



Report of the Directors and Financial Statements

NTUC HEALTH CO-OPERATIVE LIMITED

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Directors' statement

The Directors present this annual report to the members together with the audited financial statements of the Co-operative for the financial year ended 31 December 2020.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS48 are drawn up in accordance with the provisions of the Singapore Co-operative Societies Act, Chapter 62 (the "Act") and Singapore Financial Reporting Standards, so as to give a true and fair view of the financial position of the Co-operative as at 31 December 2020, and of the financial performance, changes in equity and cash flows of the Co-operative for the year ended 31 December 2020;
- (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 receipt, expenditure and investment of monies and the acquisition and disposal of assets made by the Co-operative during the year ended 31 December 2020 have been made in accordance with the By-laws of the Co-operative and provisions of the Act and the Rules (made under section 95 of the Act).

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

(a) Directors

The Directors of the Co-operative in office at the date of this statement are as follows:

Lim Boon Heng	(Chairman)
Adeline Sum Wai Fun	(Appointed on 18 June 2020)
Willie Cheng Jue Hiang	
Dr Christopher Lien	
K.Thanaletchimi	(Appointed on 18 June 2020)
Andrew Chong Yang Hsueh	
Ng Chee Yuen	(Appointed on 12 August 2020)

(b) Arrangements to enable Directors to acquire shares or debentures

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

(c) Directors' interests in shares or debentures

The Directors of the Co-operative held office at the end of the financial year who had interests in the shares of the Co-operative and its related corporations as recorded in the register of Directors' shareholdings kept by the Co-operative are as follows:

Name of Directors and co-operative in which interests are held	Shareholdings registered in the name of Directors at	
	the beginning of the financial year/date of appointment	the end of the financial year
<i>NTUC Fairprice Co-operative Limited</i>		
Lim Boon Heng	1,296	1,296
Adeline Sum Wai Fun	20	20
Willie Cheng Jue Hiang	9,000	9,000
Dr Christopher Lien	1,251	1,251
K.Thanaletchimi	28	28
Ng Chee Yuen	20	20

(d) Share options

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

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

There were no unissued shares of the Co-operative under options as at the end of the financial year.

(e) Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Lim Boon Heng
Director

Willie Cheng Jue Hiang
Director

28 April 2021

Independent auditors' report

Members of the Co-operative
NTUC Health Co-operative Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of NTUC Health Co-operative Limited (the 'Co-operative'), which comprise the statement of financial position of the Co-operative as at 31 December 2020, and the statement of comprehensive income and statement of changes in equity and statement of cash flows of the Co-operative for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS48.

In our opinion, the accompanying financial statements of the Co-operative are properly drawn up in accordance with the provisions of the Co-operative Societies Act, Chapter 62 ('the Act') and Singapore Financial Reporting Standards ('FRSs') so as to give a true and fair view of the state of affairs of the Co-operative as at 31 December 2020 and of the results, changes in equity and cash flows of the Co-operative for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' 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 *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 contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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

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

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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.

Auditors' 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 auditors' 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 controls.

- Obtain an understanding of internal controls 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 controls.
- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Co-operative to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

Opinion

In our opinion:

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

Basis for opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the compliance audit*' section of our report. We are independent of the Co-operative in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Management's responsibility for compliance with legal and regulatory requirements

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

Auditors' responsibility for the compliance audit

Our responsibility is to express an opinion on 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 receipt, expenditure, investment of monies and the acquisition and disposal of assets, are in accordance with the By-laws of the Co-operative and the provisions of the Act and the Rules (made under section 95 of the Act).

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

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
28 April 2021

Statement of financial position
As at 31 December 2020

	Note	2020 \$	2019 \$
Non-current assets			
Property, plant and equipment	4	14,992,362	16,401,163
Right-of-use assets	5	12,028,263	9,519,433
Investment properties	6	4,768,706	4,941,877
Investments	7	5,026,308	30,904,878
Investment in associate	8	938,584	850,000
		37,754,223	62,617,351
Current assets			
Investments	7	26,000,000	–
Inventories	9	706,729	502,089
Trade and other receivables	10	17,614,191	22,939,181
Prepayments		180,334	183,688
Cash and cash equivalents	11	43,929,709	36,708,416
		88,430,963	60,333,374
Total assets		126,185,186	122,950,725
Equity			
Share capital	12	39,401,814	39,598,764
Fair value reserve	13	660,348	538,918
Accumulated profits		44,752,077	46,211,812
Total equity		84,814,239	86,349,494
Non-current liabilities			
Community Silver Trust	14	1,670,865	3,365,763
Deferred income	15	3,680,548	4,550,359
Lease liabilities	16	7,143,684	5,372,715
		12,495,097	13,288,837
Current liabilities			
Community Silver Trust	14	498,061	297,883
Deferred income	15	2,201,200	2,118,717
Lease liabilities	16	5,406,896	4,254,640
Trade and other payables	17	20,529,466	16,400,927
Provisions	18	240,227	240,227
		28,875,850	23,312,394
Total liabilities		41,370,947	36,601,231
Total equity and liabilities		126,185,186	122,950,725

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

Statement of comprehensive income
Year ended 31 December 2020

	Note	2020 \$	2019 \$
Revenue	19	25,792,029	27,418,184
Other income	20	67,615,255	58,287,386
Consumables used		(14,060,559)	(13,506,742)
Staff costs	21	(53,645,407)	(46,357,360)
Depreciation expense		(9,320,582)	(7,873,129)
Rental concession/(expense)		1,134,566	(1,687,241)
Other operating expenses		(19,361,521)	(15,912,185)
(Loss)/Profit from operations		(1,846,219)	368,913
Finance income	22	786,548	921,692
Finance costs	22	(391,208)	(239,012)
Share of profit of associate, net of tax	8	88,584	–
(Loss)/Profit before tax and contributions	23	(1,362,295)	1,051,593
Tax expense	24	–	–
(Loss)/Profit before contributions		(1,362,295)	1,051,593
Contributions			
Central Co-operative Fund		25,000	(25,000)
Singapore Labour Foundation	25	70	(110,389)
(Loss)/Profit after contributions		(1,337,225)	916,204
Honorarium to directors		(129,915)	(127,899)
(Loss)/Profit for the year		(1,467,140)	788,305
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss</i>			
Equity investments at FVOCI:			
- net change in fair value		121,430	414,812
Other comprehensive income for the year		121,430	414,812
Total comprehensive income for the year		(1,345,710)	1,203,117

