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Corporate Information

President
MR HOONG WEE TECK

1st Vice-President
MR TEO CHUN CHING (stepped down on 18 June 2018)
MR CHRISTOPHER NG (from 18 June 2018)

2nd Vice-President
MS TAN WEI GOON WINNIE

Board of Directors

Chairman	Mr Christopher Ng (stepped down on 5 June 2018) Mr Moh Tser Loong Alvin (from 5 June 2018)
Vice-Chairman	Mr Loy Chye Meng (stepped down on 5 June 2018) Mr Koh Wei Keong (new – appointed on 5 June 2018)
Secretary	Mr Tan Chia Han (stepped down on 5 June 2018) Mr Chong Huat Suang Alvin (from 5 June 2018)
Treasurer	Mr Loh Jee Cheong (stepped down on 5 June 2018) Ms Ng Ee Fong Evon (from 5 June 2018)
Asst Secretary	Mr Chong Huat Suang Alvin (up to 5 June 2018) Mr Chong Zunjie (new – appointed on 5 June 2018)
Asst Treasurer	Ms Ng Ee Fong Evon (up to 5 June 2018) Mr Chan Liang Hua Leon (new – appointed on 5 June 2018)
Board Members	Mr Balakrishnan Anbarasan Mr Cheong Sin Ee Alfred (co-opted on 28 August 2018) Ms Chong Hung Li Grace Mr Chua Chee Wai (new – elected on 5 June 2018) Mr Chua Chuan Seng Mr Gong Wai Liat Ken (new – elected on 5 June 2018) Mr Lee Chin Ek Mr Lim Chin Tiak (stepped down on 5 June 2018) Mr Samad Bin Halil (stepped down on 28 August 2018) Mr Soh Buck Nguan Bernard Mr Teo Hoon San

External Auditors
P G Wee Partnership LLP
79 Anson Road #07-03
Singapore 079906

Internal Auditors (Members) (up to May 2018)
Mr Ching Yeow Boon
Mr Tan Tee Peng

Corporate Information

a) Investment and Loans Committee

Task: To strategise and provide oversight so that the Co-operative continues to meet profit targets and regulatory requirements for its capital adequacy and liquidity ratios.

Chairman: Mr Lim Chin Tiak (up to 5 June 2018)
Mr Chan Liang Hua Leon (from 5 June 2018)
Members: Ms Chong Hung Li Grace
Mr Chua Chee Wai (from 5 June 2018)
Ms Ng Ee Fong Evon (up to 5 June 2018)
Mr Teo Hoon San

b) Audit Committee

Task: To oversee the Co-operative's accounting & operational policies and procedures.

Chairman: Mr Moh Tser Loong Alvin (up to 5 June 2018)
Mr Chua Chuan Seng (member to Chairman from 5 June 2018)
Members: Ms Chong Hung Li Grace (from 5 June 2018)
Mr Ken Gong Wai Liat (from 5 June 2018)
Mr Samad Bin Halil (up to 5 June 2018)

c) Remuneration Committee

Task: To set personnel and remuneration policies.

Chairman: Mr Loy Chye Meng (up to 5 June 2018)
Mr Koh Wei Keong (from 5 June 2018)
Members: Mr Chong Zunjie (from 5 June 2018)
Mr Lim Chin Tiak (up to 5 June 2018)
Mr Loh Jee Cheong (up to 5 June 2018)
Mr Tan Chia Han (up to 5 June 2018)
Mr Soh Buck Nguan Bernard (from 5 June 2018)

d) Membership & Well-Being Committee

Task: To strategise and provide oversight on the Co-operative's efforts to retain current members and recruit new members.

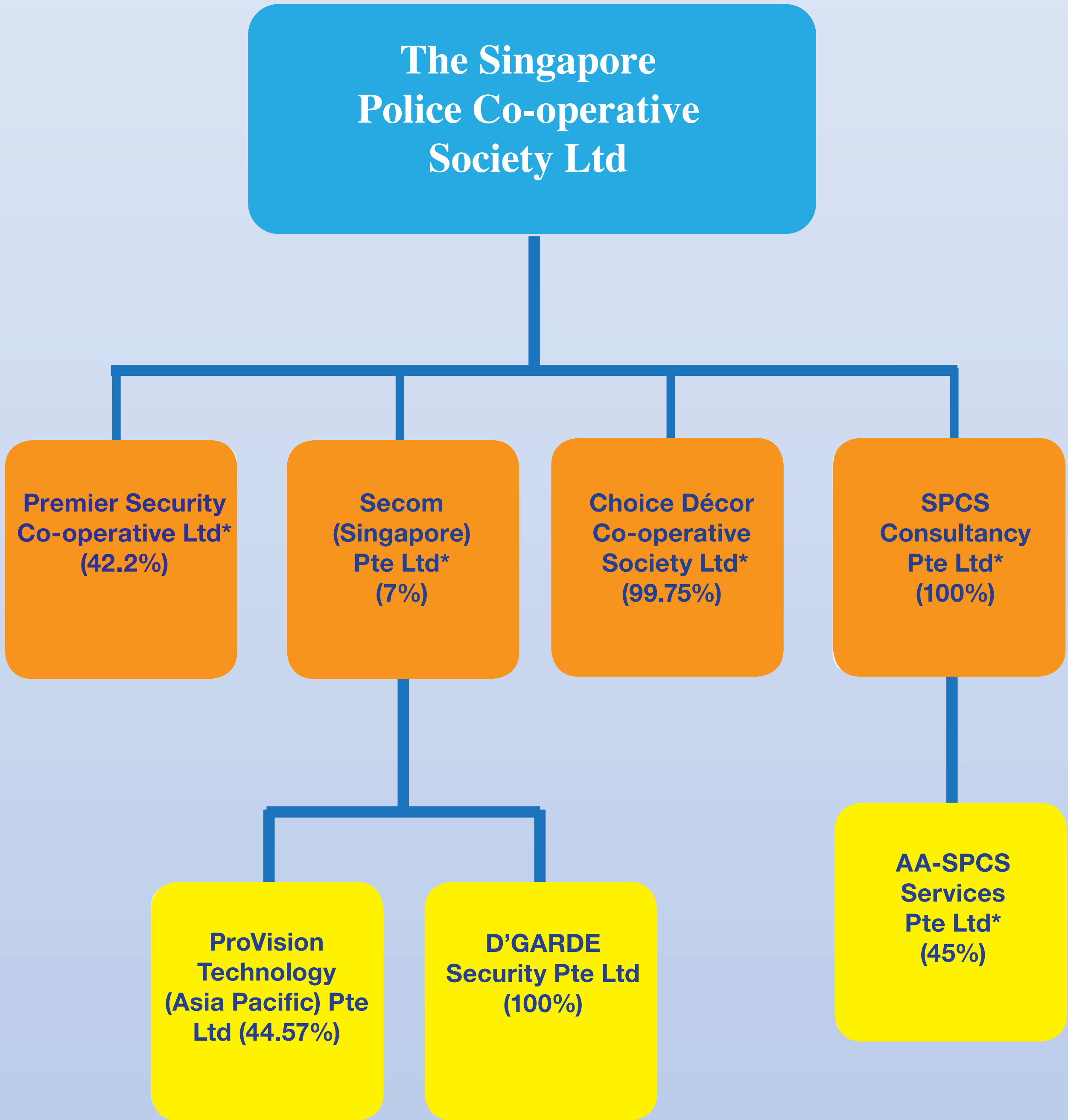
Chairman: Mr Chong Huat Suang Alvin (up to 5 June 2018)
Mr Chong Zunjie (from 5 June 2018)
Members: Mr Balakrishnan Anbarasan
Mr Samad Bin Halil (up to 28 August 2018)
Mr Soh Buck Nguan Bernard
Mr Teo Hoon San

e) Editorial Committee

Task: To oversee contents of half-yearly newsletters, website and other publications.

Head: Mr Tan Chia Han (up to 5 June 2018)
Mr Chong Huat Suang Alvin (member to Head from 5 June 2018)
Member: Mr Chong Zunjie (from 5 June 2018)

Shareholdings in Companies with Board Representation as at 31 December 2018*



Minutes of the 88th Annual General Meeting

Minutes of the 88th Annual General Meeting held on 5 June 2018 at 1100 hours at HomeTeamNS–JOM Clubhouse, Function Hall, 31 Ah Hood Road, Singapore 329979

Present **MR HOONG WEE TECK**
President, Commissioner of Police
And 88 members

AGENDA 1: OPENING ADDRESS BY THE CHAIRMAN, MR CHRISTOPHER NG

1.1 Secretary, Mr Tan Chia Han, called the 88th Annual General Meeting (AGM) to order at 1104 hours with a quorum of 83 members. He invited Chairman of The Singapore Police Co-operative Society Ltd, Mr Christopher Ng, to make his opening speech.

The opening address by the Chairman, Mr Christopher Ng, is attached at **Annex A**.

AGENDA 2: ADDRESS BY THE PRESIDENT, COMMISSIONER OF POLICE, MR HOONG WEE TECK

2.1 Mr Hoong Wee Teck addressed members and declared the AGM open. The text of his speech is attached at **Annex B**.

2.2 Following the address, Mr Hoong Wee Teck and Mr Loy Chye Meng, Vice-Chairman of Police Co-operative, took their leave.

2.3 The meeting proceeded with Chairman of Police Co-operative, Mr Christopher Ng, conducting the AGM.

AGENDA 3: TO APPROVE THE MINUTES OF THE 87th AGM HELD ON 1 JUNE 2017 AT HOME TEAMNS-JOM CLUBHOUSE

3.1 There being no objections from the meeting, the minutes were approved as proposed by Mr Soong Boon Seong and seconded by Mr Tay Wee Loong.

AGENDA 4: MATTERS ARISING FROM THE SAID MINUTES

4.1 There were no matters arising.

AGENDA 5: TO RECEIVE & IF APPROVED, TO ADOPT THE REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2017

5.1 The Report was approved as proposed by Mr Chan Zhenjie and seconded by Ms Kang Bee Yan.

AGENDA 6: TO RECEIVE & IF APPROVED, TO ACCEPT THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

6.1 The Audited Financial Statements were approved as proposed by Mr Lee Chee Chiew and seconded by Mr Soong Boon Seong.

Minutes of the 88th Annual General Meeting

AGENDA 7: TO APPROVE THE APPROPRIATION OF NET SURPLUS OF $4,106,215 AS FOLLOWS:

7.1 Secretary read out the appropriation of net surplus as follows:

(1)	To Central Co-operative Fund @ 5% on the first $500,000 & @ 20% on the rest…………	$ 742,323
(2)	To Payment of Dividends @ 3.00% on members' shares and subscription as on 31st December 2016…………	$2,436,899
(3)	To Scholarship Fund…………	$ 13,000
(4)	To Honorarium…………	$ 4,700
(5)	To Common Good Fund…………	$ 50,000
(6)	To Accumulated Fund…………	$ 859,293

7.2 The appropriation was approved as proposed by Ms Choo Siew Eng and seconded by Mr Wee Si Yong.

AGENDA 8: TO APPROVE A FINAL DIVIDEND PAYMENT OF 3.00% BASED ON MEMBERS' SHARES AND SUBSCRIPTION AS AT 31 DECEMBER 2017 TO BE PAID IN FY2018

8.1 The dividend payment was approved as proposed by Mr Soong Boon Seong and seconded by Ms Ong Chin Qian Bernice.

AGENDA 9: TO APPROVE THE ADJUSTMENTS FOR FY2018 AND THE ESTIMATED EXPENDITURE FOR FY2019

9.1 The adjustments for FY2018 and the estimated Expenditure for FY2019 were approved as proposed by Mr Tay Wee Loong and seconded by Mr Soong Boon Seong.

AGENDA 10: TO ADOPT, AND IF APPROVED, THE FOLLOWING RESOLUTION:

"that the general meeting hereby resolves that the Society shall be allowed to donate or sponsor, as part of its corporate social responsibility, up to $100,000 annually for good causes to organisations or individuals. The quantum of donation/sponsorship to each organisation/ individual shall be at the discretion of the Board."

10.1 The resolution was approved as proposed by Mr Chan Zhenjie and seconded by Mr Lee Chee Chiew.

AGENDA 11: TO AUTHORISE THE BOARD TO APPOINT A PROFESSIONAL AUDIT FIRM, WHERE NECESSARY, TO BE INTERNAL AUDITORS OF THE CO-OPERATIVE FOR FY2018/2019 AND TO FIX ITS REMUNERATION

11.1 There being no objection from the meeting, the appointment of a professional audit firm as Internal Auditors of the Co-operative for FY2018/2019 was approved as proposed by Mr Soong Boon Seong and seconded by Ms Choo Siew Eng.

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AGENDA 12: TO AUTHORISE THE BOARD TO APPOINT TWO MEMBERS, WHERE NECESSARY, AS INTERNAL AUDITORS OF THE CO-OPERATIVE FOR FY2018/2019 AND TO FIX THEIR REMUNERATION

12.1 There being no objections from the meeting, the appointment of two members as Internal Auditors of the Co-operative for FY2018/2019 was approved as proposed by Ms Ong Chin Qian Bernice and seconded by Mr Soong Boon Seong.

AGENDA 13: TO AUTHORISE THE BOARD TO APPOINT A PROFESSIONAL AUDIT FIRM AS EXTERNAL AUDITORS OF THE CO-OPERATIVE FOR FY2018/2019 AND TO FIX ITS REMUNERATION

13.1 There being no objections from the meeting, the appointment of a professional audit firm as External Auditors of the Co-operative for FY2018/2019 was approved as proposed by Mr Tay Wee Loong and seconded by Ms Kang Bee Yan.

AGENDA 14: TO ELECT 8 MEMBERS TO THE BOARD OF DIRECTORS AS PER BY-LAW 7.1

14.1 Secretary explained the procedures for the election of the 8 directors. He then invited the meeting to nominate candidates for the 8 vacancies on the board.

14.2 The nomination of candidates was closed as proposed by Mr Soong Boon Seong and seconded by Ms Chua Yian Shing Sherrin after the eighth candidate was nominated.

14.3 The following eight candidates were elected to the board:

NO.	CANDIDATE	PROPOSER	SECONDER
1	Chua Chee Wai	Sim Bai Ting	Teo WenTing Lynette
2	Ng Ee Fong Evon	Chan Hon Mun Kevin	Lee Chee Chiew
3	Chong Hung Li Grace	Chua Yian Shing Sherrin	Balakrishnan Anbarasan
4	Chong Huat Suang Alvin	Lee Chee Chiew	Tan Chiat Hsiong Jack
5	Gong Wai Liat	Chua Yian Shing Sherrin	Chong Huat Suang Alvin
6	Balakrishnan Anbarasan	M Subramaniam	Soong Boon Seong
7	Teo Hoon San	Chong Huat Suang Alvin	Balakrishnan Anbarasan
8	Chua Chuan Seng	Kan Eileen	Chong Hung Li Grace

Minutes of the 88th Annual General Meeting

AGENDA 15: TO TRANSACT ANY OTHER BUSINESS IN RESPECT OF WHICH NOTICE HAS BEEN RECEIVED BY THE SECRETARY THREE WORKING DAYS BEFORE THE MEETING

15.1 Secretary reported that no notice for any other business was received.

15.2 There being no other matters to discuss, Secretary thanked the members for their attendance. The meeting ended at 1131 hours.

Recorded by	**Confirmed by**
Tan Chia Han Secretary	Christopher Ng Chairman

Opening Address for the 88th AGM by Chairman, Mr Christopher Ng

CP and President of The Singapore Police Co-operative Society,
Fellow Directors,
and Members,

1 A very good morning and welcome to the 88th Annual General Meeting.

2 The Co-operative had done well for 2017. We chalked up a net surplus of more than $4 million. We also saw an increase in our total assets from $234 million in 2016 to $245 million in 2017. In addition, membership increased to stand at around 13,000 members.

3 The last general meeting in June 2017 approved a revised portfolio mix to allow the Co-operative to invest more in investment properties, joint ventures and managed funds. While we did not embark on managed funds after further deliberations by the Board, the Co-operative invested more funds in its wholly-owned subsidiary SPCS Consultancy. We are also in the process of acquiring level 1 of our SPCS Building. If it is successful, we will have the whole building and enhance its capital value. We believe that while thrift and loan will continue to be the mainstay of the Co-operative, we can do more in other areas to provide better returns to our officers and create job opportunities for our retiring officers.

4 However, even as we embark on our business, we should not forget the less fortunate in our society. As part of the Co-operative's corporate social responsibility efforts, we are proposing at this AGM a resolution that will allow the Board to donate or sponsor up to $100,000 annually for good causes. Such causes include financial assistance to groups or individuals suffering serious and unexpected setbacks due to catastrophes or accidents. Given our good performance over the years, I believe we have the means and should contribute back to society. I urge members to support the passing of this resolution later.

5 Some of the Board Directors will be stepping down from the Co-operative this year, due either to posting, attachment, or simply renewal to maintain good corporate governance. Allow me to say a few words on the following Directors that will not be seeking reappointment or re-election this year:

6 Vice-Chair Loy Chye Meng, who joined the Co-operative in June 2010 as a Director and concurrently the Chairman of SPCS Consultancy for four years. Chye Meng had actively advocated training visits from public security officers of other countries to Singapore during his chairmanship, thereby fostering a culture of exchange with other law enforcement agencies. He was made Vice-Chair of the Co-operative in 2014 and has helped steer the Co-operative through many changes in the regulatory landscape;

7 Loh Jee Cheong, Treasurer of the Co-operative since June 2016. He has put in much effort to understand the internal controls of the Co-operative and dutifully approve the monthly financial reports and daily payments. I understand from the Co-operative staff that both Jee Cheong and Chye Meng would be present at the Co-operative office at 7.30 am to sign cheques before proceeding to their respective offices;

8 Tan Chia Han joined the Co-operative in June 2013 and has taken on the role of Secretary. He has been a great help to manage the Board and resolve Co-operative and management issues. His active contributions have provided many good solutions and ideas; and

9 Lim Chin Tiak was elected to the Board in June 2014. He undertook a few roles, including that of the Treasurer, Chairman of the Investment Committee and Chairman of Premier Security. As Chairman of Premier Security, he showed astuteness by buying over a company which is an Accredited Training Organisation so that Premier Security could stay competitive in the growing security training industry.

