

TRC Multi-Purpose Co-operative Society Limited

THE BOARD OF DIRECTORS' ANNUAL REPORT FOR FY 2022

1. FINANCIAL PERFORMANCE

1.1 INCOME AND EXPENDITURE FOR FINANCIAL YEAR 2022 (REPORTING YEAR).

REVENUE:	S\$ 94,095
EXPENDITURE:	<u>S\$ 77,418</u>
SURPLUS	S\$ 16,677
CONTRIBUTION TO CCF:	<u>S\$ 2,942</u>
SURPLUS AFTER TAX	<u>S\$ 13,735</u>

1.2 INCOME AND EXPENDITURE FOR FINANCIAL YEAR 2021 (PREVIOUS YEAR).

REVENUE:	S\$ 97,949
EXPENDITURE:	<u>S\$ 55,803</u>
SURPLUS	S\$ 42,146
CONTRIBUTION TO CCF:	<u>S\$ 0</u>
SURPLUS AFTER TAX	<u>S\$ 42,146</u>

The Increase in operating costs for FY2022 is both attributed to the employment of a CEO, and general increases in operating costs. Our major cost elements include Salaries (\$22,026), Office Rent (16,945), Annual Audit (S\$7,000), Utility charges (S\$2,720) and contribution to Central Co-operative Fund (S\$2,942).

1.3 EXCEPTIONAL ITEM: REVALUATION OF INVESTMENT IN “NTUC-INCOME” SHARES.

1.3.1 The item relates to our long-held investment of 12,919 shares in erstwhile “NTUC Income Insurance Co-operative Limited”. From 01 September 2022, this entity is operating as “Income Insurance Limited (NTUC INCOME)”; following a successful corporatisation exercise; which transformed the entity into a “PUBLIC NON-LISTED COMPANY LIMITED BY SHARES”. The new entity has adopted a one-off 18-month-long accounting period (01.07.2022 to 31.12.2023); due to the corporatisation exercise and to align the company’s financial period with the calendar year.

1.3.2 The valuation of our shareholding in NTUC INCOME is subject to fair value provisions governing the “Accounting and Reporting Standards”. The increase in share value of \$394,805 is recognised as “other comprehensive income” and is accumulated as an asset in the “fair value reserve”. The fair value of these shares is an accounting number; and the market price reflected in our books is subject to prevailing market conditions at the time of each Annual Audit.

1.3.3 The Society plans to liquidate the shares when the market price of the shares is at least equal to its “fair value reserve”.

1.4 CAPITAL ADEQUACY RATIO (“CAR”).

1.4.1 The required minimum CAR set by the Registry of Co-operative Societies is **10%**¹. CAR indicates the minimum institutional capital a credit co-operative should have; to tide over anticipated impairments in loans or investment portfolios. The society’s CAR at the end of FY 2022 was 2.77%.

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1.4.2 As at end of FY2022, we have made a provision of \$588,917 (46.32 %), for losses that may be sustained due to impairment of unsecured loan assets. This provision reduces our institutional capital and lowers our CAR. By stepping up our loan-recovery efforts in FY2024, we hope to improve our CAR.

1.4.3 We will also manage the society with financial prudence, with careful cost control and a conservative lending policy. Additionally, we will continue to work towards re-starting our unsecured loans in FY2024.

1.5 MINIMUM LIQUID ASSETS RATIO ("MLA").

1.5.1 Liquid Assets refers to cash at bank and cash equivalents. Co-operative Societies must maintain a minimum MLA of 15%. Our MLA at the end of FY2022 was 67.68%. The Society has placed S\$1,186,675 million in fixed deposits at the prevailing bank interest rates. Current Account Balance at the end of FY 2022 was S\$177,563.

1.6 RESTRICTED INVESTMENTS.

1.6.1 The applicable Restricted Investment (RI) limit set by the Registry of Co-operative Societies ("RCS") is 10%. The Society does not have any Restricted Investments.

1.7 SUMMARY OF OUR FINANCIAL POSITION:

1.7.1 The key financial information is summarised below:

	31-Dec-22	31-Dec-21
Surplus / (Loss)	\$13,735	\$42,146
Net Assets	\$688,584	\$676,119
CAR (minimum 10%) *	2.77%	2.19%
MLA (minimum 15%)	67.68%	69.53%
Restricted Investments (maximum 10%)	0%	0%

*Capital Adequacy Ratio (CAR) excludes Fair Value Reserve and members share capital.

1.7.2 Under the written direction that was issued to the Society, by the Registry of Co-operative Societies in May 2017, the society:

- Shall not receive any new deposits from members.
- Shall not grant any unsecured loans without the approval from the Registrar.
- May continue to offer secured loans.

