

SINGAPORE MUSLIM TEACHERS' CO-OPERATIVE LTD

(Unique Entity Number: S31CS0008K)
(Registered in the Republic of Singapore)

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

SINGAPORE MUSLIM TEACHERS' CO-OPERATIVE LTD
(Registered in the Republic of Singapore)
AND ITS SUBSIDIARY

Directors

Mohammad Faizal bin Fadzlillah	- Chairman
Syahrulnizam bin Abdul Rahman	- Vice Chairman 1
Dr Hirman Mohd Khamis	- Vice Chairman 2
Prof Roksana Bibi Abdullah	- Member
Prof Kamsiah Abdullah	- Member
Moen bin Kasir	- Member
Abdul Rahman bin Ibrahim	- Member
Arzami bin Salim	- Member
Mohammad Faizal bin Ismail	- Member
Kamiti bin Nahim	- Member

Registered Office

785 Geylang Road
Singapore 389673

Auditor

AJM Practice
Public Accountants and
Chartered Accountants

Bankers

United Overseas Bank Limited
Malayan Banking Berhad
Oversea-Chinese Banking Corporation
Commerce International Merchant Bankers

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SINGAPORE MUSLIM TEACHERS' CO-OPERATIVE LTD
(Registered in Republic of Singapore)
AND ITS SUBSIDIARY

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Singapore Muslim Teachers' Co-Operative Ltd (the Co-operative) and its subsidiary for the financial year ended 31 December 2024.

1 OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the accompanying financial statements together with the notes there to are properly drawn up in accordance with the provisions of the Co-operative Societies Act 1979 (the Act), the Co-operative Societies Rules (the Rules) and Financial Reporting Standards in Singapore (FRSs) so as to present fairly, in all material respects, the financial position of the Group and the Co-operative as at 31 December 2024 and of the financial performance, appropriation of funds of the Group and the Co-operative and consolidated statement of cash flows of the Group for the year ended on that date;
- (b) at the date of this statement, there are reasonable grounds to believe that the Co-operative will be able to pay its debts as and when they fall due; and
- (c) the receipts, expenditure, investment of money and the acquisition and disposal of assets by the Co-operative during the financial year ended 31 December 2024 have been made in accordance with the provisions of the Act and the By-laws of the Co-operative.

2 DIRECTORS

The directors of the Co-operative in office at the date of this statement are:

Mohammad Faizal bin Fadzlillah	- Chairman
Syahrulnizam bin Abdul Rahman	- Vice Chairman 1
Dr Hirman Mohd Khamis	- Vice Chairman 2
Prof Roksana Bibi Abdullah	- Member
Prof Kamsiah Abdullah	- Member
Moen bin Kasir	- Member
Abdul Rahman bin Ibrahim	- Member
Arzami bin Salim	- Member
Mohammad Faizal bin Ismail	- Member
Kamiti bin Nahim	- Member

SINGAPORE MUSLIM TEACHERS' CO-OPERATIVE LTD
(Registered in Republic of Singapore)
AND ITS SUBSIDIARY

DIRECTORS' STATEMENT

3 AUDITOR

The auditor, Messrs. AJM Practice, has expressed its willingness to accept re- appointment as auditor.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

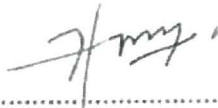
ON BEHALF OF THE BOARD OF DIRECTORS



.....
Mohammad Faizal Bin Fadzillah
Chairman



.....
Syahrulnizam bin Abdul Rahman
Vice Chairman 1



.....
Dr Hirman Mohd Khamis
Vice Chairman 2

Singapore,
19 JUN 2025

INDEPENDENT OF AUDITOR'S REPORT TO THE MEMBERS OF

SINGAPORE MUSLIM TEACHERS' CO-OPERATIVE LTD

(Registered in the Republic of Singapore)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Singapore Muslim Teachers' Co-Operative Ltd (the Co-operative) and its subsidiary (collectively the Group), which comprise the consolidated statements of financial position of the Group and the Co-operative as at 31 December 2024, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of appropriation of funds of the Group and the Co-operative and consolidated statement of cash flows of the Group for the year ended 31 December 2024, and to the notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Co-operative Societies Act 1979 (the Act), the Co-operative Societies Rules (the Rules) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view, in all material respects, of the consolidated financial position of the Group and financial position of the Co-operative as at 31 December 2024 and the consolidated financial performance, consolidated appropriation of funds 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 Co-operative in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2 and 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.

INDEPENDENT OF AUDITOR'S REPORT TO THE MEMBERS OF

SINGAPORE MUSLIM TEACHERS' CO-OPERATIVE LTD

(Registered in the Republic of Singapore)

Other Information (Continued)

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Co-operative's internal control.

INDEPENDENT OF AUDITOR'S REPORT TO THE MEMBERS OF

SINGAPORE MUSLIM TEACHERS' CO-OPERATIVE LTD

(Registered in the Republic of Singapore)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Co-operative to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Co-operative to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

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

Report on Other Legal and Regulatory Requirements

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

During the course of our audit, nothing has come to our attention to cause us to believe that the receipts, expenditure and investment of monies and the acquisition and disposal of assets by the Co-operative during the financial year ended 31 December 2024 have not been made in accordance with the provisions of the Act and the Rules.

Responsibility of Management and Directors for Compliance with Legal and Regulatory Requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act and the Rules. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act and the Rules.

INDEPENDENT OF AUDITOR'S REPORT TO THE MEMBERS OF**SINGAPORE MUSLIM TEACHERS' CO-OPERATIVE LTD**

(Registered in the Republic of Singapore)

Auditor's Responsibility for the Compliance Audit

Our responsibility is to express an opinion on the management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act and the Rules.

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

**AJM Practice**
Public Accountants and
Chartered AccountantsSingapore
19 June 2025

(AJ/HM)

SINGAPORE MUSLIM TEACHERS' CO-OPERATIVE LTD
(Registered in Republic of Singapore)
AND ITS SUBSIDIARY

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 2024

		The Group		The Co-operative	
	Notes	2024 S\$	2023 S\$	2024 S\$	2023 S\$
ASSETS LESS LIABILITIES					
Non-Current Assets					
Property, plant and equipment	3	4,952,262	5,031,423	4,952,262	5,031,423
Investment in financial assets	4	108,478	139,142	108,478	110,109
Investments in subsidiary	5	-	-	27,672	40,512
Ordinary loans to members	9	1,104,697	1,713,510	1,104,697	1,713,510
		<u>6,165,437</u>	<u>6,884,075</u>	<u>6,193,109</u>	<u>6,895,554</u>
Current Assets					
Investment in financial assets	4	9,494	10,273	9,494	10,273
Interest receivable from loans	6	-	-	-	-
Amount due from subsidiary	7	-	-	11,957	9,156
Other receivables	8	73,353	110,917	73,353	110,917
Ordinary loans to members	9	2,197,024	1,982,382	2,197,024	1,982,382
Purchasing loans to members	10	42,360	24,025	42,360	24,025
Exceptional loan to members	11	30,808	14,543	30,808	14,543
Education loans to members	12	163,076	10,193	163,076	10,193
Renovation loan to members	13	324,847	136,518	324,847	136,518
Staff loan	14	20,005	8,811	20,005	8,811
Cash and cash equivalents	15	2,647,431	3,139,634	2,603,652	3,125,722
		<u>5,508,398</u>	<u>5,437,296</u>	<u>5,476,576</u>	<u>5,432,540</u>
Current Liabilities					
Other payables	16	196,593	252,437	192,443	248,287
Deposit received		150,971	152,402	150,971	152,402
Honorarium	17	1	1	1	1
Share capital	18	906,880	985,993	906,880	985,993
Subscription capital	19	5,011,015	5,127,695	5,011,015	5,127,695
General savings	20	2,453,232	2,565,064	2,453,232	2,565,064
General savings - haji	21	169,260	196,430	169,260	196,430
General savings - education	22	34,781	32,911	34,781	32,911
		<u>8,922,733</u>	<u>9,312,933</u>	<u>8,918,583</u>	<u>9,308,783</u>
Net Current Assets		<u>(3,414,335)</u>	<u>(3,875,637)</u>	<u>(3,442,007)</u>	<u>(3,876,243)</u>
Net Assets		2,751,102	3,008,438	2,751,102	3,019,311