10 It is also with great sadness that our beloved Director Lim Eng Chye passed away on 19 April this year. He joined the Board in 2000 and had served the Co-operative faithfully for over 17 years. He is deeply missed.

11 Lastly, I will be stepping down too, as I assume the post of Director Manpower in PHQ on 18 June. The Director Manpower is the ex-officio First Vice President of the Co-operative and thus cannot remain on the Board. It has been a good 6 years serving with the Co-operative. I must say that it is an honour to have worked with a team of dedicated Directors and Co-operative staff led by the very capable Elizabeth. Thank you all.

12 On behalf of my fellow Directors, thank you for giving us the opportunity to serve you in the Co-operative. We have done well in our results and our corporate governance. We are confident that under the new Board, both appointed by CP and elected by the general meeting, the Co-operative can scale even greater heights.

13 On this note, thank you once again. Let us welcome the Commissioner of Police and President of the Police Co-operative to deliver his address. CP Sir.

Annex B

Speech by Mr Hoong Wee Teck, Commissioner of Police,
at the 88th AGM of The Singapore Police Co-operative Society
Tuesday, 11am, 5 June 2018, HTNS-JOM Clubhouse

Chairman,
Directors,
Management Team,
and Members,

Good Morning.

Role of the Police Co-operative

1 The Singapore Police Co-operative plays an important role for its members. From our humble beginnings as a thrift and loan society, with the aim to promote co-operation and self-help, we have expanded in scope over the years to cater to new and evolving needs of our members. For example, we branched into the renovation business so as to provide reliable renovation services to members. We also started a consultancy which provides training and consultancy services for many government agencies.

2 In recent years, our consultancy has partnered with the Automobile Association to provide driving testers to Traffic Police. These initiatives have helped provide additional revenue streams for the co-operative, as well as employment opportunities for our members.

Re-employment Opportunities

3 I have asked the board to continue exploring such opportunities for our members, especially retiring officers. This year, the Co-op invested an additional $3.8 million in its subsidiary, SPCS Consultancy, to raise its financial grade from a S6 to a S10. It allows the company to tender for bigger government projects which, if awarded, will enable it to offer even more job opportunities for our retiring officers.

Supporting Members in their Needs and Aspirations

4 Apart from providing re-employment opportunities, I am glad that the Co-op has also been helping members pursue their life goals by offering loans at affordable interest rates. In 2017, more than $23 million worth of loans were taken up by members, which shows that it remains an important service to members.

5 The Co-op has worked hard to maximise the dollar value of our members' savings. This year, the Co-op made a net surplus of $4.1 million, 2.63% higher than FY2016. The Board of Directors has since recommended a 3.0% dividend payout for FY2017[1].

Looking Ahead

6 Moving forward, the Board will continue to find ways to support members in their aspirations. This would include diversifying its businesses, and prudent management of funds deposited with the Co-op.

7 The board will also continue to take care of welfare of members through various well-being programmes.

[1] FY2016 : 3.0%.

Appointment of Directors

8 As this is an election year, a new board will be formed to helm the Co-operative for the new two-year term.

9 Under By-Law 7.1(a), I am pleased to appoint the following seven directors to the new Board:

1. Mr Moh Tser Loong Alvin
2. Mr Koh Wei Keong
3. Mr Lee Chin Ek
4. Mr Chan Liang Hua Leon
5. Mr Chong Zunjie
6. Mr Samad Bin Halil
7. Mr Soh Buck Nguan Bernard

10 I take this opportunity to thank the current Board chaired by Mr Christopher Ng for its dedication and hard work over the years. I would also like to remember one of our ex directors, Mr Lim Eng Chye, who passed away on 19 April 2018. Eng Chye had stepped down from the Board on 19 October 2017 due to health reasons. He had contributed much to the Board during his 17 years as a director, and will be fondly remembered and missed by all.

11 With this, I wish Police Co-operative and the Board of Directors a successful year ahead.

12 I now declare the 88th AGM open.

Board Of Directors' Report

Dear Members,

The Board of Directors is pleased to present the Annual Report, Statement of Accounts and Balance Sheet for the year ending 31 December 2018.

THE YEAR IN REVIEW

1. Net Surplus

The Co-operative recorded a net surplus of $3,321,706 for the year under review. This was a decrease of 19.11% as compared to FY2017's net surplus of $4,106,215. The decrease in net surplus was largely due to impairment in its investment in a subsidiary. In addition, limited investment options continue to exert financial pressure on the bottom line of the Co-operative.

Graph 1 : Net Surplus from FY2014 - FY2018

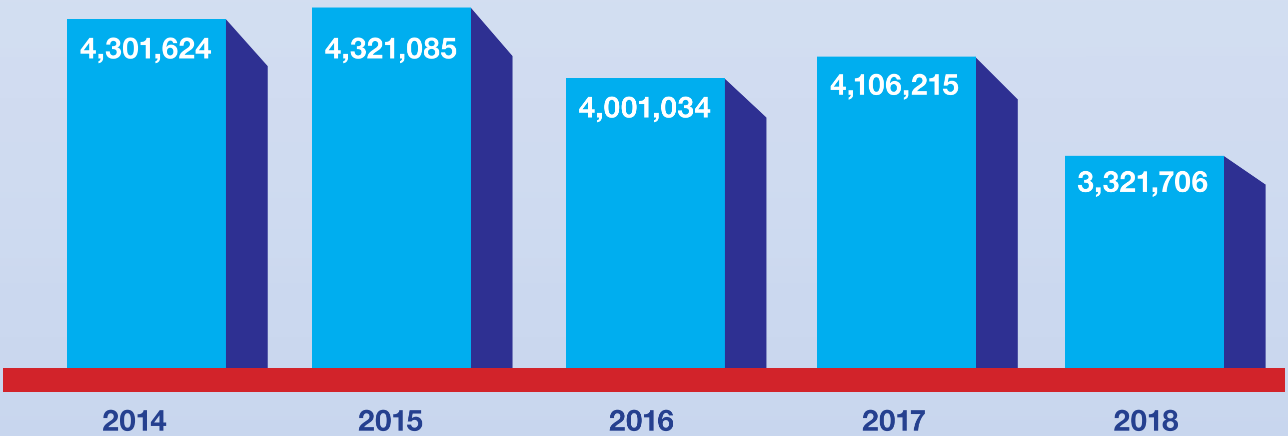


Table 1 : Change in Net Surplus for FY2014 - FY2018

Financial Year	Net Surplus	% Change (Year on Year)
2014	$4,301,624	↓ 7.40%
2015	$4,321,085	↑ 0.45%
2016	$4,001,034	↓ 7.41%
2017	$4,106,215	↑ 2.63%
2018	$3,321,706	↓19.11%

2. Capital Adequacy Ratio (CAR)

In its Updated Written Direction for Credit Co-operatives dated 29 June 2016, the Registry of Co-operative Societies advised that the Capital Adequacy Ratio (CAR) for credit societies would have to be increased according to the following time frame:

Table 2: Capital Adequacy Ratio and Loan Limits

Effective Dates and Qualifying Conditions	Loan Limits on Unsecured General Loans
From 1 July 2016 to 30 June 2020 Tier A: at least 10% CAR and 15% MLA[2] Tier B: at least 8% CAR and 15% MLA Tier C: less than 8% CAR or 15% MLA	**Tier A:** $50,000 or 6 months' income**, whichever is less $30,000 or 4 months' income*, whichever is less **Tier B:** $40,000 or 6 months' income**, whichever is less $20,000 or 4 months' income*, whichever is less **Tier C:** $20,000 or 4 months' income**, whichever is less $10,000 or 2 months' income*, whichever is less
From 1 July 2020 onwards Tier A: at least 12% CAR and 15% MLA Tier B: at least 10% CAR and 15% MLA Tier C: less than 10% CAR or 15% MLA	

*** loan to be granted has salary check-off or at least one qualified surety*
** loan to be granted has no salary check-off and no qualified surety*

Table 3: Calculation of Capital Adequacy Ratio

CAR is calculated as follows:

$$\text{CAR (\%)} = \frac{\text{Institutional Capital}}{\text{Total Assets}} \times 100$$

Institutional Capital = Accumulated Fund + General Reserve Fund

CAR would ensure that the Co-operative will have sufficient institutional capital to absorb unforeseen operating losses

As at 31 December 2018, the Co-operative had a CAR of 9.05% after appropriations for FY2018 and an MLA of 41.72%, which was much higher than the regulatory requirement of 15%. Loans were being granted under Tier B limits in FY2018.

[2] MLA stands for Minimum Liquid Assets – which consists of low risk assets such as cash, deposits in savings, current and fixed deposit accounts, and Singapore Government Securities.

Board Of Directors' Report

3. Dividends

The Board of Directors has recommended a dividend payment of 2.88% based on the total subscription balance as at 31 December 2018 similar to last year. For share capital, dividends would be paid out on a pro-rata basis, from 1 January to 31 December 2018, provided the member was still a shareholder as of 31 December 2018.

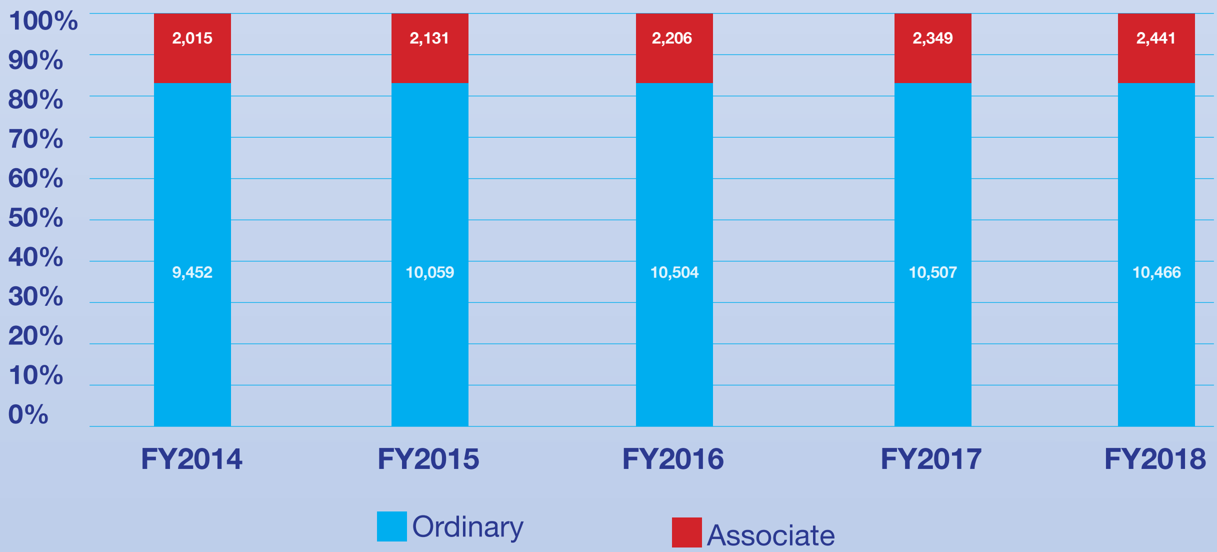
4. Membership

In 2018, the Co-operative recruited 547 new ordinary and associate members to join the Co-operative.

Table 4: Number of Members

Financial Year	New & Continued	Resignations	Ordinary	Associate	Total (Ordinary & Associate
2014	1,148	528	9,452	2,015	11,467
2015	1,185	462	10,059	2,131	12,190
2016	1,002	482	10,504	2,206	12,710
2017	853	707	10,507	2,349	12,856
2018	547	496	10,466	2,441	12,907

Graph 2: Percentage of Ordinary and Associate Members



4.1 Recruitment Talks

In FY2018, the Co-operative conducted 15 recruitment/awareness talks/roadshows at various Police divisions, Immigration & Checkpoints Authority and AETOS[3], reaching out to an estimated audience size of 1,560.

[3] 35 recruitment talks were conducted in FY2017.

4.2 Common Reporting Standard: Individual Tax Residency Self-Certification

In compliance with changes to the Inland Revenue Authority of Singapore (IRAS) income tax laws, all credit co-operatives are required to obtain an Individual Tax Residency Self-Certification from the account holder upon the opening of a new account with effect from 1 January 2017.

The Co-operative has conducted reviews on members' records to identify the tax residency of pre-existing account holders. It is obliged to terminate the accounts of affected members who could not provide the requisite documents to satisfy the requirements of IRAS.

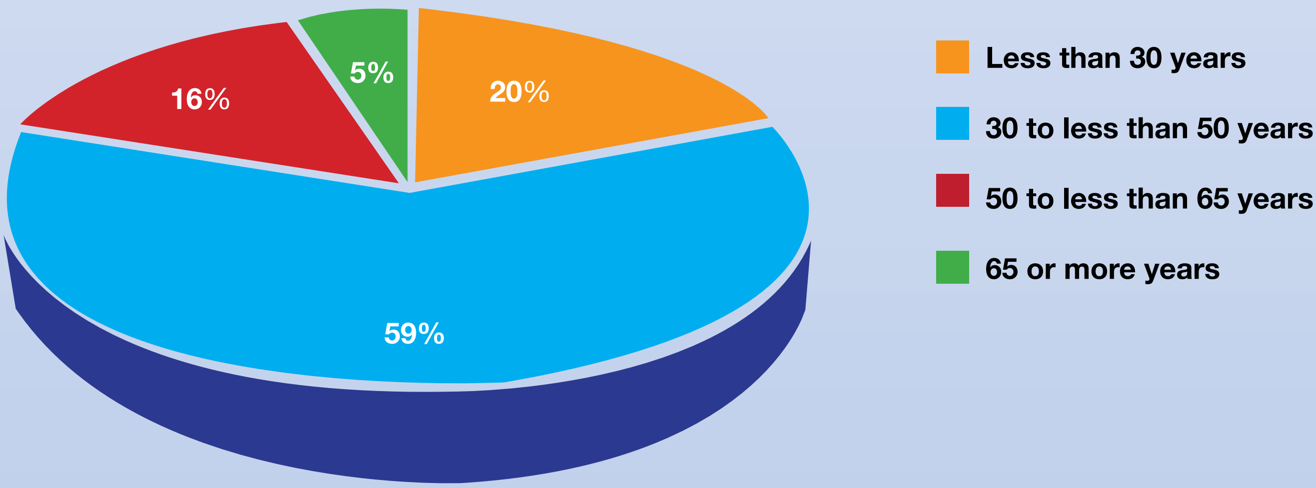
To ensure that the Co-operative shall have the complete set of documents for submission to IRAS, the Co-operative has stopped the practice of accepting applications of membership via fax/email with effect from 1 March 2017. The completed set of documents must be submitted in person at the Co-operative's office.

4.3 Membership Recruitment Drive: Incentives for Existing Members

Prior to 1st January 2018, an existing member received $25 worth of vouchers for every new applicant proposed by him and successfully accepted as a member of the Co-operative.

The Co-operative has substituted the $25 vouchers with cash with effect from 1 January 2018. An amount of $7,300 was spent on this initiative in FY2018 compared to $8,300 in FY2017.

Graph 3: Age of Members as at 31 December 2018



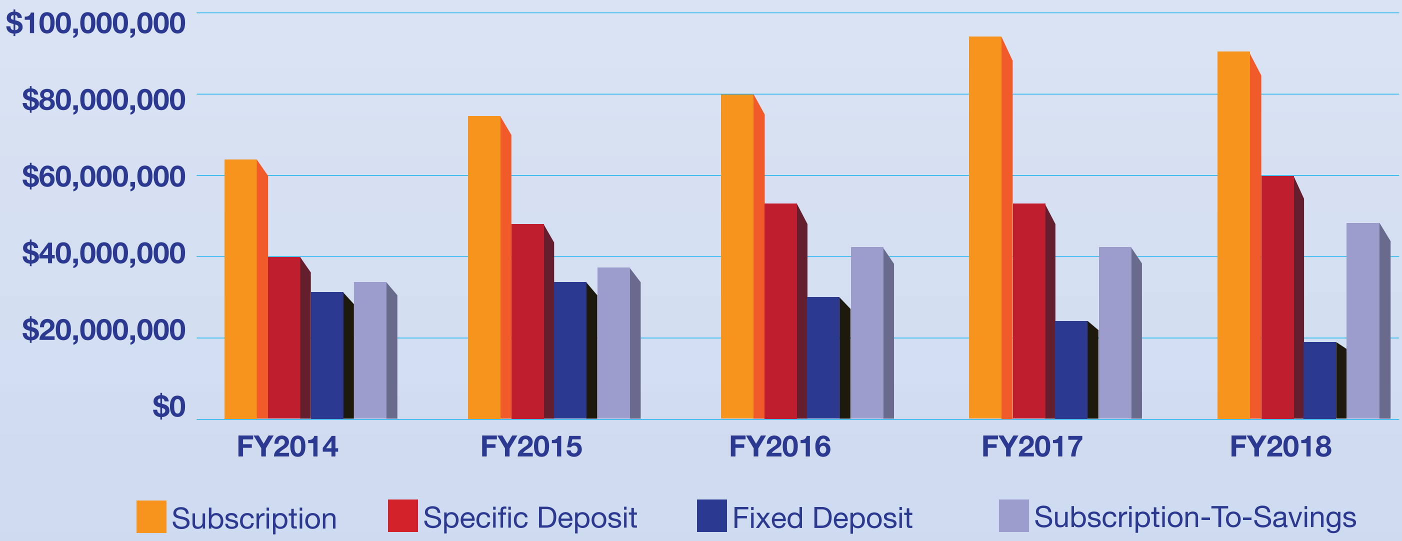
4.4 25 Years Loyalty Award

There were 159 members who joined the Co-operative during the period 1 July 1992 to 30 June 1993. Each eligible member received $150 credited into his/her bank account. A total of $23,850 (FY2017: $36,000) was disbursed for the award.

