investment Fund (cont'd)

recognised in profit or loss in the period in which they arise. On disposal, the difference between the carrying amount and sales proceed amount would be recognised in profit or loss.

Impairment

The Society recognises an allowance for expected credit losses (“ECLs”) for financial assets carried at amortised cost and debt instruments at FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Society expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. 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 required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a “lifetime ECL”).

The Society recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income, and does not reduce the carrying amount of the financial asset in the statement of financial position.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

2 Material accounting policies (cont'd)

(e) Financial liabilities

Financial liabilities include other payables, Central Co-operative Fund and specific deposits account which are recognised on the statement of financial position when, and only when, the Society becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

(f) Revenue recognition

The Society provides both secured loan and unsecured loan to its members at a reasonable interest rates to its members with a repayment period of 18 to 40 months. The income is recognised when the performance obligation are satisfied over time. Interest income from loans to members is computed at 1.00% per month payable on the amount of principal sum that remains unpaid. Interest on loans granted after the 15th day of each month is computed at 0.5% for that month. Loan premium will be collected in advance and amortised over the repayment period.

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

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

Rental income from operating leases are recognised on a straight-line basis over the lease term.

Income and expenditure relating to the various reserve funds specifically set up are taken directly to these funds.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

3 Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Society's accounting policies

In the process of applying the Society's accounting policies, Management Committee has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations):

Compliance with Regulation Section 72(1) of the Act

The Society has not complied with the requirements of Regulation Section 72(1) of the Act that states the net surplus may be divided among the members by way of dividend or patronage refund or by way of honoraria to officers of the Society or allocated to any other funds constituted by the Society prescribed under this Act during the financial year ended 31 December 2022. The Society made an over-distribution of \$140,000 despite suffering a net deficit of \$747,322 for the financial year ended 31 December 2022 ("FY2022"). The net deficit of \$747,322 for FY2022 was mainly due to fair value loss with respect to the financial assets at FVTPL of \$1,639,502 affected by global economic situation. The Registry of Co-operative Societies (the "Registry") noted such non-compliance and requested the Society to take the following remedial actions:

- (a) To ensure that the Society complies with Section 72(1) of the Act for the financial year ended 31 December 2023 ("FY2023"), the Registrar's approval should be sought for any proposed dividend and honorarium distribution before the Society convenes its next Annual General Meeting ("AGM"), regardless of whether its Capital Adequacy Ratio has met the prevailing minimum requirement.
- (b) When considering the proposed dividend and honorarium distribution for FY2023, the proposed distribution amount would be capped at FY2023's net surplus (if any) less the over-distribution of \$140,000. If the Society suffers a net deficit for FY2023 or the net surplus is insufficient to cover the over-distribution for FY2022, the Registry may require the Society to take other remedial action(s).

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**NOTES TO THE FINANCIAL STATEMENTS
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**3 Critical accounting judgements and key sources of estimation uncertainty
(cont'd)**

Critical judgements in applying the Society's accounting policies (cont'd)

Compliance with Regulation Section 72(1) of the Act (cont'd)

(c) The Society should write to the Registry at least 2 months before its AGM and provide the following documents or information for the Registrar's consideration:

- Audited financial statements ("AFS") for FY2023 and if the AFS is not ready, the management accounts for FY2023;
- Proposed dividend rate and total dividends to be paid;
- Amount of the proposed honorarium, as well as any other benefits to the Committee of Management; and
- Any other information to support the Society's proposed distributions.

The Society has written to the Registry on 18 April 2024 (i.e. at least 2 months before its AGM to be held on 24 June 2024) and provided the following documents or information for the Registrar's consideration:

- Management accounts for FY2023;
- Proposed dividend rate and total dividends to be paid; and
- Amount of the proposed honorarium.

The Society's proposed dividend and honorarium distribution for FY2023 was capped at FY2023's net surplus less the over-distribution of \$140,000.

On 23 April 2024, the Registry has approved the Society's proposed dividend and honorarium distribution for FY2023 after rectified the FY2022's over-distribution of \$140,000.

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**3 Critical accounting judgements and key sources of estimation uncertainty
(cont'd)**

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of investment property

The Society assesses whether there are any indicators of impairment for investment property at each reporting date. An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

As disclosed in Note 5, the net carrying value of the investment property as at 31 December 2023 is \$4,014,763 (2022: \$4,110,353). The fair value of the investment property as at 31 December 2023 is \$4,400,000 (2022: \$4,350,000). The valuation techniques and significant unobservable inputs used to determine the fair value of the investment property are further explained in Note 5.

Fair value estimation of unquoted investment

As disclosed in Note 8, the investments in co-operative funds of \$2,349,893 (2022: \$2,749,893) that are not quoted in an active market are recorded at par value in the statement of financial position as at 31 December 2023. The Society, as a shareholder are only entitled to redeem their shares at the par value of each investment or the net asset value (“NAV”) based on the last audited financial statements, whichever is lower. NAV is computed in accordance with the Act.

The management determine the par value of the investment in co-operative fund at its initial recognition as its fair value.

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**3 Critical accounting judgements and key sources of estimation uncertainty
(cont'd)**

Key sources of estimation uncertainty (cont'd)

Expected credit loss on loans to members

Management Committee establishes impairment loss on loans to members on a case-by-case basis when it believes that payment of amounts owed is unlikely to occur. In establishing these allowances, Management Committee considers its historical experience and changes to its members' financial positions. If the financial conditions of loans to members were to deteriorate, resulting in impairment of their ability to make the required payments, allowances may be required. The carrying amount of loans to members as at 31 December 2023 and 31 December 2022 is disclosed in Note 10.

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4. Expenditure	General fund 2023 \$	Other funds 2023 \$	Total funds 2023 \$	Total funds 2022 \$
Affiliation fee	857	-	857	886
Annual general meeting expenses	11,038	-	11,038	11,749
Auditor's remuneration	17,000	-	17,000	16,000
Bad debts written off for loan to members (Note 18)	27,435	-	27,435	15,002
Benefit claims	-	151,800	151,800	123,601
Co-operative Seminar Expenses	11,191	-	11,191	-
Co-operative Education & Training Fund	-	240	240	67,941
CPF	28,188	-	28,188	30,132
Depreciation of investment property (Note 5)	95,590	-	95,590	95,589
Depreciation of plant and equipment (Note 6)	4,443	-	4,443	4,108
Depreciation of right-of-use assets (Note 7)	46,100	-	46,100	46,101
Fair value loss with respect to financial assets at FVTPL (Note 8)	-	-	-	1,639,502
General expenses	70,788	-	70,788	34,615
Insurance	13,261	-	13,261	15,474
Interest on specific deposits (Note 17)	130,556	-	130,556	137,183
Internal audit fee	7,920	-	7,920	7,920
Interest expenses - lease liabilities (Note 7)	3,211	-	3,211	5,459
Internet expenses	809	-	809	1,505
IT expenses	114,048	-	114,048	112,356
Loss/(gain) on disposal of financial assets at FVOCI	351,132	-	351,132	(9,813)