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

Statement of changes in equity

	Note	Share capital \$	Fair value reserve \$	Accumulated profits \$	Total equity \$
At 1 January 2019		40,724,464	124,106	45,823,999	86,672,569
Total comprehensive income for the year					
Profit for the year		–	–	788,305	788,305
Other comprehensive income for the year					
Equity investments at FVOCI					
- net change in fair value		–	414,812	–	414,812
Total other comprehensive income		–	414,812	–	414,812
Total comprehensive income for the year		–	414,812	788,305	1,203,117
Transactions with owners, recognised directly in equity					
Share capital withdrawn during the year	12	(1,125,700)	–		(1,125,700)
Dividends	12	–	–	(400,492)	(400,492)
At 31 December 2019		<u>39,598,764</u>	<u>538,918</u>	<u>46,211,812</u>	<u>86,349,494</u>
At 1 January 2020		39,598,764	538,918	46,211,812	86,349,494
Total comprehensive income for the year					
Loss for the year		–	–	(1,467,140)	(1,467,140)
Other comprehensive income for the year					
Equity investments at FVOCI					
- net change in fair value		–	121,430	–	121,430
Total other comprehensive income		–	121,430	–	121,430
Total comprehensive income for the year		–	121,430	(1,467,140)	(1,345,710)
Transactions with owners, recognised directly in equity					
Share capital withdrawn during the year	12	(196,950)	–	–	(196,950)
Write back of dividends	12	–	–	7,405	7,405
At 31 December 2020		<u>39,401,814</u>	<u>660,348</u>	<u>44,752,077</u>	<u>84,814,239</u>

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

Statement of cash flows
Year ended 31 December 2020

	2020	2019
	\$	\$
Cash flows from operating activities		
(Loss)/Profit before contributions	(1,362,295)	1,051,593
Tax expense	–	–
(Loss)/Profit before tax and contributions	(1,362,295)	1,051,593
Adjustments for:		
Amortisation of deferred income	(2,372,208)	(2,342,675)
Allowance for doubtful receivables	81,232	–
Depreciation of property, plant and equipment	3,770,287	3,742,846
Depreciation of right-of-use assets	5,377,124	3,957,112
Depreciation of investment properties	173,171	173,171
Dividend income	(36,500)	(45,100)
Interest income	(786,548)	(921,692)
Write back of dividends	7,405	6,753
Trade receivables written off	1,269	3,357
Gain on disposal of property, plant and equipment	(2,485)	(10,969)
Property, plant and equipment written off	17,457	11,485
Interest expense	391,208	239,012
Share of profit of associate, net of tax	(88,584)	–
	5,170,533	5,864,893
Changes in:		
- Inventories	(204,640)	(218,553)
- Trade and other receivables	5,242,489	10,398,759
- Prepayments	3,354	127,666
- Trade and other payables	3,217,415	254,299
- Provisions	–	4,377
- Community Silver Trust	(1,494,720)	1,307,592
- Deferred income	1,584,880	1,731,478
Cash generated from operations	13,519,311	19,470,511
Contributions paid to:		
- Central Co-operative Fund	–	(25,000)
- Singapore Labour Foundation	–	(275,324)
Interest received	786,548	767,693
Directors' honorarium paid	(127,899)	(148,181)
Net cash generated from operating activities	14,177,960	19,789,699

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

Statement of cash flows (cont'd)**Year ended 31 December 2020**

	Note	2020 \$	2019 \$
Cash flows from investing activities			
Dividends received		36,500	45,100
Purchase of property, plant and equipment		(2,380,504)	(2,440,935)
Proceeds from sale of investment	7	–	20,000
Proceeds from disposal of property, plant and equipment		4,046	19,431
Investment in associate	8	–	(850,000)
Net cash used in investing activities		(2,339,958)	(3,206,404)
Cash flows from financing activities			
Dividends paid to members of the Co-operative		–	(407,245)
Withdrawal of shares		(196,950)	(1,125,700)
Payment of lease liabilities		(4,962,729)	(3,849,190)
Interest paid		(391,208)	(239,012)
Net cash used in financing activities		(5,550,887)	(5,621,147)
Net increase in cash and cash equivalents		6,287,115	10,962,148
Cash and cash equivalents at beginning of the year		36,706,786	25,744,638
Cash and cash equivalents at end of the year	11	42,993,901	36,706,786

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 28 April 2021.

1 Domicile and activities

NTUC Health Co-operative Limited (the “Co-operative”) is registered in Singapore with its registered office at 55 Ubi Avenue 1, #08-01, Singapore 408935.

The Co-operative is a subsidiary of NTUC Enterprise Co-operative Limited, which is also the Co-operative’s ultimate holding entity.

The principal objectives of the Co-operative are those relating to provisions of health and community services to members and the public, and investment holding.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the provisions of the Co-operative Societies Act, Chapter 62 (the “Act”) and Singapore Financial Reporting Standards (“FRSs”).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Co-operative’s functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following noted:

- Note 7 – fair value and impairment of investments;
- Note 26 – extension of lease term options; and
- Note 28 – recoverability of doubtful receivables.

2.5 Changes in accounting policies

New standards and amendments

The Co-operative has applied the following amendments to FRSs for the first time for the annual period beginning on 1 January 2020:

- *Amendments to References to Conceptual Framework in FRS Standards*
- *Definition of a Business (Amendments to FRS 103)*
- *Definition of Material (Amendments to FRS 1 and FRS 8)*
- *Covid-19-Related Rent Concessions (Amendment to FRS 116)*

The Co-operative has early adopted *COVID-19-Related Rent Concessions – Amendment to FRS 116* issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Co-operative is a lessee – i.e. for leases to which the Co-operative applies the practical expedient, the Co-operative is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The Co-operative has applied the amendment retrospectively. The amendment has no impact on accumulated profits at 1 January 2020. Details of the accounting policies are set out in note 3.4.

The application of these amendments to standards does not have a material effect on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Associates

Associates are those entities in which the Co-operative has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Co-operative holds 20% or more of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Co-operative's share of the profit or loss and other comprehensive income of the equity accounted investees, after adjustments to align the accounting policies with those of the Co-operative, from the date that significant influence commences until the date that significant influence ceases.

When the Co-operative's share of losses exceeds its investment in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Co-operative has an obligation or has made payments on behalf of the investee.

3.2 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currencies of Co-operative entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of an investment in equity securities designated as fair value through other comprehensive income ("FVOCI").

3.3 Property, plant and equipment

(i) **Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset and includes the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) **Subsequent cost**

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Co-operative, and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Disposals

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income or other expenses in profit or loss on the date of disposal.

(iv) Provision for reinstatement costs

A provision is recognised for the estimated costs of dismantlement, removal or restoration of property, plant and equipment arising from the acquisition or use of assets. The estimated costs are capitalised and included in the cost of property, plant and equipment and are depreciated over the useful life of the asset.

(v) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use. Assets under construction are not depreciated.

The estimated useful lives for the current and comparative years are as follows:

Freehold property	50 years
Leasehold building	50 years
Leasehold properties	50 years
Dental, medical and fitness equipment	5 years
Motor vehicles	10 years
Furniture and fittings	5 years
Computer and office equipment	3 to 5 years
Computer software	3 to 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Leases

At inception of a contract, the Co-operative assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Co-operative allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property in which it is a lessee, the Co-operative has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Co-operative recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Co-operative by the end of the lease term or the cost of the right-of-use asset reflects that the Co-operative will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 3.5.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Co-operative's incremental borrowing rate. Generally, the Co-operative uses its incremental borrowing rate as the discount rate.