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

SINGAPORE MUSLIM TEACHERS' CO-OPERATIVE LTD
(Registered in Republic of Singapore)
AND ITS SUBSIDIARY

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 2024

		The Group		The Co-operative	
		2024	2023	2024	2023
	Notes	S\$	S\$	S\$	S\$
ACCUMULATED FUND					
Common good fund	23	59,136	59,136	59,136	59,136
Central co-operative fund	24	-	-	-	-
Staff welfare fund	25	35,199	24,057	35,199	24,057
Donation fund	26	13,576	13,876	13,576	13,876
Dana kebajikan - credit default fund	27	25,069	20,502	25,069	20,502
Building repair fund	28	28,268	51,627	28,268	51,627
SGM reserve fund	29	212,909	212,909	212,909	212,909
Property revaluation reserve	30	1,935,521	1,935,521	1,935,521	1,935,521
Accumulated surplus		441,424	690,810	441,424	701,683
		<u>2,751,102</u>	<u>3,008,438</u>	<u>2,751,102</u>	<u>3,019,311</u>
TOTAL SAVINGS		<u>2,751,102</u>	<u>3,008,438</u>	<u>2,751,102</u>	<u>3,019,311</u>

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

SINGAPORE MUSLIM TEACHERS' CO-OPERATIVE LTD
(Registered in Republic of Singapore)
AND ITS SUBSIDIARY

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

		The Group		The Co-operative	
	Notes	2024 S\$	2023 S\$	2024 S\$	2023 S\$
INCOME					
Interest on loans granted to members		217,187	230,633	217,187	230,633
Interest on purchasing loans granted to members		6,471	4,134	6,471	4,134
Interest on fixed deposits		46,967	8,844	46,967	8,844
Grants and subsidies received		982,551	1,181,678	982,551	1,181,678
School fees received		608,715	663,207	608,715	663,207
Dividends from investments		5,968	1,233	4,957	559
Reinsurance commission income		-	4,221	-	4,221
Other income		210,075	83,273	210,075	83,273
TOTAL INCOME		<u>2,077,934</u>	<u>2,177,223</u>	<u>2,076,923</u>	<u>2,176,549</u>
LESS: EXPENDITURE					
Administrative and general expenses	32	<u>(2,327,320)</u>	<u>(2,286,274)</u>	<u>(2,337,182)</u>	<u>(2,280,503)</u>
DEFICIT FOR THE FINANCIAL YEAR		<u><u>(249,386)</u></u>	<u><u>(109,051)</u></u>	<u><u>(260,259)</u></u>	<u><u>(103,954)</u></u>

The accompanying notes form an integral part of these audited financial statement.

SINGAPORE MUSLIM TEACHERS' CO-OPERATIVE LTD
(Registered in Republic of Singapore)
AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF APPROPRIATION OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2024

	The Group		The Co-operative	
	2024	2023	2024	2023
	S\$	S\$	S\$	S\$
DEFICIT ATTRIBUTABLE TO MEMBERS	(249,386)	(109,051)	(260,259)	(103,954)
ACCUMULATED SURPLUS AT BEGINNING OF THE FINANCIAL YEAR	690,810	799,861	701,683	805,637
ACCUMULATED SURPLUS AT END OF THE FINANCIAL YEAR	<u>441,424</u>	<u>690,810</u>	<u>441,424</u>	<u>701,683</u>

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

SINGAPORE MUSLIM TEACHERS' CO-OPERATIVE LTD
(Registered in Republic of Singapore)
AND ITS SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	The Group	
	2024	2023
	S\$	S\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Deficit for the financial year	(249,386)	(109,051)
Adjustments for:		
Depreciation	104,910	109,876
Fair value loss on investment	2,488	4,479
Interest receivables written off	-	17,250
Dividend income from investment	(5,968)	(1,233)
Operating cash (deficit)/surplus before working capital changes	(147,956)	21,321
Working capital changes, excluding changes related to cash:		
Loans to members	18,359	(74,286)
Loan to staff	(11,194)	6,146
Other receivables	37,564	(23,423)
Other payables	(55,844)	30,071
Deposit received	(1,431)	(3,838)
Net cash used in operating activities	(160,502)	(44,009)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(25,749)	(74,577)
Purchase of investment	-	(80,000)
Redemption of sukuk	28,955	
Dividend income from investment	5,968	1,233
Net cash generated from/(used in) investment activities	9,174	(153,344)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions to share capital, subscription, general savings, haji savings, education savings	828,463	1,062,183
Withdrawals to share capital, subscription, general savings, haji savings, education savings	(1,161,388)	(987,779)
Net movement in common good fund	-	(70,000)
Net movement in building fund	(23,359)	24,735
Net movement in dana kebajikan - credit default fund	4,567	20,502
Net movement in donation fund	(300)	(4,956)
Net movement in staff welfare fund	11,142	7,084
Net movement in central co-operative fund	-	(366)
Net cash (used in)/generated from financing activities	(340,875)	51,403
Net decrease in cash and cash equivalents	(492,203)	(145,950)
Cash and cash equivalents at beginning of financial year	3,139,634	3,285,584
Cash and cash equivalents at the end of the financial year (Note 15)	2,647,431	3,139,634

The accompanying notes form an integral part of these audited financial statement

SINGAPORE MUSLIM TEACHERS' CO-OPERATIVE LTD
(Registered in Republic of Singapore)
AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

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

1 CORPORATE INFORMATION

Singapore Muslim Teachers' Co-operative Ltd (the Co-operative) Ltd is domiciled and registered in the Republic of Singapore under the Co-operative Societies Act, 1979. The registered office of the Co-operative is at 785 Geylang Road, Singapore 389673. The Co-operative was formerly known as Singapore Muslim Teachers' Co-operative Ltd. During the year, the Co-operative changed its name to Singapore Muslim Teachers' Co-operative Ltd.

The principal activities of the Co-operative are that of providing loans to its members, acting as an investment organisation and providing educational and welfare related services. The Co-operative is the licensee of two childcare centres namely SGM Murni and SGM Little Kidz@ Rivervale.

The Co-operative accounts at the Co-operative level includes the activities of the Co-operative as well as the two childcare centres.

The principal activities of the subsidiary are described in Note 5 to the financial statements.

The financial statements of the Group and the Co-operative were authorised for issue in accordance with a resolution of the Directors on 19 June 2025.