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4. Expenditure (cont'd)	General fund 2023 \$	Other funds 2023 \$	Total Funds 2023 \$	Total Funds 2022 \$
Medical fee	677	-	677	1,095
Office cleaning expenses	4,380	-	4,380	4,160
Office rental	5,483	-	5,483	5,316
Overseas Seminar and Expenses	54,915	-	54,915	-
Professional & legal fees	242	-	242	1,500
Postage and telephone charges	2,588	-	2,588	4,242
Printing and stationery	7,263	-	7,263	5,847
Property tax	14,832	-	14,832	16,020
Refreshment	4,997	-	4,997	5,039
Repairs and maintenance	2,038	-	2,038	16,303
Salaries and bonus	229,921	-	229,921	228,292
Scholarship expenses	-	32,297	32,297	29,850
Service charges	10,751	-	10,751	10,657
Skill Development Levy	469	-	469	495
Staff function	10,686	-	10,686	9,635
Transport expenses	57,500	-	57,500	58,437
Water and electricity	4,773	-	4,773	4,513
	1,345,082	184,337	1,529,419	2,756,711

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5 Investment property

	2023	2022
	\$	\$
Cost		
At beginning and end of the year	4,779,480	4,779,480
Accumulated depreciation		
At beginning of the year	669,127	573,538
Depreciation charge	95,590	95,589
At end of the year	764,717	669,127
Net carrying value		
At end of the year	4,014,763	4,110,353

The property rental income earned by the Society from its investment property, which is leased out under operating lease, amounted to \$121,100 (2022: \$95,500). Direct operating expenses arising from the investment property for the financial year amounted to \$15,696 (2022: \$16,877).

Based on the property valuation performed by Roma Appraisals Limited, an external professional valuer, the fair value of the investment property is \$4,400,000 (2022: \$4,350,000). The fair value was determined based on the direct sale comparison with recent transactions of similar properties around the vicinity and elsewhere with appropriate adjustments made between the comparable and subject properties to reflect the differences in size, tenure, location, condition, zoning, prevailing market conditions and all other relevant factors affecting its value. The fair value measurement is categorised in the Level 3 of the fair value hierarchy (Note 26). The significant unobservable inputs used in the valuation model is the selling price per square foot of \$1,928 (2022: \$1,906). Any significant isolated increases/(decreases) in the selling price per square foot will result in a significantly higher/(lower) fair value measurement.

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5 Investment property (cont'd)

The 31 December 2022 valuation reports contain a clause highlighting the reduction in transactional evidence and recent sales information as a result of the market disruption caused by the COVID-19 pandemic. The clause does not invalidate the valuation but highlights that the valuer could not attach as much weight as usual to previous market evidence and there is an increase risk that the price realised in an actual transaction would differ from the value concluded.

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6 Plant and equipment

	Computer equipment \$	Office equipment \$	Furniture and fittings \$	Air- conditioners \$	Total \$
2023					
Cost					
At 1 January 2023	36,569	11,497	93,891	12,464	154,421
Additions	–	1,798	1,561	3,550	6,909
Write-offs	(12,667)	(9,760)	(1,934)	(4,494)	(28,855)
As 31 December 2023	23,902	3,535	93,518	11,520	132,475
Accumulated depreciation					
At 1 January 2023	34,079	11,486	91,203	12,460	149,228
Depreciation charge	2,474	60	1,495	414	4,443
Write-offs	(12,659)	(9,755)	(1,928)	(4,492)	(28,834)
At 31 December 2023	23,894	1,791	90,770	8,382	124,837
Net carrying amount At 31 December 2023	8	1,744	2,748	3,138	7,638
2022					
Cost					
At 1 January and 31 December	36,569	11,497	93,891	12,464	154,421
Accumulated depreciation					
At 1 January 2022	31,380	11,486	89,794	12,460	145,120
Depreciation charge	2,699	–	1,409	–	4,108
At 31 December 2022	34,079	11,486	91,203	12,460	149,228
Net carrying amount At 31 December 2022	2,490	11	2,688	4	5,193

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7 Right-of-use assets and lease liabilities

Nature of the Society's leasing activities

The Society leases its office premise and office equipment from non-related parties. The leases have a tenure of three to five years.

The maturity analysis of the lease liabilities is disclosed in Note 25(b).

Information about leases for which the Society is a lessee is presented below:

Amounts recognised in statement of financial position

	2023	2022
	\$	\$
<i>Carrying amount of right-of-use assets</i>		
Office premise	31,360	73,524
Office equipment	4,592	8,528
	35,952	82,052
Additions to right-of-use assets	-	-
<i>Carrying amount of lease liabilities</i>		
Current	36,691	46,197
Non-current	3,113	40,266
	39,804	86,463

Amounts recognised in statement of comprehensive income

	2023	2022
	\$	\$
<i>Depreciation charge for the financial year</i>		
Office premise	42,164	42,165
Office equipment	3,936	3,936
	46,100	46,101
Interest expense on lease liabilities	3,211	5,459

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7 Right-of-use assets and lease liabilities (cont'd)

Amounts recognised in statement of comprehensive income (cont'd)

During the financial year, total cash flow for leases amounted to \$49,870 (2022: \$49,408).

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Unclaimed dividends under other payables (Note 15) \$	Lease liabilities \$	Total \$
At 1 January 2022	1,500,517	130,412	1,630,929
Changes from financing cash flows:			
- Repayments	-	(43,949)	(43,949)
- Payments of dividend	(491,398)	-	(491,398)
- Interest paid	-	(5,459)	(5,459)
Non-cash changes:			
- Dividends declared	364,990	-	364,990
- Transfer to Common Good Fund (Note 21)	(17,650)	-	(17,650)
- Transfer to Common General Purpose Fund (Note 21)	(3,530)	-	(3,530)
- Interest expense	-	5,459	5,459
At 31 December 2022	1,352,929	86,463	1,439,392

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7 Right-of-use assets and lease liabilities (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities:(cont'd)

	Unclaimed dividends under other payables (Note 15) \$	Lease liabilities \$	Total \$
At 31 December 2022	1,352,929	86,463	1,439,392
Changes from financing cash flows:			
- Repayments	-	(46,659)	(46,659)
- Payments of dividend	(237,457)	-	(237,457)
- Interest paid	-	(3,211)	(3,211)
Non-cash changes:			
- Dividends declared	-	-	-
- Interest expense	-	3,211	3,211
At 31 December 2023	1,115,472	39,804	1,155,276

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8 Financial assets at fair value through profit or loss

	2023	2022
	\$	\$
Balance at beginning of the year	12,119,641	14,268,324
Additions	5,051,875	201,925
Disposals	(5,376,298)	(711,106)
Fair value gain/(loss) with respect to financial assets at FVTPL charged to profit or loss (Note 4)	190,178	(1,639,502)
Balance at end of the year	11,985,396	12,119,641

Financial assets at fair value through profit or loss are analysed as follows:

	2023	2022
	\$	\$
Unquoted investments at fair value:		
- Investments in co-operative funds	2,349,893	2,749,893
Quoted investments at fair value:		
- Unit trusts	9,635,503	9,121,218
- Perpetual securities	-	248,530
	11,985,396	12,119,641

The above investment provides the Society the opportunity for returns through dividend income and fair value gains. The instruments are all mandatorily measured at fair value through profit or loss.

