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TEMASEK POLYTECHNIC AND ITS SUBSIDIARY

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

TEMASEK POLYTECHNIC AND ITS SUBSIDIARY

FINANCIAL STATEMENTS

C O N T E N T S

TEMASEK POLYTECHNIC AND ITS SUBSIDIARY

STATEMENT BY BOARD OF GOVERNORS

In the opinion of the Board of Governors,

(i) the accompanying financial statements set out on pages 6 to 57 of Temasek Polytechnic (the "Polytechnic") and its subsidiary (collectively the "Group") are drawn up so as to present fairly, in all material respects, the financial position of the Group and the Polytechnic as at March 31, 2021, and the consolidated financial performance, changes in accumulated funds and reserves and cash flows of the Group and the financial performance of the Polytechnic and changes in accumulated funds and reserves of the Polytechnic for the year then ended, in accordance with the provisions of the Singapore Charities Act, Chapter 37 (the "Charities Act"), the Public Sector (Governance) Act, Act 5 of 2018 (the "Governance Act"), the Temasek Polytechnic Act, Chapter 323A (the "TP Act") and Statutory Board Financial Reporting Standards;

(ii) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Polytechnic during the year are, in all material respects, in accordance with the provisions of the Governance Act, the TP Act and the requirements of any other written law applicable to moneys of or managed by the Board of Governors;

(iii) proper accounting and other records have been kept, including records of all assets of the Polytechnic, whether purchased, donated or otherwise; and

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

On behalf of the Board of Governors

Lee Kok Choy
Chairman

Peter Lam
Principal & CEO

Singapore
July 13, 2021

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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF TEMASEK POLYTECHNIC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Temasek Polytechnic (the "Polytechnic") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Polytechnic as at March 31, 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in accumulated funds and reserves and consolidated statement of cash flows of the Group and the statement of profit or loss and other comprehensive income and statement of changes in accumulated funds and reserves of the Polytechnic for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 57.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in accumulated funds and reserves of the Polytechnic are properly drawn up in accordance with the provisions of the Singapore Charities Act, Chapter 37 (the "Charities Act"), Public Sector (Governance) Act, Act 5 of 2018 (the "Governance Act"), the Temasek Polytechnic Act, Chapter 323A (the "TP Act") and Statutory Board Financial Reporting Standards in Singapore ("SB-FRSs") so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Polytechnic as at March 31, 2021 and of the consolidated financial performance, consolidated changes in accumulated funds and reserves and consolidated cash flows of the Group and of the financial performance and changes in accumulated funds and reserves of the Polytechnic for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *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.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the Statement by Board of Governors on page 1.

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.

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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF

TEMASEK POLYTECHNIC

Responsibilities of Management and the Board of Governors for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the provisions of the Charities Act, the Governance Act, the TP Act and SB-FRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

A statutory board is constituted based on its constitutional act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to wind up the Group or for the Group to cease operations.

The responsibilities of the Board of Governors include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF

TEMASEK POLYTECHNIC

(e) 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.

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

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

Report on Other Legal and Regulatory Requirements

In our opinion:

(a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Polytechnic during the year are, in all material respects, in accordance with the provisions of the Governance Act, the TP Act and the requirements of any other written law applicable to moneys of or managed by the Board of Governors; and

(b) proper accounting and other records have been kept, including records of all assets of the Polytechnic whether purchased, donated or otherwise.

During the course of our audit in relation to the Temasek Polytechnic General Education Fund (the "Fund"), nothing has come to our attention that causes us to believe that during the year:

(a) the use of donation moneys was not in accordance with the objectives of the Fund as required under Regulation 11 of Charities (Institutions of Public Character) Regulations; and

(b) the fund has not complied with the requirement of Regulation 15 (Fund-raising expenses) of the Charities (Institutions of Public Character) Regulations.

Basis for Opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Compliance Audit* section of our report. We are independent of the Group 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.

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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF

TEMASEK POLYTECHNIC

Responsibilities of Management for Compliance with Legal and Regulatory Requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Governance Act, the TP Act and the requirements of any other written law applicable to moneys of or managed by the Board of Governors. This responsibility includes monitoring related compliance requirements relevant to the Board of Governors, and implementing internal controls as management determines are necessary to enable compliance with the requirements.

Auditor's Responsibilities 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 receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Governance Act, the TP Act and the requirements of any other written law applicable to moneys of or managed by the Board of Governors.

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

Deloitte & Touche

Public Accountants and
Chartered Accountants
Singapore

July 13, 2021

TEMASEK POLYTECHNIC AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION
March 31, 2021

	Note	Group		Polytechnic	
		2020/2021	2019/2020	2020/2021	2019/2020
		$'000	$'000	$'000	$'000
Accumulated funds and reserves					
General fund	13	366,681	323,986	366,812	324,173
Restricted funds	13	2,675	2,709	2,675	2,709
		369,356	326,695	369,487	326,882
Temasek Polytechnic Endowment Fund	14	36,980	31,785	36,980	31,785
Funds managed on behalf of others	15	10,444	7,844	10,444	7,844
Net assets of funds managed on behalf of others	15	(10,444)	(7,844)	(10,444)	(7,844)
		406,336	358,480	406,467	358,667
Non-current assets					
Property, plant and equipment	5	441,815	477,137	441,815	477,137
Right-of-use assets	6	49,432	50,355	49,432	50,355
Subsidiary	7	-	-	136	136
Financial assets at fair value through profit or loss	8	801	757	801	757
Other financial assets at amortised cost	9	43,000	43,000	43,000	43,000
		535,048	571,249	535,184	571,385
Current assets					
Financial assets at fair value through profit or loss	8	50,102	46,076	50,102	46,076
Other financial assets at amortised cost	9	-	750	-	750
Trade and other receivables	10	10,505	13,558	10,401	13,452
Contract assets	11	37	19	-	–
Prepayments		2,489	420	2,489	420
Government grant receivables - operating		20,218	14,376	20,218	14,376
Cash and cash equivalents	12	421,551	361,352	420,859	360,898
		504,902	436,551	504,069	435,972
Total assets		1,039,950	1,007,800	1,039,253	1,007,357
Non-current liabilities					
Contract liabilities	16	10,375	10,827	10,375	10,827
Lease liabilities	17	29	192	29	192
Deferred capital grants - Government	18	489,901	525,960	489,901	525,960
Deferred capital grants - Others	19	1,637	1,085	1,637	1,085
Government grants received in advance	20	76,839	68,274	76,839	68,274
		578,781	606,338	578,781	606,338
Current liabilities					
Contract liabilities	16	3,413	2,604	3,234	2,438
Lease liabilities	17	177	229	177	229
Government grants received in advance	20	2,403	1,629	2,403	1,629
Trade and other payables	21	48,840	38,520	48,191	38,056
		54,833	42,982	54,005	42,352
Total liabilities		633,614	649,320	632,786	648,690
Net assets		406,336	358,480	406,467	358,667

See accompanying notes to financial statements.