The Co-operative determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Co-operative is reasonably certain to exercise, lease payments in an optional renewal period if the Co-operative is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Co-operative is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Co-operative's estimate of the amount expected to be payable under a residual value guarantee, if the Co-operative changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Co-operative presents right-of-use assets that do not meet the definition of investment property separately as 'right-of-use assets' and 'lease liabilities' in the statement of financial position.

Short-term leases and leases of low-value assets

The Co-operative has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Co-operative recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

COVID-19 related rent concessions

The Co-operative has applied COVID-19-Related Rent Concessions – Amendment to FRS 116. The Co-operative applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Co-operative applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Co-operative allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Co-operative acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Co-operative makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Co-operative considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Co-operative is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Co-operative applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Co-operative applies FRS 115 to allocate the consideration in the contract.

The Co-operative recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'. Rental income from sub-leased property is recognised as "other income".

Generally, the accounting policies applicable to the Co-operative as a lessor in the comparative period were not different from FRS 116 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

3.5 Investment properties

Investment properties are held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives at each component of investment properties.

The estimated useful lives for the current and comparative years are as follows:

Freehold buildings	50 years
Leasehold buildings and premises	50 years

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss as incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

3.6 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

3.7 Financial instrument

(i) **Recognition and initial measurement**

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Co-operative becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) **Classification and subsequent measurement**

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost or FVOCI–equity investment.

Financial assets are not reclassified subsequent to their initial recognition unless the Co-operative changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Co-operative may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets: Business model assessment

The Co-operative makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Co-operative's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Co-operative's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Co-operative considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Co-operative considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Co-operative's claim to cash flows from specified assets (e.g. non recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition

Financial assets

The Co-operative derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Co-operative neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Co-operative enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Co-operative derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Co-operative also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Co-operative currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of one year or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Co-operative in the management of its short-term commitments.

(vi) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with FRS 12.

3.8 Impairment of financial assets

Non-derivative financial assets

The Co-operative recognises loss allowances for ECLs on financial assets measured at amortised cost.

Loss allowances of the Co-operative are measured on either of the following bases:

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

Simplified approach

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

General approach

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

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

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

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

The Co-operative considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Co-operative in full, without recourse by the Co-operative to actions such as realising security (if any is held); or
- the financial asset is more than 120 days past due.

Measurement of ECLs

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

Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Co-operative on terms that the Co-operative would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

3.9 Impairment of non-financial assets

The carrying amounts of the Co-operative's non-financial assets, other than investment properties and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

Calculation of recoverable amount

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss.

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets.

Reversals of impairment

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if 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.

3.11 Provision

A provision is recognised if, as a result of a past event, the Co-operative has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provision for reinstatement cost

The Co-operative is required to estimate and recognise the cost to be incurred in returning the leased premises to their original condition upon vacating the premises on expiry of the leases. Management has provided for such cost based on the likely amount to be incurred and the period over which it should be amortised.

3.12 Revenue recognition

Goods and services sold

Revenue from the sale of goods and services in the ordinary course of business is recognised when all the Co-operative satisfies a performance obligation (PO) by transferring control of a promised good or service 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 stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone 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/or services with observable stand-alone 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 obligations.

Transaction price is the amount of consideration in the contract to which the Co-operative expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Co-operative does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimate amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may not 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.

3.13 Government grants

An unconditional grant is recognised in profit or loss when the grant becomes receivable.

Government grants related to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Co-operative will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as 'other income' on a systematic basis over the useful life of the asset. Grants that compensate the Co-operative for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.14 Finance income and finance costs

The Co-operative's finance income and finance costs include:

- interest income; and
- interest expense.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.15 Other operating income and expenses

Other operating income comprises dividend income and reclassifications of net gains previously recognised in OCI. Dividend income is recognised in profit or loss on the date that the Co-operative's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Impairment losses recognised on financial assets (other than trade receivables) and reclassifications of net losses previously recognised in OCI are reported as other operating expenses.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either other operating income or expense depending on whether foreign currency movements are in a net gain or net loss position.

3.16 Contribution to Singapore Labour Foundation and Central Co-operative Fund

In accordance with Section 71(2) of the Co-operative Societies Act, Cap. 62, the Co-operative shall contribute 5% of the first \$500,000 of the surplus to the Central Co-operative Fund and 20% of any surplus in excess of \$500,000 to the Central Co-operative Fund or Singapore Labour Foundation as the Co-operative may opt.

3.17 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

The Co-operative has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investment in associate to the extent that the Co-operative is able to control the timing of reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Co-operative expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Co-operative. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

4 Property, plant and equipment

	Freehold property	Leasehold building	Leasehold properties	Dental, medical and fitness equipment	Furniture and fittings	Computer and office equipment	Computer software	Motor vehicles	Asset under construction	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost										
At 1 January 2019	1,712,781	7,778,521	1,174,048	3,790,780	10,156,880	1,518,109	3,595,747	2,933,030	705,403	33,365,299
Additions	–	–	–	692,776	767,859	20,576	220,124	381,314	358,286	2,440,935
Disposal	–	–	–	(13,170)	–	(20,725)	–	(20,206)	–	(54,101)
Written off	–	–	–	(70,108)	(53,480)	(14,914)	–	(17,560)	–	(156,062)
Transfers	–	–	–	30,796	315,327	–	359,280	–	(705,403)	–
At 31 December 2019	1,712,781	7,778,521	1,174,048	4,431,074	11,186,586	1,503,046	4,175,151	3,276,578	358,286	35,596,071
At 1 January 2020	1,712,781	7,778,521	1,174,048	4,431,074	11,186,586	1,503,046	4,175,151	3,276,578	358,286	35,596,071
Additions	–	–	–	673,284	290,715	167,599	430,979	27,600	790,327	2,380,504
Disposal	–	–	–	–	(7,950)	–	–	(46,887)	–	(54,837)
Written off	–	–	–	(28,183)	(52,061)	(145,056)	–	–	–	(225,300)
Transfers	–	–	–	–	–	–	254,971	–	(254,971)	–
At 31 December 2020	1,712,781	7,778,521	1,174,048	5,076,175	11,417,290	1,525,589	4,861,101	3,257,291	893,642	37,696,438
Accumulated depreciation										
At 1 January 2019	633,266	2,955,838	401,398	2,302,763	5,807,686	796,319	2,161,030	583,978	–	15,642,278
Depreciation	39,494	155,570	27,000	627,074	1,601,864	302,083	673,585	316,176	–	3,742,846
Disposal	–	–	–	(13,170)	–	(12,263)	–	(20,206)	–	(45,639)
Written off	–	–	–	(59,070)	(53,033)	(14,914)	–	(17,560)	–	(144,577)
At 31 December 2019	672,760	3,111,408	428,398	2,857,597	7,356,517	1,071,225	2,834,615	862,388	–	19,194,908
At 1 January 2020	672,760	3,111,408	428,398	2,857,597	7,356,517	1,071,225	2,834,615	862,388	–	19,194,908
Depreciation	39,494	155,570	27,000	633,703	1,589,707	215,454	785,686	323,673	–	3,770,287
Disposal	–	–	–	–	(6,389)	–	–	(46,887)	–	(53,276)
Written off	–	–	–	(24,539)	(39,588)	(143,716)	–	–	–	(207,843)
At 31 December 2020	712,254	3,266,978	455,398	3,466,761	8,900,247	1,142,963	3,620,301	1,139,174	–	22,704,076
Carrying amounts										
At 1 January 2019	1,079,515	4,822,683	772,650	1,488,017	4,349,194	721,790	1,434,717	2,349,052	705,403	17,723,021
At 31 December 2019	1,040,021	4,667,113	745,650	1,573,477	3,830,069	431,821	1,340,536	2,414,190	358,286	16,401,163
At 31 December 2020	1,000,527	4,511,543	718,650	1,609,414	2,517,043	382,626	1,240,800	2,118,117	893,642	14,992,362