2 MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of Preparation

The financial statements are prepared in accordance with the provision of the Singapore Co-operative Societies Act 1979, the Co-operative Societies Rules and the Singapore Financial Reporting Standards. The financial statements, expressed in Singapore Dollar (SGD or S\$) which is also the functional currency of the Group and the Co-operative, are prepared on the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group and the Co-operative's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement or complexity, are disclosed in Note 38.

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group and the Co-operative has adopted all the new and revised standards which are relevant to the Group and the Co-operative and are effective for annual financial periods beginning on or after 1 January 2024. The adoption of these standards did not have any material effect on the financial statements

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.1 Basis of Preparation (Continued)

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning on or after 1 January 2024 and have not been applied in preparing these financial statements. The Co-operative does not plan to early adopt these standards.

Description	Effective for annual periods beginning on or after
Amendments to FRS 109 <i>Financial Instruments</i> and FRS 107 <i>Financial Instruments: Disclosures</i> : Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to FRSs Volume 11	1 January 2026
FRS 118 <i>Presentation and Disclosure in Financial Statements</i> :	1 January 2027
FRS 119 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to FRS 110 <i>Consolidated Financial Statements</i> and FRS 28 <i>Investments in Associates and Joint Ventures</i> : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application.

2.2 Group Accounting

2.2.1 Subsidiary

(i) Consolidation

Subsidiary is entity (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group and the Co-operative.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Group Accounting (Continued)

2.2.1 Subsidiary (Continued)

(i) Consolidation(Continued)

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Co-operative. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group and the Co-operative.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group and the Co-operative. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group and the Co-operative recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of (i) the consideration transferred, the amount of any noncontrolling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the net identifiable assets acquired is recorded as goodwill.

(iii) Disposals

When a change in the Group and the Co-operative ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to note 2.3 for the accounting policy on investment in subsidiary.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Group Accounting (Continued)

2.2.2 Transactions with Non-Controlling Interests

Changes in the Group and the Co-operative's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Co-operative. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Co-operative.

2.3 Investments in Subsidiary

Investments in subsidiary is stated at cost less accumulated impairment losses in the Co-operative's statement of financial position. On disposal of an investment in subsidiary, the difference between net disposal proceeds and its carrying amount is taken to the profit or loss.

2.4 Property, Plant and Equipment

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

Freehold property is stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are carried out by an independent professional valuer, with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Years
Freehold building	50
Equipment and fittings	5
Computer equipment	1 to 4
General renovations	5

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

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

Freehold land has an unlimited useful life and therefore is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.5 Impairment of Non-Financial Assets

The Group and the Co-operative assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required), The Group and the Co-operative make 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 of disposal 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 or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

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

2.6 Financial Instruments

2.6.1 Financial Assets

Initial recognition and measurement

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

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

Trade receivables are measured at the amount of consideration to which the Group and the Co-operative 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 and the Co-operative 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, fair value through other comprehensive income (FVOCI) and FVPL. The Co-operative only has debt instruments at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.6 Financial Instruments (Continued)

2.6.1 Financial Assets (Continued)

Subsequent measurement (Continued)

Investments In Debt Instruments (Continued)

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 and the Co-operative 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 and the Co-operative's right to receive payments is established. For investments in equity instruments which the Group and the Co-operative have not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

Derecognition

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

2.6.2 Financial Liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.6 Financial Instruments (Continued)

2.6.2 Financial Liabilities (Continued)

Derecognition

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

2.7 Impairment of Financial Assets

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

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

For trade receivables, the Group and the Co-operative applies a simplified approach in calculating ECLs. Therefore, the Group and the Co-operative does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Co-operative has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Group and the Co-operative considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group and the Co-operative may also consider a financial asset to be in default when internal or external information indicates that the Group and the Co-operative is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Co-operative. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.8 Share Capital and Subscription Capital

All paid-up share and subscription capital are participating shares and classified as current liabilities. All shareholders are entitled to redeem their shares at the par value. Dividends on participating shares are recognised in the year in which they are approved at the general meeting.

2.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.10 Funds

The Co-operative maintains Reserve Fund and other Specific Funds. Specific Funds are set up for specific purposes. The income and expenses are recorded in the Specific Funds if they are attributable to Specific Funds. If the Co-operative has surplus from the operations during the financial year, it then appropriates to Specific Funds.

2.11 Revenue

Revenue is measured based on the consideration to which the Group and the Co-operative 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 and the Co-operative satisfies a performance obligation by transferring a promised goods or service to the customer, which is when the customer obtains control of the goods or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

2.11.1 Rendering of Services

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group and the Co-operative satisfies a performance obligation ("PO") by transferring control of a promised goods and services to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative standalone selling price of the promised goods and services. The individual standalone selling price of a goods and services that has not previously been sold on a standalone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and services with observable standalone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligation.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

2.11.2 Interest Income on Loan

Interest income earned on loans is charged on monthly rest basis and credited to profit or loss in the period to which it relates.

2.11.3 Insurance

Insurance commission income is recognised as revenue on a basis that is consistent with the recognition of the costs incurred on the acquisition of underlying insurance contracts.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.11 Revenue (Continued)

2.11.4 Interest Income from Fixed Deposits

Interest income from fixed deposits is recognised using the effective interest method.

2.11.5 Interest Income from Current Accounts

Interest income from current accounts is recognised as revenue on receipt basis.

2.11.6 School fees

School fees are recognised in profit or loss on accrual basis.

2.11.7 Rental Income

Rental income from investment is recognised as revenue on an accrual basis.

2.11.8 Dividend

Dividends from quoted and unquoted investments are recognized when received.

2.12 Government Grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

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

2.13 Provisions

Provisions are recognised when the Group and the Co-operative have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.14 Employee Benefits

2.14.1 Defined contribution plans

The Group and the Co-operative make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.14.2 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group and the Co-operative has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.15 Leases

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

2.15.1 As Lessee

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

Right-of-Use Assets

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

If ownership of the leased asset transfers to the Group and the Co-operative at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.5.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.15 Leases (Continued)

2.15.1 As Lessee

Lease Liabilities (Continued)

At the commencement date of the lease, the Group and the Co-operative recognised lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Co-operative and payments of penalties for terminating the lease if the lease term reflects the Group and the Co-operative exercising the option to terminate the lease, if the lease term reflects the Group and the Co-operative exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Co-operative uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying assets.