TEMASEK POLYTECHNIC AND ITS SUBSIDIARY

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended March 31, 2021

		Group					
		General Fund		Restricted Funds		Total	
	Note	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020
		$'000	$'000	$'000	$'000	$'000	$'000
Operating income	27	68,914	74,480	1,515	981	70,429	75,461
Operating expenses							
Salaries, CPF and other related costs		194,837	193,906	–	–	194,837	193,906
Depreciation	5	44,914	49,953	–	–	44,914	49,953
Depreciation of right-of-use assets	6	934	934	–	–	934	934
Repairs, maintenance and utilities		19,623	21,115	–	–	19,623	21,115
Property, plant and equipment expensed off		5,659	5,523	–	–	5,659	5,523
Teaching materials and resources		9,647	7,607	–	–	9,647	7,607
Student welfare		1,490	4,224	–	–	1,490	4,224
IT maintenance and subscription		10,795	10,074	–	–	10,795	10,074
IT and information communication		869	755	–	–	869	755
Rental - office space and equipment		400	183	–	–	400	183
Consultancy		739	1,755	–	–	739	1,755
Other expenditure		5,270	6,596	2,637	2,359	7,907	8,955
		295,177	302,625	2,637	2,359	297,814	304,984
Operating deficit		(226,263)	(228,145)	(1,122)	(1,378)	(227,385)	(229,523)
Non-operating income/(expense)							
Interest income	22	3,755	6,323	1,088	1,182	4,843	7,505
Investment income/(expense)	23	5,834	1,627	–	(13)	5,834	1,614
Gain on disposal of property, plant and equipment		90	122	–	–	90	122
Deficit before grants		(216,584)	(220,073)	(34)	(209)	(216,618)	(220,282)
Grants							
Deferred capital grants amortised:							
Government	18	44,960	49,918	–	–	44,960	49,918
Others	19	432	488	–	–	432	488
Operating grants:							
Government	24	213,761	209,381	–	–	213,761	209,381
Others		126	70	–	–	126	70
		259,279	259,857	–	–	259,279	259,857
Surplus/(Deficit) after grants		42,695	39,784	(34)	(209)	42,661	39,575
Income tax	26	–	–	–	–	–	–
Surplus/(Deficit) for the year, representing total comprehensive income for the year		42,695	39,784	(34)	(209)	42,661	39,575

TEMASEK POLYTECHNIC AND ITS SUBSIDIARY

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)
Year ended March 31, 2021

		Polytechnic					
		General Fund		Restricted Funds		Total	
	Note	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020
		$'000	$'000	$'000	$'000	$'000	$'000
Operating income	27	68,848	74,509	1,515	981	70,363	75,490
Operating expenses							
Salaries, CPF and other related costs		194,837	193,906	–	–	194,837	193,906
Depreciation	5	44,914	49,953	–	–	44,914	49,953
Depreciation of right-of-use assets	6	934	934	–	–	934	934
Repairs, maintenance and utilities		19,623	21,115	–	–	19,623	21,115
Property, plant and equipment expensed off		5,659	5,523	–	–	5,659	5,523
Teaching materials and resources		9,647	7,607	–	–	9,647	7,607
Student welfare		1,490	4,224	–	–	1,490	4,224
IT maintenance and subscription		10,795	10,074	–	–	10,795	10,074
IT and information communication		869	755	–	–	869	755
Rental - office space and equipment		400	183	–	–	400	183
Consultancy		739	1,755	–	–	739	1,755
Other expenditure		5,260	6,587	2,637	2,359	7,897	8,946
		295,167	302,616	2,637	2,359	297,804	304,975
Operating deficit		(226,319)	(228,107)	(1,122)	(1,378)	(227,441)	(229,485)
Non-operating income/(expense)							
Interest income	22	3,755	6,323	1,088	1,182	4,843	7,505
Investment income/(expense)	23	5,834	1,627	–	(13)	5,834	1,614
Gain on disposal of property, plant and equipment		90	122	–	–	90	122
Deficit before grants		(216,640)	(220,035)	(34)	(209)	(216,674)	(220,244)
Grants							
Deferred capital grants amortised:							
Government	18	44,960	49,918	–	–	44,960	49,918
Others	19	432	488	–	–	432	488
Operating grants:							
Government	24	213,761	209,381	–	–	213,761	209,381
Others		126	70	–	–	126	70
		259,279	259,857	–	–	259,279	259,857
Surplus/(Deficit) after grants		42,639	39,822	(34)	(209)	42,605	39,613
Income tax	26	–	–	–	–	–	–
Surplus/(Deficit) for the year, representing total comprehensive income for the year		42,639	39,822	(34)	(209)	42,605	39,613

See accompanying notes to financial statements.

TEMASEK POLYTECHNIC AND ITS SUBSIDIARY

STATEMENTS OF CHANGES IN ACCUMULATED FUNDS AND RESERVES
Year ended March 31, 2021

	General Fund	Restricted Funds	Total
Group	$'000	$'000	$'000
At April 1, 2019	284,189	2,931	287,120
Total comprehensive income for the year	39,784	(209)	39,575
Transfer of funds from Restricted funds to General fund	13	(13)	-
At March 31, 2020	323,986	2,709	326,695
Total comprehensive income for the year	42,695	(34)	42,661
At March 31, 2021	366,681	2,675	369,356
Polytechnic			
At April 1, 2019	284,338	2,931	287,269
Total comprehensive income for the year	39,822	(209)	39,613
Transfer of funds from Restricted funds to General fund	13	(13)	-
At March 31, 2020	324,173	2,709	326,882
Total comprehensive income for the year	42,639	(34)	42,605
At March 31, 2021	366,812	2,675	369,487

See accompanying notes to financial statements.