5 Right-of-use assets

The Co-operative leases many assets including property and equipment.

	Leasehold properties \$	Equipment \$	Total \$
Cost			
At 1 January 2019	6,910,192	182,027	7,092,219
Additions	6,325,861	58,465	6,384,326
At 31 December 2019	13,236,053	240,492	13,476,545
Additions	1,865,954	43,195	1,909,149
Reassessments/modifications to contracts	5,957,811	18,994	5,976,805
Lease termination/derecognition	(193,715)	(6,410)	(200,125)
At 31 December 2020	20,866,103	296,271	21,162,374
Accumulated depreciation			
At 1 January 2019	–	–	–
Depreciation	3,891,969	65,143	3,957,112
At 31 December 2019	3,891,969	65,143	3,957,112
Depreciation	5,308,023	69,101	5,377,124
Lease termination/derecognition	(193,715)	(6,410)	(200,125)
At 31 December 2020	9,006,277	127,834	9,134,111
Carrying amounts			
At 1 January 2019	6,910,192	182,027	7,092,219
At 31 December 2019	9,344,084	175,349	9,519,433
At 31 December 2020	11,859,826	168,437	12,028,263

Information about leases for which the Co-operative is a lessee is discussed in Note 26.

6 Investment properties

	\$
Cost	
At 1 January 2019, 31 December 2019 and 31 December 2020	8,245,933
Accumulated depreciation	
At 1 January 2019	3,130,885
Depreciation for the year	173,171
At 31 December 2019	3,304,056
Depreciation for the year	173,171
At 31 December 2020	3,477,227
Carrying amounts	
At 1 January 2019	5,115,048
At 31 December 2019	4,941,877
At 31 December 2020	4,768,706

As at 31 December 2020, the Co-operative's investment properties are held under the following tenure:

	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Leasehold	4,768,706	9,788,947	4,941,877	9,914,604

The fair value of investment properties were determined by external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

Included in investment properties is a carrying amount of approximately \$3,185,831 (2019: \$3,295,687) representing the Co-operative's 25% share in certain units jointly-owned with NTUC Income Insurance Co-operative Limited. As at 31 December 2020, the Co-operative have no contingent liabilities and capital commitments in respect of those units.

Amounts recognised in profit or loss

The rental income recognised by the Co-operative during 2020 was \$331,121 (2019: \$403,087) and was included in 'other income' (see note 20). Maintenance expense, included in 'other operating expenses', was as follows:

Maintenance expense, included in 'other operating expenses', was as follows:

	2020	2019
	\$	\$
Income-generating property	150,704	156,228

Fair value of assets

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
31 December 2020	–	–	9,788,947	9,788,947
31 December 2019	–	–	9,914,604	9,914,604

There is no transfer between Level 1 and 2 fair values during the financial year.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<i>Direct income capitalisation method:</i> The method capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates.	Capitalisation rate: 6% (2019: 6%) Rental rates: \$1.90 per square feet (2019: \$1.80 to \$2.20 per square feet)	The estimated fair value would increase/(decrease) if <ul style="list-style-type: none"> • the capitalisation rates are lower/(higher) • the rental rate was higher/(lower).
<i>Market comparison method:</i> The method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties.	\$1,677 per square feet (2019: \$1,677 per square feet)	The estimated fair value would increase/(decrease) if the adjustments and comparable prices were higher/(lower).

7 Investments

	2020	2019
	\$	\$
Non-current		
Equity investments at FVOCI	5,026,308	4,904,878
Debt investments at amortised cost	–	26,000,000
	5,026,308	30,904,878
Current		
Debt investments at amortised cost	26,000,000	–

Debt investments are amortised at cost. The first tranche which bears an interest rate of 2.25% will mature on 20 December 2021 whilst the second tranche which bears an interest rate of 1.8% and will mature on 27 February 2021.

Equity investments designated as at FVOCI

The Co-operative designated the investments shown below as equity investments at FVOCI because these equity investments represent investments that the Co-operative intends to hold for the long-term for strategic purposes.

	Fair value	
	2020	2019
	\$	\$
Quoted equity investments	2,798,308	2,893,178
Unquoted equity investments	2,228,000	2,011,700
Equity investments at FVOCI	5,026,308	4,904,878

The Co-operative's exposure to credit and market risks, and fair value measurement are disclosed in note 28.

8 Investment in associate

	2020	2019
	\$	\$
Unquoted equity shares	938,584	850,000

Details of the associate is as follows:

Name of associate	Principal activities	Place of incorporation and business	Effective equity interest held	
			2020	2019
			%	%
Davita Singapore Pte Ltd	Dialysis services, clinics and other general medical services	Singapore	10 ⁽¹⁾	10 ⁽¹⁾

⁽¹⁾ Notwithstanding that the equity interest is not more than 20%, the Co-operative has accounted for Davita Singapore Pte Ltd as an associate in accordance with FRS 28 *Investment in associates and joint ventures* as the Co-operative has significant influence through the board of directors.

The aggregate carrying amount, and share of profit of the associate is as follows:

	2020	2019
	\$	\$
Co-operative's interest in net assets of investees at beginning of the year	850,000	–
Co-operative's share of profit	88,584	–
Capital injection into new associate	–	850,000
Carrying amount of interest in investees at end of the year	938,584	850,000

9 Inventories

	2020	2019
	\$	\$
Finished goods	706,729	502,089

The Co-operative's inventories of \$7,248,295 (2019: \$6,666,975) were recognised as an expense during the period and included in "Consumables used".