5. Total Deposits

As at 31 December 2018, total deposits (subscription, subscription-to-savings, specific and fixed deposits) collected from members (excluding staff) amounted to $220,974,713[4].

Graph 4: Total Deposits for FY2014 to FY2018



5.1 Subscription

The total subscription for FY2018 was $89,688,173.

This is a compulsory monthly savings scheme. The current minimum monthly contribution per month is $40. The current maximum cap for monthly subscription savings is $200.

Dividends were paid out based on a member's subscription balance as at 31 December 2018.

Table 5: Subscription Balance from FY2014 to FY2018

Financial Year	Subscription Balance $	Absolute Increase (Decrease) over Preceding Year $	% Increase (Decrease) over Preceding Year $
2014	63,470,021	(374,524)*	(0.57)%
2015	76,866,566	13,396,545	21.11%
2016	79,158,636	2,292,070*	2.98%
2017	91,309,160	12,150,524	15.35%
2018	89,688,173	(1,620,987)*	(1.78%)

**Transfer to STSS*

[4] Total deposit collected in FY2017 was $213,722,606.

5.2 Subscription-to-Savings (STS) Scheme

The STS Scheme was launched in 2011 by the Co-operative. Eligible members were issued with letters of participation from the Co-operative. Upon agreeing, they were required to transfer funds from their Subscription Account to the STS Account.

Series 1
Series 1 matured on 31 October 2014 and was replaced by Series 3.

Series 2
Series 2 matured on 31 October 2016 and was replaced by Series 5.

Series 3
The Co-operative launched Series 3 to replace Series 1. Under Series 3, members would enjoy an interest rate of 4% per annum for the period 1 November 2014 to 31 October 2019. There would be claw-back of interest in the event of early redemptions. A principal amount of $18,138,706 was rolled over from Series 1 to Series 3 by 1,560 members. As at 31 December 2018, the amount was $16,930,893.

Series 4
Under Series 4 of the STSS, members would enjoy an interest rate of 3.75% per annum for the period 1 November 2014 to 31 October 2018. There would be claw-back of interest in the event of early redemptions. Series 4 matured on 31 October 2018 and was replaced by Series 7.

Series 5
The Co-operative launched Series 5 to replace Series 2. Under Series 5, members would enjoy an interest rate of 3.50% per annum for the period 1 November 2016 to 31 October 2020. There would be claw-back of interest in the event of early redemptions. A principal amount of $3,930,228 was rolled over from Series 2 to Series 5 by 931 members. As at 31 December 2018, the amount was $3,835,649.

Series 6
Under Series 6 of the STSS, members would enjoy an interest rate of 3.25% per annum for the period 1 November 2016 to 31 October 2021. There would be claw-back of interest in the event of early redemptions. An amount of $10,521,726 was transferred to Series 6 by 2,058 members. As at 31 December 2018, the amount was $10,088,478.

Series 7
The Co-operative launched Series 7 to replace Series 4. Under Series 7, members would enjoy an interest rate of 3.25% per annum for the period 1 November 2018 to 31 October 2022. There would be claw-back of interest in the event of early redemptions. A principal amount of $9,555,241 was rolled over from Series 4 to Series 7 by 1,605 members. As at 31 December 2018, the amount was $9,553,801.

Series 8
Under Series 8 of the STSS, members would enjoy an interest rate of 3.25% per annum for the period 1 November 2018 to 31 October 2022. There would be claw-back of interest in the event of early redemptions. An amount of $12,923,404 was transferred to Series 8 by 1,840 members. As at 31 December 2018, the amount was $12,923,404.

The STSS total for FY2018 was $53,332,225.

Board Of Directors' Report

5.3 Specific Deposits

The specific deposits total for FY2018 was $60,617,317.

This is a discretionary savings scheme. The current minimum and maximum monthly savings sum is $10 and $500 respectively.

The interest for specific deposits is calculated on daily balances with half-yearly crediting on 1 January and 1 July.

Table 6: Comparison between Co-op's Specific Deposit Rates and FI's Savings Rates

Period	Police Co-op's Specific Deposit Rates	Rates from Financial Institution (FI)	
		Bank Savings Deposits*	Finance Companies Savings Deposits*
1 January to 31 March 2018	0.60% per annum	0.16% per annum	0.17% per annum
1 April to 30 June 2018			
1 July to 30 September 2018			
1 October to 31 December 2018			

**Information obtained from the website of the Monetary Authority of Singapore*

Table 7: Specific Deposit Balance from FY2014 to FY2018

Financial Year	Specific Deposit Balance $	Absolute Increase over Preceding Year $	% Increase over Preceding Year $
2014	41,594,818	5,530,606	15.34%
2015	47,657,533	6,062,715	14.58%
2016	53,176,269	5,518,736	11.58%
2017	57,946,358	4,770,089	8.97%
2018	60,617,317	2,670,959	4.61%

Board Of Directors' Report

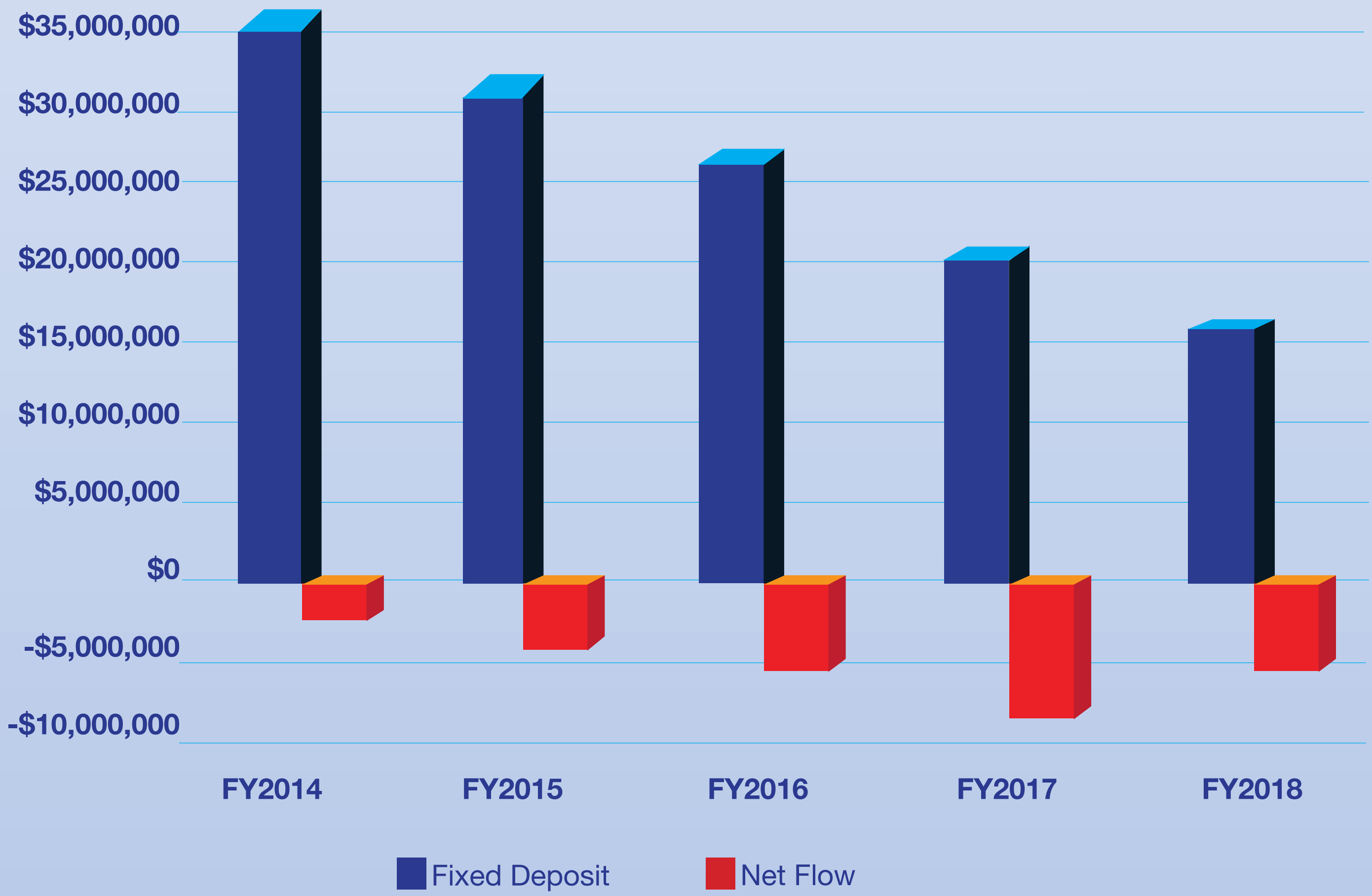
5.4 Fixed Deposits

There was an outflow of fixed deposit amounting to $4,175,704 in FY2018. Total fixed deposit in the Co-operative in FY2018 was $17,336,998[5], a decrease of 19.41% as compared to FY2017. The reduction in the fixed deposits would help boost our Capital Adequacy Ratio (CAR) as explained in Section 2 above.

Table 8: Fixed Deposit Rates

Rates (per annum) from 1 December 2016				
Amount	6 months	12 months	24 months	36 months
$500 - $49,999	0.50%	0.60%	0.70%	0.80%
$50,000 - $99,999	0.50%	0.60%	0.70%	0.80%
$100,000 and above	0.50%	0.60%	0.70%	0.80%

Graph 5: Fixed Deposit Collections from FY2014 to FY2018



[5] Total fixed deposit in the Co-operative in FY2017 was $21,512,702.

6. Personal Loans to Members

6.1 Quantum of Loan

The number of applications and loan quantum had dropped by 22.7% and 19.7% respectively as compared to FY2017.

Table 9: Number of Loan Applications from FY2014 to FY2018

Financial Year	Number of Applications Approved	Total Personal Loans Granted by the Co-operative
2014	1,776	$21,332,410
2015	1,473	$18,205,810
2016	1,849	$24,039,520
2017	1,806	$23,172,390
2018	1,396	$18,600,580

6.2 Bad Debts

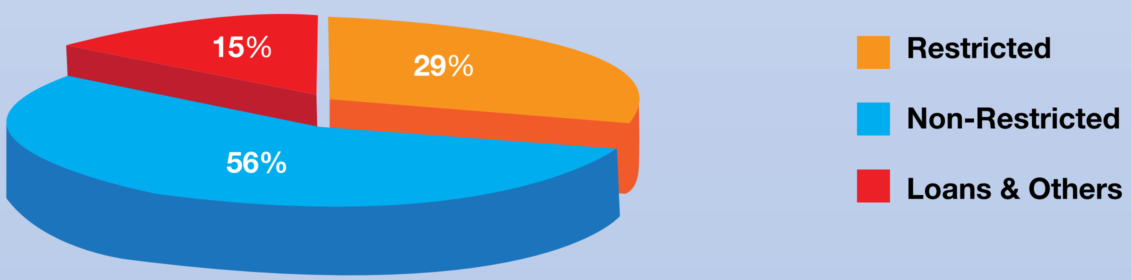
The Co-operative wrote off $101,373.91 from 24 ex-members, as bad debts for FY2018[6] .

7. Investments

7.1 Restricted and Non-Restricted Investments

As at 31 December 2018, the Co-operative has $74,802,623 in restricted investments and $140,575,171 in non-restricted investments. Including loans, fixed assets, cash and receivables, amounting to $37,314,880, the Co-operative has total assets of $252,692,674.

Graph 6: Percentage of Restricted and Non-Restricted Investments as at 31st December 2018



[6] Bad debts of $58,307 were written off in FY2017.

7.2 Restricted Investment (RI) Limit

The default RI limit is 10%.

Based on the revised Written Direction dated 18 November 2013, credit co-operatives are allowed to apply to the Registrar of Co-operative Societies for a higher RI limit of 20% to 30% subject to conditions imposed.

The Co-operative applied for the 30% RI limit and written approval was granted to the Co-operative on 25 August 2017 for a period of 3 years up to 30 June 2020 or the Co-operative's Annual General Meeting date in 2020, whichever is earlier.

7.3 Assets Allocation

On 1 June 2017, the general meeting approved the asset allocation mix as follows:

a.	Corporate Bonds (including variable notes)	max 87.5%
b.	Securities listed on SGX	max 10%
c.	Investment Properties	max 10%
d.	Joint Venture	max 10%
e.	Unit Trusts	nil
f.	Managed Funds	max 80%
	Total	**100%**

7.4 Investment Performance of Restricted Investments

On 1 June 2017, members gave approval for the Co-operative 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 a 3-year period from up to 30 June 2020, or the Co-operative's Annual General Meeting date in 2020, whichever is earlier.

As at 31 December 2018, our restricted investments amounted to $74,802,623 or 29% of total assets, as follows:

	Restricted Investments	As at 31 December 2018	As at 31 December 2017	Income 2018	Income 2017
a	Securities listed on SGX	$4,700,457	$5,285,807	$266,923	$286,913
b	Corporate Bonds (including variable notes)	$59,684,034	$62,617,250	$2,273,737	$2,351,163
c	Shares in Joint Venture Companies (private limited)	$5,629,008	$1,067,155	$168,000	$245,000
d	Shares in other co-operatives (invest after 30 June 2010)	-	$615,000	$30,000	$ 30,000
e	Investment Properties	$4,789,124	-	$5,867	-
	Total	$74,802,623	$69,585,212	$2,744,527	$2,913,076
	Annual Return			**3.67%**	**4.19%**

As reported in the Annual General Meeting on 1 June 2017, the Board hopes to generate annual returns of between 2.5% to 4% per annum from these restricted investments for the 3-year period.

8. Well-Being Programmes for Members

8.1 Common Good Fund

A total sum of $14,600 was disbursed in FY2018[7] under the Common Good Fund. This sum included grants offered to members under the following circumstances:

a)	Demise of member's parent	$100/-
b)	Demise of member's child	$200/-
c)	Demise of member's spouse	$200/-
d)	Demise of member in active duty	$1,000/-
e)	Demise of member in inactive duty	$500/-

8.2 Scholarship Fund

The Police Co-operative contributed $13,000 to the SPF-Lee Foundation Study Award in 2018[8]. This study award aims to assist children of Police Central Welfare Fund (PCWF) members who have attained excellent academic achievements as well as to support children from low-income families in their studies**.**

8.3 Sponsorship of Divisions' Functions

The Police Co-operative allocated a sum of $2 per member per year for units' Appreciation Night or other staff functions. The Police Co-operative spent $10,944 for sponsorship of Divisions' functions in 2018[9].

8.4 Activities in FY2018

In 2018, the Co-operative organised the following events for members:

- New Year Giveaway 2018 (1,000 pairs of Cathay movie vouchers);
- 3 Days/2 Nights Trip to Port Dickson & Melaka for members who had retired during the period of 1 January 2016 to 31 December 2017 and their guests; and
- Year-end Giveaway 2018 (1,000 pairs of Cathay movie vouchers).

The expenses incurred for these events amounted to $80,304.

[7] Common Good Fund: A total of $16,400 was disbursed in FY2017.
[8] Similarly, $13,000 was contributed to the SPF-Lee Foundation Study Award in FY2017.
[9] In FY2017, the Co-operative spent an amount of $9,972 for sponsorship of Divisions' functions.

Board Of Directors' Report

9 Corporate Governance

9.1 Attendance of Directors

The Board held five board meetings for the period **1 January to 31 December 2018.** The attendance of each director at the Board Meetings is as follows:

Name	Position	No. of Meetings Held	No. of Meetings Attended
Mr Christopher Ng (stepped down on 5 June 2018)	Chairman	2	2
Mr Moh Tser Loong Alvin	Director Chairman	2 3	2 3
Mr Loy Chye Meng (stepped down on 5 June 2018)	Vice-Chairman	2	2
Mr Koh Wei Keong (from 5 June 2018)	Vice-Chairman	3	2
Mr Tan Chia Han (stepped down on 5 June 2018)	Secretary	2	2
Mr Chong Huat Suang Alvin	Asst Secretary Secretary	2 3	1 2
Mr Loh Jee Cheong (stepped down on 5 June 2018)	Treasurer	2	1
Ms Ng Ee Fong Evon	Asst Treasurer Treasurer	2 3	2 2
Mr Chong Zunjie (from 5 June 2018)	Asst Secretary	3	3
Mr Chan Liang Hua Leon (from 5 June 2018)	Asst Treasurer	3	3
Mr Balakrishnan Anbarasan	Director	5	4
Ms Chong Hung Li Grace	Director	5	5
Mr Cheong Sin Ee Alfred (from 28 August 2018)	Director	2	1
Mr Chua Chee Wai (from 5 June 2018)	Director	3	2
Mr Chua Chuan Seng	Director	5	5
Mr Gong Wai Liat Ken (from 5 June 2018)	Director	3	3
Mr Lee Chin Ek	Director	5	5
Mr Lim Chin Tiak (stepped down on 5 June 2018)	Director	2	1
Mr Samad Bin Halil (stepped down on 28 August 2018)	Director	3	2
Mr Soh Buck Nguan Bernard	Director	5	4
Mr Teo Hoon San	Director	5	4

9.2 Internal Audit

The objective of the internal audit is to provide independent and reasonable assurance to the Audit Committee and Management that the Co-operative's controls and governance processes are adequate and effective. The internal auditors report directly to the Audit Committee (AC).

The Audit Committee appointed two members, namely Mr Ching Yeow Boon and Mr Tan Tee Peng as internal auditors of the Co-operative for the period 1 January to 31 May 2018.

The AC had reviewed with the two internal auditors their audit plans, evaluation of the system of internal controls, audit findings and management's responses to those findings. The audits covered, inter alia, effectiveness of material internal controls, including financial, operational and compliance controls of the Co-operative.

The Audit Committee had appointed RSM Risk Advisory Pte Ltd for internal audit work. The scope of work covered the procedures of Anti-Money Laundering (AML) for money collected by the Co-operative from members' loans and deposits, including the authentication of loans and deposits applications, and Police Co-operative's Goods and Services Tax (GST) declarations for a 5-year period from 1 October 2012 to 30 September 2017.