The fair values of the quoted unit trusts and perpetual securities are determined based on the quoted market prices at the reporting date. These instruments are included in Level 1 of the fair value hierarchy.

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8 Financial assets at fair value through profit or loss (cont'd)

Investments in co-operative funds

The Society, as a shareholder are only entitled to redeem their shares at the par value of each investment or the net asset value (“NAV”) based on the last audited financial statements, whichever is lower. NAV is computed in accordance with the Co-operative Societies Act 1979. The Management Committee deemed that the fair value of the unquoted investments should equal to par value. This fair value measurement is categorised in Level 3 of the fair value hierarchy.

9 Financial assets at fair value through other comprehensive income

	2023	2022
	\$	\$
Balance at beginning of the year	17,265,472	19,708,238
Additions	4,050,900	–
Redemption upon maturity	(5,735,976)	(500,000)
Fair value gain/(loss) on financial assets at FVOCI (Note 22)	886,384	(1,942,766)
Balance at end of the year	16,466,780	17,265,472

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9 Financial assets at fair value through other comprehensive income (cont'd)

Financial assets at fair value through other comprehensive income are analysed as follows:

	2023	2022
	\$	\$
<i>Current</i>		
Quoted investments at FVOCI:		
- SGD corporate bonds due in the next twelve months	747,113	4,246,557
<hr/>		
<i>Non-current</i>		
Quoted investments at FVOCI:		
- SGD corporate bonds due in 2024	–	1,230,250
- SGD corporate bonds due in 2025	1,321,380	–
- SGD corporate bonds due in 2026	973,250	941,320
- SGD corporate bonds due in 2027	481,930	460,300
- SGD corporate bonds due in 2028	976,070	944,300
- SGD corporate bonds due in 2030	1,632,212	1,530,737
- SGD corporate bonds due in 2031	4,371,520	4,186,650
- SGD corporate bonds due in 2032	993,000	–
- SGD corporate bonds due in 2033	1,821,740	1,731,800
- SGD corporate bonds due in 2035	2,306,865	1,993,558
- SGD corporate bonds due in 2050	841,700	–
	<hr/> 15,719,667	<hr/> 13,018,915
	<hr/>	
Total financial assets at fair value through other comprehensive income	16,466,780	17,265,472

The bonds earned interest rates ranging from 1.27% to 3.63% (2022: 1.27% to 3.63%) per annum.

The fair values of the quoted debt instruments are determined based on the quoted market prices at the reporting date. These instruments are included in Level 1 of the fair value hierarchy.

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10 Loans made to members

Loans made to members which are repayable as follows:

	2023	2022
	\$	\$
Due within one year (Note 12)	2,345,019	2,344,909
Due within 2 to 5 years	2,970,428	2,980,271
	5,315,447	5,325,180

The movement in loans made to members are as follows:

	2023	2022
	\$	\$
Balance at beginning of the year	5,325,180	5,488,308
Loans made to members	2,841,233	2,808,653
Repayment from members on loans granted	(2,850,966)	(2,971,781)
Balance at end of the year	5,315,447	5,325,180

Loans made to members of the Society carry an interest of 1.00% (2022: 1.00%) per month on reducing balance basis and are receivable by monthly instalments ranges from 12 to 48 months. The amounts of the loans and the repayable terms are determined by Management Committee and are granted in accordance with the By-laws of the Society. In the event that the members default in their repayments, the Society has the right to claim against the subscription capital and specific deposits of the respective member.

Management Committee monitors overdue debts on a monthly basis.

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11 Intangible assets

	Computer software license	
	2023	2022
	\$	\$
Cost		
At beginning and end of the year	256,800	256,800
Accumulated amortisation		
At beginning and end of the year	256,800	256,800
Net carrying amount		
At end of the year	-	-

12 Other receivables

	2023	2022
	\$	\$
Interest receivables	293,910	87,885
Sundry deposits	6,395	6,395
Prepayments	10,569	10,547
Loans made to members (Note 10)	2,345,019	2,344,909
	2,655,893	2,449,736

13 Amounts due from members

	2023	2022
	\$	\$
Subscription capital receivables	8,825	8,450
Specific deposit receivables	8,380	7,180
Loan interest receivables	3,850	3,146
Others	3,656	7,702
	24,711	26,478

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14 Cash and cash equivalents

	2023	2022
	\$	\$
Fixed deposits	12,486,099	9,747,561
Bank and cash balances	1,801,926	776,407
	14,288,025	10,523,968

All fixed deposits mature within 1 year after the reporting date and bear interest rates ranging from 3.78% to 4.00% (2022: 1.03% to 4.40%) per annum.

15 Other payables

	2023	2022
	\$	\$
Unclaimed dividends transferred from dividend account (Note 23)	1,115,472	1,352,929
Unclaimed amounts due to members who had resigned	312,088	251,056
Accrued operating expenses	73,597	68,354
Proposed honorarium to management committee	140,000	140,000
Deposit received	19,500	29,600
	1,660,657	1,841,939

In accordance with Section 13.4(b) of the By-laws of the Society, all dividends declared shall be made available to all members and dividends not claimed shall be classified as other payables.

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16 Central Co-operative Fund

	2023	2023
	\$	\$
Balance at beginning of the year	–	52,733
Contributions made	538,254	–
Payments	–	(2,792)
Overprovision of contribution for Central Co-operative Fund	–	(49,941)
Balance at end of the year	538,254	–

In accordance with Section 71(2) of the Co-operative Societies Act 1979, the Society shall contribute 5% of the first \$500,000 of the surplus before contributions to the Central Co-operative Fund and 20% of the surplus before contributions in excess of \$500,000 either to the Central Co-operative Fund or the Singapore Labour Foundation as the Society may opt. The Society opts to contribute 20% of the surplus before contributions in excess of \$500,000 to the Central Co-operative Fund since 2014.

The Fund is used to further co-operative education, training, research, and audit and for the general development of the co-operative movement in Singapore.

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17 Specific deposits account

	2023	2022
	\$	\$
Balance at beginning of the year	13,763,484	14,011,763
Contributions received and receivable	2,203,998	2,242,745
Interest on specific deposits (Note 4)	130,556	137,183
Withdrawals	(3,047,025)	(2,628,207)
	<hr/>	<hr/>
Balance at end of the year	13,051,013	13,763,484

Specific deposits consist of the minimum monthly deposits of \$10 made by members. Withdrawals which are voluntary, are made for the following specific purposes:

- (a) illness, education, marriage of himself or any of his relative;
- (b) funeral expenses of his relatives;
- (c) payment of insurance premiums, holidays and festival expenses, purchase of land, purchase or renovation of his own residence; and
- (d) any other purpose approved by Management Committee.

Interest on specific deposits is credited every six months on 30 June and 31 December. It is calculated on the lowest balance not below fifty dollars standing to the members' specific deposits credit during the last six months at a rate of 1.00% (2022: 1.00%) per annum.