TEMASEK POLYTECHNIC AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended March 31, 2021

	Note	Group 2021/2020	Group 2019/2020
		$'000	$'000
Operating activities			
Deficit before grants		(216,618)	(220,282)
Adjustments for:			
Projects and other grants income		(1,774)	(1,886)
Depreciation of property, plant and equipment	5	44,914	49,953
Depreciation of right-of-use assets	6	934	934
Interest expense on lease liabilities		7	12
Interest income	22	(4,843)	(7,505)
Net gain arising on financial assets at fair value through profit or loss	23	(5,834)	(1,614)
Amortisation of fees received in advance	16	(452)	(452)
Gain on disposal of property, plant and equipment		(90)	(122)
Bad debt written off		8	14
Impairment losses on financial assets subject to ECL		13	3
		(183,735)	(180,945)
Changes in:			
Trade and other receivables		(10,599)	(15,016)
Contract assets		(18)	(19)
Prepayments		(2,069)	125
Trade and other payables		7,591	(6,222)
Contract liabilities		809	(2,361)
Cash used in operations		(188,021)	(204,438)
Interest paid		(7)	(12)
Net cash used in operating activities		(188,028)	(204,450)
Investing activities			
Interest received		8,090	6,624
Acquisition of debt securities		-	(25,000)
Proceeds from disposal of debt securities		750	10,000
Proceeds from disposal of equity securities		-	37,189
Proceeds from sale of property, plant and equipment		90	165
Purchase of property, plant and equipment	5	(13,136)	(27,185)
Net cash (used in) from investing activities		(4,206)	1,793

TEMASEK POLYTECHNIC AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
Year ended March 31, 2021

	Note	Group	
		2021/2020	2019/2020
		$'000	$'000
Financing activities			
Capital grants received from Government	18	4,796	14,593
Interest earned on unutilised grant		-	17
F&E and IT grants set aside from MOE operating grant		21,700	21,800
Repayment of lease liabilities		(226)	(227)
MOE Bursary received		6,274	4,736
Matching grant received from Government as Endowment Fund	14	3,595	762
Operating grants received from Government		213,917	213,600
Donations received for Bursary & Scholarships	14	1,600	150
Net cash from financing activities		251,656	255,431
Net increase in cash and cash equivalents		59,422	52,774
Cash and cash equivalents at beginning of the year		360,183	307,409
Cash and cash equivalents at end of the year	12	419,605	360,183

See accompanying notes to financial statements.

1 GENERAL

Temasek Polytechnic (the "Polytechnic") was established under the Temasek Polytechnic Act, Chapter 323A (the "TP Act").

The Polytechnic is located at 21 Tampines Avenue 1, Singapore 529757.

The principal activities of the Polytechnic are to provide instruction, training and research in technology, science, commerce, arts and other subjects of learning. The principal activities of the subsidiary are disclosed in Note 7.

The consolidated financial statements of the Group and statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in accumulated funds and reserves of the Polytechnic for the year ended March 31, 2021 were authorised for issue by the Board of Governors on July 13, 2021.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 ***Basis of accounting***

The financial statements have been prepared in accordance with the applicable requirements of the Singapore Charities Act, Chapter 37 (the "Charities Act"), Public Sector (Governance) Act (the "Governance Act"), the Temasek Polytechnic Act, Chapter 323A (the "TP Act") and Statutory Board Financial Reporting Standards in Singapore ("SB-FRS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Singapore dollars which is also the functional currency of the Polytechnic. All the financial information presented in Singapore dollars ("$") has been rounded to the nearest thousand ("'000") unless otherwise stated.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SB-FRS 102 *Share-based Payment*, leasing transactions that are within the scope of SB-FRS 116 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SB-FRS 2 *Inventories* or value in use in SB-FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

2.2 *Adoption of new and revised standards*

On April 1, 2020, the Group has adopted all the new and revised SB-FRSs and Interpretations of SB-FRS ("INT SB-FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised SB-FRSs and INT SB-FRSs does not result in changes to the Group's accounting policies and has no material effect on the disclosures or on the amounts reported for the current or prior years.

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

<u>Effective for annual periods beginning on or after January 1, 2021</u>

- Amendments to SB-FRS 109, SB-FRS 39, SB-FRS 107, SB-FRS 104, SB-FRS 116: *Interest Rate Benchmark Reform - Phase 2*

<u>Effective for annual periods beginning on or after January 1, 2022</u>

- Amendments to SB-FRS 16: *Property, Plant and Equipment - Proceeds before Intended Use*

- Amendments to SB-FRS 37: *Onerous Contracts - Cost of Fulfilling a Contract*

- Annual Improvements to SB-FRS 2018-2020

<u>Effective for annual periods beginning on or after January 1, 2023</u>

- Amendments to SB-FRS 1: *Classification of Liabilities as Current or Non-current*

The Group anticipates that the adoption of the above amendments to SB-FRS in the future periods will not have a material impact on the financial statements in the period of their initial adoption.

2.3 *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the Polytechnic and entities controlled by the Polytechnic and its subsidiary. Control is achieved when the Polytechnic:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Polytechnic reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Polytechnic has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Polytechnic considers all relevant facts and circumstances in assessing whether or not the Polytechnic's voting rights in an investee are sufficient to give it power, including:

- The size of the Polytechnic's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Polytechnic, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Polytechnic has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Polytechnic obtains control over the subsidiary and ceases when the Polytechnic loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Polytechnic gains control until the date when the Polytechnic ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Polytechnic and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Polytechnic and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies.

In the Polytechnic's financial information, investments in subsidiary are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

2.4 ***Fund accounting***

General Fund

Income and expenditure relating to the main activities of the Group are accounted for through the General Fund in the Statement of Profit or Loss and Other Comprehensive Income.

Restricted Funds

Income and expenditure relating to funds set up for contributions received and expenditure incurred for specific purposes are accounted for through the Restricted Funds in the Statement of Profit or Loss and Other Comprehensive Income.

Assets and liabilities of these funds are accounted for separately. However, for presentation purposes, they are pooled together with those of General Fund in the Statement of Financial Position.