10 Trade and other receivables

	2020	2019
	\$	\$
Trade receivables	2,206,106	1,978,433
Allowance for doubtful receivables	(282,806)	(262,289)
	1,923,300	1,716,144
Lease receivables	445,147	–
Amount due from ultimate holding entity (non-trade)	305,706	305,706
Amount due from related parties		
- Trade	2,501	6,239
- Non-trade	289,500	1,465,639
Other receivables	13,727,687	18,756,828
Deposits	920,350	688,625
	17,614,191	22,939,181

Non-trade amount due from ultimate holding entity included interest receivables of \$305,706 (2019: \$305,706).

Non-trade amount due from related parties are unsecured, non-interest bearing and repayable on demand.

Other receivables include grant and subsidy receivables of \$12,804,091 (2019: \$17,785,400). The Co-operative has been awarded a new grant from the government relating to workforce development that comprises 2 components. In 2020, the Co-operative received \$243,158 (2019: \$nil) and \$501,755 (2019: \$nil) of grants relating to components 1 and 2 respectively for funding year 2019. In 2020, \$731,158 (2019: \$nil) and \$501,755 (2019: \$nil) of grant income relating to component 1 and 2 have been recognised in statement of profit or loss of which it includes grant receivables of \$488,000 relating to component 1 for funding year 2020. However, there is still a portion relating to Component 2 for funding year 2020 where the Co-operative is unable to reasonably estimate on the amount of grants that they are entitled to, and accordingly the Co-operative has not recognised the additional amounts at the reporting date.

The Co-operative has been awarded government grant under the Jobs Support Scheme which is a wage subsidy programme introduced in Singapore in response to the COVID-19 coronavirus pandemic. The grant, received in 2020, amounted to \$6,492,059. The grant was recognised in profit or loss in 'other income' (note 20) and the related wages and salaries for local employees were recognised in 'staff costs'. Other receivables include Job Support Scheme receivables of \$797,837.

The Co-operative's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in note 28.

11 Cash and cash equivalents

	2020 \$	2019 \$
Cash at bank	33,681,419	16,629,225
Fixed deposits	10,241,995	20,072,925
Cash on hand	6,295	6,266
Cash and cash equivalents in statement of financial position	43,929,709	36,708,416
Less: Cash at bank in Medifund account	(935,808)	(1,630)
Cash and cash equivalents in the statement of cash flows	<u>42,993,901</u>	<u>36,706,786</u>

Included in cash at bank is \$935,808 (2019: \$1,630) held on behalf of the Medifund account. A specific bank account is established and maintained for the Medifund account.

The Medifund account is a grant from the Medical Endowment Fund (the "MEF") which is set up by the Government under the Medical and Elderly Care Endowment Schemes Act (Cap. 173A).

For the purpose of any written law in Singapore, all monies in the Medifund account are deemed not to form part of the property of the approved institution if it goes into voluntary or compulsory liquidation. In such event, the monies shall then be vested and paid into the MEF.

12 Share capital

	Number of shares	
	2020	2019
Ordinary shares, fully paid with no par value:		
On issue at 1 January	39,598,764	40,724,464
Withdrawn during the year	(196,950)	(1,125,700)
At 31 December	<u>39,401,814</u>	<u>39,598,764</u>

Rights of member

- (a) The membership shares relates to shares held by members where redemption of share is subject to approval of the Board of Directors.
- (b) All members are entitled to redeem their shares at the par value or the net asset value of the Co-operative based on the latest audited financial position as at the date of redemption, whichever is lower.
- (c) The shares do not carry any rights to fixed income.

- (d) In accordance with Section 4.6 of the Co-operative’s By-Laws, every member shall, unless otherwise disqualified under the Act or the By-laws, have the right to:
- (i) avail himself of all services of the Society;
 - (ii) stand for election to office, subject to the provisions of the Act and the By-laws, where applicable;
 - (iii) be co-opted to hold office in the Society, where applicable;
 - (iv) participate and vote at general meetings; and
 - (v) enjoy all other rights, privileges or benefits provided under the By-laws.
- (e) Members are entitled to receive dividends as and when declared by the Co-operative.
- (f) In the event of the winding up of the Co-operative, the assets 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.
- (g) Any monies remaining after the application of the funds to the purposes specified in the above paragraph (section 88 of Co-operative Societies Act) and any sums unclaimed after two years under Section 89 (2) of the Act (which relates to claims of creditors), shall not be divided among the members but shall be carried to the Co-operative Societies Liquidation Account kept by the Registrar of the Co-operative Societies.
- (h) 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 co-operative principles in such manner, as the Minister may determine from time to time.

Dividends

	Note	2020	2019
		\$	\$
Dividends to owners of the Co-operative			
First and final exempt (one-tier) dividend paid of \$0.00 (2019: \$0.01) per share in respect of the previous financial year		–	407,245
Write back of dividends		(7,405)	(6,753)
		(7,405)	400,492

In accordance with the Co-operative's by-law Clause 12.3, any dividends not claimed by the Members within three years from the date of payment of the dividends shall be forfeited. As at 31 December 2020, \$7,405 (2019: \$6,753) of dividends declared in 2016 (2019: 2015) have not been claimed by the Members. Accordingly, these dividends amounting to \$7,405 (2019: \$6,753) have been forfeited and written back to accumulated profits as at 31 December 2020 and 2019 respectively.

13 Reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at FVOCI until the assets are disposed of or impaired.

14 Community Silver Trust

The Community Silver Trust ("CST") is a grant scheme, received in advance, whereby the government will provide a matching grant of one dollar for every donation dollar raised by eligible organisations. The objectives are to encourage more donations and provide additional resources for the service providers in the Intermediate and Long Term Care ("ILTC") sector and to enhance capabilities and provide value-added services to achieve affordable and higher quality care. Donations received for ILTC programs are eligible for this grant.

Donations received from 1 April 2011 onwards from ILTC programs are eligible for this grant.

	2020	2019
	\$	\$
At 1 January	3,663,646	2,356,054
(Refund) / Increase during the year	(259,909)	1,612,918
Less: Transfer to profit or loss	(1,234,811)	(305,326)
At 31 December	2,168,926	3,663,646
Analysed as follows:		
Current liabilities	498,061	297,883
Non-current liabilities	1,670,865	3,365,763
	2,168,926	3,663,646

The utilisation of Community Silver Trust of \$1,234,811 during the year (2019:\$ 305,326) has been included in 'Government grant' in Note 20.

15 Deferred income

The deferred income relates to grants received in relation to purchase, or to subsidise the purchase of specific assets and/or capital expenditure. Grants received are initially deferred in the statement of financial position and recognised systematically over the life of the underlying assets purchased.