9.3 Audit Committee

The Co-operative formed its first Audit Committee (AC) on 26 October 2004. The terms of reference for the Audit Committee were reviewed in 2016. The revised terms of reference cover the followings:

1. Review the scope and cost effectiveness, independence and objectivity of the auditors (internal and external). Where the external auditors also supply a substantial volume of non-audit services to the Co-operative, the AC should keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;

2. Review the financial reporting issues and audit findings so as to ensure the integrity of the financial statements of the Co-operative and any formal announcements relating to the Co-operative;

3. Review the adequacy of the Co-operative's internal controls;

4. Review the effectiveness of the Co-operative's internal audit functions;

5. Make recommendations to the Board on the appointment, reappointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditor;

6. Review the report of the auditors (internal and external) and ensure that issues highlighted are being addressed by the relevant officers (review should be done at least once a year); and

7. Ensure that all its meetings are properly recorded.

During FY2018, the AC's activities included the followings:

a. Performed independent review of Police Co-operative's audited consolidated financial statement for year ended 31 December 2018 before submission to the Board. In conducting its review of the audited consolidated financial statements of Police Co-operative, the AC had discussed with Management and the external auditors the accounting principles that were applied. Based on the review and discussion with Management and the external auditors, the AC was of the view that the financial statements were fairly represented and conformed to generally accepted accounting principles in all material aspects.

b. The AC reviewed and approved the audit plan and scope of the external auditors related to the audit of the full-year financial results.

c. The AC reviewed the nature and extent of the non-audit services provided to Police Co-operative by the external auditors for the financial year and was satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditors.

   The aggregate amount of audit fees paid and payable by the Group to the external auditors for FY2018 was $36,400 of which audit fees amounted to $33,600 and non-audit fees amounted to $2,800.

   The non-audit fees paid/payable to the external auditors were related to general tax compliance.

d. The AC reviewed and approved the terms of engagement for the two internal auditors (member).

e. The AC had reviewed the following internal audit reports submitted by the appointed professional internal auditor from RSM Risk Advisory Pte Ltd and ensure that issues highlighted are being addresses by the relevant officers.

   i. The procedures of Anti-Money Laundering (AML) for money collected by the Co-operative from members' loans and deposits, including the authentication of loans and deposits applications; and

   ii. Police Co-operative's Goods and Services Tax (GST) declarations for a 5-year period from 1 October 2012 to 30 September 2017.

In FY2018, the AC held five meetings. The attendance for each member is as follows:

Name	Position	No. of Meetings Held	No. of Meetings Attended
Mr Moh Tser Loong Alvin (stepped down on 5 June 2018)	Chairman	3	3
Mr Chua Chuan Seng	Member Chairman	3 2	2 2
Ms Chong Hung Li Grace (from 5 June 2018)	Member	2	2
Mr Gong Wai Liat Ken (from 5 June 2018)	Member	2	1
Mr Samad Bin Halil (stepped down on 5 June 2018)	Member	3	2

9.4 Code of Governance

The Registry of Co-operative Societies had issued a revised Code of Governance for Credit Co-operatives on 17 October 2016.

The Co-operative will abide by the revised Code.

9.5 Director's Appointment Declaration

With effect from 2009, all directors are required to sign the Director's Appointment Declaration as required under Section 64 of the Act. This section deals with disclosure of interests in transactions, property, office, etc, which the directors might have with the Co-operative so as to prevent any conflict of interests.

10 The Year Ahead

Since the introduction of written directions on investments restrictions and Capital Adequacy Ratio (CAR) by the Registry of Co-operative Societies (Registry) in 2010, the bottom line of the Co-operative has been affected negatively.

In 2017, the Co-operative started correspondence with the Registry on reviewing the formula for the calculation of CAR. The Co-operative had advocated a risk-weighted approach, in line with the practice adopted by credit unions in developed countries. The Registry had replied that it would only review the formula at later date.

The Co-operative has a CAR of 9.05% as of 31 December 2018. To meet at least 10% CAR by 1 July 2020, the Co-operative should be reducing total assets by taking measures to restrict the number of new members, encourage the resignation of existing members etc. The Co-operative is not taking such measures as it sincerely believes that it exists to serve members and it offers a life line to members who are in need of financial assistance. The Board will proactively think of other solutions to resolve the CAR's requirement.

The Co-operative has purchased the first floor of SPCS Building in November 2018. It has signed a tenancy agreement with an interested party in March 2019. The Co-operative will receive a constant stream of income from the unit from April 2019. All investment properties are fully tenanted out.

Besides investment in properties, the Co-operative will also consider investment products already approved by the Registrar of Co-operative Societies. Such products offer a higher yield when compared to yield on statutory board bond but they also carry a higher risk.

Barring unforeseen circumstances, the Board is cautiously optimistic that the Co-operative will deliver a reasonable set of results for the year.

Board Of Directors' Report

11 Appreciation

The Directors of the Board would like to express their appreciation to the staff for their dedication and commitment to work and to members for their continued support and co-operation. The Directors would also like to express their appreciation to the following persons for their advice and guidance:

(a) The President, Commissioner of Police, Mr Hoong Wee Teck;
(b) 1st Vice-President, Mr Teo Chun Ching (stepped down on 18 June 2018);
(c) 1st Vice-President Mr Christopher Ng (from 18 June 2018);
(d) 2nd Vice-President, Ms Tan Wei Goon Winnie; and
(e) The Registrar of Co-operative Societies.

For and on behalf of the Board of Directors,

Chong Huat Suang Alvin
Secretary

Audited Financial Statements

DIRECTORS' STATEMENT

For the financial year ended 31 December 2018

The directors present their report to the members together with the audited consolidated financial statements of The Singapore Police Co-operative Society Limited (the "Society") and its subsidiaries (the "Group") and the statements of comprehensive income and financial position of the Society for the year ended 31 December 2018.

Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statements of comprehensive income and financial position of the Society and notes comprising a summary of significant accounting policies and other explanatory notes are drawn up so as to give a true and fair view of the financial position and financial performance of the Group and of the Society as at 31 December 2018, and of the consolidated changes in equity and consolidated cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts when they fall due.

The directors approved and authorised these financial statements for issue.

Directors

The directors of the Society in office for the financial year ended 31 December 2018 are as follows:

Chairman	Mr Christopher Ng (stepped down on 5 June 2018)
	Mr Moh Tser Loong Alvin (from 5 June 2018)
Vice-Chairman	Mr Loy Chye Meng (stepped down on 5 June 2018)
	Mr Koh Wei Keong (new - appointed on 5 June 2018
Secretary	Mr Tan Chia Han (stepped down on 5 June 2018)
	Mr Chong Huat Suang Alvin (from 5 June 2018)
Treasurer	Mr Loh Jee Cheong (stepped down on 5 June 2018)
	Ms Ng Ee Fong Evon (from 5 June 2018)
Asst Secretary	Mr Chong Huat Suang Alvin (up to 5 June 2018)
	Mr Chong Zunjie (new - appointed on 5 June 2018)
Asst Treasurer	Ms Ng Ee Fong Evon (up to 5 June 2018)
	Mr Chan Liang Hua Leon (new - appointed on 5 June 2018)
Board Members	Mr Balakrishnan Anbarasan
	Mr Cheong Sin Ee Alfred (co-opted on 28 August 2018)
	Ms Chong Hung Li Grace
	Mr Chua Chee Wai (new - elected on 5 June 2018)
	Mr Chua Chuan Seng
	Mr Gong Wai Liat Ken (new - elected on 5 June 2018)
	Mr Lee Chin Ek
	Mr Lim Chin Tiak (stepped down on 5 June 2018)
	Mr Samad Bin Halil (stepped down on 28 August 2018)
	Mr Soh Buck Nguan Bernard
	Mr Teo Hoon San

Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Society to acquire benefits by means of the acquisition of shares in, or debentures of, the Society or related corporations.

Directors' interests in shares or debentures

According to the register of members' shareholdings kept by the Society, none of the directors of the Society holding office at the end of the financial year had held more than 20% interest in shares or debentures of the Society and its related corporations except as disclosed in the financial statements.

Share Options

During the financial year, there were:

- no share options granted by the Society or its subsidiaries to any person to take up unissued shares in the Society and its subsidiaries; and

- no shares issued by virtue of the exercise of options to take up unissued shares of the Society and its subsidiaries.

At the end of the financial year, there were no unissued shares of the Society or its subsidiaries under options.

Independent auditor

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2018

On behalf of the Board of Directors,

Moh Tser Loong Alvin
Chairman

Chong Huat Suang Alvin
Secretary

Ng Ee Fong Evon
Treasurer

16 April 2019

Audited Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Members of The Singapore Police Co-operative Society Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level 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 risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of The Singapore Police Co-operative Society Limited

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Society and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

During the course of our audit, nothing has come to our attention to cause us to believe that the receipts, expenditure and investments of monies and acquisition and disposal of assets made by the Society during the financial year ended 31 December 2018 have not been made in accordance with the By-laws of the Society and the provisions of the Act.

P G Wee

P G Wee Partnership LLP
Public Accountants and
Chartered Accountants
Singapore

16 April 2019

Audited Financial Statements

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

	Note	Group 2018 SGD	Group 2017 SGD	Society 2018 SGD	Society 2017 SGD
Income					
Administrative levy		277,514	205,344	277,514	205,344
Bad debts recovery		7,466	32,537	7,466	32,537
Commission received		-	28,747	-	28,747
Dividend income (gross) - unquoted		544,768	457,768	370,768	447,768
- quoted		266,923	267,313	266,923	267,313
Entrance fees		4,955	6,488	4,955	6,488
Gain on disposal of investments - shares		-	19,600	-	19,600
Gain on disposal of investments - bonds		-	78,527	-	78,527
Gain on disposal of plant and equipment		-	3,271	-	3,271
Grant income		107,212	83,168	97,129	70,068
Interest on cash and cash equivalents		1,317,557	1,357,643	1,306,610	1,355,750
Interest on held-to-maturity investments classified under FRS 39		-	2,965,276	-	2,935,276
Interest on financial assets classified under FRS 109 at					
- amortised cost		3,100,209	-	3,039,607	-
- fair value through other comprehensive income		30,445	-	30,445	-
Interest on loans to members		3,560,844	3,655,441	3,560,844	3,655,441
Interest on loans to a subsidiary		-	-	20,793	21,395
Recovery of investment loss		63,847	20,523	63,847	20,523
Rental income and service charges		1,300,696	1,301,312	1,248,798	1,250,354
Revenue	4	4,063,901	5,292,733	-	-
Reversal of impairment loss on investment at amortised cost		51,742	-	51,742	-
Reversal of provision expenses		77,209	269,572	77,209	269,572
Reversal of allowance for impairment of receivables		-	374,018	-	374,018
Other income		5,250	6,826	5,875	9,451
		14,780,538	16,426,107	10,430,525	11,051,443

Audited Financial Statements

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

	Note	Group 2018 SGD	Group 2017 SGD	Society 2018 SGD	Society 2017 SGD
Less:					
Expenditure					
Administrative and general expenses		918,665	1,545,074	709,512	1,324,086
Allowance for impairment on receivables		1,627,966	-	303,568	-
Depreciation and amortisation	5	435,010	392,691	386,671	343,927
Donation		13,000	-	12,000	-
Employee benefits	6	1,682,848	1,595,803	1,253,583	1,166,737
Finance costs	7	2,461,410	2,136,764	2,461,410	2,136,764
Impairment loss on investment in subsidiary		-	-	1,000,000	-
Impairment loss on investment at amortised cost		533,938	1,568,517	533,938	1,568,517
Membership promotion and related expenses		99,524	97,952	99,524	96,537
Purchase of materials and consumables		4,446,121	4,549,820	-	-
Property maintenance and related expenses		363,192	323,570	348,613	308,660
		12,581,674	12,210,191	7,108,819	6,945,228
Surplus for the year		2,198,864	4,215,916	3,321,706	4,106,215
Finance costs	7	(2,768,643)	(2,436,899)	(2,768,643)	(2,436,899)
Surplus Before Income Tax and Contributions		(569,779)	1,779,017	553,063	1,669,316
Income Tax Benefit (Expenses)	8	(2,100)	162	-	-
Contribution to Central Co-operative Fund		(589,341)	(748,789)	(589,341)	(742,323)
Surplus After Income Tax and Contributions		(1,161,220)	1,030,390	(36,278)	926,993
<u>Other Comprehensive income</u>					
Item that may be reclassified subsequently to profit or loss					
Net (loss) gain on fair value changes of available-for-sale financial assets		-	719,957	-	719,957
Item that will not be classified to profit or loss					
Net (loss) gain on fair value changes of financial assets at fair value through other comprehensive income		(317,808)	-	(465,858)	-
		(317,808)	719,957	(465,858)	719,957
Total Comprehensive Income		(1,479,028)	1,750,347	(502,136)	1,646,950

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STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

	Group		Society	
	2018 **SGD**	**2017** **SGD**	**2018** **SGD**	**2017** **SGD**
Attributable to:				
Owners of the Society	(1,155,361)	1,030,083	(36,278)	926,993
Non-Controlling Interests	(5,859)	307	-	-
Surplus After Income Tax and Contributions	(1,161,220)	1,030,390	(36,278)	926,993
Attributable to:				
Owners of the Society				
Non-Controlling Interests	(1,473,169)	1,750,040	(502,136)	1,646,950
Total Comprehensive Income	(5,859)	307	-	-
	(1,479,028)	1,750,347	(502,136)	1,646,950

The accompanying notes from an integral part of these financial statements

Audited Financial Statements

STATEMENTS OF FINANCIAL POSITION

For the financial year ended 31 December 2018

		Group		Society	
	Note	2018 SGD	2017 SGD	2018 SGD	2017 SGD
Assets					
Non-Current Assets					
Property, Plant and Equipment	9	1,399,975	1,454,896	1,097,178	1,106,384
Intangible Assets	10	1,575	7,425	1,575	7,425
Investment Properties	11	13,845,962	9,326,019	13,845,962	9,326,019
Investment Securities	12	76,710,070	62,098,650	73,932,670	61,448,650
Investment In Subsidiaries	13	-	-	4,517,155	1,717,155
Loan To Subsidiary	14	-	-	150,152	178,963
Loan To Members	15	18,562,513	19,244,386	18,562,513	19,244,386
Total Non-Current Assets		110,520,095	92,131,376	112,107,205	93,028,982
Current Assets					
Investment Securities	12	43,098,557	46,755,219	42,082,007	46,755,219
Trade and Other Receivables	16	3,788,324	7,377,220	3,155,980	5,990,563
Loan To Subsidiary	14	-	-	498,811	497,527
Loan To Members	15	12,015,597	14,227,078	12,015,597	14,227,078
Other Assets	17	470,865	877,777	411,156	407,293
Cash and Cash Equivalents	18	84,367,419	85,515,592	82,421,918	84,637,450
Total Current Assets		143,740,762	154,752,886	140,585,469	152,515,130
Total Assets		254,260,857	246,884,262	252,692,674	245,544,112
Accumulated Fund And Liabilities					
Funds					
General Reserve Fund	19	16,200,142	16,200,142	16,200,142	16,200,142
Common Good Fund	20	674,510	654,234	669,510	649,234
Scholarship Fund	21	13,000	13,000	13,000	13,000
Fair Value Reserve	22	3,378,720	2,565,028	2,801,970	2,565,028
Accumulated Fund		6,647,862	7,879,621	6,660,837	6,774,806
Attributable to Owners of the Society		26,914,234	27,312,025	26,345,459	26,202,210
Non-Controlling Interest		(2,507)	3,352	-	-
Total Funds		26,911,727	27,315,377	26,345,459	26,202,210

Audited Financial Statements

STATEMENTS OF FINANCIAL POSITION

For the financial year ended 31 December 2018

	Note	Group 2018 SGD	Group 2017 SGD	Society 2018 SGD	Society 2017 SGD
Non-Current Liabilities					
Term Deposits	23	4,454,021	5,948,887	4,454,021	5,948,887
Members' Specific Deposits	24	41,219,775	39,982,987	41,219,775	39,982,987
Subscription-To-Savings Scheme	25	36,401,332	31,421,947	36,401,332	31,421,947
Share Capital	26	2,167,514	2,210,292	2,167,514	2,210,292
Subscription Capital	27	81,616,237	84,004,430	81,616,237	84,004,430
Other Liabilities	29	-	2,000	-	-
Total Non-Current Liabilities		165,858,879	163,570,543	165,858,879	163,568,543
Current Liabilities					
Term Deposits	23	12,916,725	15,621,187	12,916,725	15,621,187
Members' Specific Deposits	24	19,397,542	17,963,371	19,397,542	17,963,371
Subscription-To-Savings Scheme	25	17,417,963	11,915,270	17,417,963	11,915,270
Share Capital	26	67,036	45,108	67,036	45,108
Subscription Capital	27	8,114,276	7,418,890	8,114,276	7,418,890
Interest and Premium Received In Advance		69,570	61,054	69,570	61,054
Trade and Other Payables	28	1,989,628	1,164,986	999,533	954,987
Other Liabilities	29	264,781	260,651	254,356	253,426
Ex-Members' Accounts		26,781	17,662	26,781	17,662
Provision	30	630,513	775,381	630,513	775,381
Income Tax Payables		1,395	-	-	-
Central Co-Operative Fund	31	589,341	748,789	589,341	742,323
Honorarium	32	4,700	5,993	4,700	4,700
Total Current Liabilities		61,490,251	55,998,342	60,488,336	55,773,359
Total Liabilities		227,349,130	219,568,885	226,347,215	219,341,902
Total Accumulated Fund And Liabilities		254,260,857	246,884,262	252,692,674	245,544,112