Funds managed on behalf of others

Funds are set up to account for contributions received from external sources for specific purposes.

This relates to funds that are managed on behalf of others by the Group. The funds comprises tuition fee loans, Opportunity Fund and additional financial assistance managed on behalf of Ministry of Education and Campus Care Network Fund held in trust for the staff and students of the Polytechnic. The assets and liabilities of these managed funds are presented as a line item under the capital and funds managed on behalf of others section on the face of statement of financial position of the financial statements as prescribed by SB-FRS Guidance Note 3. Income and expenditure relating to these funds are accounted for directly in these funds. Details of income, expenditure, net assets relating to these funds are disclosed in Note 15.

2.5 ***Property, plant and equipment***

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. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Polytechnic has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs

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.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

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 Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Property, plant and equipment costing less than $5,000 each and renovations costing below $200,000 are charged to profit or loss in the year of purchase.

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.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	-	30 to 50 years
Building improvements	-	5 years
Furniture, fittings and equipment	-	5 years
Computer hardware and computer software	-	3 to 5 years
Workshop equipment and machinery	-	5 to 10 years
Vehicles	-	5 years
Plant and machinery	-	10 years

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

Fully depreciated assets still in use are retained in the financial statements.

2.6 *Impairment of non-financial assets*

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimated of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.7 *Financial instruments*

Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

Classification of financial assets

Debt instruments that meet the following conditions and are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding ECL, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL.

Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the “Non-operating income” line item in profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for ECL on trade and other receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Polytechnic compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

The Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 3 months past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

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

Definition of default

The Group considers that default has occurred when a financial asset is more than 12 months past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Write-off policy

The Group writes-off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables from individuals, when the amounts are over two years past due, whichever occurs sooner. Financial assets written-off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date except for assets for which the simplified approach was used.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

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

All financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount is presented in the Statement of Financial Position when the Group has legally enforcement right to set-off the recognised amounts; and intends either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.8 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand, and other short term high liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.9 ***Provisions***

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

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

2.10 ***Leases***

<u>The Group as lessee</u>

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

The incremental borrowing rate is defined as the rate of interest that the Group would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

- the amount expected to be payable by the lessee under residual value guarantees;

- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- the lease payments change due to changes in an index or rate or change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a lease asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SB-FRS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies SB-FRS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.6.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Operating expenses' in the statement of profit or loss.

<u>The Group as lessor</u>

The Group enters into lease arrangements as a lessor with respect to its property.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.11 ***Revenue recognition***

<u>Student fees</u>

Income from tuition and other related fees comes from the provision of tuition services to full-time and part-time students over the academic period. Tuition and other related fees are recognised as the courses are rendered and satisfied over time. Payments received from students for tuition and other related fees in which the courses have not been rendered is recognised as a deferred income, under contract liabilities, until the courses have been rendered to the students.

<u>Income from project, seminars and forums</u>

Income from courses/projects is recognised over time based on percentage of completion. Management has assessed that the stage of completion, determined as the proportion of the total time expressed for the course/project that has elapsed at the end of the reporting period, is an appropriate measure of progress toward the complete satisfactory of these performance obligation under SB-FRS 115.

Donations

Donations are recognised upon receipt. Donations received in advance are recognised as deferred income until the time condition is met.

Rental income

Rental income is accounted for on a straight line basis over the lease terms.

Interest income

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

Service fee income

Service fee income is recognised as a performance obligation satisfied over time on a straight line basis over the period of service.

2.12 ***Employee benefits***

Defined contribution plans

The Group contributes to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The Group's contributions to CPF are charged to profit or loss in the period when the employees rendered their services.

Employee leave entitlements

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

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Polytechnic. The Board of Governors, Principal, Deputy Principals, Senior Directors and Directors are considered key management personnel.

2.13 ***Income tax***

The Polytechnic is registered as a charitable institution with effect from the Year of Assessment 2008 or the financial year ended March 31, 2007, all registered charities will enjoy automatic income tax exemption without having the need to meet the 80% spending rule and there is no need to file income tax returns by virtue of Section 13(1)(zm) of the Income Tax Act, Chapter 134.

The subsidiary of the Polytechnic is subject to tax under Singapore income tax legislation.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is expected tax payable on the taxable income for the year, using tax rates (and tax laws) enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised, using the balance sheet method, providing for all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable income will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at the end of the reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current and deferred tax are recognised as an expense or income in profit or loss, except when relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

2.14 ***Government grants***

Government grants related to assets in which the Polytechnic has discretionary management power are taken directly to the Deferred Capital Grant account, or to profit or loss for assets which are expensed-off in the year of purchase.

Other government grants related to assets are initially taken to Government Grant Received In Advance account and upon their utilisation for the purchase of assets, they are transferred to the Deferred Capital Grant account, or to profit or loss for assets which are written-off in the year of purchase.

The deferred capital grants are recognised in profit or loss over the periods necessary to match the depreciation and write-off of the property, plant and equipment purchased with the related grants. Upon the disposal of the property, plant and equipment, the balance of the related deferred capital grants is recognised in profit or loss to reflect the net book value of the assets disposed.

Government grants to meet the current year’s operating expenses are taken to profit or loss for the year. Government grants are accounted for on an accrual basis.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 *Critical judgements in applying the entity's accounting policies*

Management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements apart from those involving estimates, which are dealt with below.

3.2 *Key sources of estimation uncertainty*

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

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The useful lives of these property, plant and equipment are estimated to be within 3 to 50 years. The carrying amount of the Group's property, plant and equipment as at the end of the reporting period is disclosed in Note 5. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

Fair value estimation on investments

The Group holds quoted equity securities, quoted securities managed by fund managers and unquoted equity securities that are not traded in an active market. The fair value of the quoted securities managed by fund managers was determined by the Group's fund managers based on the evaluated prices provided by various pricing vendors who utilised observable market-based data in their proprietary pricing model. The Group has used the quoted bid prices in an active market to value the fair value of quoted equity securities. For unquoted equity securities, the Group has used the net asset value disclosed in the financial statements of the entities as their fair value. As at the end of reporting period, the carrying amounts of investments are disclosed in Notes 8 and 9.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

The following table sets out the categories of financial instruments as at the end of the reporting period:

	Group		Polytechnic	
	2020/2021	**2019/2020**	**2020/2021**	**2019/2020**
	$'000	$'000	$'000	$'000
Financial assets				
Financial assets mandatorily measured at FVTPL	50,903	46,833	50,903	46,833
Financial assets at amortised cost	495,274	433,036	494,478	432,476
	546,177	479,869	545,381	479,309
Financial liabilities				
Financial liabilities at amortised cost	48,840	38,520	48,191	38,056
Lease liabilities	206	421	206	421
	49,046	38,941	48,397	38,477

Credit risk management

The Group has procedures in place to manage credit risk and exposure to such risk is monitored on ongoing basis.