1.7.3 Our Financial Performance over the last few years had been affected by the loan restrictions imposed by the Registry of Co-operative Societies. During the Covid Pandemic, we supported our loan-members, with empathy and understanding. Hereafter, we will pursue loan recovery, with strict legal action against errant debtors.

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2. BOARD OF DIRECTORS AND STAFF DURING THE REPORTING PERIOD

2.1 The Directors of the Society who were elected at the AGM held on 09.11.2022; and who are presently in office at the date of this report (and staff) are as follows:

BOARD MEMBERS	APPOINTMENT
1. R. KALAICHELVAN	CHAIRPERSON
2. V RAJARAM	SECRETARY
3. K N BALASUBRAMANIAM	TREASURER & CFO
4. V SATHIYAMOORTHY	ASSISTANT SECRETARY
5. N MUTHUKUMAR	ASSISTANT TREASURER
6. V THAMIZMARAIYAN	LOAN COMMITTEE
7. S. NITHYANANTHAM	LOAN COMMITTEE
8. S S MANOHARAN.	LOAN COMMITTEE (newly elected on 9.11.2022)
9. M MANOHARAN	AUDIT COMMITTEE
10. SENTHIL SAMBANDAM	AUDIT COMMITTEE
11. K J KALIYAPERUMAL	AUDIT COMMITTEE (co-opted in June 2023)
12. P SHANMUGAM	INTERNAL AUDIT (newly elected on 09.11.2022)
13. K.R. MANICKAVASAGAM	LEGAL MATTERS (newly elected on 09.11.2022)
14. P. ALLAGARSAMY	LEGAL MATTERS (newly elected on 09.11.2022)
15. RAMANUJARAJA SEKAR	TRAINING (newly elected on 09.11.2022)
STAFF MEMBER	APPOINTMENT
P.K. UTHIRAPATHI	CHIEF EXECUTIVE OFFICER

3. BOARD MEETINGS.

3.1 The Society has met the requirement of having at least one quarterly meeting a year during both Financial Years. During FY2021 The Board had 4 formal meetings:

1. 20.03.2022
2. 29.06.2022
3. 07.11.2022
4. 09.11.2022

3.2 Notwithstanding formal meetings, members of the Society's Board of Directors ("BOD") communicate using a WhatsApp Group; share information and discuss matters arising on a real time basis. Equally, the CEO holds the Society's mobile phone for communication with members and BOD 24/7.

4. ADMINISTRATION.

4.1 At the end of FY2022, the Society's membership stood at 2,610.

4.2 No allowance is paid to Board Members at present. We may review this practice in FY2024.

4.3 The Board of Directors have not declared any share dividends or savings interest for the FY2021 and FY2022. Dividends and interest payments would be our key priority in the reporting year 2023.

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4.4 Our Society is an affiliate of another Co-operative Society, Singapore Amalgamated Services Co-operative Organisation Limited ("SASCO"). SASCO successfully operates Home and Activity Centres for Senior Citizens, Childcare Centres, and an International Learning Institute for Workforce training.

5. GOING FORWARD

5.1 The Society's Standard Operating Procedures (SOPs) are in place; and the Board is confident of going forward to positively meet our compliance requirements. So far, our members are also highly supportive. We expect this to continue in FY2024 (Jan 01, 2024, to December 31, 2024).

5.2 The "Board of Directors (BOD)" is committed to continue functioning as a Thrift-and-Loan Society. We will also continue to support members who require loans for education, hospitalisation, and similar needs.

5.3 Our administrative priority is to complete the Audit for FY2023, before June 2024. The last date for holding the next AGM is 30.06.2024, At the AGM the BOD is required to table the Management Report and Audited Financial Statement for FY2023, for members' approval.

5.4 We have no new plans from now till the next Annual General Meeting due in June 2024; except to complete the FY2023 Audit and call for the next AGM. However, we hope to use this window-time to reflect on how best the Society can serve members and the Community.

5.5 At each Annual General Meeting of the Society, Board members are elected/re-elected to serve the Society until the next AGM. Members who wish to join the Society's Board, may be nominated at the AGM. Members with overdue loans do not qualify to vote, or to be nominated for positions.

5.6 For the FY 2023 and FY 2024, we expect expenses to remain as present. The Annual Budget for FY2024 will be tabled at the AGM for approval of members.

5.7 At the present AGM, we may amend the constitution, based on feedback from members. The resolution needs approval of MCCY, before being tabled at the AGM.

5.8 Concluding our Management Reports, we wish all members Merry Christmas (25.12.2023), A Happy and Prosperous New Year (01.01.2024), and Pongal Celebrations (15/16.01.2024) of sweetness and fulfilment.



R. Kalaichelvan
Chairperson

For and on-behalf of the Management Committee 19.12.2023