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18 Deferred income

	2023	2022
	\$	\$
Loan premium collected in advance from members	338,897	322,022

The movement in loan premium collected in advance from members are as follows:

	2023	2022
	\$	\$
Balance at beginning of the year	322,022	335,133
Premium on loans to members received	70,011	62,946
Amortisation to profit or loss	(80,571)	(91,059)
Bad debts written off for loan to members (Note 4)	27,435	15,002
Balance at end of the year	338,897	322,022

19 Subscription Capital

	2023	2022
	\$	\$
Balance at beginning of the year	29,072,176	28,703,795
Subscriptions received and receivable	2,196,607	2,206,017
Withdrawals	(2,370,097)	(1,837,636)
Balance at end of the year	28,898,686	29,072,176

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19 Subscription Capital (cont'd)

A minimum monthly subscription of \$10 is payable by every member except for any member admitted before 31 December 1981, the minimum monthly subscription is \$5.

The membership position is as follows:

	Number of members	
	2023	2022
Balance at beginning of the year	3,426	3,545
Admitted	46	79
Resignations	(246)	(198)
Balance at end of the year	3,226	3,426

20 General reserve fund

	2023	2022
	\$	\$
Balance at beginning and end of the year	5,153,548	5,153,548

Pursuant to Section 70(3) of the Co-operative Societies Act 1979, the Society shall pay into the statutory reserve fund at least 20% of the surplus before contributions during the financial year, provided that when the statutory reserve fund has reached an amount that is equal to 10% of its paid-up subscription capital, the Society may carry 5% of its surplus before contributions to the statutory reserve fund.

With effect from 17 October 2008, pursuant to the Co-operative Societies (Amendment) Act 2008, Section 70 has been repealed.

Based on amended By-laws of the Society approved by the Extraordinary General Meeting held on 21 January 2010, the statutory reserve fund is renamed as general reserve fund. The amount transfer into the general reserve fund for each financial year is decided by Management Committee.

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21 Other funds – designated funds

	Note	Balance at 1 January \$	Income \$	Net funds transfer \$	Transfer from dividend account (Note 23) \$	With- drawals \$	Balance at 31 December \$
2023							
Contingency Fund	a	528,450	–	500,000	–	–	1,028,450
Common Good Fund Common General Purpose Fund	b	41,846	–	350,000	–	(151,800)	240,046
Co-operative Education and Training Fund	c	331,821	–	–	–	–	331,821
Scholarship Fund	d	67,778	–	–	–	(240)	67,538
Learning Journey Fund	e	67,894	4,000	50,000	–	(32,297)	89,597
	f	186	–	–	–	–	186
		1,037,975	4,000	900,000		(184,337)	1,757,638
2022							
Contingency Fund	a	1,009,572	–	(300,000)	–	(181,122)	528,450
Common Good Fund Common General Purpose Fund	b	(152,203)	–	300,000	17,650	(123,601)	41,846
Co-operative Education and Training Fund	c	328,291	–	–	3,530	–	331,821
Scholarship Fund	d	135,719	–	–	–	(67,941)	67,778
Learning Journey Fund	e	93,744	4,000	–	–	(29,850)	67,894
	f	186	–	–	–	–	186
		1,415,309	4,000	–	21,180	(402,514)	1,037,975

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21 Other funds – designated funds (cont'd)

- (a) Contingency Fund is used to finance extraordinary expenses such as the upgrading expansion and development programmes of the Society.
- (b) Common Good Fund is used to provide reliefs and grants to members of the Society and for other similar purposes.
- (c) Common General Purpose Fund is used to enable the Society to organise any social, recreational sporting, educational and other similar activities for members and their families
- (d) Co-operative Education and Training Fund is used to facilitate co-operative education and training for members, staff and members of the Management Committee through participation in training courses, seminars, workshop and conference in and outside Singapore.
- (e) Scholarship Fund is used to award scholarship to deserving children of members.
- (f) The Learning Journey Fund is used to fund the learning journey for the staff.

22 Fair value reserve

	2023	2022
	\$	\$
Balance at beginning of the year - debit	(2,301,641)	(349,062)
Fair value gain/(loss) recognised in other comprehensive income/(loss) with respect to financial assets with FVOCI (Note 9)	886,384	(1,942,766)
Reclassification adjustment on financial assets at FVOCI	351,132	(9,813)
	(1,064,125)	(2,301,641)

Fair value reserve represents the cumulative net change in the fair values of financial assets at FVOCI.

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23 Dividends

	2023	2022
	\$	\$
1.25% of final dividend declared for the previous financial year	–	364,990
Transfer to Common Good Fund (Note 21)	–	(17,650)
Transfer to Common General Purpose Fund (Note 21)	–	(3,530)
	–	343,810
Unclaimed dividends included in other payables at beginning of the year (Note 15)	1,352,929	1,500,517
Unclaimed dividends included in other payables at end of the year (Note 15)	(1,115,472)	(1,352,929)
	237,457	491,398
Cash payments	237,457	491,398

At the Annual General Meeting held on 23 June 2022, the members approved the payment of a dividend of \$364,990 in respect of the previous financial year ended 31 December 2021.

The amount of dividends paid is based on the subscription capital as at date the dividends are paid. In accordance with Section 13.4(b) of the By-laws of the Society, all dividends declared shall be made available to all members and dividends not claimed shall be classified as other payables.

Transfers to Common Good Fund and Common General Purpose Fund are based on amounts approved by members during the Annual General Meeting.

The Management Committee has proposed a final dividend of 2.50% plus a special dividend of 1.50% totalling 4.00%, approximately of \$1,156,000 to be paid for the financial year ended 31 December 2023. This dividend is subject to approval by members at the forthcoming Annual General Meeting. These financial statements do not reflect this dividend payable, which will be accounted for as an appropriation surplus in the financial year ended 31 December 2023.

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24 Lease commitments

Where the Society is a lessor

The Society leases out its investment property to non-related parties under non-cancellable operating leases.

The future undiscounted lease receivables under non-cancellable operating leases contracted for at the end of the financial year, but not recognised as receivables, are as follows:

	2023	2022
	\$	\$
Not later than one year	84,250	135,600
Later than one year but not later than five years	54,000	119,000
Total undiscounted lease income	138,250	254,600

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25 Financial instruments

(a) Categories of financial instruments

Financial instruments at their carrying amounts at the end of financial year are as follows:

	2023	2022
	\$	\$
<i>Financial assets</i>		
Financial assets at amortised cost:		
Loans made to members	5,315,447	5,325,180
Other receivables	300,305	94,280
Amounts due from members	24,711	26,478
Cash and cash equivalents	14,288,025	10,523,968
	19,928,488	15,969,906
Financial assets at fair value through profit or loss	11,985,396	12,119,641
Financial assets at fair value through other comprehensive income	16,466,780	17,265,472
	48,380,664	45,355,019
<i>Financial liabilities</i>		
Other payables	1,660,657	1,841,939
Central Co-operative Fund	538,254	–
Specific deposits account	13,051,013	13,763,484
Lease liabilities	39,804	86,463
	15,289,728	15,691,886
Financial liabilities at amortised cost	15,289,728	15,691,886

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25 Financial instruments (cont'd)

(b) Financial risk management

The Society's activities expose it to foreign exchange risk, credit risk, interest rate risk, market price risk and liquidity risk. The overall risk management is determined and carried out by Management Committee.