The Group's procedures on assessing ECL comprises the following categories:

Category	**Description**	**Basis for recognising ECL**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is > 3 months past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is > 12 months past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the company has no realistic prospect of recovery.	Amount is written-off

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

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				$'000	$'000	$'000
Group						
2020/2021						
Financial assets at fair value through profit or loss	8	Performing	12-month ECL	50,903	–	50,903
Other financial assets at amortised cost	9	Performing	12-month ECL	43,000	–	43,000
Trade receivables	10	(i)	Lifetime ECL (simplified approach)	3,290	(159)	3,131
Other receivables	10	Performing	12-month ECL	7,374	–	7,374
Cash and cash equivalents	12	Performing	12-month ECL	421,551	–	421,551
Government grant receivables - operating		Performing	12-month ECL	20,218	–	20,218
				546,336	(159)	546,177
2019/2020						
Financial assets at fair value through profit or loss	8	Performing	12-month ECL	46,833	–	46,833
Other financial assets at amortised cost	9	Performing	12-month ECL	43,750	–	43,750
Trade receivables	10	(i)	Lifetime ECL (simplified approach)	3,381	(146)	3,235
Other receivables	10	Performing	12-month ECL	10,323	–	10,323
Cash and cash equivalents	12	Performing	12-month ECL	361,352	–	361,352
Government grant receivables - operating		Performing	12-month ECL	14,376	–	14,376
				480,015	(146)	479,869

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				$'000	$'000	$'000
Polytechnic						
2020/2021						
Financial assets at fair value through profit or loss	8	Performing	12-month ECL	50,903	–	50,903
Other financial assets at amortised cost	9	Performing	12-month ECL	43,000	–	43,000
Trade receivables	10	(i)	Lifetime ECL (simplified approach)	3,176	(159)	3,017
Other receivables	10	Performing	12-month ECL	7,384	–	7,384
Cash and cash equivalents	12	Performing	12-month ECL	420,859	–	420,859
Government grant receivables - operating		Performing	12-month ECL	20,218	–	20,218
				545,540	(159)	545,381
2019/2020						
Financial assets at fair value through profit or loss	8	Performing	12-month ECL	46,833	–	46,833
Other financial assets at amortised cost	9	Performing	12-month ECL	43,750	–	43,750
Trade receivables	10	(i)	Lifetime ECL (simplified approach)	3,212	(146)	3,066
Other receivables	10	Performing	12-month ECL	10,386	–	10,386
Cash and cash equivalents	12	Performing	12-month ECL	360,898	–	360,898
Government grant receivables - operating		Performing	12-month ECL	14,376	–	14,376
				479,455	(146)	479,309

(i) The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Credit risk is the potential loss resulting from the failure of a student or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

At the end of reporting period, there was no significant concentration of credit risk except for Government grant receivables, funds managed by fund managers and quoted debt securities, which falls under the internal credit rating of "Performing". The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. Cash, fixed deposits and funds are placed with banks and financial institutions which are regulated.

The cash with Accountant-General's Department under Centralised Liquidity Management ("CLM") are placed with high credit quality financial institutions, and are available for utilisation and withdrawal upon request.

Further details of credit risk on trade and other receivables are disclosed in Note 10.

Interest rate risk management

As the Group does not have any financial assets and financial liabilities that bear interest at floating rates, no sensitivity analysis is prepared.

The interest rates for cash with Accountant-General's Department disclosed in Note 12 are based on deposit rates determined by the financial institutions with which the cash are deposited and are expected to move in tandem with market interest rate movements.

Foreign exchange risk management

The Group is not exposed to significant foreign currency risk as the transactions are mainly denominated in Singapore dollar, which is the functional currency of the Polytechnic and its subsidiary and the presentation currency of the consolidated financial statements.

Liquidity risk management

The Group monitors its liquidity risk and maintain a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flow.

All financial assets and financial liabilities are due on demand or within 1 year from the end of the reporting period, except for lease liabilities as disclosed in Note 17.

Fair value of financial assets and financial liabilities

(a) Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis

The following table shows an analysis of financial instruments carried at fair value by the different level of the value hierarchy:

	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	$'000	$'000	$'000	$'000
Group and Polytechnic				
Financial assets:				
2020/2021				
Financial assets at fair value through profit or loss:				
- Quoted equity securities	446	–	–	446
- Unit trust managed by fund manager	50,102	–	–	50,102
- Unquoted equity securities	–	–	355	355
	50,548	–	355	50,903
2019/2020				
Financial assets at fair value through profit or loss:				
- Quoted equity securities	271	–	–	271
- Unit trust managed by fund manager	46,076	–	–	46,076
- Unquoted equity securities	–	–	486	486
	46,347	–	486	46,833

There was no transfer between the levels in the hierarchy during the year.

Determination of fair values

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of the Group's quoted financial assets was determined on the basis set out in Note 3.2.

The fair value of the Group's unquoted equity securities was determined as follows:

Financial assets/ financial liabilities	**Fair value as at ($'000)**				**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value**
	2020/2021		**2019/2020**					
	Assets	**Liabilities**	**Assets**	**Liabilities**				
Financial assets at FVTPL (see Note 8)								
Unquoted equity securities	355	–	486	–	Level 3	Net Asset Value disclosed in financial statements	Net Asset Value	The higher the net asset value, the higher the fair value.

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

Investment in quoted debt securities, Trade and other receivables, Government grants receivables, Cash and cash equivalents, Trade and other payables and Lease liabilities

The carrying amounts of these financial assets and financial liabilities are reasonable approximation of fair values.

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

There are no financial instruments that are not carried at fair value and whose carrying amounts do not approximate fair value.