Short-Term Leases and Leases of Low-Value Assets

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

2.15.2 As Lessor

Leases in which the Group and the Co-operative does not transfer substantially all risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Co-operative's property is accounted for a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.16 Related Parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and the Co-operative if that person:
 - (i) Has control or joint control over the Co-operative;
 - (ii) Has significant influence over the Co-operative; or
 - (iii) Is a member of the key management personnel of the Co-operative or of a parent of the Co-operative.
- (b) An entity is related to the Group and the Co-operative if any of the following conditions applies:
 - (i) The entity and the Co-operative are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or and associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third 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 the Co-operative. If the Co-operative is itself such a plan, the sponsoring employers are also related to the Co-operative;
 - (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);
 - (viii) The entity, or any member of an entity of which it is a part, provides key management personnel services to the Co-operative or to the parent of the Co-operative

2.17 Foreign Currency Transaction and Balances

Transactions in foreign currencies are measured in the functional currency of the Group and the Co-operative and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

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

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

3. PROPERTY, PLANT AND EQUIPMENT

The Group and the Co-operative

2024	Valuation		Cost		Total S\$
	Freehold building S\$	Freehold land S\$	Equipment and fittings S\$	Computer equipment S\$	
At beginning of year	1,656,436	3,163,591	370,607	287,588	6,592,536
Additions	2,921	-	16,121	6,707	25,749
At end of year	1,659,357	3,163,591	386,729	294,295	6,618,285
Accumulated Depreciation					
At beginning of year	516,957	-	306,308	194,828	1,561,113
Depreciation	24,577	-	24,066	28,670	104,910
At end of year	541,535	-	330,374	223,498	1,666,023
Carrying Amount					
At end of year	1,117,822	3,163,591	56,355	70,797	4,952,262

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group and the Co-operative

2023	Valuation		Cost		
	Freehold building S\$	Freehold land S\$	Equipment and fittings S\$	Computer equipment S\$	General renovation S\$
Cost					Total S\$
At beginning of year	1,643,636	3,163,591	329,333	279,421	1,101,978
Additions	12,800	-	41,274	8,167	12,336
At end of year	1,656,436	3,163,591	370,607	287,588	1,114,314
Accumulated Depreciation					
At beginning of year	492,963	-	277,756	166,370	514,148
Depreciation	23,994	-	28,552	28,458	28,872
At end of year	516,957	-	306,308	194,828	543,020
Carrying Amount					
At end of year	1,139,479	3,163,591	64,299	92,760	571,294
					5,031,423

The Group and the Co-operative adopted the revaluation model for the freehold building and freehold land. Revaluations are carried out by an independent professional valuer, with sufficient regularity that the carrying amount does not differ materially from fair values at the reporting date. At the reporting date, management is in the opinion that the carrying amount does not materially differ from fair value amount.

If the revalued freehold land and building had been carried at cost, the carrying amount for the property would be S\$2,330,755 (2023: S\$2,354,749).

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

4. INVESTMENT IN FINANCIAL ASSET

Non-Current

	The Group		The Co-operative	
	2024	2023	2024	2023
	S\$	S\$	S\$	S\$
At fair value through profit or loss				
- Sukuk funds	46,478	77,142	46,478	48,109
At cost				
- Unquoted securities	62,000	62,000	62,000	62,000
	<u>108,478</u>	<u>139,142</u>	<u>108,478</u>	<u>110,109</u>
Movement in fair value:				
At beginning of financial year	77,142	80,000	48,109	50,000
Fair value loss	(1,709)	(2,858)	(1,631)	(1,891)
Redemption of sukuk	(28,955)	-	-	-
At end of financial year	<u>46,478</u>	<u>77,142</u>	<u>46,478</u>	<u>48,109</u>

Current

	The Group and the Co-operative	
	2024	2023
	S\$	S\$
At fair value through profit or loss		
- Quoted securities	<u>9,494</u>	<u>10,273</u>
Movement in fair value :		
At beginning of financial year	10,273	11,894
Fair value loss	(779)	(1,621)
At end of financial year	<u>9,494</u>	<u>10,273</u>

5. INVESTMENT IN SUBSIDIARY

	The Co-operative	
	2024	2023
	S\$	S\$
SGM Educational Institution Pte. Ltd.		
Cost	150,002	150,002
Less: Impairment loss	(122,330)	(109,490)
Net carrying value of investments in subsidiary	<u>27,672</u>	<u>40,512</u>
Movement in provision for impairment:		
At beginning of financial year	109,490	109,490
Impairment loss	12,840	-
End of the financial year	<u>122,330</u>	<u>109,490</u>

SGM Educational Institution Pte. Ltd., which is fully owned by the Co-operative, is incorporated in the Republic of Singapore. The principal activity is those of conducting counselling advice.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

6. INTEREST RECEIVABLES FROM LOANS

	The Group and the Co-operative	
	2024	2023
	S\$	S\$
Beginning of the financial year	-	17,250
Less: interest receivables written off	-	(17,250)
End of the financial year	-	-

7. AMOUNT DUE FROM SUBSIDIARY

	The Co-operative	
	2024	2023
	S\$	S\$
Amount due from subsidiary	11,957	9,156

8. OTHER RECEIVABLES

	The Group and the Co-operative	
	2024	2023
	S\$	S\$
Deposits	8,521	5,781
Grant receivables	-	7,026
GST receivables	3,166	44,597
Prepayments	14,481	8,038
Other receivables	47,185	45,475
	73,353	110,917

9. ORDINARY LOAN TO MEMBERS

	The Group and the Co-operative	
	2024	2023
	S\$	S\$
Beginning of the financial year	3,967,092	3,989,110
Add: Loans granted	684,660	1,032,084
Less: Repayments	(1,078,831)	(1,054,102)
	3,572,921	3,967,092
Less: Allowance for doubtful debts	(271,200)	(271,200)
End of the financial year	3,301,721	3,695,892

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9. ORDINARY LOAN TO MEMBERS (CONTINUED)

	The Group and the Co-operative	
	2024	2023
	S\$	S\$
As disclosed in the statement of financial position:		
Amount due within one year (current assets)	2,197,024	1,982,382
Amount due more than one year (non-current assets)	1,104,697	1,713,510
	<u>3,301,721</u>	<u>3,695,892</u>
Movement in the allowance for doubtful debts:		
Beginning and end of the financial year	<u>271,200</u>	<u>271,200</u>

Each ordinary loan is secured by up to the total amount of paid-up shares and subscription capital of the borrowing member. If the loan amount exceeds the shares and subscription capital, the loan is additionally secured by a guarantee given by two members of the Co- operative or a guarantee by third parties under the loan default insurance. Loans together with interest are repayable in not more than sixty monthly installments commencing from the month following that in which the loan was granted. Maximum interest is charged at 6% (2023: 6%) per annum.

As at year-end, the outstanding amount of ordinary loans together with accrued interest after netting off their general savings, owed by members who had defaulted their repayments, are S\$271,200 (2023: S\$271,200).

10. PURCHASING LOAN TO MEMBERS

	The Group and the Co-operative	
	2024	2023
	S\$	S\$
Beginning of the financial year	26,263	26,263
Add: Loans granted	20,000	-
Less: Repayments	(1,665)	-
	<u>44,598</u>	<u>26,263</u>
Less: Allowance for doubtful debts	(2,238)	(2,238)
End of the financial year	<u>42,360</u>	<u>24,025</u>
Movement in the allowance for doubtful debts:		
Beginning and end of the financial year	<u>2,238</u>	<u>2,238</u>

Each purchasing loan secured by a guarantee given by one or two members of the Co- operative or a guarantee given by third parties under the loan default insurance. The loan is to be paid direct to the service provider when members acquired the product and/or services. Loans together with interest are repayable in not more than twenty-four monthly installments commencing from the month following that in which the loan was granted. Interest is charged at 6% (2023: 6%) per annum.

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11. EXCEPTIONAL LOAN TO MEMBERS

	The Group and the Co-operative	
	2024	2023
	S\$	S\$
Beginning of the financial year	14,543	-
Add: Loans granted	20,000	15,000
Less: Repayments	(3,735)	(457)
End of the financial year	<u>30,808</u>	<u>14,543</u>

Each exceptional loan to members is secured by a guarantee given by one or two members of the Co-operative or their family members. Loans together with interest are repayable in not more than twelve monthly installments commencing from the month following that in which the loan was granted. Interest is charged at 6% (2023: 6%) per annum.