Foreign exchange risk

The Society has no significant exposure to foreign exchange risk as all of its transactions are in Singapore dollar.

The sensitivity analysis for foreign exchange is not disclosed as the effect on profit or loss/other comprehensive income is considered not significant.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Society. At the reporting date, the Society has no significant concentrations of credit risk except for certain financial assets and cash and cash equivalents which are placed with reputable financial institutions. The maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

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25 Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

The following sets out the Society's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due months	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL – credit-impaired
There is evidence indicating that the Society has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Society compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Society considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

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25 Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Significant increase in credit risk (cont'd)

In particular, the Society considers whether an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating when assessing whether the credit risk has increased significantly since initial recognition.

The Society regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure criteria are capable of identifying significant increase in credit risk before the amount become past due.

Regardless of the evaluation of the above factors, the Society presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Society has reasonable and supportable information that demonstrates otherwise.

The Society also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal, or the financial asset has a low risk of default; the member has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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25 Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Definition of default

The Society considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- When member has not fulfilled his obligations to repay his loan, after the member has resigned;
- Information obtained from external sources (e.g. debt collector) indicates that the member is unlikely to pay his outstanding loan; and
- 1st and 2nd letter of demand has been sent out to the member (with/without compounding interest).

Irrespective of the above analysis, the Society considers that default has occurred when a financial asset is more than 30 days past due unless the Society has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the member is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

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25 Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

The expected credit loss for financial assets at amortised cost are immaterial as at 31 December 2023 and 31 December 2022. The historical loss rate on loans to members are not material.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Society's financial instruments will fluctuate because of changes in market interest rates. The Society's exposure to interest rate risk arises primarily from its financial assets at fair value through other comprehensive income, fixed deposits held with financial institutions, loans made to members and specific deposits account. The Society adopts a policy of constantly monitoring movements in interest rates to ensure that these financial assets and liabilities are maintained at favourable rates.

At the reporting date, financial assets at fair value through other comprehensive income, fixed deposits, loans made to members and specific deposits account are at fixed rates of interest, which expose the Society to fair value interest rate risk (i.e. the risk that the fair value of a financial instrument will fluctuate due to changes in market rates).

The sensitivity analysis for financial assets and liabilities at variable rates is not disclosed as the effect on profit or loss is considered not significant.

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25 Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Society's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Society is exposed to changes in market prices arising from its quoted investments. These instruments are classified as financial assets at fair value through profit or loss/other comprehensive income.

At the reporting date, if the price of the quoted investments had been 5% (2022: 5%) higher/lower with all other variables held constant, the Society's funds would have been \$1,305,114 (2022: \$1,331,761) higher/lower, arising as a result of an increase/decrease in the fair value of the quoted investments classified as financial assets at fair value through profit or loss/other comprehensive income.

Liquidity risk

Management Committee exercises prudent liquidity risk management policies and aims to maintain an adequate level of liquidity and cash flow at all times.

The financial liabilities of the Society as presented in the statement of financial position are due within twelve months from the reporting date and approximate the contractual undiscounted repayment obligations.

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25 Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Liquidity risk (cont'd)

The table below summarises the maturity profile of the Society's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

	Repayable on demand or within 1 year \$	Repayable within 2 to 5 years \$	Total \$
2023			
Other payables	1,660,657	–	1,660,657
Central Co-operative Fund	538,254	–	538,254
Specific deposits account	13,051,013	–	13,051,013
Lease liabilities	38,013	3,173	41,186
	15,287,937	3,173	15,291,110
2022			
Other payables	1,841,939	–	1,841,939
Specific deposits account	13,763,484	–	13,763,484
Lease liabilities	49,408	41,186	90,594
	15,654,831	41,186	15,696,017

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26 Fair value of financial instruments

(a) Fair value hierarchy

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

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

(b) Fair value measurements of assets and liabilities that are measured at fair value

The following table presents the level of fair value hierarchy for each class of financial instruments measured at fair value on the statement of financial position at the reporting date:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
2023				
Assets				
Financial assets at fair value through profit or loss				
- Quoted unit trusts	9,635,503	-	-	9,635,503
- Investment in co-operative funds	-	-	2,349,893	2,349,893
Financial assets at fair value through other comprehensive income				
- Quoted debt instruments	16,466,780	-	-	16,466,780
	26,102,283	-	2,349,893	28,452,176

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26 Fair value of financial instruments (cont'd)

(b) Fair value measurements of assets and liabilities that are measured at fair value (cont'd)

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
2022				
Assets				
Financial assets at fair value through profit or loss				
- Quoted unit trusts	9,121,218	-	-	9,121,218
- Investment in co-operative funds	-	-	2,749,893	2,749,893
- Perpetual securities	248,530	-	-	248,530
Financial assets at fair value through other comprehensive income				
- Quoted debt instruments	17,265,472	-	-	17,265,472
	26,635,220	-	2,749,893	29,385,113

The fair values of financial instruments traded in active markets classified under financial assets at fair value through profit or loss/other comprehensive income are based on quoted closing prices on the last market day of the financial year. These instruments are included in the Level 1 of the fair value hierarchy.

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26 Fair value of financial instruments (cont'd)

(c) Assets not carried at fair value but which fair value is disclosed

	Carrying amount \$	Fair value measurements at reporting date		
		← Level 1 \$	Level 2 \$	→ Level 3 \$
2023				
Assets				
Investment property	4,014,763	–	–	4,400,000
<hr/>				
2022				
Assets				
Investment property	4,110,353	–	–	4,350,000
<hr/>				

The basis of determination of fair value of the investment property for disclosure at the reporting date is disclosed in Note 5.

The above does not include financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

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27 Related party transactions

- a) In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Society and its Management Committee (who are also members of the Society) in the ordinary course of its principal activities by:

	2023	2022
	\$	\$
Interest income from specific deposits	1,734	1,916
Specific deposits contributed by the Management Committee who are members of the Society	12,330	16,740
Specific deposits withdrawn	61,957	41,191
Interest expenses charged for the loan granted	1,932	2,651
Dividend disbursed to members of the Society	–	1,793
	–	1,793

- b) Key management personnel compensation

Total key management personnel compensation is analysed as follows:

	2023	2022
	\$	\$
Honorarium	140,000	140,000
Meeting allowances	26,460	32,880
Transportation allowances	24,023	23,495
	190,483	196,375

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28 Fund management

The Society's objective when managing its funds are to safeguard and to maintain adequate working capital to continue as going concern and to develop its principal activities over the longer term. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2023 and 31 December 2022.

The Society has complied with externally imposed capital requirements for the financial years ended 31 December 2023 and 31 December 2022.

29 Authorisation of financial statements

The financial statements of the Society for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution of Management Committee dated 29 May 2024.