<u>Capital management policies and objectives</u>

The Group regularly reviews and manages its capital structure to ensure that the Group will be able to continue as a going concern. The capital structure of the Group comprises only accumulated surplus and endowment fund. The Group's overall strategy remains unchanged from prior year.

5 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Building improvements	Furniture, fittings and equipment	Computer hardware	Workshop equipment and machinery	Vehicles	Computer software	Plant and machinery	Capital work-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group and Polytechnic										
Cost										
At April 1, 2019	608,589	71,553	94,616	82,374	53,617	90	40,307	152,623	14,269	1,118,038
Additions	-	9,540	7,382	357	2,142	-	39	-	10,102	29,562
Adjustment	(58)	-	-	-	-	-	-	(141)	-	(199)
Transfers	47	9,588	2,054	-	5	-	13	-	(11,707)	-
Disposals	-	(354)	(3,025)	(2,080)	(2,106)	-	(758)	(748)	-	(9,071)
At March 31, 2020	608,578	90,327	101,027	80,651	53,658	90	39,601	151,734	12,664	1,138,330
Additions	591	975	913	426	1,617	-	74	-	6,264	10,860
Adjustment	-	323	(1,604)	13	-	-	-	-	-	(1,268)
Transfers	-	1,193	156	1,042	225	-	369	-	(2,985)	-
Disposals	-	(123)	(4,012)	(5,377)	(830)	(12)	(2,030)	(307)	-	(12,691)
At March 31, 2021	609,169	92,695	96,480	76,755	54,670	78	38,014	151,427	15,943	1,135,231
Accumulated depreciation										
At April 1, 2019	214,752	48,855	82,221	69,849	44,907	90	39,361	120,233	-	620,268
Depreciation for the year	13,100	11,883	7,442	6,602	3,339	-	675	6,912	-	49,953
Disposals	-	(354)	(2,999)	(2,080)	(2,089)	-	(758)	(748)	-	(9,028)
At March 31, 2020	227,852	60,384	86,664	74,371	46,157	90	39,278	126,397	-	661,193
Depreciation for the year	13,203	10,551	4,972	5,749	3,225	-	480	6,734	-	44,914
Disposals	-	(123)	(4,012)	(5,377)	(830)	(12)	(2,030)	(307)	-	(12,691)
At March 31, 2021	241,055	70,812	87,624	74,743	48,552	78	37,728	132,824	-	693,416
Carrying amount										
At March 31, 2021	368,114	21,883	8,856	2,012	6,118	-	286	18,603	15,943	441,815
At March 31, 2020	380,726	29,943	14,363	6,280	7,501	-	323	25,337	12,664	477,137

During the year, the amount of property, plant and equipment acquired by the Group which remains unpaid as at year-end amounts to approximately $409,000 (2019/2020 : $2,685,000) (Note 21). The cash outflow on acquisition of property, plant and equipment amounted to approximately $13,136,000 (2019/2020 : $27,185,000).

6 RIGHT-OF-USE ASSETS

The Group leases certain leasehold land, storage facilities and furniture, fittings and equipment. The lease terms for leasehold land and storage facilities are 99 years and 3 years respectively while the lease terms for furniture, fittings and equipment range from 3 to 5 years.

Group and Polytechnic	**Leasehold land**	**Storage facilities**	**Furniture, fittings and equipment**	**Total**
	$'000	$'000	$'000	$'000
Cost:				
At April 1, 2019	66,889	-	192	67,081
Additions	-	26	430	456
At March 31, 2020	66,889	26	622	67,537
Additions	-	-	11	11
At March 31, 2021	66,889	26	633	67,548
Accumulated depreciation:				
At April 1, 2019	16,248	-	-	16,248
Depreciation charge	703	6	225	934
At March 31, 2020	16,951	6	225	17,182
Depreciation charge	703	9	222	934
At March 31, 2021	17,654	15	447	18,116
Carrying amount:				
At March 31, 2021	49,235	11	186	49,432
At March 31, 2020	49,938	20	397	50,355

7 SUBSIDIARY

	Polytechnic	
	2020/2021	**2019/2020**
	$'000	$'000
Unquoted equity shares, at cost	136	136

Details of subsidiary are as follows:

Name of subsidiary	Principal activities	Country of registration and operation	Proportion of ownership interest and voting power held	
			2020/2021	**2019/2020**
			%	**%**
TP Innovation Holdings Pte. Ltd.	The Company is primarily involved in the business of providing business advisories, educational services, consultancy services (whether technical or non-technical in nature), testing and training services to partners in the private and public sectors (including social enterprises).	Singapore	100	100

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Polytechnic	
	2020/2021	**2019/2020**
	$'000	$'000
Non-current		
Quoted equity securities	446	271
Unquoted equity securities	355	486
	801	757
Current		
Quoted securities managed by fund managers:		
- unit trust	50,102	46,076

Quoted securities managed by fund managers form part of the Group's funds which are administered by asset management companies (fund managers). The fund managers are given discretionary powers within certain guidelines to invest the funds.

9 OTHER FINANCIAL ASSETS AT AMORTISED COST

	Group and Polytechnic	
	2020/2021	**2019/2020**
	$'000	$'000
Non-current		
Quoted debt securities	43,000	43,000
Current		
Quoted debt securities	–	750

As at the end of reporting period, the quoted debt securities bear interest rate from 3.05% to 4.11% per annum. Interest is receivable on a semi-annual basis. The maturity dates of debt securities range from March 5, 2024 to November 22, 2029.

10 TRADE AND OTHER RECEIVABLES

	Group		Polytechnic	
	2020/2021	**2019/2020**	**2020/2021**	**2019/2020**
	$'000	$'000	$'000	$'000
Trade receivables	3,290	3,381	3,176	3,212
Loss allowance	(159)	(146)	(159)	(146)
	3,131	3,235	3,017	3,066
Other receivables:				
- Deposits	14	15	14	15
- Singapore Totalisator Board grant ("Tote grant")	–	68	–	68
- Sundry debtors	7,360	10,240	7,353	10,240
- Due from subsidiary (Note 30)	–	–	17	63
	10,505	13,558	10,401	13,452

The credit period given by the Group ranges from 14 to 30 days (2019/2020 : 14 to 30 days). No interest is charged on the outstanding balance except for late interest charges on rental and related receivables range from 5.0% to 8.5% (2019/2020 : 8.5%) per annum.