12. EDUCATION LOANS TO MEMBERS

	The Group and the Co-operative	
	2024	2023
	S\$	S\$
Beginning of the financial year	10,193	11,600
Add: Loans granted	198,300	11,500
Less: Repayments	(45,417)	(12,907)
End of the financial year	<u>163,076</u>	<u>10,193</u>

Each education loan is interest-free and repayable in twelve monthly installments

13. RENOVATION LOANS TO MEMBERS

	The Group and the Co-operative	
	2024	2023
	S\$	S\$
Beginning of the financial year	136,518	53,350
Add: Loans granted	245,000	101,780
Less: Repayments	(56,671)	(18,612)
End of the financial year	<u>324,847</u>	<u>136,518</u>

Each renovation loan is secured by a guarantee given by one or two members of the Co-operative. Loans together with interest are repayable in not more than sixty monthly installments commencing from the month following that in which the loan was granted. Interest is charged at 6% (2023: 6%) per annum.

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14. STAFF LOAN

	The Group and the Co-operative	
	2024	2023
	S\$	S\$
Beginning of the financial year	8,811	14,957
Add: Loans granted	22,848	2,000
Less: Repayments	(11,654)	(8,146)
End of the financial year	<u>20,005</u>	<u>8,811</u>

Each staff loan is secured by a guarantee given by one or two or more members who are also employees of the Co-operative. Loans together with interest are repayable in not more than twenty- four monthly installments commencing from the month following that in which the loan was granted. Interest is charged at 5% (2023: 5%) per annum.

15. CASH AND CASH EQUIVALENTS

	The Group		The Co-operative	
	2024	2023	2024	2023
	S\$	S\$	S\$	S\$
Cash and bank balances	928,308	1,420,703	884,529	1,406,791
Fixed deposits	<u>1,719,123</u>	<u>1,718,931</u>	<u>1,719,123</u>	<u>1,718,931</u>
	<u>2,647,431</u>	<u>3,139,634</u>	<u>2,603,652</u>	<u>3,125,722</u>

Fixed deposits at the reporting date have an average maturity of 3 to 24 months (2023: 3 to 24 months) from the end of the financial year with the weighted average effective interest rates of 0.73% (2023: 0.73%) per annum for the Co-operative.

16. OTHER PAYABLES

	The Group		The Co-operative	
	2024	2023	2024	2023
	S\$	S\$	S\$	S\$
GST payables	31,375	81,071	31,375	81,071
Insurance control account	71,287	69,462	71,287	69,462
Other payables and accruals	<u>93,931</u>	<u>101,904</u>	<u>89,781</u>	<u>97,754</u>
	<u>196,593</u>	<u>252,437</u>	<u>192,443</u>	<u>248,287</u>

17. HONORARIUM

	The Group and the Co-operative	
	2024	2023
	S\$	S\$
Beginning and end of the financial year	<u>1</u>	<u>1</u>

The honorarium relates to fees paid/payable to some or all of the members of the Board of Directors and Audit Committee in consideration of their services which would not otherwise be remunerated.

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18. SHARE CAPITAL

	The Group and the Co-operative	
	2024	2023
	S\$	S\$
Beginning of the financial year	985,993	1,058,776
Add: Issue of shares	3,325	5,200
Less: Redemption of shares	(82,438)	(77,983)
End of the financial year	<u>906,880</u>	<u>985,993</u>

The Co-operative members and their rights

Members of the Co-operative consist of the following:

- i) Holds minimum 100 participating shares in the Co-operative for Ordinary and Associate members and minimum 1,000 participating shares for senior members;
- ii) Trade Unions and Registered Societies as may be accepted by the Board of Directors, and the Singapore Labour Foundation, which are designated Institutional Members;
- iii) All members over the age of 18 years who are Muslim professional staff or teachers who have retired or not retired or Muslim students of the National Institute of Education who are undergoing courses that qualify them to teach.

Any member of the Co-operative may vote at any General Meeting of the Cooperative. Ordinary and Associate members have the right to exercise one vote for irrespective of the number of shares held by them.

Any member may withdraw his/her shares, subject to a notice period of one year, or such other limitation as the Board of Directors may decide in accordance with the Rules and By-Laws. The member withdrawing shall be entitled on the expiry of his notice to receive for his shares, neither more than what he paid for them nor more than their values as disclosed by the last Statement of financial position prepared by the Co-operative or the last actuarial valuation of the Co-operative, whichever is later.

In the event of the winding up of the Co-operative, the assets, including the reserve fund, shall be applied first to the cost of liquidation, then to the discharge of the liabilities of the Co-operative, then to the payment of the share capital or subscription capital, and then, provided that the by-laws of the Co-operative permit, to the payment of a dividend or patronage refund at a rate not exceeding that laid down in the Rules or in the By-Laws.

Any monies remaining after the application of the funds to the purposes specified in the above paragraph (section 88 of the Co-operative Societies Act) and any unclaimed after two years under Section 89 (2) (which relates to claims of creditor), shall not be divided among the Members but shall be carried to the Co-operative Societies Liquidation Account kept by the Registrar.

A sum carried to the Co-operative Societies Liquidation Account shall be kept in this Account for at least two years. Out of the Co-operative Societies Liquidation Account such sums may be transferred to the Central Co-operative Fund, or applied generally for the furtherance of Cooperative principles in such manner, as the Minister may determine from time to time.

The share capital is presented as current liabilities on the report. The redemption rights of the participating shareholders, and the requirements of FRS 32, are described in Note 2.8.

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19. SUBSCRIPTION CAPITAL

	The Group and the Co-operative	
	2024	2023
	S\$	S\$
Beginning of the financial year	5,127,695	5,103,642
Add: Subscriptions from members	172,261	263,054
Less: Withdrawals	(288,941)	(239,001)
End of the financial year	<u>5,011,015</u>	<u>5,127,695</u>

The subscription capital is presented as liability on the statement of financial position. The redemption rights of the participating shareholders, and the requirements of FRS 32, are described in Note 2.8.

Every ordinary member must subscribe to a minimum of S\$30 per month of subscription capital.

20. GENERAL SAVINGS

	The Group and the Co-operative	
	2024	2023
	S\$	S\$
Beginning of the financial year	2,565,064	2,424,620
Add: Subscriptions from members	605,547	747,399
Less: Withdrawals	(717,379)	(606,955)
End of the financial year	<u>2,453,232</u>	<u>2,565,064</u>

21. GENERAL SAVINGS – HAJJ

	The Group and the Co-operative	
	2024	2023
	S\$	S\$
Beginning of the financial year	196,430	216,870
Add: Subscriptions from members	37,860	36,950
Less: Withdrawals	(65,030)	(57,390)
End of the financial year	<u>169,260</u>	<u>196,430</u>

22. GENERAL SAVINGS – EDUCATION

	The Group and the Co-operative	
	2024	2023
	S\$	S\$
Beginning of the financial year	32,911	29,781
Add: Subscriptions from members	9,470	9,580
Less: Withdrawals	(7,600)	(6,450)
End of the financial year	<u>34,781</u>	<u>32,911</u>

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23. COMMON GOOD FUND

	The Group and the Co-operative	
	2024	2023
	S\$	S\$
Beginning of the financial year	59,136	129,136
Less: Disbursements	-	(70,000)
End of the financial year	<u>59,136</u>	<u>59,136</u>

This fund was established to provide welfare benefits to the Co-operative's members and their dependents. The prior year's transfer had been approved at the annual general meeting held during the year.