	2020	2019
	\$	\$
At 1 January	6,669,076	7,280,273
Increase during the year	1,584,880	1,731,478
Less: Transfer to profit or loss	(2,372,208)	(2,342,675)
At 31 December	5,881,748	6,669,076
Analysed as follows:		
Current liabilities	2,201,200	2,118,717
Non-current liabilities	3,680,548	4,550,359
	5,881,748	6,669,076

16 Lease liabilities

	2020	2019
	\$	\$
Current	5,406,896	4,254,640
Non-current	7,143,684	5,372,715
	12,550,580	9,627,355

Terms and conditions of outstanding lease liabilities are as follows:

	Effective interest rate	Year of maturity	Face value \$	Carrying amount \$
31 December 2020	2.4%–3.2%	2021–2025	13,088,444	12,550,580
31 December 2019	2.9%–4.0%	2020–2024	10,080,939	9,627,355

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

	Lease liabilities \$
Balance at 1 January 2019	7,092,219
Changes from financing cash flows	
Payment of lease liabilities	(3,849,190)
Interest paid	(239,012)
Total changes from financing cash flows	(4,088,202)
Other changes	
New leases	6,384,326
Interest expense	239,012
Total other changes	6,623,338
Balance at 31 December 2019	9,627,355
Balance at 1 January 2020	9,627,355
Changes from financing cash flows	
Payment of lease liabilities	(4,962,729)
Interest paid	(391,208)
Total changes from financing cash flows	(5,353,937)
Other changes	
New leases	1,909,149
Reassessments/modifications to contracts	5,976,805
Interest expense	391,208
Total other changes	8,277,162
Balance at 31 December 2020	12,550,580

17 Trade and other payables

	2020 \$	2019 \$
Trade payables	1,170,911	1,283,419
Other payables	2,063,118	2,004,721
Amount due to ultimate holding entity (non-trade)	–	9,215
Amount due to related parties		
- Trade	631,115	485,171
- Non-trade	45,405	32,846
Dividend payable	42,104	49,573
Central Co-operative Fund	–	25,000
Singapore Labour Foundation	–	110,389
Honorarium to directors	129,915	127,899
Accrued operating expenses	11,642,487	9,434,848
Grants received in advance	4,804,411	2,837,846
	20,529,466	16,400,927

Non-trade amount due to ultimate holding entity was unsecured, non-interest bearing and fully repaid during the year.

Non-trade amount due to related parties is unsecured, non-interest bearing and repayable on demand.

Included in “Other payables” is an amount relating to Medifund account (see note 11).

Grants received in advance includes Job Support Scheme amounted to \$1,209,844 and related to a wage subsidy programme introduced in Singapore in response to the COVID-19 coronavirus pandemic.

The Co-operative’s exposures to currency risk and liquidity risk related to trade and other payables are disclosed in note 28.

18 Provisions

	2020	2019
	\$	\$
Provision for reinstatement costs	240,227	240,227
<hr/>		
Movements in provision for reinstatement costs:		
	2020	2019
	\$	\$
At 1 January	240,227	235,850
Provision made	–	19,377
Provision utilised	–	(15,000)
At 31 December	240,227	240,227
<hr/>		

Provision for reinstatement costs

The provision for reinstatement costs are the estimated costs of dismantle, removal or restoration of plant and equipment arising from the acquisition or use of assets, which are recognised and included in the cost of property, plant and equipment.

19 Revenue

	2020	2019
	\$	\$
Dental services	15,706,040	15,978,851
Eldercare services	10,085,989	11,439,333
Total	25,792,029	27,418,184
<hr/>		

Revenue is recognised at a point in time when services are rendered. Significant payment terms range from the credit period of 0 to 30 days from invoice date. There are no variable considerations, obligations for returns or warranties for all services provided.

20 Other income

	2020	2019
	\$	\$
Amortisation of deferred income	2,372,208	2,342,675
Dividend income	36,500	45,100
Gain on disposal of property, plant and equipment	2,485	10,969
Government grant	63,384,005	53,641,300
License income from related parties	1,000,000	1,000,000
Rental income	648,436	881,489
Others	171,621	365,853
	<u>67,615,255</u>	<u>58,287,386</u>

\$6,492,059 of government grants pertains to Jobs Support Scheme which is a wage subsidy programme introduced in Singapore in response to the COVID-19 coronavirus pandemic.

21 Staff costs

	2020	2019
	\$	\$
Salaries, bonuses and other short-term benefits	49,404,459	42,682,510
Employer's contribution to defined contribution plans	4,240,948	3,674,850
	<u>53,645,407</u>	<u>46,357,360</u>

22 Finance income and finance costs

	2020	2019
	\$	\$
Finance income		
Interest income from fixed deposits and bank balances	277,470	426,692
Interest income from debt investment at amortised cost	495,000	495,000
Interest income on lease receivables	14,078	–
	<u>786,548</u>	<u>921,692</u>
Finance costs		
Interest expense from lease liabilities	391,208	239,012
	<u>391,208</u>	<u>239,012</u>

23 (Loss)/Profit before tax

The following items have been charged in arriving at (loss)/profit before tax:

	2020	2019
	\$	\$
Advertisement and promotion expenses	901,888	485,158
Depreciation expenses	9,320,582	7,873,129
Impairment loss on trade receivables	81,232	–
Property, plant and equipment written off	17,457	11,485
Contracted services for provision of services	3,990,257	3,515,113
Trade receivables written off	1,269	3,357
	<hr/>	<hr/>

24 Tax expense

The Co-operative is registered under the Co-operative Societies Act, Chapter 62 which is exempted from income tax under Section 13 of the Income Tax Act, Chapter 134.

25 Singapore Labour Foundation

	2020	2019
	\$	\$
Contribution		
- current year	–	110,389
- over provision in prior year	(70)	–
	<hr/>	<hr/>
	(70)	110,389

26 Leases

Leases as lessee (FRS 116)

(i) *Right-of-use assets*

The Co-operative leases many assets including properties and equipment (see note 5 for right-of-use assets recognised on the statement of financial position as at reporting date).

(ii) *Rent concessions*

The Co-operative negotiated rent concessions with its landlords for the majority of its leases as a result of the severe impact of the COVID-19 pandemic during the year. The Co-operative applied the practical expedient for COVID-19-related rent concessions consistently to eligible rent concessions relating to its leases.

Amounts recognised in profit or loss

	2020	2019
	\$	\$
Interest on lease liabilities	391,208	239,012
Income from sub-leasing right-of-use assets presented in 'other income'	(25,794)	(271,287)
Rental (concession)/expense	(1,134,566)	1,687,241

In 2020, the Co-operative has recognised \$105,274 (2019: \$1,687,241) of expenses relating to short-term leases and \$1,239,840 (2019: \$nil) of rent concession relating to COVID-19 in its profit or loss.

(iii) Amounts recognised in statement of cash flows

	2020	2019
	\$	\$
Total cash outflow for leases	5,353,937	4,088,202

Extension options

Some property leases contain extension options exercisable by the Co-operative up to 10 months before the end of contract period. The Co-operative assesses at lease commencement date whether it is reasonably certain to exercise the extension options.

The Co-operative has estimated that the potential lease payments, should it exercise the extension option, would result in an increase of lease liability of \$11,085,226 (2019: \$10,231,250).