The accompanying notes from an integral part of these financial statements

Audited Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

	Note	Total Fund SGD	Attributable to Owners of the Society SGD	General Reserve SGD	Common Good Fund SGD	Scholarship Fund SGD	Fair Value Reserve SGD	Accumulated Fund SGD	Non-Controlling Interests SGD
Group									
Balance as at 1 January 2018		27,315,377	27,312,025	16,200,142	654,234	13,000	2,565,028	7,879,621	3,352
Cumulative effects of adopting new accounting standards		1,131,500	1,131,500	-	-	-	1,131,500	-	-
Balance as at 1 January 2018, restated		28,446,877	28,443,525	16,200,142	654,234	13,000	3,696,528	7,879,621	3,352
Net movement		(52,724)	(52,724)	-	(39,724)	(13,000)	-	-	-
Honorarium		(3,398)	(3,398)	-	-	-	-	(3,398)	-
Total comprehensive income for the year		(1,479,028)	(1,473,169)	-	-	-	(317,808)	(1,155,361)	(5,859)
Transfer from accumulated fund		-	-	-	60,000	13,000	-	(73,000)	-
Balance as at 31 December 2018		26,911,727	26,914,234	16,200,142	674,510	13,000	3,378,720	6,647,862	(2,507)
Group									
Balance as at 1 January 2017		25,600,498	25,597,378	16,200,142	620,634	13,000	1,845,071	6,918,531	3,120
Net movement		(29,400)	(29,400)	-	(16,400)	(13,000)	-	-	-
Honorarium		(5,993)	(5,993)	-	-	-	-	(5,993)	-
Total comprehensive income for the year		1,750,347	1,750,040	-	-	-	719,957	1,030,083	307
Dividends paid	33	(75)	-	-	-	-	-	-	(75)
Transfer from accumulated fund		-	-	-	50,000	13,000	-	(63,000)	-
Balance as at 31 December 2017		27,315,377	27,312,025	16,200,142	654,234	13,000	2,565,028	7,879,621	3,352

The accompanying notes from an integral part of these financial statements

Audited Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

		Group	
	Note	2018	2017
		SGD	SGD
Cash Flows From Operating Activities			
Surplus Before Income Tax and Contributions		(569,779)	1,779,017
Adjustments for:			
Allowance for impairment of receivables		1,627,966	-
Amortisation		5,850	5,850
Depreciation of plant and equipment		136,503	117,660
Depreciation of investment properties		292,657	269,181
Dividend income		(811,691)	(725,081)
Gain on disposal of financial assets		-	(98,127)
Gain on disposal of plant and equipment		-	(3,271)
Reversal of impairment loss on investment at amortised cost		(51,742)	-
Reversal of provision expenses		(77,209)	(269,572)
Reversal of allowance for impairment of receivables		-	(374,018)
Impairment loss on investment at amortised cost		533,938	1,568,517
Provision expenses		39,053	59,992
Interest expenses		5,230,053	4,573,663
Interest income		(4,878,401)	(7,978,360)
Operating Cash Flows Before Changes in Working Capital		1,477,198	(1,074,549)
Changes in Working Capital			
Loans to members		1,265,388	(799,647)
Trade and other receivables		3,588,191	(4,376,343)
Other assets		406,912	(153,847)
Amounts owing to members		7,240,052	10,275,475
Trade and other payables		833,158	(248,889)
Ex-member's accounts		9,119	4,204
Payment of provision expenses		(106,712)	(80,037)
Other liabilities		2,130	3,039
Cash Flows From (Used In) Operations		14,715,436	3,549,406
Interest paid		(5,230,053)	(4,573,663)
Interest received		3,560,844	3,655,441
Payment of central co-operative fund		(748,789)	(732,484)
Income taxes paid		-	(4,143)
Net Cash Flows From (Used In) Operating Activities		12,297,438	1,894,557

Audited Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

	Note	Group 2018 SGD	Group 2017 SGD
Cash Flows From Investing Activities			
Interest received		1,317,557	4,322,919
Dividend received		811,691	725,081
Purchase of plant and equipment		(81,582)	(70,174)
Purchase of investment property		(4,812,600)	-
Purchase of intangible assets		-	(1,125)
Proceeds from disposal of plant and equipment		-	3,271
Net (purchase) proceeds from sale/maturity of investments		(10,623,262)	(24,610,901)
Net Cash Flows From (Used In) Investing Activities		(13,388,196)	(19,630,929)
Cash Flows From Financing Activities			
Dividend paid to non-controlling interests		-	(75)
Payment of common good fund		(39,724)	(16,400)
Payment of scholarship fund		(13,000)	(13,000)
Payment of honorarium		(4,691)	-
Net Cash Flows From (Used In) Financing Activities		(57,415)	(29,475)
Net Increase (Decrease) in Cash and Cash Equivalents		(1,148,173)	(17,765,847)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance		85,515,592	103,281,439
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	18	84,367,419	85,515,592

The accompanying notes from an integral part of these financial statements

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

1. General Information

The Singapore Police Co-operative Society Limited (the "Society") is incorporated in Singapore. The Society's registered office is located at 250 Sims Avenue # 04-01 SPCS Building Singapore 387513. The Society is situated in Singapore.

The Board of Directors approved and authorised these financial statements for issue.

The principal activities of the Society, which are governed by the Co-operative Societies Act, Chapter 62 are to promote, in accordance with co-operative principles, co-operation and self-help, to encourage thrift, to receive subscriptions and deposits from members and to assist members by enabling them to take loans on reasonable terms, and to undertake any co-operative venture or project subject to the approval of the Registrar of Co-operative Societies.

The principal activities of the subsidiaries are stated in note 13.

2. Significant Accounting Policies

Basis of Preparation

The consolidated financial statements of the Group and the statement of financial position of the Society have been prepared in accordance with the provisions of the Singapore Co-operative Societies Act, Chapter 62 and Singapore Financial Reporting Standards ("FRS").

The financial statements expressed in Singapore Dollar ("SGD") are prepared in accordance with the historical cost convention except as disclosed, where appropriate, in the accounting policies below.

The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial years except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2018. Except for the adoption of FRS 109 Financial Instruments described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group.

FRS 109 Financial Instruments

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

The Group applied FRS 109 retrospectively, with an initial application date of 1 January 2018. The Group has not restated comparative information which continues to be reported under FRS 39 and the disclosure requirements of FRS 109 Financial Instruments: Disclosures relating to items within the scope of FRS 39. The impact arising from the adoption of FRS 109 was included in the opening retained earnings and other components of equity at the date of initial application.

The effects of adopting FRS 109 as at 1 January 2018 were as follows:

	Increase / (decrease) SGD
Group	
Available-for-sale financial assets	
Unquoted equity securities	1,131,500
Total adjustment on equity:	
Fair value reserve	1,131,500

The nature of the adjustments are described below:

Classification and measurement

Under FRS 109, debt instruments are subsequently measured either at fair value through profit or loss (FVPL), amortised cost or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets and whether the instruments' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of FRS 109 did not have a significant impact to the Group. The Group continued measuring at fair value all financial assets previously held at fair value under FRS 39. The following are the changes in the classification and measurement of the Group's financial assets:

(a) Quoted bonds and notes and bonds from statutory board classified as held-to-maturity investments as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These were classified and measured as asset instruments at amortised cost beginning 1 January 2018.

(b) Trade and other receivables, loan to subsidiary and loan to members classified as loans and receivables as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These were classified and measured as debt instruments at amortised cost beginning 1 January 2018.

(c) Quoted equities in corporation and unquoted investments classified as available-for-sale (AFS) financial assets as at 31 December 2017 were classified and measured as equity instruments designated at FVOCI beginning 1 January 2018. The Group elected to classify irrevocably quoted equities in corporation and unquoted investments under this category at the date of initial application as it intends to hold these investments for long-term appreciation. There were impairment losses recognised in profit or loss for these investments in prior periods.

In addition, unquoted investments were measured at cost under FRS 39. Upon adoption of FRS 109, the Group measured the unquoted investments at FVOCI. The impact arising from this change resulted in an increase in carrying value of SGD 1,131,500 to the unquoted investments with a corresponding adjustment to fair value reserve at 1 January 2018.

The Group elected to classify irrevocably its unquoted equity securities under this category at the date of initial application as it intends to hold these investments for long-term appreciation. There were no impairment losses recognised in profit or loss for these investments in prior periods. In addition, investments in unquoted equity securities was measured at cost under FRS 39.

The Group has not designated any financial liabilities at FVPL. There are no changes in classification and measurement for the Society's financial liabilities.

In summary, upon the adoption of FRS 109, the Group had the following required or elected reclassifications as at 1 January 2018:

		FRS 109 measurement category		
		FVPL	**FVOCI**	**Amortised cost**
FRS 39 measurement category	**SGD**	**SGD**	**SGD**	**SGD**
Held-to-maturity investments				
Structured deposits	900,000	-	-	900,000
Quoted bonds and notes	66,746,620	-	-	66,746,620
Bonds from statutory board	38,068,653	-	-	38,068,653
Loans and receivables				
Loan to members	33,785,246	-	-	33,785,246
Trade and other receivables	7,377,220	-	-	7,377,220
Available-for-sale financial assets				
Quoted equity securities	5,328,398	-	5,328,398	-
Unquoted equity securities	500,000	-	1,631,500	-

Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Singapore Dollar ("SGD"), which is the Group's functional and presentation currency.

All financial information presented are denominated in Singapore Dollar unless otherwise stated.

Joint operations

A joint operation is a joint arrangement whereby parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The joint operator recognises in relation to its interest in a joint operation:

a) Its assets, including its share of any assets held jointly;
b) Its liabilities, including its share of any liabilities incurred jointly;
c) Its revenue from the sale of its share of the output arising from the joint operation;
d) Its share of the revenue from the sale of the output by the joint operation; and
e) Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

When the Group enters into transaction involving a sale or contribution of assets with a joint operation in which it is a joint operator, the Group recognises gains or losses resulting from such a transaction only to the extent of the interests held by the other parties of the joint operation.

When the Group enters into a transaction involving purchase of assets with a joint operation in which it is a joint operator, the Group does not recognise its share of the gains and losses until it resells those assets to a third party. When such transactions provide evidence of a reduction in the net realisable value of the assets to be purchased or of an impairment loss of those assets, the Group recognises its share of those losses.

Revenue Recognition

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

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

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

Revenue is recognised as follows:

(i) Service Income

Revenue from rendering services is recognised over the period in which the services are rendered, by reference to the completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be performed.

(ii) Interest Income

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

(iii) Rental Income

Rental income is recognised as monthly rental accrues in accordance with the terms and conditions of the rental agreements.

(iv) Dividend Income

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

(v) Sale of Investments

Revenue from sale of investments is recognised upon transfer of ownership rights, net of brokerage, clearing and trading fees incurred.

(b) Prior to 1 January 2018, revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue comprises the fair value of the consideration received or receivables for service income and interest income net of rebates and discounts and after eliminating sales within the Group, taking into account contractually defined terms of payment.

Government Grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be compiled with. A government grant that becomes receivables as compensation for expenses or losses incurred is recognised as income in profit or loss of the period in which it becomes receivable.

Finance Costs

Interest expenses and similar charges are expensed in the income statement in the financial year in which they are incurred. Interest expense is recognised on a time-proportion basis in the income statement using the effective interest method.

Retirement Benefit Costs

Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. Contributions made to government managed retirement benefit plan such as the Central Provident Fund ("CPF") which specifies the employer's obligations are dealt with as defined contribution retirement benefit plans.

Employee Leave Entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting year.

Operating Leases

a) When the Group is the lessee

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

b) When the Group is the lessor

Assets leased out under sub-lease properties. Rental income (net of any incentives given to the lessee) is recognised on a straight-line basis over the lease term.

Assets leased out under operating leases are included in investment properties and are stated at cost less accumulated depreciation and impairment loss. Rental income (net of any incentives given to lessee) is recognised on a straight-line basis over the lease term.

Basis of Consolidation

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

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

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

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

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

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

Business combinations

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not to be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combination does not apply to the formation of a joint venture, the acquisition of an asset or a group of assets that does not constitute a business and a combination of entities or businesses under common control.

Transactions with Non-Controlling Interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the parent ("Society"), and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the parent ("Society").

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

Investment in Subsidiaries

Investment in subsidiaries is stated at cost less accumulated impairment losses in the Society's statement of financial position. On disposal of investment in subsidiaries, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

Income Tax Benefit (Expense)

(a) Current Tax

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

(b) Deferred Tax

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

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset is reviewed at end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting year and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

The Society is a registered co-operative society under the Singapore Co-operative Societies Act, Chapter 62 and its income is exempted from income tax under Section 13(1)(f)(ii) of the Income Tax Act, Chapter 134.

(c) Sales Tax

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

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Intangible Assets

Intangible assets represent the Society's computer software that is not an integral part of a computer-controlled machine. The intangible assets are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure which enhances or extends the performance of the intangible assets beyond its specifications and which can be reliably measured, is added to the original cost of the intangible assets. Costs associated with maintaining the intangible assets are recognised as an expense when incurred. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The useful life of the intangible assets is assessed to be finite. Amortisation is computed using the straight-line method over five years. It is assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and amortisation method are reviewed at least at the end of each reporting year. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in statement of comprehensive income when the asset is derecognised.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on the straight-line method to write off the cost of the assets over their estimated useful lives. The estimated useful lives have been taken as follows:

Freehold property	-	50 years
Leasehold property	-	50 years
Computer hardware and software	-	2 to 5 years
Furniture and fittings	-	5 years
Office equipment	-	5 years
Renovation	-	5 years

The residual values, estimated useful lives and depreciation method are reviewed, and adjusted as appropriate, at the end of each reporting year.

Fully depreciated assets are retained in the accounts until they are no longer in use.

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

Investment Properties

Investment properties are held for long-term rental yields and are not occupied by the Society. Investment properties are initially stated at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on the straight-line method to write off the cost of the properties over their estimated useful lives of 50 years.

The residual values, estimated useful lives and depreciation method are reviewed, and adjusted as appropriate, at the end of each reporting year.

On disposal of an investment property, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Impairment of Non-Financial Assets

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

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

Impairment losses are recognised in the profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss.

Financial instruments

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

Financial assets

Initial recognition and measurement

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

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

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

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, FVOCI and FVPL. The Society only has debt instruments at amortised cost.

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

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be reclassified subsequently to profit or loss. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments, the Group has elected to present subsequent changes in fair value in other comprehensive income.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

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

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

The financial assets of the Group that are within the scope of FRS 39 are classified as follows:

Held-to-maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold the assets to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount and minus any reduction for impairment or uncollectability. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate method, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in the profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Available-For-Sale Financial Assets

Available-for-sale financial assets are financial assets that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses and interest calculated using the effective interest rate method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is recognised in profit or loss when the financial asset is derecognised.

Investments in equity instruments that do not have a quoted market price in an active market whose fair value cannot be reliably measured are measured at cost less impairment loss.

Loans and Receivables

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

<u>Impairment of Financial Assets</u>

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

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following basis:

12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

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

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

Assets Carried at Amortised Cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor or significant delays in payments.

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

Available-For-Sale Financial Assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income to profit or loss. Reversals of impairment losses in respect of equity instruments are recognised in profit or loss. Any increase in their value after impairment are recognised directly in other comprehensive income. Reversal of impairment losses on debt instruments are recognised in profit or loss if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised.

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Society, the financial statements of the Society are maintained substantially in accordance with the principles of “fund accounting” whereby the resources for various purposes are classified for accounting and reporting purposes into specific funds that are in accordance with activities or objectives specified.

Cash and Cash Equivalents

This include cash on hand and deposits with financial institutions.

Financial Liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of the consideration received plus, in the case of a financial liability not at fair value through profit or loss, directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Gain and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process. The liabilities are derecognised when the obligation under the liability is extinguished.

Provisions

A provision is recognised when there is a present obligation (legal and constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

Critical Judgements, Assumptions and Estimation Uncertainties

The preparation of the Group’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability effected in the future.

Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting year, 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.

Useful Lives of Property, Plant and Equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 2 to 50 years. The carrying amount of the Group's property, plant and equipment as at 31 December 2018 is disclosed in note 9 to the financial statements. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Useful Lives of Investment Properties

Investment properties are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these investment properties to be within 50 years. The carrying amount of the Group's investment properties as at 31 December 2018 is disclosed in note 11 to the financial statements. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Provision for expected credit losses of loan to members

The Group uses a probability of default approach to calculate ECLs for loan to members. The provision rates are based on historical default rates for each category of loan and adjusts for forward-looking on the probability of insolvency or significant financial difficulties of the debtor or significant delays in payments.

The probability of default approach is initially based on the Group's historical observed default rates. The Group will compute expected credit loss for this group of financial assets using the probability of default approach and recognise amount based on computed figures minus accumulated bad debts recognised as at to date. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's loan to members is disclosed in Note 15.

Classification of Current and Non-Current Liabilities

The Group is required to classify and apportion any liabilities that are due within one year after the end of the reporting year. Management is to classify members' specific deposits, share capital and subscription capital as current and non-current liabilities based on the pattern of withdrawals and infusion of funds by members for their specific deposits accounts, share capital accounts and subscription capital accounts for the last 3 years. Management exercises judgement based on the withdrawal patterns and infusion of funds in the last 3 years to estimate the apportion rate as current liabilities that are due within one year after the end of the reporting year. The basis of estimates is reviewed at the end of each reporting year and adjusted to reflect the current best estimate. The carrying amount and apportionment of members' specific deposits, share capital and subscription capital are set out in note 24, note 26 and note 27 to the financial statements respectively.

3. Related Party Relationship and Transactions

FRS 24 defines a related party as a person or entity that is related to the reporting entity and it includes:

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

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to the reporting entity if any of the following conditions apply:

- (i) The entity and the reporting entity are members of the same group.
- (ii) One entity is an associate or joint venture of the other entity.
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3.1 Related companies

Related companies in these financial statements are members of the Group. There are transactions and arrangements between the reporting entity and members of the Group and the effects of these on the basis determined between the parties are reflected in these financial statements. The current intercompany balances are unsecured, without fixed repayment terms and interest unless stated otherwise. Intragroup transactions and balances that have been eliminated in these financial statements are not disclosed as related party transactions and balances below.