**Minutes of the 92nd Annual General Meeting of Singapore Mercantile
Co-operative Society Ltd held Virtually at
Blk 86 Marine Parade Central, Singapore 440086
on Friday, 23 June 2023 at 6.00pm.**

By Proxy Attendance: 179 Members (One hundred & Seventy-nine Members)

Opening Speech by the Chairman:

The Society's Chairman sent his greetings to COM Members, Co-op Representatives and Members.

The Chairman with deep regrets informed that the Hon Treasurer, Ms Jackie Tan Jiak Seng has recently passed on, on 20th June 2023. He and the COM offered their deepest condolences to her family.

A minute of silence was observed to honour and showed their respect to late Ms Jackie Tan Jiak Seng.

The Chairman announced that due to global economic situation, the Society reported a net loss of S\$348,808 for the financial year 2022. However, the net loss position was primarily due to the financial assets which were marked to market (unrealized loss or paper loss) affected by global economic situation.

The Chairman informed that the COM had made an appeal for a waiver to declare dividend. Unfortunately, the Registrar was unable to support COM's request as the Co-operative Societies Act does not allow the Society to declare dividend when there was a net loss for the financial year 2022.

The Chairman also announced that the COM would like to inform all members that the Society had sold the shares in NTUC Choice Homes Co-operative Ltd to Mercatus Co-operative Ltd due to NCH's liquidation. This may contribute to Society's surplus in financial year 2023 and allow to declare and able to give dividends again, if there are no major drawback.

The COM appreciates the members understanding and seek their continued support.

The Society would try to achieve better in financial year 2023.

The Chairman proceeded with the following agenda:

1. To confirm the Minutes of the 91st Annual General Meeting held on 23 June 2022

Minutes of the 91st Annual General Meeting held on 23rd June 2022 having been read and confirmed.

The following voted: FOR - 179
AGAINST - 0
ABSTAIN - 0

The resolution was declared passed and approved.

2. To receive the Report of Committee of Management for the year ended 31st December 2022

The Report of Committee of Management for the year ending 31st December 2022.

The following voted: FOR - 179
AGAINST - 0
ABSTAIN - 0

The resolution was declared passed and approved.

3. To adopt the Audited Financial Statements for the Financial year ended 31st December 2022

The Audited Statement of Accounts for 2022 as presented by the External Auditors Baker Tilly TFW LLP Certified Public Accountants having been read and confirmed and have no adverse report. The report was also seen by the Society's Audit Committee.

The following voted: FOR - 179
AGAINST - 0
ABSTAIN - 0

The resolution was declared passed and approved.

- 4(i) To approve the payment of Honoraria to Chairman, Vice Chairman, Hon Secretary, Asst Hon Secretary, Hon Treasurer, Asst Hon Treasurer and Committee Members as shown in accordance with Section 64(1) of the Co-operative Societies Act, (Cap 62)**

The above motion was unanimously approved and adopted.

The following voted: FOR - 179
AGAINST - 0
ABSTAIN - 0

The resolution was declared passed and approved.

- 5. To consider and, if approved, to adopt the Estimated Expenditure for 2024 (Appendix 1)**

The Estimate of Expenditure for 2024 was unanimously adopted as follows: -

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ESTIMATE OF EXPENDITURE	SUPPLEMENTARY		
	2023 S\$	2023 S\$	2024 S\$
1. Annual Function –Dinner & Dance		40,000	40,000
2. Annual General Meeting Expenses		60,000	60,000
3. Auditor Remuneration – External	2,000	14,000	16,000
Internal		8,000	8,000
4. Administration Cost		3,000	3,000
5. Affiliation Fee		2,200	2,200
6. Amortization of Intangible Assets		60,000	60,000
7. CPF & SDF Contributions		55,000	55,000
8. Computer Bureau Service Expenses	5,000	113,000	118,000
9. Co-operative Seminar		40,000	40,000
10. Computer Software & Hardware		60,000	60,000
11. Depreciation on Property, Plant & Equipment		170,000	170,000
12. Extra-Ordinary Gen Meeting Expenses		15,000	15,000
13. General Expenses		52,000	52,000
14. GST Payment		5,000	5,000
15. Insurance		35,000	35,000
16. Interest on Specific Deposit	120,000	200,000	320,000
17. Maintenance of Office Equipment		10,000	10,000
18. Medical Expenses		20,000	20,000
19. Office Rent	2,000	50,000	52,000
20. Office Cleaning Expenses	600	4,000	4,600
21. Other C/Members' Transport Reimbursement/Meeting Attendance		65,000	65,000
22. Postages & Telephone Charges		15,000	15,000
23. Printing & Stationeries		10,000	10,000
24. Professional & Legal Fees		15,000	15,000
25. Property Tax		17,000	17,000
26. Refreshments		7,000	7,000
27. Salaries & AWS	50,000	300,000	350,000
28. Service Charges		20,000	20,000
29. Staff Function		12,000	12,000
30. Souvenir Gifts to Members		115,500	115,500
31. Utilities		8,000	8,000
32. WOCCU/ACU/ICA Expenses		100,000	100,000
Total:	179,600	1,700,700	1,880,300

5. To consider and, if approved, to adopt the Estimate of Expenditure for 2024 (Appendix 1) (cont'd)

The following voted: FOR - 179
AGAINST - 0
ABSTAIN - 0

The resolution was declared passed and approved.

6. To approve a borrowing limit of \$50 million from members' deposit in accordance with Section 68(2) of the Co-operative Societies Act, (Cap 62)

The above resolution was unanimously adopted.

The following voted: FOR - 179
AGAINST - 0
ABSTAIN - 0

The resolution was declared passed and approved.

7. To write-off bad debts amounting to S\$15,002.08

The Management Committee had endorsed to write off the bad debts of \$15,002.08. The Management Committee and the Loan Default Committee will do their due diligence to recover the defaulted loans.

The following voted: FOR - 178
AGAINST - 1
ABSTAIN - 0

The resolution was declared passed and approved.

8. To report the Restricted Investments and Performance for the year ending 31 December 2022 (Appendix A1)

The Committee of Management resolves to seek members' approval for the Society to invest up to 30% of the Society's total assets in restricted investments for a period of 3 years. After which, the Committee of Management will seek approval from the Registrar of Co-operative Societies.

As at 31 December 2022, the Society's total assets were \$49,563,164 and restricted investments were \$13,621,301 or 27.48% of total assets.

As at 31 December 2021, the Society's total assets were \$52,959,223 and restricted investments were \$15,865,573 or 29.96% of total assets.