Leases as lessor

The Co-operative leases out its investment properties consisting of its owned commercial properties (see note 6) as well as leased properties (see note 5). All leases are classified as operating leases from a lessor perspective, with exception of 3 subleases.

Operating leases

The Co-operative leases out its investment properties. The Co-operative has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 6 sets out information about the operating leases of investment properties.

Rental income from investment properties and property sublease recognised by the Co-operative during 2020 was \$436,383 (2019: \$610,202).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2020	2019
	\$	\$
Less than one year	228,272	354,195
One to two years	159,065	237,969
Two to three years	–	168,365
Total	<u>387,337</u>	<u>760,529</u>

Finance leases

During 2020, the Co-operative recognised a gain of \$186,259 on derecognition of the right-of-use asset pertaining to the building and presented the gain as part of rental income (see note 20).

During 2020, the Co-operative recognised interest income on lease receivables of \$14,078 (2019: \$nil).

The following table sets out a maturity analysis of lease receivables, showing undiscounted lease payments to be received after the reporting date.

	2020
	\$
Less than one year	210,000
One to two years	182,100
Two to three years	69,213
Total undiscounted lease receivable	<u>461,313</u>
Unearned finance income	16,166
Net investment in the lease	<u>445,147</u>

27 Related parties

For the purpose of these financial statements, parties are considered to be related to the Co-operative if the Co-operative has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Co-operative and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the transactions disclosed elsewhere in the financial statements, the following significant related party transactions based on terms as agreed between the parties during the financial year:

	2020	2019
	\$	\$
With ultimate holding entity		
Management fee expense	2,949,000	1,156,160
Interest income on debt investment at amortised cost	<u>495,000</u>	<u>495,000</u>

	2020	2019
	\$	\$
<i>With related parties</i>		
Management fee expense	1,490,736	–
Rental expenses	644,194	823,235
Rental income	432,968	456,128
Purchase of consumables	2,720,472	2,382,199
	2,720,472	2,382,199

Compensation of key management personnel

The compensation of Directors and other members of the key management personnel of the Co-operative during the financial year were as follows:

	2020	2019
	\$	\$
Salaries and other benefits	2,973,799	3,336,286
Employer’s contribution to defined contribution plan	157,151	150,977
Director’s honorarium	129,915	127,899
	3,260,865	3,615,162

28 Financial risk management

Overview

The Co-operative has exposure to the following risks from its activities:

- credit risk;
- liquidity risk; and
- market risk

This note presents information about the Co-operative’s exposure to each of the above risks, the Co-operative’s objectives, policies and processes for measuring and managing those risks.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Co-operative’s risk management framework. The Co-operative’s risk management policies are established to identify and analyse the risks faced by the Co-operative, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Co-operative’s activities. The Co-operative, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(i) Credit risk

Credit risk is the risk of financial loss to the Co-operative if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Co-operative’s receivables from clients.

The carrying amounts of financial assets represent the Co-operative's maximum exposure to credit risk, before taking into account any collateral held. The Co-operative does not require any collateral in respect of their financial needs.

The maximum exposure to credit risk at the reporting date is as follows:

	Carrying amount	
	2020	2019
	\$	\$
Debt investments at amortised cost	26,000,000	26,000,000
Cash and cash equivalents	43,929,709	36,708,416
Trade and other receivables	17,614,191	22,939,181
	87,543,900	85,647,597

Expected credit loss assessment for individual clients

The Co-operative uses an allowance matrix to measure the ECLs of trade receivables from individual clients, which comprise a very large number of small balances.

Loss rates are based on actual credit loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Co-operative's view of economic conditions over the expected lives of the receivables. As of 2020 and 2019, no scalar factor has been applied.

The following table provides information about the exposure to credit risk for trade receivables as at 31 December 2020:

	Gross carrying amount	Impairment loss allowance	Credit impaired
	\$	\$	
2020			
Not past due	850,721	–	No
Past due 1 to 30 days	326,464	–	No
Past due 31 to 90 days	274,429	–	No
Past due 91 to 120 days	144,721	–	No
Past due more than 120 days	609,771	(282,806)	Yes
	2,206,106	(282,806)	
2019			
Not past due	708,133	–	No
Past due 1 to 30 days	329,221	–	No
Past due 31 to 90 days	217,061	–	No
Past due 91 to 120 days	132,160	–	No
Past due more than 120 days	591,858	(262,289)	Yes
	1,978,433	(262,289)	

Movement in the allowance for impairment in respect of trade receivables

The movement in allowance for impairment in respect of trade receivables during the year was as follows:

	2020	2019
	\$	\$
Balance at 1 January	262,289	286,649
Allowance made during the year	81,232	–
Allowance written-off	(60,715)	(24,360)
At 31 December	<u>282,806</u>	<u>262,289</u>

Non-trade amounts due from related parties

The Co-operative held non-trade receivables from its related parties of \$289,500 (2019: \$1,465,639). These balances are amounts lent to related parties to satisfy short term funding requirements. The Co-operative uses an approach that is based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to audited financial statements, management accounts and cash flow projections, and available press information, if available, and applying experienced credit judgement). There is no significant increase in credit risk for these exposures. Therefore, impairment on these balances has been measured on the 12-month expected loss basis; and the amount of the allowance is insignificant.

Other receivables

The Co-operative held \$13,727,687 (2019: \$18,756,828) of other receivables, out of which \$12,804,091 (2019: \$17,785,400) are grant and subsidy receivables. Impairment on other receivables has been measured on the 12-month expected loss basis. The Co-operative considers that its other receivables to have low credit risk based on the historical loss rates. The amount of allowance on other receivables was negligible.

Cash and cash equivalents

The Co-operative held cash and cash equivalents of \$43,929,709 at 31 December 2020 (2019: \$36,708,416). Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Co-operative considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Debt investment and non-trade amount due from ultimate holding entity

The Co-operative invests in bonds issued by the holding co-operative, NTUC Enterprise Co-operative Limited, of \$26,000,000 (2019: \$26,000,000) (Note 7). Non-trade due from ultimate holding entity relates to interest from this bond. Impairment on the bonds has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the impairment allowance on these bonds and interest receivables are insignificant.

(ii) Liquidity risk

Liquidity risk is the risk that the Co-operative will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Co-operative's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Co-operative's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount \$	Contractual cash flows \$	Within one year \$	Within one to five years \$
31 December 2020				
Non-derivative financial liabilities				
Trade and other payables (excluding grants received in advance)	15,725,055	(15,725,055)	(15,725,055)	–
Lease liabilities	12,550,580	(13,088,444)	(5,730,180)	(7,358,264)
	28,275,635	(28,813,499)	(21,455,235)	(7,358,264)
31 December 2019				
Non-derivative financial liabilities				
Trade and other payables (excluding grants received in advance)	13,563,081	(13,563,081)	(13,563,081)	–
Lease liabilities	9,627,355	(10,080,939)	(4,519,340)	(5,561,599)
	23,190,436	(23,644,020)	(18,082,421)	(5,561,599)

(iii) Market risk

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

(iv) Currency risk

As at reporting date, the Co-operative is not exposed to significant currency risk.