Loss allowance for trade receivables has been measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position.

Other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written-off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	Trade receivables - days past due				
	Not past due	< 3 months	3 - 12 months	> 12 months	Total
	$'000	$'000	$'000	$'000	$'000
Group					
2020/2021					
Expected credit loss rate	0.47%	0.73%	19.29%	6.73%	–
Estimated total gross carrying amount at default	423	2,063	700	104	3,290
Lifetime ECL	(2)	(15)	(135)	(7)	(159)
					3,131
2019/2020					
Expected credit loss rate	0.30%	1.02%	27.49%	8.06%	–
Estimated total gross carrying amount at default	1,691	1,177	451	62	3,381
Lifetime ECL	(5)	(12)	(124)	(5)	(146)
					3,235
Polytechnic					
2020/2021					
Expected credit loss rate	0.52%	0.73%	21.16%	6.73%	–
Estimated total gross carrying amount at default	382	2,052	638	104	3,176
Lifetime ECL	(2)	(15)	(135)	(7)	(159)
					3,017
2019/2020					
Expected credit loss rate	0.30%	1.08%	31.63%	8.06%	–
Estimated total gross carrying amount at default	1,644	1,114	392	62	3,212
Lifetime ECL	(5)	(12)	(124)	(5)	(146)
					3,066

Movements in credit loss allowance are as follows:

	Group and Polytechnic	
	2020/2021	**2019/2020**
	$'000	$'000
Balance at beginning of the year	146	143
Loss allowance recognised in profit or loss during the year on:		
- Assets originated	13	3
Balance at end of the year	159	146

11 CONTRACT ASSETS

	Group	
	2020/2021	**2019/2020**
	$'000	$'000
Consultancy services	37	19

Amounts relating to consultancy services are balances due from customers when the Group receives payments from customers in line with a series of performance–related milestones. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

There were no significant changes in the contract asset balances during the reporting period.

Management always estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the industry. None of the amounts from customers at the end of the reporting period is past due.

There has been no changes in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the contract assets.

12 CASH AND CASH EQUIVALENTS

	Group		Polytechnic	
	2020/2021	**2019/2020**	**2020/2021**	**2019/2020**
	$'000	$'000	$'000	$'000
Cash at bank and on hand	1,590	1,790	898	1,336
Cash with Accountant-General's Department	419,961	359,562	419,961	359,562
Total cash and bank balances	421,551	361,352	420,859	360,898
Less:				
Cash and cash equivalents managed by fund managers:				
- Cash at bank and on hand	(1,946)	(1,169)	(1,946)	(1,169)
Net cash and cash equivalents in consolidated statement of cash flows	419,605	360,183	418,913	359,729

Cash with the Accountant-General's Department ("AGD") refers to cash that are managed by the AGD under Centralised Liquidity Management ("CLM") as set out in the Accountant-General's Circular No.4/2009 Centralised Liquidity Management for Statutory Boards and Ministries.

The interest rate of cash with AGD, defined as the ratio of the interest earned to the average cash balance, is 0.78% (2019/2020 : 1.94%) or ranges from 0.28% to 1.52% (2019/2020 : 1.67% to 2.13%) per annum.

Management considered that the ECL on cash and cash equivalents is insignificant as at March 31, 2021.

13 ACCUMULATED SURPLUS AND RESERVES

General Fund

As at the reporting date, the Group has capital commitments of approximately $3.5 million (2019/2020 : $3.3 million).

Restricted Funds

Restricted Funds compromise the following funds:

Name of Fund	Purpose
Bursary, Scholarship and Awards Fund	Providing financial assistance to needy students, scholarship to students and book prizes and medals to students and graduates who excel academically and in extra-curricular activities.
Temasek Polytechnic Endowment Fund	Providing financial support for: a) Staff development b) Student development, focusing on international exchange c) Promotion of innovation d) Bringing relevant world-class expertise to Polytechnic e) Scholarships to outstanding students; and f) Bursaries to deserving needy students

The Bursary, Scholarship and Awards Fund and Temasek Polytechnic Endowment Fund are included in the Temasek Polytechnic General Education Fund (Note 25).

Restricted Funds	Bursary, Scholarship and Awards Fund 2020/2021	Bursary, Scholarship and Awards Fund 2019/2020	Temasek Polytechnic Endowment Fund 2020/2021	Temasek Polytechnic Endowment Fund 2019/2020	Miscellaneous Fund 2020/2021	Miscellaneous Fund 2019/2020	Total 2020/2021	Total 2019/2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group and Polytechnic								
Operating income								
Donations:								
- Tax deductible	994	359	-	-	-	-	994	359
- Non-tax deductible	521	620	-	-	-	-	521	620
Other income	-	-	-	2	-	-	-	2
	1,515	979	-	2	-	-	1,515	981
Operating expense								
Other expenditure	(1,542)	(920)	(1,095)	(1,439)	-	-	(2,637)	(2,359)
Operating (deficit)/surplus	(27)	59	(1,095)	(1,437)	-	-	(1,122)	(1,378)
Non-operating income								
Interest income	6	11	1,082	1,171	-	-	1,088	1,182
Investment loss	-	-	-	(13)	-	-	-	(13)
Surplus/(Deficit) before grants	(21)	70	(13)	(279)	-	-	(34)	(209)
Accumulated surplus at April 1	598	528	2,111	2,390	-	13	2,709	2,931
Transfer from Restricted Fund to General Fund	-	-	-	-	-	(13)	-	(13)
Accumulated surplus at March 31	577	598	2,098	2,111	-	-	2,675	2,709
Represented by:								
Trade and other receivables	2	10	264	282	-	-	266	292
Cash and bank balances	776	848	1,834	1,829	-	-	2,610	2,677
Trade and other payables	(201)	(260)	-	-	-	-	(201)	(260)
Accumulated surplus at March 31	577	598	2,098	2,111	-	-	2,675	2,709

14 TEMASEK POLYTECHNIC ENDOWMENT FUND

Donations and contributions made to the Temasek Polytechnic Endowment Fund are retained as principal capital to be kept intact to earn income. Income and expenditure of the fund are taken to "Restricted Funds" in the Statement of Profit or Loss and Other Comprehensive Income.