24. CENTRAL CO-OPERATIVE FUND

	The Group and the Co-operative	
	2024	2023
	S\$	S\$
Beginning of the financial year	-	366
Less: Contribution	-	(366)
End of the financial year	<u>-</u>	<u>-</u>

Section 71 (2) of the Co-operative Societies Act 1979, stipulates that every Co-operative Society shall contribute 5% of the first S\$500,000 of the surplus resulting from the operations of the Co-operative during the preceding financial year to the Central Co-operative Fund and 20% of any surplus in excess of S\$500,000 from the operations of the Co-operative during the preceding financial year either to the Central Co-operative Fund or to the Singapore Labour Foundation as the Co-operative may opt.

25. STAFF WELFARE FUND

	The Group and the Co-operative	
	2024	2023
	S\$	S\$
Beginning of the financial year	24,057	16,973
Add: Addition	16,800	-
Transfer from DKB account	-	10,600
Less: Disbursements	(5,658)	(3,516)
End of the financial year	<u>35,199</u>	<u>24,057</u>

This fund was established to provide support for the overall well-being and morale of employees.

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26. DONATION FUND

	The Group and the Co-operative	
	2024	2023
	S\$	S\$
Beginning of the financial year	13,876	18,832
Add: Transfer from DKB account	-	3,844
Less: Disbursements	(300)	(8,800)
End of the financial year	<u>13,576</u>	<u>13,876</u>

This fund was established to provide donation to local welfare organisations.

27. DANA KEBAJIKAN-CREDIT DEFAULT FUND (DK-CD)

	The Group and the Co-operative	
	2024	2023
	S\$	S\$
Beginning of the financial year	20,502	-
Add: Addition	4,567	-
Transfer from DKB account	-	20,502
End of the financial year	<u>25,069</u>	<u>20,502</u>

This fund was established to provide support for members during times of financial hardship, particularly in cases of bankruptcy or death.

28. BUILDING REPAIR FUND

	The Group and the Co-operative	
	2024	2023
	S\$	S\$
Beginning of the financial year	51,627	26,892
Add: Transfer from DKB account	-	45,000
Less: Disbursements	(23,359)	(20,265)
End of the financial year	<u>28,268</u>	<u>51,627</u>

This fund was established to provide support for the maintenance, repair and renovation of the Co-operative's building.

The Board will be requesting the members to approve the above transfer at the forthcoming annual general meeting.

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29. SGM RESERVE FUND

	The Group and the Co-operative	
	2024	2023
	S\$	S\$
Beginning and end of the financial year	<u>212,909</u>	<u>212,909</u>

In July 2020, the Co-operative set up a new fund - SGM Reserve Fund. It was initiated in order for the Co-operative to meet and maintain the Capital Adequacy Ratio (CAR) of 10%.

30. PROPERTY REVALUATION RESERVE

	The Group and the Co-operative	
	2024	2023
	S\$	S\$
Beginning and end of financial year	<u>1,935,521</u>	<u>1,935,521</u>

31. TAXATION

The Co-operative is exempt from income tax under Section 13(1)(f)(ii) of the Income Tax Act 1947.

As at 31 December 2024, the subsidiary has no unabsorbed tax losses and unutilised capital allowances available for offset against future taxable profits.

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32. ADMINISTRATIVE AND GENERAL EXPENSES

	The Group		The Co-operative	
	2024	2023	2024	2023
	S\$	S\$	S\$	S\$
Accounting and support expenses	-	2,104	-	-
Advertising and publicity	4,680	1,055	4,680	1,055
Affiliation fees	188	250	188	250
AGM	3,776	9,947	3,776	9,947
Auditors' remuneration	32,825	39,210	30,125	36,510
Bank charges	8,450	8,345	8,350	8,345
Books purchased	-	1,215	-	1,215
BOD duty allowance	2,530	-	2,530	-
Check-off charges	271	743	271	743
Childcare accessories,	27,848	33,462	27,848	33,462
Cleaning expenses	4,857	2,275	4,857	2,275
Children uniform and	2,275	940	2,275	940
Conservancy charges	14,545	14,674	14,545	14,674
Copier charges	3,109	3,982	3,109	3,982
Course fees	19,427	24,113	19,427	24,113
Depreciation	104,910	109,876	104,910	109,876
Dry goods and beverages	-	5,258	-	5,258
Expensed equipment	1,295	250	1,295	250
Enrichment expenditure	793	-	793	-
Fair value loss on investment	2,488	4,479	2,410	3,512
General maintenance	13,907	3,321	13,907	3,321
General expenses	1,447	5,875	1,447	5,875
Incentive for meetings	12,858	15,965	12,858	15,965
Interest receivables written off	-	17,250	-	17,250
Insurance	2,706	1,765	2,706	1,765
Impairment loss	-	-	12,840	-
Interest on term deposits	-	737	-	737
Kitchen's foods and beverages	1,821	329	1,821	329
Leasing charges	4,331	4,067	4,331	4,067
Licenses and permits	500	550	500	550
Learning program	15,605	33,373	15,605	33,373
Maintenance charges	1,189	6,000	1,189	6,000
Medical fees	6,336	5,053	6,336	5,053
Marketing and groceries	43,270	40,183	43,270	40,183
Miscellaneous expenses	2,491	2,733	2,391	2,733
<i>Balance carried forward</i>	<u>340,728</u>	<u>399,379</u>	<u>350,590</u>	<u>393,608</u>

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32. ADMINISTRATIVE AND GENERAL EXPENSES – (CONTINUED)

	The Group		The Co-operative	
	2024	2023	2024	2023
	S\$	S\$	S\$	S\$
Balance brought forward	340,728	399,379	350,590	393,608
Office maintenance	665	8,177	665	8,177
Other activities and functions	368	4,146	368	4,146
Other fee	-	5	-	5
Postage and periodic	489	387	489	387
Printing and stationery	3,397	10,617	3,397	10,617
Professional fees	24,469	9,760	24,469	9,760
Property tax	7,976	7,910	7,976	7,910
Prior year adjustment - Temporary relief scheme	-	18,059	-	18,059
Recruiting	205	-	205	-
Refreshments	1,176	2,542	1,176	2,542
Rental of childcare premises	21,534	22,536	21,534	22,536
Repair and maintenance	29,610	34,574	29,610	34,574
Salaries, allowances and CPF *	1,816,170	1,687,326	1,816,170	1,687,326
Software maintenance fees	12,325	4,608	12,325	4,608
Speech and drama	-	2,121	-	2,121
Staff benefits	1,825	1,013	1,825	1,013
Subscription	18,169	4,553	18,169	4,553
Teaching materials and books	1,224	3,389	1,224	3,389
Telephone, internet and	5,483	6,804	5,483	6,804
Temporary staff	2,645	7,275	2,645	7,275
Transport	3,653	4,852	3,653	4,852
Travelling	-	83	-	83
Teachers day activities and	-	617	-	617
Utilities	35,209	45,541	35,209	45,541
Total	2,327,320	2,286,274	2,337,182	2,280,503

* Salaries, allowances and CPF are as follows:

	The Group		The Co-operative	
	2024	2023	2024	2023
	S\$	S\$	S\$	S\$
Salaries and allowances	1,563,797	1,399,968	1,563,797	1,399,968
Central provident fund (CPF)	252,373	287,358	252,373	287,358
Total	1,816,170	1,687,326	1,816,170	1,687,326

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33. DIVIDENDS/PATRONAGE REBATE

There are no dividends and patronage rebate in respect of prior year's accounts which was approved and paid during the financial year.