(v) Interest rate risk

The Co-operative does not have significant exposure to interest-bearing financial instrument at the end of the reporting period except for its fixed deposits and its debt investments at amortised cost. Debt investments at amortised cost and fixed deposits are fixed rate instruments and a change in interest rate would not affect profit or loss. Cash at bank are short-term and with the current interest level, any future variations in interest rates are not expected to have a material impact on the Co-operative's results. Accordingly, no sensitivity analysis is presented.

(vi) Price risk

Equity price risk arises from equity investments at FVOCI held for the long term for strategic purposes. The primary goal of the Co-operative's investment strategy is to maximise investment returns, in general.

Sensitivity analysis

The sensitivity analysis assumes an instantaneous 5% (2019: 5%) change in the equity prices from the end of the reporting period, with all variables held constant.

	Increase	
	2020	2019
	\$	\$
Equity investments at FVOCI	251,315	245,244

(vii) Determination of fair values

Investments in securities

The fair value of equity investment at FVOCI is based on quoted market prices at the reporting date without any deduction for transaction costs.

Investment properties

External and independent valuation companies, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, determines the fair values of the Co-operative's investment properties, for disclosure purposes.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

For debt investments at amortised costs that are not actively traded in the market, the fair value is determined using valuation techniques where applicable. The Co-operative may use a variety of methods and make assumptions that are based on existing discounted cash flows, to determine the fair value for the remaining financial instruments. Where discounted cash flows are used, the management will estimate the future cash flows and use relevant market rate as the discount rate at the reporting date.

(viii) Fair value hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Co-operative can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: unobservable inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(ix) Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Carrying amount				Total carrying amount	Fair value			
		Equity investments at FVOCI	Debt investments at amortised cost	Financial assets at amortised cost	Financial liabilities at amortised cost		Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$	\$	\$	\$	\$	
31 December 2020										
Financial assets measured at fair value										
Equity investments – at FVOCI	7	5,026,308	–	–	–	5,026,308	–	4,966,308	60,000	5,026,308
Financial assets not measured at fair value										
Cash and cash equivalents	11	–	–	43,929,709	–	43,929,709				
Trade and other receivables	10	–	–	17,614,191	–	17,614,191				
Debt investments – at amortised cost	7	–	26,000,000	–	–	26,000,000	–	–	26,000,000	26,000,000
		–	26,000,000	61,543,900	–	87,543,900				
Financial liabilities not measured at fair value										
Trade and other payables*	17	–	–	–	(15,725,055)	(15,725,055)				

*Exclude grants received in advance

	Note	Carrying amount				Total carrying amount	Fair value			
		Equity investments at FVOCI	Debt investments at amortised cost	Financial assets at amortised cost	Financial liabilities at amortised cost		Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$	\$	\$	\$	\$	
31 December 2019										
Financial assets measured at fair value										
Equity investments – at FVOCI	7	4,904,878	–	–	–	4,904,878	–	4,845,178	59,700	4,904,878
Financial assets not measured at fair value										
Cash and cash equivalents	11	–	–	36,708,416	–	36,708,416				
Trade and other receivables	10	–	–	22,939,181	–	22,939,181				
Debt investments – at amortised cost	7	–	26,000,000	–	–	26,000,000	–	–	26,000,000	26,000,000
		–	26,000,000	59,647,597	–	85,647,597				
Financial liabilities not measured at fair value										
Trade and other payables*	17	–	–	–	(13,563,081)	(13,563,081)				

*Exclude grants received in advance

Level 3 fair values

The following table shows the valuation techniques used in measuring Level 3 fair value:

Type	Fair value \$	Valuation technique
2020		
Equity investments at FVOCI	60,000	Lower of NAV or par value
Debt investments at amortised cost	26,000,000	Discounted cash flows
2019		
Equity investments at FVOCI	59,700	Lower of NAV or par value
Debt investments at amortised cost	26,000,000	Discounted cash flows

There were no transfers of classification between levels during the current or prior financial year.

The fair values of other unquoted equity investments are based on broker quotes. The fair value of these instrument are determined through the use of discounted net assets valuation techniques with observable market inputs such as estimated yield rates and market interest rates at the reporting date. These financial instruments have been classified as level 2 in the current financial years. There have been no changes in the valuation techniques of equity investments at FVOCI during the financial year.

Level 3 recurring fair values

The following table show a reconciliation from the opening balances to the ending balances for Level 3 fair values:

	Equity investments at FVOCI	
	2020 \$	2019 \$
At 1 January	59,700	79,500
Disposal	-	(20,000)
Total unrealised gains and losses for the period included in other comprehensive income		
- net change in fair value of FVOCI financial assets	300	200
At 31 December	<u>60,000</u>	<u>59,700</u>

29 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Co-operative has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new FRSs, interpretations and amendments to FRSs are not expected to have a significant impact on the Co-operative's financial statements.

- FRS 117 *Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to FRS 1)
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to FRS 110 and FRS 28)

Corporate Information

BOARD OF DIRECTORS

Lim Boon Heng *Chairman*
Adeline Sum
Willie Cheng
Dr Christopher Lien
K.Thanaletchimi
Andrew Chong
Ng Chee Yuen

BOARD COMMITTEES

Establishment Committee

Adeline Sum *Chairman*
Andrew Chong
Christopher Lien

Audit and Risk Committee

Willie Cheng *Chairman*
Andrew Chong
K.Thanaletchimi

REGISTERED ADDRESS

55 Ubi Avenue 1 #08-01
Singapore 408935

AUDITOR

KPMG LLP

BANKERS

DBS Bank Limited
Oversea-Chinese Banking Corporation Limited

The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

UNION

Healthcare Services Employees' Union

K Thanaletchimi *President*
Simon Ong *General Secretary*
Charles Ng Theng Loon *Executive Secretary*
Dicky Loe Keng Hoong *General Treasurer*

NTUC Health - Union Branch Committee

Lim Siew Ngoh *Branch Chairperson*
Chang Lai Teang Tiffany *Branch Secretary*
Wallace Phung Chun Jie *Branch Treasurer*

MEMBERSHIP LISTING AND SHAREHOLDINGS
As at 31 December 2020

S/N	Name of Institutional Shareholder	Total Shares
1	NTUC Enterprise Co-operative Ltd	30,556,944
2	National Trades Union Congress	110,000
3	NTUC Income Insurance Co-operative Limited	1,000,000
4	Singapore Mercantile Co-operative Society Ltd	10,000
5	The Singapore Government Staff Credit Co-operative Society Ltd	10,000
6	The Singapore Teachers' Co-operative Society Limited	50,000
	Institutional Share Capital as at 31 December 2020	31,736,944
	Ordinary Share Capital (14,498 members)	7,664,870
	Total Share Capital as at 31 December 2020	39,401,814