Restricted Investment Performance

		As at 31 Dec 2022	For FY 2022	As at 31 Dec 2021	For FY 2021
	Assets Class	Invested Amount \$	Income \$	Invested Amount \$	Income \$
(a)	Investment Property 171/171A Joo Chiat Road	4,110,353	95,500	4,205,942	72,000
(b)	Corporate Bonds	248,530	12,500	506,645	24,250
(c)	Structured Products/Deposits	0	0	0	0
(d)	Shares listed on SGX	0	0	0	0
(e)	Unit Trusts	9,121,218	328,398	11,011,786	406,436
(f)	Shares in other co-operatives (acquired in 2012)	141,200	8,472	141,200	8,472
	Total Restricted Investments (A)	13,621,301		15,865,573	
	Total Assets (B)	49,563,164		52,959,223	
	Restricted Investments as % of Total Assets (A/B)	27.48%		29.96%	
	Total Returns from Restricted Investments		444,870		511,158
	Returns from Restricted Investments as %		3.27%		3.22%

8. To report the Restricted Investments and Performance for the year ending 31 December 2022 (Appendix A1) (cont'd)

Non-Restricted Investment Performance

		As at 31 Dec 2022	For FY 2022	As at 31 Dec 2021	For FY 2021
	Assets Class	Invested Amount \$	Income \$	Invested Amount \$	Income \$
(a)	Statutory Board/SGS Bond	17,265,472	441,228	19,708,238	550,764
(b)	Shares in other Co-operative	2,608,693	150,924	2,608,693	150,924
(c)	Fixed Deposits	9,747,561	122,418	6,849,911	46,307
(d)	Cash & Cash Equivalents	776,407	1,197	2,245,399	829
	Total	30,398,133	715,767	31,412,241	748,824
	Returns from Non-Restricted Investments as %		2.35%		2.38%

Restricted Investments, at 30% of total assets of \$49,563,164 as at 31 December 2022, would be \$14,868,949. The Restricted Investments Plan for a period of 3 years would be as follows:

Restricted Investments		Allocation (%)
a	Investment Property	0% - 30%
b	Corporate Bonds	0% - 25%
c	Shares listed on SGX	0% - 10%
d	Unit Trusts	0% - 50%
e	Shares in other co-operatives (acquired in 2012)	0% - 5%
Total		100%

8. To report the Restricted Investments and Performance for the year ending 31 December 2022 (Appendix A1) (cont'd)

With the proposed investment plan, the Committee of Management hopes to generate annual returns of at least 2% to 3%.

All investments transactions are approved by the Investment Committee and Committee of Management.

The above resolution was voted by proxy with: FOR - 179
AGAINST - 0
ABSTAIN - 0

It was unanimously declared the Resolution passed and approved.

9. To approve the proposed amendments to the By-laws of the Co-operative

The above motion was unanimously approved and adopted.

The following voted: FOR - 179
AGAINST - 0
ABSTAIN - 0

The resolution was declared passed and approved.

10. To re-appoint Baker Tilly TFW LLP Public Accountants and Chartered Accountants as external auditors of the Co-operative for Year 2023 and to authorize the Committee of Management to fix their remuneration

The above motion was unanimously approved and adopted.

The following voted: FOR - 179
AGAINST - 0
ABSTAIN - 0

The resolution was declared passed and approved.

11. To re-appoint Royal Management Services (S) Pte Ltd as internal auditors of the Co-operative for Year 2023

The above motion was unanimously approved and adopted.

The following voted: FOR - 179
AGAINST - 0
ABSTAIN - 0

The resolution was declared passed and approved.

12. To Elect Four (4) Members to Serve on the Committee of Management

The Chairman announced that at the closed of nomination on 9th June 2023, four (4) nominations for (4) positions were received at 11.00am by Presiding Officer Mr Chua Tian Teck were returned unopposed.

The Society's Chairman declared that there were only 4 candidates contending for 4 positions in the Management Committee mentioned below were returned unopposed and duly elected in the Management Committee for year 2023/2024.

- | | | | |
|----|----------|-----------------------|--------|
| 1. | RN 14313 | Tan Jiak Seng | GR 669 |
| 2. | RN 13505 | D' Silva Gregory | GR 669 |
| 3. | RN 13006 | Ng Kim Seng | GR 669 |
| 4. | RN 22825 | Richard Kho Hock Guan | GR 669 |

The above agenda was approved: FOR - 179
AGAINST - 0
ABSTAIN - 0

It was unanimously declared passed and approved.

The Chairman thanked the members present for their relentless support.

13. To transact any other business of which at least three days' notice in writing shall have been given to the Hon Secretary

The Chairman indicated that the Society's Hon Secretary has not received any letter within the 3 days' notice.

The above resolution was voted by proxy with: FOR - 179
AGAINST - 0
ABSTAIN - 0

The Chairman announced that Agenda 1 to 13 resolution was unanimously passed and approved

14. Termination

The Chairman in conclusion speech thanked the members for their continued support.

The meeting was officially called to close at 1820hrs.

Victor Pang Koon Seah PBM
Chairman

S Rathakrishnan
Hon Secretary

Minutes recorded by Mdm Cheng Siew Juan

**SINGAPORE MERCANTILE CO-OPERATIVE
SOCIETY LIMITED**

ESTIMATE OF EXPENDITURE	SUPPLEMENTARY		
	2024 S\$	2024 S\$	2025 S\$
1 Annual Function - Dinner & Dance		40,000	40,000
2 Annual General Meeting Expenses		60,000	60,000
3 Auditor Remuneration - External	2,000	16,000	18,000
- Internal		8,000	8,000
4 Administration Cost		3,000	3,000
5 Affiliation Fee		2,200	2,200
6 Amortization of intangible assets		60,000	60,000
7 CPF & SDF Contributions	5,000	55,000	60,000
8 Computer Bureau Service Expenses		118,000	118,000
9 Co-operative Seminar		40,000	40,000
10 Computer Software & Hardware		60,000	60,000
11 Depreciation on Property, Plants & Equipments		170,000	170,000
12 Extra-Ordinary Gen Meeting Expenses		15,000	15,000
13 General Expenses		52,000	52,000
14 GST Payment		5,000	5,000
15 Insurance		35,000	35,000
16 Interest on Specific Deposit		320,000	320,000
17 Maintenance of Office Equipment		10,000	10,000
18 Medical Expenses		20,000	20,000
19 Office Rent	2,000	52,000	54,000
20 Office Cleaning Expenses		4,600	4,600
21 Other C/Members' Tpt Reimbursement/ Meeting Expenses		65,000	65,000
22 Committee Members' Allowances	158,400	-	158,400
23 Postages & Telephone Charges		15,000	10,000
24 Printing & Stationeries		10,000	10,000
25 Professional & Legal Fees		15,000	15,000
26 Property Tax		17,000	17,000
27 Refreshments		7,000	7,000
28 Salaries & AWS		350,000	350,000
29 Service Charges		20,000	20,000
30 Staff Functions	2,000	12,000	14,000
31 Souvenir Gifts to Members		115,500	115,500
32 Utilities		8,000	8,000
33 WOCCU/ACU/ICA Expenses		100,000	100,000
Total	169,400	1,880,300	2,044,700

**SINGAPORE MERCANTILE CO-OPERATIVE
SOCIETY LIMITED**

On 23 June 2023, the members have given approval for the Society to invest up to 30% of its total assets in restricted investments, for a period of 3 years.

The Registrar has also given approval for the 30% limit, for 3-year period from 04 July 2023 to 30 June 2026.

The Committee of Management would like to report on the investment performance as follows:

As at 31 December 2023, the Society's total assets were \$52,449,586 and restricted investments were \$13,791,466 or 26.29% of total assets.

As at 31 December 2022, the Society's total assets were \$49,563,164 and restricted investments were \$13,621,301 or 27.48% of total assets.