34. DIVIDENDS

For the current financial year, the Board of Directors has not made any proposed dividends. The Co-operative will confirm the dividend payout (if any) for the current financial year in the coming Annual General Meeting (AGM).

35. LEASES

Company as a lessor

The Company has entered into operating leases on its investment properties consisting of office spaces. These leases are negotiated for terms ranging from one to three years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The lessee is also required to provide a residual value guarantee on the properties.

The rental are collected for Level 1 of 785 Geylang Road.

Future minimum rental receivable under non-cancellable operating leases contracted for at the reporting period are as follows:

	The Group and the Co-operative	
	2024	2023
	S\$	S\$
Not later than one year	45,600	45,600
Later than one year but not later than five years	30,400	76,000
	<u>76,000</u>	<u>121,600</u>

36. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of the Group and the Co-operative'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 end each reporting period. Uncertainty about these assumptions and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

36.1. Judgement made in Applying Accounting Policies

Fair Value of Loans and Receivables Financial Assets

For loans to members amounting to S\$3,862,812 (2023: S\$3,889,982) (Note 9 - 14), the Co-operative management is of the opinion that it is not practicable to estimate the fair values of the loans to members without incurring excessive time and costs as required under FRS 109 and also does not anticipate that the carrying amounts recorded at reporting date would be significantly different from the values that would be eventually received or settled.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

36. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

36.1. Judgement made in Applying Accounting Policies (Continued)

Valuation of Leasehold Land and Building

The apportionment of the fair value leasehold land and building is based on the directors' estimate. The estimate is based on the proportion of the carrying amount of the leasehold land and building as at year end. Valuation of leasehold land and building is carried out by an independent professional with sufficient regularity. In carrying out the valuation, leasehold land and building are valued collectively as it is impractical for them to be valued individually.

Impairment of Investment and Financial Instrument

The Co-operative follows the guidance of FRS 36 and FRS 109 in determining when an investment or financial assets is other-than-temporary impaired. This assessment requires significant judgement. and the Co-operative evaluates, among other factors, the duration and extent to which the fair value of an investment or financial asset is less than its cost; and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

36.2. Key Sources of Estimation Uncertainty

Provision of Expected Credit Losses of Trade Receivables

The Group and the Co-operative uses a provision matrix to calculate ECLs for ordinary loans to members. The provision rates are based on days past due for groupings or various customer segments that have similar loss patterns

The provision matrix is initially based on the Group and the Co-operative's historical observed default rates. The Group and the Co-operative will calibrate that matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are 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 and the Co-operative's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group and the Co-operative's ordinary loans to members is disclosed in Note 9 and 41.

The carrying amount of the Group and the Co-operative's ordinary loans to members as at 31 December 2024 was S\$3,301,721 (2023: S\$3,695,892).

37. RELATED PARTY TRANSACTIONS

Except for the significant related parties transactions on terms agreed between the Co-operative and its related parties as disclosed below, there are no other transaction and arrangements between the Co-operative and related parties:

Honorarium for Board of Directors and Audit Committee are disclosed in Note 17.

Since the end of the previous financial year, no director of the Co-operative or any corporation in the Co-operative has received or become entitled to receive a benefit by reason of a contract made by the Co-operative or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and financial liabilities:

	The Group		The Co-operative	
	2024	2023	2024	2023
	S\$	S\$	S\$	S\$
Financial Assets				
Loans and receivables:				
Investment in financial asset	117,972	149,415	117,972	120,382
Other receivables	73,353	58,282	73,353	58,282
Ordinary loans to members	3,301,721	3,695,892	3,301,721	3,695,892
Purchasing loans to members	42,360	24,025	42,360	24,025
Exceptional loan to members	30,808	14,543	30,808	14,543
Education loans to members	163,076	10,193	163,076	10,193
Renovation loan to members	324,847	136,518	324,847	136,518
Staff loan	20,005	8,811	20,005	8,811
Cash and cash equivalents	2,647,431	3,139,634	2,603,652	3,125,722
	<u>6,721,573</u>	<u>7,237,313</u>	<u>6,677,794</u>	<u>7,194,368</u>

	The Group		The Co-operative	
	2024	2023	2024	2023
	S\$	S\$	S\$	S\$
Financial Liabilities				
Financial liabilities measured at amortised cost:				
Share Capital	906,880	985,993	906,880	985,993
Subscription capital	5,011,015	5,127,695	5,011,015	5,127,695
General Savings	2,453,232	2,565,064	2,453,232	2,565,064
General Savings - Haji	169,260	196,430	169,260	196,430
General Savings - Education	34,781	32,911	34,781	32,911
Honorarium	1	1	1	1
Other payables	196,593	171,366	192,443	167,216
	<u>8,771,762</u>	<u>9,079,460</u>	<u>8,767,612</u>	<u>9,075,310</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

39. FINANCIAL RISK MANAGEMENT

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

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

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

39.1. Credit Risk

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

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

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

The Co-operative has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days, default of interest due for more than 30 days or there is significant difficulty of the counterparty.

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

Internal credit rating External credit rating

Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations

Actual or expected significant changes in the operating results of the debtor Significant increases in credit risk on other financial instruments of the same debtor

Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

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39. FINANCIAL RISK MANAGEMENT (CONTINUED)

39.1 Credit Risk (Continued)

The Co-operative determined that its financial assets are credit-impaired when:

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

The Co-operative categories a receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

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

Category	Definition of category	Basis for recognizing expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL

Exposure to Credit Risk

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

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

The Group

	Note	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
2024			S\$	S\$	S\$
Ordinary loans to members	9	Lifetime ECL (simplified)	3,572,921	(271,200)	3,301,721
Other receivables	8	12-month ECL	73,353	-	73,353
				<u>(271,200)</u>	
2023					
Ordinary loans to members	9	Lifetime ECL (simplified)	3,967,092	(271,200)	3,695,892
Other receivables	8	12-month ECL	110,917	-	110,917
				<u>(271,200)</u>	

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

39.1 Credit Risk (Continued)

The Co-operative

	Note	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
2024			S\$	S\$	S\$
Ordinary loans to members	9	Lifetime ECL (simplified)	3,572,921	(271,200)	3,301,721
Other receivables	8	12-month ECL	73,353	-	73,353
				<u>(271,200)</u>	
2023					
Ordinary loans to members	9	Lifetime ECL (simplified)	3,967,092	(271,200)	3,695,892
Other receivables	8	12-month ECL	110,917	-	110,917
				<u>(271,200)</u>	