Significant related companies' transactions:

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	Society	
	2018 SGD	2017 SGD
Transactions with subsidiaries		
Dividend income	51,000	65,000
Rental income	18,900	18,900
Interest income	20,793	21,395
Other income	625	3,425

3.2 Related parties

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The current related party balances are unsecured, without fixed repayment terms and interest unless stated otherwise.

There is no related parties' transaction during the financial year.

4. Revenue

	Group		Society	
	2018 SGD	2017 SGD	2018 SGD	2017 SGD
Consultancy services and other related services	566,958	325,124	-	-
Commission income	325,537	450,819	-	-
Renovation, décor and other services	3,171,406	4,516,790	-	-
	4,063,901	5,292,733	-	-

Revenue are recognised over time.

Transactions within the Group have been excluded from consolidated revenue.

5. Depreciation and Amortisation

	Group		Society	
	2018 SGD	2017 SGD	2018 SGD	2017 SGD
Amortisation	5,850	5,850	5,850	5,850
Depreciation of property, plant and equipment	136,503	117,660	88,164	68,896
Depreciation of investment properties	292,657	269,181	292,657	269,181
	435,010	392,691	386,671	343,927

6. Employee Benefits

	Group		Society	
	2018 SGD	2017 SGD	2018 SGD	2017 SGD
Contributions to defined Contribution plan ("CPF") and Skills Development Levy ("SDL")	210,395	196,960	167,486	154,190
Medical expenses	10,467	9,765	6,362	5,808
Directors' fee - current year	10,000	5,048	-	-
Directors' fee - prior year	-	(47)	-	-
Foreign worker levy	7,791	7,343	-	-
Salaries and bonus	1,424,175	1,352,708	1,072,565	996,041
Staff training and incentive	20,020	24,026	7,170	10,698
	1,682,848	1,595,803	1,253,583	1,166,737

7. Finance Costs

	Group		Society	
	2018 SGD	2017 SGD	2018 SGD	2017 SGD
Interest on members' specific deposits	357,344	329,095	357,344	329,095
Interest on members' term deposits	133,118	206,354	133,118	206,354
Interest on members' subscription-to-savings scheme	1,970,948	1,601,315	1,970,948	1,601,315
	2,461,410	2,136,764	2,461,410	2,136,764
# Dividend paid on share capital and subscription capital	2,768,643	2,436,899	2,768,643	2,436,899
	5,230,053	4,573,663	5,230,053	4,573,663

Share capital and subscription capital are classified as liability. Thus, dividends thereon are recognised as finance costs in the profit or loss.

At the end of the reporting year, finance cost of SGD 20,938 (2017: SGD 16,686) was paid to the Society's staff.

8. Income Tax Benefit (Expense)

	Group	
	2018 SGD	2017 SGD
Current income tax	(2,100)	-
Over (under) provision in previous year	-	162
	(2,100)	162
Reconciliation of effective tax rate		
Surplus before income tax	(569,779)	1,779,017
Tax using the Singapore tax rate at 17% (2017: 17%)	(96,862)	302,433
Non-taxable items	(38,250)	(12,822)
Expenses not deductible for tax purpose	579	697
Tax exempt revenue and tax incentives	136,278	(294,717)
Unrecognised deferred tax asset on current year losses	-	4,259
(Over) under provision in previous year	-	(162)
Other items	355	150
Total income tax expense	2,100	(162)

The Societies are exempted from income tax under Section 13(1)(f)(ii) of the Income Tax Act, Chapter 134.

The Group has unused tax losses of approximately SGD Nil (2017: SGD 26,000) available for offsetting against future taxable profits for which no deferred tax asset is recognised due to uncertainty of its recoverability.

The realisation of the future income tax benefit from unused tax losses is available for an unlimited future period subject to compliance with certain provision in the Singapore Income Tax Act and agreement by the Comptroller of Income Tax.

9. Property, Plant and Equipment

	Freehold Property	Leasehold Property	Computer Hardware and Software	Furniture and Fittings	Office Equipment	Renovation	Total
	SGD	SGD	SGD	SGD	SGD	SGD	SGD
Group							
Cost							
At 1.1.2017	1,441,750	534,506	337,543	198,808	89,911	108,937	2,711,455
Additions	-	-	15,791	8,030	23,904	22,449	70,174
Disposals	-	-	-	-	(10,200)	-	(10,200)
At 31.12.2017 and 1.1.2018	1,441,750	534,506	353,334	206,838	103,615	131,386	2,771,429
Additions	-	-	34,922	46,660	-	-	81,582
Disposals	-	-	-	-	(3,599)	-	(3,599)
At 31.12.2018	1,441,750	534,506	388,256	253,498	100,016	131,386	2,849,412
Accumulated Depreciation							
At 1.1.2017	403,690	165,122	284,493	168,399	79,267	108,102	1,209,073
Depreciation for year	28,835	37,838	20,769	13,117	11,826	5,275	117,660
Disposals	-	-	-	-	(10,200)	-	(10,200)
At 31.12.2017 and 1.1.2018	432,525	202,960	305,262	181,516	80,893	113,377	1,316,533
Depreciation for year	28,835	37,838	35,027	20,944	9,319	4,540	136,503
Disposals	-	-	-	-	(3,599)	-	(3,599)
At 31.12.2018	461,360	240,798	340,289	202,460	86,613	117,917	1,449,437
Net Carrying Amount							
At 31.12.2018	980,390	293,708	47,967	51,038	13,403	13,469	1,399,975
At 31.12.2017	1,009,225	331,546	48,072	25,322	22,722	18,009	1,454,896

The subsidiary's leasehold property with carrying amount of SGD 293,708 (2017: SGD 331,546) is mortgaged to secure for a commercial property loan with the holding company (note 14). Subsequent to the financial year, the subsidiary's leasehold property was sold to a related company.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2018

	Freehold Property	Computer Hardware and Software	Furniture and Fittings	Office Equipment	Renovation	Total
	SGD	SGD	SGD	SGD	SGD	SGD
Society						
Cost						
At 1.1.2017	1,441,750	302,630	168,992	54,978	1,435	1,969,785
Additions	-	11,594	4,980	16,700	22,449	55,723
Disposals	-	-	-	(10,200)	-	(10,200)
At 31.12.2017 and 1.1.2018	1,441,750	314,224	173,972	61,478	23,884	2,015,308
Additions	-	32,298	46,660	-	-	78,958
Disposals	-	-	-	(3,599)	-	(3,599)
At 31.12.2018	1,441,750	346,522	220,632	57,879	23,884	2,090,667
Accumulated Depreciation						
At 1.1.2017	403,690	252,613	142,270	50,220	1,435	850,228
Depreciation for year	28,835	19,355	10,086	6,130	4,490	68,896
Disposals	-	-	-	(10,200)	-	(10,200)
At 31.12.2017 and 1.1.2018	432,525	271,968	152,356	46,150	5,925	908,924
Depreciation for year	28,835	30,431	19,418	4,990	4,490	88,164
Disposals	-	-	-	(3,599)	-	(3,599)
At 31.12.2018	461,360	302,399	171,774	47,541	10,415	993,489
Net Carrying Amount						
At 31.12.2018	980,390	44,123	48,858	10,338	13,469	1,097,178
At 31.12.2017	1,009,225	42,256	21,616	15,328	17,959	1,106,384

10. Intangible Assets

	Computer Software SGD
Group and Society	
Cost	
At 1.1.2017	359,630
Additions	1,125
At 31.12.2017 and 1.1.2018	360,755
At 31.12.2018	360,755
Accumulated Amortisation	
At 1.1.2017	347,480
Amortisation for year	5,850
At 31.12.2017 and 1.1.2018	353,330
Amortisation for year	5,850
At 31.12.2018	359,180
Net Carrying Amount	
At 31.12.2018	1,575
At 31.12.2017	7,425

11. Investment Properties

	Freehold Properties SGD
Group and Society	
Cost	
At 1.1.2017	13,993,240
At 31.1.2017 and 1.1.2018	13,993,240
Additions	4,812,600
At 31.12.2018	18,805,840
Accumulated Depreciation	
At 1.1.2017	4,398,040
Depreciation for year	269,181
At 31.12.2017 and 1.1.2018	4,667,221
Depreciation for year	292,657
At 31.12.2018	4,959,878
Net Carrying Amount	
At 31.12.2018	13,845,962
At 31.12.2017	9,326,019

The investment properties held by the Society as at 31 December 2018 are as follows:

Description and location	Existing use	Tenure
* Two adjoining 2- storey intermediate shophouses - 259 Holland Avenue, Singapore - 261 Holland Avenue, Singapore	Commercial	Freehold
4-storey commercial building with a basement carpark known as SPCS Building, 250 Sims Avenue, Singapore - #01-01 - #02-01 - #03-01	Commercial	Freehold
Two office units of a 4-storey shop-cum-office building with a basement carpark known as Guthrie Building - #01-01 - #02-01 - #02-01A	Commercial	Freehold

* Investment properties with carrying amount of SGD 4,464,286 (2017: SGD 4,613,095) were mortgaged to secure for banking facilities (note 18).

The rental income earned by the Society for the year ended 31 December 2018 from investment properties leased out under operating leases amounted to SGD 1,046,733 (2017: SGD 1,052,856).

Direct operating expenses (including repairs and maintenance) arising from rental generating properties amounted to SGD 282,725 (2017: SGD 255,096).

The investment properties were valued at SGD 37,060,000 (2017: SGD 28,600,000) on 31 December 2018 by Savills Valuation and Professional Services (S) Pte Ltd and Suntec Real Estate Consultants Pte Ltd, independent professional valuers with recognised and relevant professional qualifications and with recent experience in the location and category of the properties being valued. The valuations are based on the properties highest-and-best-use using the Market Approach and Income Approach.

12. Investment Securities

	Group		Society	
	2018 SGD	**2017 SGD**	**2018 SGD**	**2017 SGD**
Non-current				
At amortised cost				
Quoted bonds and notes	44,428,189	39,932,378	41,650,789	39,432,378
Bonds from statutory board	23,597,834	19,027,676	23,597,834	19,027,676
Less: Accumulated impairment losses	(2,029,963)	(4,547,211)	(2,029,963)	(4,547,211)
	65,996,060	54,412,843	63,218,660	53,912,843
At fair value through other comprehensive income				
Quoted equities securities,	4,731,912	5,328,398	4,731,912	5,328,398
Less: Accumulated impairment losses	(31,455)	(42,591)	(31,455)	(42,591)
	4,700,457	5,285,807	4,700,457	5,285,807

	Group		Society	
	2018 SGD	2017 SGD	2018 SGD	2017 SGD
Non-current				
Singapore government securities bonds, at fair value	3,001,700	-	3,001,700	-
Unquoted equity securities, at cost	1,900,000	2,400,000	1,900,000	2,250,000
Unquoted equity securities, at fair value				
Secom (Singapore) Private Limited	1,111,853	-	1,111,853	-
Total non-current investment securities	76,710,070	62,098,650	73,932,670	61,448,650
Unquoted equity securities, at cost				
NTUC Income Insurance Co-operative Limited	250,000	250,000	250,000	250,000
NTUC Choice Homes Co-operative	200,000	200,000	200,000	200,000
Premier Security Co-operative Limited	1,450,000	1,450,000	1,450,000	1,450,000
Secom (Singapore) Private Limited	-	350,000	-	350,000
AA-SPCS Services Pte Ltd	-	150,000	-	-
	1,900,000	2,400,000	1,900,000	2,250,000

Unquoted equity securities amounting to SGD 1,900,000 was stated at cost as these are shares held in co-operative societies and the share value of co-operative are fixed at its par value and there are no market to determine the fair value.

	Group		Society	
Current				
At amortised cost				
Structured deposits	-	900,000	-	900,000
Quoted bonds and notes	20,058,245	26,814,242	20,058,245	26,814,242
Bonds from statutory board	15,015,262	19,040,977	15,015,262	19,040,977
	35,073,507	46,755,219	35,073,507	46,755,219
At fair value through other comprehensive income				
Singapore government securities bonds, at fair value	7,008,500	-	7,008,500	-
Unquoted equity securities, at fair value				
AA-SPCS Services Pte Ltd	1,016,550	-	-	-
Total current investment securities	43,098,557	46,755,219	42,082,007	46,755,219
Total investment securities	119,808,627	108,853,869	116,014,677	108,203,869

	Group		Society	
	2018 SGD	2017 SGD	2018 SGD	2017 SGD
Analysis of Accumulated impairment losses				
At beginning of year	4,589,802	4,022,906	4,589,802	4,022,906
Impairment charged to profit or loss	533,938	1,568,517	533,938	1,568,517
Reversal charged to profit or loss	(51,742)	-	(51,742)	-
Written off against impairment	(3,010,580)	(1,001,621)	(3,010,580)	(1,001,621)
At end of year	2,061,418	4,589,802	2,061,418	4,589,802

<u>Impairment testing of investment securities</u>

At the end of the reporting year, the Group and the Society recognised the impairment losses of SGD 2,061,418 (2017: SGD 4,589,802) for structured deposits and quoted bonds and notes as there were significant declines in the fair value of these investments.

13. Investment in Subsidiaries

	Society	
	2018 SGD	2017 SGD
Unquoted shares, at cost	5,517,155	1,717,155
Impairment losses	(1,000,000)	-
	4,517,155	1,717,155
Analysis of impairment losses		
Charged to profit or loss	1,000,000	-
At end of year	1,000,000	-

Details of subsidiaries:

Name	Principal Activities	Country of Incorporation and Business Carried out in	Proportion (%) of Ownership Interest 2018 %	2017 %
* Choice Décor Co-operative Society Ltd	Renovation and decor business.	Singapore	99.75	99.75
* SPCS Consultancy Pte. Ltd.	Consultancy services related to security, law and order and other areas.	Singapore	100	100

* Audited by P G Wee Partnership LLP, Singapore.

During the year, there was additional investment in SPCS Consultancy Pte. Ltd amounting to SGD 3,800,000. There was no change in the equity interest upon the additional investment.

SPCS Consultancy Pte. Ltd. is a 50% partner in a Consortium, a joint arrangement formed with POLWEL Co-operative Society Limited, to enter a project, SGSecure awareness, which is incorporated in Singapore.

Although the Consortium is legally separated from the parties, the Joint Operator has classified it as a joint operation. This is on the basis that the partners are legally obliged to take the entire output produced by the Consortium and will be the only source of funding to settle its liabilities. Subsequent to the financial year, the subsidiary has the intention to liquidate the Consortium.

The following summarises the amount of revenue, financial assets and liabilities of the Consortium recorded at the end of the reporting year.

	2018 SGD	2017 SGD
Revenue	191,312	70,812
Net Profit	70,406	10,280
Assets	253,642	165,965
Liabilities	35,292	18,020

Impairment testing of investment in subsidiaries

At the end of reporting year, management performed an impairment test for the investment in Choice Décor Co-operative Society Ltd. An impairment loss of SGD 1,000,000 (2017: SGD Nil) was recognised for the year ended 31 December 2018 to write down this subsidiary to its recoverable amount. The recoverable amount of the investment in subsidiary has been based on cash-generating unit determined after consideration of net assets of the subsidiary that are not part of the cash-generating unit to the Society.

14. Loan to a Subsidiary

	Society	
	2018 SGD	2017 SGD
Loans on:		
Current		
- Overdraft facility (Note (a))	470,000	470,000
- Commercial property loan (Note (b))	28,811	27,527
	498,811	497,527
Non-current		
- Commercial property loan (Note (b))	150,152	178,963
Total loans to a subsidiary	648,963	676,490

(a) The overdraft facility is unsecured and not subject to any terms of repayment. Interest is charged at 2.60% (2017: 2.60%) per annum.

(b) Commercial property loan was secured by the subsidiary's leasehold property. Interest is charged at 3.50% per annum and increases at 0.25% every year until the 10th year which will be charged at UOB's prime lending rate less 0.50% per annum on a monthly rest basis. The current year interest rate is 4.50% (2017: 4.50%). The remaining repayment period for commercial property loan is repayable within 67 months (2017: 79 months).

15. Loans to Members

	Group and Society	
	2018 SGD	2017 SGD
At beginning of year	33,785,246	33,043,906
Add: Loans given during the year	18,600,580	23,172,390
	52,385,826	56,216,296
Less: Repayments during the year	(21,187,685)	(21,998,725)
Write-off against provision	(101,374)	(58,307)
Reversal of allowance for impairment of receivables	(2,681)	(374,018)
	31,094,086	33,785,246
Less: Allowance for impairment of receivables	(515,976)	(313,782)
At end of year	30,578,110	33,471,464

<u>Expected credit losses ("ECL")</u>

The movement in allowance for expected credit losses of loans to members computed based on lifetime ECL was as follows:

Analysis of Allowance for Impairment of Receivables		
At beginning of year	(313,782)	(746,107)
Addition during the year	(303,568)	-
Write-off against provision	101,374	58,307
Reversal to profit or loss	-	374,018
At end of year	(515,976)	(313,782)
As disclosed in the statement of financial position:		
Receivable within the next 12 months – Current assets	12,015,597	14,227,078
Receivable after the next 12 months – Non-current assets	18,562,513	19,244,386
	30,578,110	33,471,464

Loans amounting to SGD 703,520 (2017: SGD 904,563) are secured by savings.

The rates of interest for loans to members ranged between 3% to 12% (2017: 3% to 12%) per annum. Interest rates are fixed at contract dates. Loans to members are repayable within a period of 1 month up to 120 months.

Loan to members that were determined to be impaired at the end of the reporting date relate to members that were in significant financial difficulties and had defaulted on payments. These members were not secured by any collateral or credit enhancements.