Restricted Investment Performance

		As at 31 Dec 2023	For FY 2023	As at 31 Dec 2022	For FY 2022
	Assets Class	Invested Amount \$	Income \$	Invested Amount \$	Income \$
(a)	Investment Property 171/171A Joo Chiat Road	4,014,763	121,100	4,110,353	95,500
(b)	Corporate Bonds	0	12,500	248,530	12,500
(c)	Structured Products/Deposits	0	0	0	0
(d)	Shares listed on SGX	0	0	0	0
(e)	Unit Trusts	9,635,503	342,388	9,121,218	328,398
(f)	Shares in other co-operatives (acquired in 2012)	141,200	0	141,200	8,472
	Total Restricted Investments (A)	13,791,466		13,621,301	
	Total Assets (B)	52,449,586		49,563,164	
	Restricted Investments as % of Total Assets (A/B)	26.29%		27.48%	
	Total Returns from Restricted Investments		475,988		444,870
	Returns from Restricted Investments as %		3.45%		3.27%

**SINGAPORE MERCANTILE CO-OPERATIVE
SOCIETY LIMITED**

Non-Restricted Investment Performance

		As at 31 Dec 2023	For FY 2023	As at 31 Dec 2022	For FY 2022
	Assets Class	Invested Amount \$	Income \$	Invested Amount \$	Income \$
(a)	Statutory Board/SGS Bond	16,466,780	396,121	17,265,472	441,228
(b)	Shares in other Co-operative	2,208,693	19,954	2,608,693	150,924
(c)	Fixed Deposits	12,486,099	445,609	9,747,561	122,418
(d)	Cash & Cash Equivalents	1,081,926	6,795	776,407	1,197
	Total	32,243,498	868,479	30,398,133	715,767
	Total Returns from Non-Restricted Investments as %		2.69%		2.35%

Restricted Investments, at 30% of total assets of \$52,449,586 as at 31 December 2023, would be \$15,734,876. The Restricted Investments Plan for a period of 3 years would be as follows:

Restricted Investments		Allocation (%)
a	Investment Property	0% - 30%
b	Corporate Bonds	0% - 25%
c	Shares listed on SGX	0% - 10%
d	Unit Trusts	0% - 50%
e	Shares in other co-operatives (acquired in 2012)	0% - 5%
Total		100%

With the proposed investment plan, the Committee of Management hopes to generate annual returns of at least 2% or 3%.

All investments transactions are approved by the Investment Committee and Management Committee.

**SINGAPORE MERCANTILE CO-OPERATIVE
SOCIETY LIMITED**

Block 86, Marine Parade Central #03-216
Singapore 440086

**STANDING ORDERS FOR GENERAL MEETINGS
As Approved by the General Meeting - 18.08.1965**

1. **CHAIRMAN:**

The president of the Society for the time being shall take the Chair and formally open the business of the Meeting. In the absence of the President, a Vice-President or the Chairman of the Society, shall preside at the Annual General Meeting, and in his absence the choice of a Chairman shall be the responsibility of the members attending.

2. **MINUTES:**

The minutes of the previous annual general meeting may be circulated or be read by the Secretary at the annual general meeting. No debate or discussion shall be allowed on the Minutes except in regard to their accuracy.

3. **SPEAKERS:**

Every member shall address the Chair and address the Chairman as "Mr Chairman". When more than one member rise to speak, the first to rise shall be given precedence, the decision resting with the Chairman.

4. **CHAIRMAN'S RULING:**

The ruling of the Chairman on any question under the Standing Orders shall be final.

5. **INTERRUPTION:**

If any member interrupts another who is addressing the meeting, or used abusive or profane language, or causes disturbances at any of the meetings and refuses to obey the Chairman when called to order, he shall be named by the Chairman, and shall be asked to leave the room and he shall not be able to enter again until he has given an apology satisfactory to the Chairman.

6. **SPEECHES:**

A member shall not speak except in reference to a motion nor speak twice on one subject unless he be the mover of an Original Motion when he shall have the right to reply. But on an amendment being moved, any member, even though he has spoken on the original motion, may speak again on the amendment. The time allowed for making any such speech, shall not exceed the following limits:-

For moving a motion or amendment of which notice has been given	5 minutes
Any discussion	3 minutes
A reply by the mover of a motion	5 minutes

Provided that the Chairman may at his discretion rule a speaker out of order, or grant an extension of time.

7. **MOTIONS AND AMENDMENTS:**

The first Proposition on any particular subject shall be known as the Original Motion, and all succeeding propositions shall be called amendments. Every motion must be moved and seconded by two members before they can be discussed. When an amendment is moved to an original motion no further amendment shall be discussed until the first amendment is disposed of. Notice of any further amendment must be given before the first amendment is put to the vote.

8. **SUBSTANTIVE MOTIONS:**

If an amendment is carried, it displaces the Original Motion and itself becomes the substantive motion whereupon any further amendment relating to any portion of the substantive motion may be moved, provided it is consistent with the business and has not been covered by an amendment or motion which has been previously rejected. After the vote on each succeeding amendment has been taken the surviving proposition shall be put to the vote as the main question, and if carried shall then become the resolution of the general meeting.

9. **RIGHT OF REPLY:**

The mover of the Original Motion shall have the right to reply at the close of the debate upon such motion. When an amendment is moved he shall be entitled to speak thereon, and at the close of the debate on such amendment shall reply to the discussion, but shall introduce on new matter. The question then shall be put to the vote immediately and no further discussion shall be allowed once the question has been put from the Chair. The mover of an amendment shall not be entitled to reply.

10. **VOTING:**

Voting shall be by show of hands unless a ballot is called for by the majority of members present.

11. **CLOSURE:**

The motion for the next business, or the closure, may be moved and seconded only by members who have not previously spoken at any time during the debate. No speeches shall be allowed on such motions. In the event of the closure being carried, the mover of the Original Motion shall have the right to reply before the question is put.

INVITATION

Why? don't you invite your friends to join as Members of the Society and to be a partner in progress.

Benefits

1. Compulsion to save regularly
2. Annual Dividend
3. Specific Deposit Savings
4. Convenient Loan facilities
5. Funeral Grants - On death of father, mother, husband or wife and children
6. Grant to registered Nominee - On death of a Member
7. Valuable Co-operative Training
8. Social Functions
9. Scholarship Grants to members' children
10. Speedy Payment of all monies due on death, retirement or on medical grounds
11. Hospitalisation and Retirement Grants
12. Participation in Non-Profit organisation
13. Co-owner of the Society
14. Satisfaction in helping one another

THE MORE MEMBERS MEAN, THE GREATER THE CAPITAL, THE BETTER THE BENEFITS FOR EVERY MEMBER, SO, WHY NOT PLAY YOUR PART FOR THE PROMOTION OF YOUR OWN HAPPY LIFE AND THE LIVES OF OTHERS?

**SERVICE FOR EVERYBODY IN THE COMMERCIAL FIELD
WITH YOUR FRIEND - THE MERCANTILE CO-OP**

**THE ULTIMATE WORTH OF
MAN IS HIS SERVICE TO HIS FELLOWS**