Ordinary Loans to Members

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

39.2 Liquidity Risk

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

39.2 Liquidity Risk (Continued)

Analysis of Financial Instruments by Remaining Contractual Maturities

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

The Group

Financial Assets	Within 1 year	Within 2 to 5 years	Total
2024	S\$	S\$	S\$
Investment in financial asset	9,494	108,478	117,972
Other receivables	73,353	-	73,353
Ordinary loans to members	2,197,024	1,104,697	3,301,721
Purchasing loans to members	42,360	-	42,360
Education loans to members	163,076	-	163,076
Exceptional loan to members	30,808	-	30,808
Renovation loans to members	324,847	-	324,847
Staff loans	20,005	-	20,005
Cash and cash equivalents	2,647,431	-	2,647,431
Total undiscounted financial assets	5,508,398	1,213,175	6,721,573
Financial Liabilities	Within 1 year	Within 2 to 5 years	Total
2024	S\$	S\$	S\$
Share Capital	906,880	-	906,880
Subscription capital	5,011,015	-	5,011,015
General Savings	2,453,232	-	2,453,232
General Savings - Haji	169,260	-	169,260
General Savings - Education	34,781	-	34,781
Honorarium	1	-	1
Other payables	196,593	-	196,593
Total undiscounted financial liabilities	8,771,762	-	8,771,762
Total net undiscounted financial assets	(3,263,364)	1,213,175	(2,050,189)

SINGAPORE MUSLIM TEACHERS' CO-OPERATIVE LTD
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39. FINANCIAL RISK MANAGEMENT (CONTINUED)

39.2 Liquidity Risk (Continued)

The Co-operative

Financial Assets	Within 1 year	Within 2 to 5 years	Total
2024	S\$	S\$	S\$
Investment in financial asset	9,494	108,478	117,972
Other receivables	73,353	-	73,353
Ordinary loans to members	2,197,024	1,104,697	3,301,721
Purchasing loans to members	42,360	-	42,360
Education loans to members	163,076	-	163,076
Exceptional loan to members	30,808	-	30,808
Renovation loans to members	324,847	-	324,847
Staff loans	20,005	-	20,005
Cash and cash equivalents	2,603,652	-	2,603,652
Total undiscounted financial assets	5,464,619	1,213,175	6,677,794

Financial Liabilities	Within 1 year	Within 2 to 5 years	Total
2024	S\$	S\$	S\$
Share Capital	906,880	-	906,880
Subscription capital	5,011,015	-	5,011,015
General Savings	2,453,232	-	2,453,232
General Savings - Haji	169,260	-	169,260
General Savings - Education	34,781	-	34,781
Honorarium	1	-	1
Other payables	192,443	-	192,443
Total undiscounted financial liabilities	8,767,612	-	8,769,612

Total net undiscounted financial assets	(3,302,993)	1,213,175	(2,089,818)
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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

39.2 Liquidity Risk (Continued)

The Group

Financial Assets	Within 1 year	Within 2 to 5 years	Total
2023	S\$	S\$	S\$
Investment in financial asset - current	10,273	139,142	149,415
Other receivables	58,282	-	58,282
Ordinary loans to members	1,982,382	1,713,510	3,695,892
Purchasing loans to members	24,025	-	24,025
Education loans to members	10,193	-	10,193
Exceptional loan to members	14,543	-	14,543
Renovation loans to members	136,518	-	136,518
Staff loans	8,811	-	8,811
Cash and cash equivalents	3,139,634	-	3,139,634
Total undiscounted financial assets	5,384,661	1,852,652	7,237,313

Financial Liabilities	Within 1 year	Within 2 to 5 years	Total
2023	S\$	S\$	S\$
Share Capital	985,993	-	985,993
Subscription capital	5,127,695	-	5,127,695
General Savings	2,565,064	-	2,565,064
General Savings - Haji	196,430	-	196,430
General Savings - Education	32,911	-	32,911
Honorarium	1	-	1
Other payables	171,366	-	171,366
Total undiscounted financial liabilities	9,079,460	-	9,079,460
Total net undiscounted financial assets	(3,694,799)	1,852,652	(1,842,147)

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

39.2 Liquidity Risk (Continued)

The Co-operative

Financial Assets	Within 1 year	Within 2 to 5 years	Total
2023	S\$	S\$	S\$
Investment in financial assets	10,273	110,109	120,382
Other receivables	58,282	-	58,282
Ordinary loans to members	1,982,382	1,713,510	3,695,892
Purchasing loans to members	24,025	-	24,025
Education loans to members	10,193	-	10,193
Exceptional loan to members	14,543	-	14,543
Renovation loans to members	136,518	-	136,518
Staff loans	8,811	-	8,811
Cash and cash equivalents	3,125,722	-	3,125,722
Total undiscounted financial asset	5,370,749	1,823,619	7,194,368

Financial Liabilities	Within 1 year	Within 2 to 5 years	Total
2023	S\$	S\$	S\$
Share Capital	985,993	-	985,993
Subscription capital	5,127,695	-	5,127,695
General Savings	2,565,064	-	2,565,064
General Savings - Haji	196,430	-	196,430
General Savings - Education	32,911	-	32,911
Honorarium	1	-	1
Other payables	167,216	-	167,216
Total undiscounted financial liabilities	9,075,310	-	9,075,310
Total net undiscounted financial assets	(3,704,561)	1,823,619	(1,880,942)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

39. FINANCIAL RISK MANAGEMENT (CONTINUED)

39.3 Market Risk

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

39.3.1 Interest Rate Risk

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

The Co-operative is not exposed to interest rate risk as it does not have any financial instruments bearing variable interest rate as at the reporting date.

39.3.2 Foreign Currency Risk

The Co-operative's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Co-operative does not have any formal policy for hedging against currency risk. The Co-operative ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

The Co-operative's exposure to foreign currency risk is minimal as all transactions are dealt with in local currency.

40. FAIR VALUE

Cash and cash equivalents, Other Receivables and Other Payables

The carrying amounts of financial assets and financial liabilities of the Co-operative recorded at amortised cost in the financial statements approximate their fair values due to their short-term nature.

41. CAPITAL MANAGEMENT

The primary objective of the Co-operative's capital management is to maximize member's value.

The Co-operative manages its capital structure and makes adjustments to it, in light of changes in the working capital requirements, business performance and economic conditions. To maintain or adjust the capital structure, the Co-operative may adjust the dividend payment to members or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2024 and 31 December 2023.

The Co-operative do not have any externally imposed capital requirements for the financial year ended 31 December 2024 and 31 December 2023 except as stipulated by the Registry of Co-operative Societies.

A credit society which holds deposits should maintain capital adequacy ratio ('CAR') of not less than 8% of its total assets. In addition, a credit society with less than 5% CAR as at financial year end and intends to distribute dividends from that year's surplus shall seek the Registry's written approval for the proposed dividends.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2024

41. CAPITAL MANAGEMENT (CONTINUED)

Capital adequacy ratio means the credit society's institutional capital expressed as a percentage of its total assets. Institutional capital means the credit society's accumulated surplus/deficit or unappropriated surplus, statutory reserve, and general reserves or general funds. Reserves and funds established for specific purposes such as common good, scholarship, fair value or revaluation, loan default, provisions for bad and doubtful loans etc. are not counted as institutional capital.

	The Group		The Co-operative	
	2024	2023	2024	2023
	S\$	S\$	S\$	S\$
Institutional capital	654,333	903,719	654,333	914,592
Total assets	11,673,835	12,321,371	11,669,685	12,328,094
Capital adequacy ratio	5.61%	7.33%	5.61%	7.42%