16. Trade and Other Receivables

	Group		Society	
	2018	**2017**	**2018**	**2017**
	SGD	**SGD**	**SGD**	**SGD**
Trade receivables	2,215,897	5,294,703	296,023	3,965,562
Less: Allowance for impairment of receivables	(1,324,398)	-	-	-
	891,499	5,294,703	296,023	3,965,562
Dividend receivables	-	-	30,000	-
GST receivables	315,735	952	313,849	-
Income tax recoverable	-	705	-	-
Other receivables	939,461	50,427	900,020	60
Interest receivables	1,619,879	2,015,433	1,594,338	2,009,941
CCF Grant receivables	21,750	15,000	21,750	15,000
	3,788,324	7,377,220	3,155,980	5,990,563

Trade and other receivables are non-interest bearing and generally on 30 days' credit terms.

Other receivables include SGD 900,000 (2017: SGD Nil) represents proceed from structured deposit.

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting year and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2018	**2017**
	SGD	**SGD**
Movement in allowance accounts:		
Charged to profit or loss	1,324,398	-
At end of year	1,324,398	-

Trade receivables that are individually determined to be impaired at the end of the reporting year relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Receivables that are past due but not impaired

The Group and the Society have trade receivables that are past due at the end of the reporting year but not impaired. These receivables are unsecured and the analysis of the ageing at the end of the reporting year is as follows:

	Group		Society	
	2018	**2017**	**2018**	**2017**
	SGD	**SGD**	**SGD**	**SGD**
Trade receivable past due				
Less than 30 days	296,023	3,965,562	296,023	3,965,562
31 days to 60 days	262,771	212,942	-	-
61 days to 90 days	11,630	64,640	-	-
More than 90 days	49,010	942,021	-	-
	619,434	5,185,165	296,023	3,965,562

Trade receivables amounting to SGD 296,023 (2017: SGD 3,965,562) represent deductions through salary check-off for the month of December 2018 which had been received in January 2019.

17. Other Assets

	Group		Society	
	2018 SGD	2017 SGD	2018 SGD	2017 SGD
Deposits	446,543	862,600	395,760	395,760
Prepayments	24,322	15,177	15,396	11,533
	470,865	877,777	411,156	407,293

Deposits include SGD 391,000 (2017: SGD 391,000) paid to third party for the purchase of intangible assets.

18. Cash and Cash Equivalents

	Group		Society	
	2018 SGD	2017 SGD	2018 SGD	2017 SGD
Cash in hand	8,114	8,106	2,503	1,250
Cash at bank	1,705,183	6,249,891	1,419,415	5,636,200
Fixed deposits	82,654,122	79,257,595	81,000,000	79,000,000
	84,367,419	85,515,592	82,421,918	84,637,450

Fixed deposits bear interest rates ranging from 1.40% to 2.06% (2017: 0.74% to 1.49%) per annum and for a tenure of approximately 91 to 452 days (2017: 14 to 503 days).

	Group		Society	
	2018 SGD	2017 SGD	2018 SGD	2017 SGD
The maturity of fixed deposits:				
Maturing more than 12 months	7,000,000	-	7,000,000	-
Maturing less than 12 months	75,654,122	79,257,595	74,000,000	79,000,000
	82,654,122	79,257,595	81,000,000	79,000,000

<u>Banking facilities of the Group</u>

At the end of the reporting year, the Group and the Society have bank facilities as follows:-

	Group		Society	
	2018 SGD	2017 SGD	2018 SGD	2017 SGD
Bank overdraft	1,990,000	1,990,000	1,990,000	1,990,000
Performance guarantees	10,000	10,000	10,000	10,000
Bank guarantee (HDB)	5,000	5,000	-	-

The interest charged on the overdraft is the bank's prevailing prime rate, which is 5% (2017: 5%) per annum, with monthly rest. The bank overdraft facilities are not utilised.

The bank overdraft facilities are secured by investment properties (note 11).

A banker's guarantee of SGD 5,000 (2017: SGD 5,000) issued in favour of the Housing Development Board is secured against monies in the current account with the financial institution.

As at 31 December 2018, cash and cash equivalents denominated in foreign currency are:

	Group		Society	
	2018 SGD	2017 SGD	2018 SGD	2017 SGD
United States Dollar	-	20,523	-	20,523

19. General Reserve Fund

	Group and Society	
	2018 SGD	2017 SGD
At beginning of year	16,200,142	16,200,142
At end of year	16,200,142	16,200,142

The reserve fund shall be used (By-Law 8.6):

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

20. Common Good Fund

	Group		Society	
	2018 SGD	2017 SGD	2018 SGD	2017 SGD
At beginning of year	654,234	620,634	649,234	615,634
Transferred from accumulated fund	60,000	50,000	60,000	50,000
Disbursed during the year	(39,724)	(16,400)	(39,724)	(16,400)
At end of year	674,510	654,234	669,510	649,234

The Common Good Fund was set up for the benefit of the members of the Society and may be devoted to any educational, medical, social or charitable purposes.

The fund shall be derived from an annual contribution not exceeding ten percent of the net surplus of the Society (By-Law 8.7).

21. Scholarship Fund

	Group and Society	
	2018	2017
	SGD	SGD
At beginning of year	13,000	13,000
Transferred from accumulated fund	13,000	13,000
Disbursed during the year	(13,000)	(13,000)
At end of year	13,000	13,000

This fund is set up for the purpose of awarding scholarship to deserving children of members.

22. Fair Value Reserve

	Group		Society	
	2018	2017	2018	2017
	SGD	SGD	SGD	SGD
At beginning of year	2,565,028	1,845,071	2,565,028	1,845,071
Cumulative effects of adopting new accounting standards	1,131,500	-	702,800	-
Balance as at 1 January 2018, restated	3,696,528	1,845,071	3,267,828	1,845,071
Fair value changes	(336,792)	719,957	(484,842)	719,957
Gain on disposal of investment at FVOCI	23,757	-	23,757	-
Impairment loss	(4,773)	-	(4,773)	-
At end of year	3,378,720	2,565,028	2,801,970	2,565,028

23. Term Deposits

	Group and Society	
	2018	2017
	SGD	SGD
At beginning of year	21,570,074	27,750,387
Add: Received during the year		
- 1 year & 6 months	14,851,689	17,902,815
- 2 years	744,528	1,776,403
- 3 years	859,991	1,614,401
	16,456,208	21,293,619
Less: Withdrawals during the year		
- 1 year & 6 months	17,556,151	21,504,185
- 2 years	1,487,466	2,514,662
- 3 years	1,611,919	3,455,085
	20,655,536	27,473,932
At end of year	17,370,746	21,570,074

	Group and Society	
	2018	2017
	SGD	SGD
As disclosed in the statement of financial position:		
Payable within the next 12 months – Current liabilities	12,916,725	15,621,187
Payable after the next 12 months – Non-current liabilities	4,454,021	5,948,887
	17,370,746	21,570,074

The term deposits received from members and staff are for a period of 6 months, 12 months, 24 months and 36 months respectively at various interest rates payable on maturity. The members and staff can roll over the term deposits after the expiration of the term or they can withdraw, subject to bank charges and other costs, at any time within the term. The interest rates of term deposits are 0.50% to 0.80% (2017: 0.50% to 0.80%) per annum.

At the end of reporting year, the Society's staff have SGD 33,748 (2017: SGD 57,373) under the term deposits.

24. Members' Specific Deposits

	Group and Society	
	2018	2017
	SGD	SGD
At beginning of year	57,946,358	53,176,269
Add: Received during the year	22,033,950	22,435,392
Interest credited	344,903	353,613
	80,325,211	75,965,274
Less: Withdrawn during the year	(19,707,894)	(18,018,916)
At end of year	60,617,317	57,946,358
As disclosed in the statement of financial position:		
Payable within the next 12 months – Current liabilities	19,397,542	17,963,371
Payable after the next 12 months – Non-current liabilities	41,219,775	39,982,987
	60,617,317	57,946,358

Interest is calculated based on daily balance. Interest will be credited into members' accounts on the 1st day of January and July annually. The interest rate of members' specific deposits is 0.60% (2017: 0.60%) per annum.

25. Subscription-To-Savings Scheme (STSS)

	Group and Society	
	2018	2017
	SGD	SGD
STSS Series 3	17,133,523	17,354,979
STSS Series 4	-	11,602,080
STSS Series 5	3,860,849	3,915,358
STSS Series 6	10,173,838	10,464,800
STSS Series 7	9,611,441	-
STSS Series 8	13,039,644	-
	53,819,295	43,337,217

	Group and Society	
	2018	2017
	SGD	SGD
As disclosed in the statement of financial position:		
Payable within the next 12 months – Current liabilities	17,417,963	11,915,270
Payable after the next 12 months – Non-current liabilities	36,401,332	31,421,947
	53,819,295	43,337,217

This is in respect of amount transferred from subscription capital. The members will earn interest on the principal sum deposited.

STSS Series 3 was issued to replace STSS Series 1. The interest rate was 4.00% per annum for the period from 1 November 2014 to 31 October 2019.

STSS Series 4 was issued in year 2014. The interest rate was 3.75% per annum for the period from 1 November 2014 to 31 October 2018.

STSS Series 5 was issued to replace STSS Series 2. The interest rate was 3.50% per annum for the period from 1 November 2016 to 31 October 2020.

STSS Series 6 was issued in year 2016. The interest rate was 3.25% per annum for the period from 1 November 2016 to 31 October 2021.

STSS Series 7 was issued to replace STSS Series 4. The interest rate was 3.25% per annum for the period from 1 November 2018 to 31 October 2022.

STSS Series 8 was issued in year 2018. The interest rate was 3.25% per annum for the period from 1 November 2018 to 31 October 2022.

For early withdrawals by a member, there will be a pro-rata claw-back of the interest paid out with corresponding deduction made to the principal sum that would be repaid to the member.

At the end of the reporting year, the Society's staff have SGD 487,070 (2017: SGD 382,830) under the subscription-to-savings scheme.

26. Share Capital

	Group and Society	
	2018	2017
	SGD	SGD
Issued and fully paid share of SGD 1 each		
At beginning of year	2,255,400	2,228,400
Additional shares issued	76,200	97,260
	2,331,600	2,325,660
Less:		
Share withdrawn	(97,050)	(70,260)
At end of year	2,234,550	2,255,400
As disclosed in the statement of financial position:		
Payable within the next 12 months – Current liabilities	67,036	45,108
Payable after the next 12 months – Non-current liabilities	2,167,514	2,210,292
	2,234,550	2,255,400

Each member shall hold at least 150 shares. No member shall hold more than one-fifth of the paid-up share capital of the Society (By-Law 8.3).

27. Subscription Capital

	Group and Society	
	2018	2017
	SGD	SGD
At beginning of year	91,423,320	79,230,976
Contribution for the year	20,332,730	19,805,664
Withdrawn during the year	(8,985,893)	(7,613,320)
Transferred to Subscription-To-Savings Scheme (note 25)	(13,039,644)	-
At end of year	89,730,513	91,423,320
As disclosed in the statement of financial position:		
Payable within the next 12 months – Current liabilities	8,114,276	7,418,890
Payable after the next 12 months – Non-current liabilities	81,616,237	84,004,430
	89,730,513	91,423,320

Every member shall be allowed to subscribe a minimum monthly sum to his Subscription Account in accordance with the Administrative Rules on Subscription (By-Law 8.4). The minimum monthly subscription is currently at SGD 40 for each member. The maximum subscription contributed by each member should not exceed SGD 200 per month. Subscription capital may not be withdrawn except for such purposes and under such conditions as laid down in the By-Laws or except on a termination of membership.

At the end of the reporting year, subscription capital of SGD 42,340 (2017: SGD 114,160) were received from the Society's staff.

28. Trade and Other Payables

	Group		Society	
	2018 SGD	2017 SGD	2018 SGD	2017 SGD
Trade payables	400,708	84,808	-	-
Other payables	102,765	141,713	102,682	141,630
Interest payables	614,233	591,938	614,233	591,938
Accrued expenses	381,431	319,188	282,618	199,128
Accrued costs	480,491	-	-	-
GST payables	-	22,291	-	22,291
Directors' fee	10,000	5,048	-	-
	1,989,628	1,164,986	999,533	954,987

29. Other Liabilities

	Group		Society	
	2018 SGD	2017 SGD	2018 SGD	2017 SGD
Security deposits	-	2,000	-	-
Received in advance	33,435	35,901	33,435	35,901
Rental deposits	231,346	224,750	220,921	217,525
	264,781	262,651	254,356	253,426

As disclosed in the statement of financial position:

	Group		Society	
	2018 SGD	2017 SGD	2018 SGD	2017 SGD
Payable within the next 12 months				
– Current liabilities	264,781	260,651	254,356	253,426
Payable after the next 12 months				
– Non-current liabilities	-	2,000	-	-
	264,781	262,651	254,356	253,426

30. Provision

	Group and Society		
	Provision Expenses	Provision for Building Sinking Fund	Total
	SGD	SGD	SGD
At 1.1.2017	804,998	260,000	1,064,998
Addition during the year	59,992	-	59,992
Reversal during the year	(269,572)	-	(269,572)
Utilised during the year	(14,859)	(65,178)	(80,037)
At 31.12.2017 and 1.1.2018	580,559	194,822	775,381
Addition during the year	39,053	-	39,053
Reversal during the year	(77,209)	-	(77,209)
Utilised during the year	(17,963)	(88,749)	(106,712)
At 31.12.2018	524,440	106,073	630,513

Provision expenses represent the Society's expenditure such as retirement party, employment and staff-related program and other expenditures based on management estimates with current and historical information.

Provision for Building Sinking Fund represents the Society additional contribution towards the upgrading for SPCS Building, 250 Sims Avenue, Singapore. This provision was based on the estimated replacement costs for the building by the management agent of MCST 2135 during the 16th Annual General Meeting held on 12 February 2015.

31. Central Co-operative Fund

Pursuant to Section 71 of the Co-operative Societies Act, Chapter 62, the Society shall contribute 5% of the first SGD 500,000 of the surplus resulting from the operations of the Society during the preceding financial year to the Central Co-operative Fund; and 20% of any surplus in excess of SGD 500,000 from the operations of the Society during the preceding financial year either to the Central Co-operative Fund or to the Singapore Labour Foundation as the Society may opt.

	Group		Society	
	2018 SGD	2017 SGD	2018 SGD	2017 SGD
Contribution for the year	589,341	748,789	589,341	742,323

32. Honorarium

	Group		Society	
	2018 SGD	2017 SGD	2018 SGD	2017 SGD
At beginning of year	5,993	-	4,700	-
Reversal during the year	(1,302)	-	(9)	-
Utilised during the year	(4,691)	-	(4,691)	-
Provision	4,700	5,993	4,700	4,700
At end of year	4,700	5,993	4,700	4,700

The service of a member of the Board of Directors shall be gratuitous by way of honorarium subject to compliance with By-Law 7.13.1. The Board of Directors of the Society has proposed SGD 4,700 for the current year (2017: SGD 4,700).

33. Dividends

	Group	
	2018 SGD	2017 SGD
Declared and paid		
Dividends paid to non-controlling interests	-	75

Proposed but not recognised as a liability

The Society's Board of Directors has proposed a final dividend of 2.88% (2017: 3.00%) on the members' shares and subscriptions as at 31 December 2018.

34. Operating Lease Arrangements

Operating Lease Expense

At the end of the reporting year, the total of future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Society	
	2018 SGD	2017 SGD	2018 SGD	2017 SGD
Rental Payable				
Not later than one year	73,336	72,000	-	-
Later than one year but not later than five years	24,561	93,000	-	-
	97,897	165,000	-	-

Operating lease payments are for rentals payable for office premises. The lease rental terms are negotiated for an average term of two to three years and rentals are not subject to an escalation clause.

Operating Lease Income

The Group and Society leases out its investment properties under non-cancellable lease arrangements. At the end of the reporting year, the Group and Society have future minimum rent receivables under non-cancellable operating leases which fall due as follows:

	Group		Society	
	2018 SGD	2017 SGD	2018 SGD	2017 SGD
Rental Receivable				
Not later than one year	1,282,382	921,833	1,215,957	884,568
Later than one year but not later than five years	1,424,746	519,247	1,409,346	452,622
	2,707,128	1,441,080	2,625,303	1,337,190

35. Capital Commitments

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

	Group and Society	
	2018 SGD	2017 SGD
Capital commitments in respect of intangible assets	428,500	428,500

36. Financial Risk Management Objectives and Policies

The main risks from the Group's and the Society's financial instruments are interest rate risk, currency risk, liquidity risk, credit risk and price risk. The policies for managing each of these risks are summarised below.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Society's financial instruments will fluctuate because of changes in market interest rates. The Group and the Society are exposed to interest rate risk through the impact of rate changes on interest-earning assets and interest-bearing liabilities.

Sensitivity Analysis for Interest Rate Risk

The following carrying amounts of interest-earning assets and interest-bearing liabilities of the Group and the Society are exposed to interest rate risk:

	Group		Society	
	2018 SGD	2017 SGD	2018 SGD	2017 SGD
Interest-earning assets				
Investment securities	111,079,767	101,168,062	108,302,367	100,668,062
Loans to members	30,578,110	33,471,464	30,578,110	33,471,464
Cash and cash equivalents	84,359,305	85,507,486	82,419,415	84,636,200
	226,017,182	220,147,012	221,299,892	218,775,726
Interest-bearing liabilities				
Term deposits	17,370,746	21,570,074	17,370,746	21,570,074
Members' specific deposits	60,617,317	57,946,358	60,617,317	57,946,358
Subscription-to-Savings scheme	53,819,295	43,337,217	53,819,295	43,337,217
	131,807,358	122,853,649	131,807,358	122,853,649
Net interest-earning assets	94,209,824	97,293,363	89,492,534	95,922,077

At the end of the reporting year, if SGD interest rates had been 0.5% (2017: 0.5%) lower/ higher with all other variables held constant, the Group's and the Society's profit would have been SGD 471,049 (2017: SGD 486,467) and SGD 447,463 (2017: SGD 479,610) higher/ lower respectively.

Currency Risk

The Group and the Society have transactional currency exposures arising from sales or purchases that are denominated in a currency other than Singapore Dollar ("SGD"). The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD").

Transactions denominated in foreign currencies during the year have been converted into Singapore Dollar ("SGD") at exchange rates approximating those ruling at transaction date. Transaction risk is calculated in each foreign currency and includes foreign currency denominated assets and liabilities and firm and probable purchases and sales commitments.

Sensitivity Analysis for Foreign Currency Risk

The following table demonstrates the sensitivity of the Group's and the Society's profit (loss) before taxation to a reasonably possible change in the Singapore Dollar ("SGD") exchange rates against United States Dollar ("USD"), with all other variables held constant.

	Group Profit (loss) before Tax		Society Profit (loss) before Tax	
	2018 SGD	**2017 SGD**	**2018 SGD**	**2017 SGD**
USD/SGD				
Strengthened 3% (2017: 3%)	-	616	-	616
Weakened 3% (2017: 3%)	-	(616)	-	(616)

Liquidity Risk

Liquidity risk is the risk that the Group and the Society will not be able to meet their financial obligations as and when they fall due. The Group's and the Society's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Society review their working capital requirements to assess the adequacy of cash and cash equivalents to finance the operations.

Analysis of Financial Instruments by Remaining Contractual Maturities

The table below summarises the maturity profile of the Group's and the Society's financial assets and liabilities at the end of the reporting year based on contractual undiscounted repayment obligations.

	Group 2018			Group 2017		
	1 year or less SGD	More than 1 year SGD	Total SGD	1 year or less SGD	More than 1 year SGD	Total SGD
Financial assets						
Investment securities	43,098,557	78,771,488	121,870,045	46,755,219	66,688,452	113,443,671
Loans to members	12,015,597	19,078,489	31,094,086	14,227,078	19,558,168	33,785,246
Trade and other receivables	5,112,722	-	5,112,722	7,377,220	-	7,377,220
Other assets	446,543	-	446,543	862,600	-	862,600
Cash and cash equivalents	77,367,419	7,000,000	84,367,419	85,515,592	-	85,515,592
	138,040,838	104,849,977	242,890,815	154,737,709	86,246,620	240,984,329
Financial liabilities						
Term deposits	12,916,725	4,454,021	17,370,746	15,621,187	5,948,887	21,570,074
Members' specific deposits	19,397,542	41,219,775	60,617,317	17,963,371	39,982,987	57,946,358
Share capital	67,036	2,167,514	2,234,550	45,108	2,210,292	2,255,400
Subscription capital	8,114,276	81,616,237	89,730,513	7,418,890	84,004,430	91,423,320
Subscription-To-Savings Scheme (STSS)	17,417,963	36,401,332	53,819,295	11,915,270	31,421,947	43,337,217
Trade and other payables	1,989,628	-	1,989,628	1,164,986	-	1,164,986
Other liabilities	231,346	-	231,346	224,750	2,000	226,750
Ex-member's accounts	26,781	-	26,781	17,662	-	17,662
Central co-operative fund	589,341	-	589,341	748,789	-	748,789
Honorarium	4,700	-	4,700	5,993	-	5,993
	60,755,338	165,858,879	226,614,217	55,126,006	163,570,543	218,696,549
Total net undiscounted assets (liabilities)	77,285,500	(61,008,902)	16,276,598	99,611,703	(77,323,923)	22,287,780

	Society 2018			Society 2017		
	1 year or less SGD	More than 1 year SGD	Total SGD	1 year or less SGD	More than 1 year SGD	Total SGD
Financial assets						
Investment securities	42,082,007	75,994,088	118,076,095	46,755,219	66,038,452	112,793,671
Loan to a subsidiary	498,811	150,152	648,963	497,527	178,963	676,490
Loans to members	12,015,597	19,078,489	31,094,086	14,227,078	19,558,168	33,785,246
Trade and other receivables	3,155,980	-	3,155,980	5,990,563	-	5,990,563
Other assets	395,760	-	395,760	395,760	-	395,760
Cash and cash equivalents	75,421,918	7,000,000	82,421,918	84,637,450	-	84,637,450
	133,570,073	102,222,729	235,792,802	152,503,597	85,775,583	238,279,180
Financial liabilities						
Term deposits	12,916,725	4,454,021	17,370,746	15,621,187	5,948,887	21,570,074
Members' specific deposits	19,397,542	41,219,775	60,617,317	17,963,371	39,982,987	57,946,358
Share capital	67,036	2,167,514	2,234,550	45,108	2,210,292	2,255,400
Subscription capital	8,114,276	81,616,237	89,730,513	7,418,890	84,004,430	91,423,320
Subscription-To-Savings Scheme (STSS)	17,417,963	36,401,332	53,819,295	11,915,270	31,421,947	43,337,217
Other payables	999,533	-	999,533	954,987	-	954,987
Other liabilities	220,921	-	220,921	217,525	-	217,525
Ex-member's accounts	26,781	-	26,781	17,662	-	17,662
Central co-operative fund	589,341	-	589,341	742,323	-	742,323
Honorarium	4,700	-	4,700	4,700	-	4,700
	59,754,818	165,858,879	225,613,697	54,901,023	163,568,543	218,469,566
Total net undiscounted assets (liabilities)	73,815,255	(63,636,150)	10,179,105	97,602,574	(77,792,960)	19,809,614

Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the group.

Exposure to Credit Risk

Credit risk arises from the Group's and the Society's lending and investment activities where members are unable to meet their contractual liabilities when they fall due. Credit to members is reviewed regularly to ensure that credit risk is supported by adequate guarantees and their earnings. Exposure to loan lending is minimised by a policy of generally granting loans on the conduct of regular review. Loans are mainly granted to a co-operative in which the Society has an equity interest and is represented on the Board of Directors.

The Group's exposure to credit risk arises primarily from trade and other receivables and loan to members. For other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing exclusively with parties of high credit ratings.

The Group has adopted a policy of only dealing with creditworthy counterparties. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

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

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

	Note	Category	Gross carrying amount	Loss allowance	Net carrying amount
			SGD	SGD	SGD
31 December 2018					
Loan to members	15	Note 1	31,094,086	(515,976)	30,578,110

Loan to members (Note 1)

The Group computes expected credit loss for this group of financial assets using the probability of default approach and recognise amount based on computed figures minus accumulated bad debts recognised as at to date. In calculating the expected credit loss rates, the Group consider historical default rates for each category of loan and adjusts for forward-looking on the probability of insolvency or significant financial difficulties of the debtor or significant delays in payments.

Price Risk

The Group is exposed to equity securities price risk arising from investments classified as financial assets, at FVOCI (2017: available- for- sale). These securities are listed in Singapore. To manage its price risk, the Group diversifies its portfolio in accordance with the limits set by the Group.

Further details of these equity investments can be found in note 12 to the financial statements.

Sensitivity Analysis for Equity Price Risk

At the end of the reporting year, if the prices for quoted equities securities had been 2% (2017: 2%) higher/lower with all other variables held constant, the Group's and Society's fair value reserve would increase/decrease by SGD 94,638 (2017: SGD 106,568).

37. Fair Value of Assets and Liabilities

(a) Fair value hierarchy

The Group categories fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets measured at fair value

The following table shows an analysis of the Group and the Society for each class of assets and liabilities measured at fair value at the end of the reporting year.

	Group 2018 Fair value measurements at the reporting date using			Society 2017 Fair value measurements at the reporting date using		
	Quoted prices in active markets for identical instruments Level 1 SGD	Significant unobservable inputs Level 3 SGD	Total SGD	Quoted prices in active markets for identical instruments Level 1 SGD	Significant unobservable inputs Level 3 SGD	Total SGD
Financial assets:						
At fair value through other comprehensive income						
Quoted equities (note 12)	4,731,912	-	4,731,912	4,731,912	-	4,731,912
Singapore government securities bonds (note 12)	10,010,200	-	10,010,200	10,010,200	-	10,010,200
Unquoted investments (note 12)	-	2,128,403	2,128,403	-	1,111,853	1,111,853

	Group and Society 2017 Fair value measurements at the reporting date using	
	Quoted prices in active markets for identical instruments Level 1 SGD	Total SGD
Financial assets:		
Available-for-sale financial assets		
Quoted equities securities (note 12)	5,328,398	5,328,398

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

The following table shows an analysis of the Group and the Society for each class of assets not measured at fair value at the end of the reporting year but for which fair value is disclosed.

	Group 2018 Fair value measurements at the reporting date using			Society 2018 Fair value measurements at the reporting date using		
	Quoted prices in active markets for identical instruments Level 1	Significant observable inputs other than quoted price Level 2	Total	Quoted prices in active markets for identical instruments Level 1	Significant observable inputs other than quoted price Level 2	Total
	SGD	SGD	SGD	SGD	SGD	SGD
Financial assets:						
Non-financial assets:						
Investments properties (note 11)	-	37,060,000	37,060,000	-	37,060,000	37,060,000

	Group 2017 Fair value measurements at the reporting date using			Society 2017 Fair value measurements at the reporting date using		
	Quoted prices in active markets for identical instruments Level 1	Significant observable inputs other than quoted price Level 2	Total	Quoted prices in active markets for identical instruments Level 1	Significant observable inputs other than quoted price Level 2	Total
	SGD	SGD	SGD	SGD	SGD	SGD
Financial assets:						
Held-to-maturity investments (note 12)	102,216,810	-	102,216,810	101,685,810	-	101,685,810
Non-financial assets:						
Investments properties (note 11)	-	28,600,000	28,600,000	-	28,600,000	28,600,000

(d) Level 2 fair value measurements

Information about significant observable inputs used in Level 2 fair value measurements

The investment properties were valued at SGD 37,060,000 (2017: SGD 28,600,000) on 31 December 2018 by Savills Valuation and Professional Services (S) Pte Ltd and Suntec Real Estate Consultants Pte Ltd, independent professional valuers with recognised and relevant professional qualifications and with recent experience in the location and category of the properties being valued. The valuations are based on the properties highest-and-best-use using the Market Approach and Income Approach.

(e) Level 3 fair value measurements

Information about significant observable inputs used in Level 3 fair value measurements

Fair value measurements using significant unobservable inputs (Level 3), for equity securities (unquoted investments) is based on net tangible assets.

(f) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, provisions and other liabilities and amounts payable approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

38. Classification of Financial Assets and Liabilities

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

	Group		Society	
	2018 SGD	**2017 SGD**	**2018 SGD**	**2017 SGD**
Financial assets				
Held-to-maturity investments	-	101,168,062	-	100,668,062
Loans and receivables (including cash and cash equivalents)	-	127,226,876	-	125,171,727
Available-for-sale financial assets	-	7,685,807	-	7,535,807
Financial assets measured at amortised cost	220,249,963	-	215,492,898	-
Financial assets measured at cost	1,900,000	-	1,900,000	-
Financial assets measured at fair value through other comprehensive income	16,839,060	-	15,822,510	-
Financial liabilities				
Financial liabilities at amortised cost (including share capital repayable on demand)	226,614,217	218,696,549	225,613,697	218,469,566

39. New Accounting Standards and FRSs Interpretations

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the group were issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 116: Leases	1 January 2019

The nature of the impending changes in accounting policy on adoption of FRS 116 is described below.

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities.

Expenditure for FY2019 – FY2020

Revenue Expenture for:	FY2019	FY2019 (Adjustments)	FY2020
	$	$	$
Office at 250 Sims Ave #04-01	6,238,272	(525,400)	6,521,982
Back-up Office	5,794	(4,670)	-
Investment Properties • 259 Holland Avenue • 261 Holland Avenue • #01-01 & #02-01/01A Guthrie Building • #01-01 to #03-01 SPCS Building	784,000	38,200	822,200
Total	**7,028,066**	**(491,870)**	**7,344,182**

Capital Expenditure for:	$	$	$
Office at 250 Sims Ave #04-01	125,000	957,000	155,000
Investment Properties: • 259 Holland Avenue • 261 Holland Avenue • #01-01 & #02-01/01A Guthrie Building	10,000	-	15,000
• #01-01 to #03-01 SPCS Building	50,000	20,000	-
Total	**185,000**	**977,000**	**170,000**

Please refer to Pages 93 and 94 for detailed listing of expenditure

Revenue Expenditure (Office) for FY2019 – FY2020

Office: (250 Sims Ave #04-01)	FY2019	FY2019 (Adjustments)	FY2020
	$	$	$
Advertising & Promotion (Include social and recreational activities)	140,000	2,500	145,000
Affiliation Fee	2,750	-	2,750
Auditor's Remuneration (Internal-Members)	7,200	(7,200)	-
Auditor's Remuneration (Internal-Professional)	30,000	-	30,000
Auditor's Remuneration(External)	21,000	2,000	24,000
Bank & Broking Charges	14,000	-	14,000
CPF & SDF	189,210	-	198,670
Debts Recovery Expense (including legal and loan insurance premium)	960,000	(227,000)	783,000
Depreciation	314,000	19,000	356,000
Donation/Sponsorship	30,000	20,000	50,000
General Meeting Expense (AGM/EOGM)	23,500	12,000	21,500
General Expenses	84,000	-	94,000
Goods & Services Tax	36,000	4,000	40,000
Interest on Financing (Office) (reclassified under Interest on Fixed Deposits)	17,200	(17,200)	-
Interest on Fixed Deposit	145,000	(28,000)	145,000
Interest on Specific Deposit	741,000	(285,000)	790,500
Interest on Subscription-to-Savings Scheme	1,804,000	55,000	2,078,000
Maintenance Expenses	180,000	(90,000)	180,000
Medical/Insurance Expenses	26,000	-	26,000
Property Maintenance Fund & Other Expense	32,232	-	32,232
Property Sinking Fund	56,880	-	56,880
Property Tax	12,800	-	12,800
Postage	18,000	-	18,000
Professional Fee	50,000	-	50,000
Printing & Stationery	40,000	-	40,000
PUB Charges	20,000	-	20,000
Service Charges	40,000	-	40,000
Staff Service Benefit	1,500	14,500	16,000
Staff Salaries & Bonuses	1,113,000	-	1,168,650
Staff Training	20,000	-	20,000
Study Tour/Retreat	20,000	-	20,000
Telephone/SMS	14,000	-	14,000
Training (Directors)	20,000	-	20,000
Transport/Despatch	15,000	-	15,000
	6,238,272	**(525,400)**	**6,521,982**

Revenue Expenditure (Office) for FY2019 – FY2020

Office: (Backup/Storage)	FY2019	FY2019 (Adjustments)	FY2020
	$	$	$
Depreciation	-	-	-
General Expenses	1,000	(1,000)	-
Goods & Services Tax	294	(220)	-
Rental	4,200	(3,150)	-
Transport	300	(300)	-
	5,794	**(4,670)**	**-**

Capital Expenditure for Office (250 Sims Ave #04-01)	FY2019	FY2019 (Adjustments)	FY2020
	$	$	$
Computer Software Program	70,000	947,000	80,000
Computer Hardware	5,000	10,000	5,000
Furniture & Fittings	22,000	-	-
Office Equipment	18,000	-	-
Renovation	10,000	-	70,000
	125,000	**957,000**	**155,000**

Expenditure for 2019 – 2020

- 259 Holland Avenue
- 261 Holland Avenue
- #01-01 Guthrie Building
- #02-01/01A Guthrie Building
- #01-01 SPCS Building
- #02-01 SPCS Building
- #03-01 SPCS Building

Revenue Expenditure	FY2019	FY2019 (Adjustments)	FY2020
	$	$	$
Depreciation	270,000	140,000	410,000
Interest on Financing (reclassified under Interest on Fixed Deposits)	159,000	(159,000)	-
Maintenance/Repairs	45,000	-	45,000
Maintenance Fund/Sinking Fund	180,000	42,200	222,200
Other Expenses	20,000	-	20,000
Property Tax	110,000	15,000	125,000
	784,000	**38,200**	**822,200**

The Singapore Police Co-operative Society Ltd
(Registration No: S26CS0004D)

Notice of Annual General Meeting

Notice is hereby given that the 89th Annual General Meeting of The Singapore Police Co-operative Society Ltd will be held at 11.00 am on 13 June 2019 at HomeTeamNS-JOM Clubhouse, Function Hall, 31 Ah Hood Road Singapore 329979

AGENDA

1 Opening Address by the Chairman, Mr Moh Tser Loong Alvin.

2 Address by the President, Commissioner of Police, Mr Hoong Wee Teck.

3 To approve the Minutes of the 88th AGM held on 5 June 2018 at HomeTeamNS-JOM Clubhouse.

4 Matters arising from the Said Minutes.

5 To receive & if approved, to adopt the Report of the Board of Directors for the year ended 31 December 2018.

6 To receive & if approved, to accept the Audited Financial Statements for the year ended 31 December 2018.

7 To approve the appropriation of net surplus of $3,321,706 as follows:

(1)	To Central Co-operative Fund @ 5% on the first $500,000 & @ 20% on the rest	$ 589,341
(2)	To Payment of Dividends @ 3.00% on members' shares and subscription as on 31st December 2017	$2,768,643
(3)	To Scholarship Fund	$ 13,000
(4)	To Honorarium	$ 4,700
(5)	To Common Good Fund	$ 60,000
(6)	To Accumulated Fund	$ (113,978)

8 To approve a final dividend payment of 2.88% based on members' shares and subscription as at 31 December 2018 to be paid in FY2019.

9 To approve the adjustments for FY2019 and the estimated Expenditure for FY2020.

10 To authorise the Board to appoint a professional audit firm, where necessary, to be Internal Auditors of the Co-operative for FY 2019/2020 and to fix its remuneration.

11 To authorise the Board to appoint two members, where necessary, as Internal Auditors of the Co-operative for FY 2019/2020 and to fix their remuneration.

12 To authorise the Board to appoint a professional audit firm as External Auditors of the Co-operative for FY 2019/2020 and to fix its remuneration.

13 To transact any other business in respect of which notice has been received by the Secretary three working days before the Meeting.

For and on behalf of the Board of Directors

Mr Chong Huat Suang Alvin
Secretary

Note:

1) Annual Report is available for download from the Co-operative's website (www.policecoop.org.sg)
2) Lunch will be served.
3) Dividends will be credited into members' bank accounts on **27 June 2019.**

NOTES

NOTES