	Group and Polytechnic	
	2020/2021	**2019/2020**
	$'000	$'000
Balance as at 1 April	31,785	30,873
Donations received	1,600	150
Matching grant received/receivable from Government	3,595	762
Balance as at 31 March	36,980	31,785
Represented by:		
Investment in debt securities	36,980	31,785

During the financial year, for donations received under endowment funds of $1,600,000 (2019/2020 : $150,000), the Polytechnic received a matching grant from MOE at 1.5 times of the amount donated totalling $2,401,000 (2019/2020 : $225,000).

During the year, matching grant received from MOE amounted to $1,194,000 (2019/2020 : $536,000) for non-endowed donations received which were recognised in profit or loss.

15 FUNDS MANAGED ON BEHALF OF OTHERS

Tuition Fee Loan

Tuition fee loan comprises advances from the Government, which provides tuition fee loans to students. The tuition fee loans are administered by a financial institution. Loans given to students are interest-free until the year of their graduation, or for those with National Service obligation, in the year in which they finish their National Service. Thereafter, loans are repayable by monthly instalments with interest based on the average prime rates of banks or such other rate as may be determined by the Polytechnic.

Repayment of the loans will eventually be returned to the Government. Accordingly, the carrying amounts of staff and student loans approximate their fair values.

	Group and Polytechnic	
	2020/2021	**2019/2020**
	$'000	$'000
At April 1	7,406	6,253
Amount contributed by Government	2,029	2,409
Amount refunded to Government	(699)	(1,256)
At March 31	8,736	7,406
Represented by:		
Outstanding loans:		
Tuition fee loans	8,736	7,406

Campus Care Network Fund

The campus care network ("CCN") fund was set up to provide crisis assistance, emergency assistance as well as education assistance to needy students. The source of fund comes mainly from proceeds collected through fund raising activities among students and staff within the campus on CCN days. The fund is managed by a CCN committee.

	Group and Polytechnic	
	2020/2021	**2019/2020**
	$'000	$'000
At April 1	277	296
Contribution received	12	43
Other income	198	14
Relief to students	(116)	(76)
At March 31	371	277
Represented by:		
Cash and bank balances	371	277

Ministry of Education Opportunity Fund

During financial year 2013/2014, the Ministry of Education ("MOE") extended the Ministry of Education Opportunity Funds ("MOEOF") to Polytechnics. These grants are to be used to level up co-curriculum development opportunities for Singaporean students from lower income households.

During financial year 2015/2016, MOE confirmed that interest earned by the unutilised funds since the inception of MOEOF need not be refunded. Previous and future interest earned from unutilised MOEOF funds will be recognised as the Group's interest income and no further interest will need to be accrued.

	Group and Polytechnic	
	2020/2021	2019/2020
	$'000	$'000
At April 1	161	955
Contribution received	915	284
Financial assistance to students	(140)	(1,078)
At March 31	936	161
Represented by:		
Cash and bank balances	936	161

Ministry of Education Additional Financial Assistance

For both financial years 2020/21 and 2021/22, MOE will provide additional funding to Polytechnics, which will serve as additional financial assistance to Singaporean students who are affected by the economic slowdown due to COVID-19 situation.

	Group and Polytechnic	
	2020/2021	2019/2020
	$'000	$'000
At April 1	–	–
Contribution received	405	–
Financial assistance to students	(4)	–
At March 31	401	–
Represented by:		
Cash and bank balances	401	–
Total funds managed on behalf of others	10,444	7,844
Total net assets of funds managed on behalf of others	(10,444)	(7,844)

16 CONTRACT LIABILITIES

	Group		Polytechnic	
	2020/2021	**2019/2020**	**2020/2021**	**2019/2020**
	$'000	$'000	$'000	$'000
Fees received in advance	10,375	10,827	10,375	10,827
Deferred income	3,413	2,604	3,234	2,438
	13,788	13,431	13,609	13,265
Movement for fees received in advance:				
At April 1	10,827	11,279	10,827	11,279
Amortisation of fees received in advance	(452)	(452)	(452)	(452)
At March 31	10,375	10,827	10,375	10,827
Analysed as:				
Non-current	10,375	10,827	10,375	10,827
Current	3,413	2,604	3,234	2,438
	13,788	13,431	13,609	13,265

Fees received in advance from Singapore Institute of Technology ("SIT") for the usage of the Polytechnic's facilities by SIT students will be amortised over a 30-year period commencing from March 14, 2014 in accordance with the service agreement between the Polytechnic and SIT.

There were no significant changes in the contract liability balances during the reporting period.

The amount of revenue recognised in the current reporting period which relates to brought-forward contract liabilities is $2,604,000 (2019/2020 : $4,965,000).

17 LEASE LIABILITIES

	Group and Polytechnic	
	2020/2021	**2019/2020**
	$'000	$'000
Maturity analysis		
Year 1	180	236
Year 2	17	177
Year 3	7	17
Year 4	4	3
Year 5	1	1
	209	434
Less: unearned interest	(3)	(13)
	206	421
Analysed as:		
Current	177	229
Non-current	29	192
Total	206	421

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's finance function.

As at March 31, 2021, the fair values of the Group's lease liabilities approximate their carrying amounts.

18 DEFERRED CAPITAL GRANTS – GOVERNMENT

	Group and Polytechnic	
	2020/2021	**2019/2020**
	$'000	$'000
Grants utilised as at April 1	525,960	546,896
Grants utilised on property, plant and equipment:		
Development grants	3,812	14,141
Operating grants (Note 24)	156	6,378
Furniture and equipment ("F&E") and Information Technology ("IT") grants	4,933	8,463
	534,861	575,878
Amortisation	(44,960)	(49,918)
Grants utilised as at March 31	489,901	525,960

Reconciliation of movement of liabilities to cash flows from financing activities

	Deferred capital grants -government (Note 18)	**Government grants received in advance (Note 20)**	**Deferred capital grants -others (Note 19)**	**Lease liabilities (Note 17)**	**Temasek Polytechnic Endowment Fund (Note 14)**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Group						
2020/2021						
Balance as at April 1, 2020	525,960	69,903	1,085	421	31,785	629,154
Changes from financing cash flows						
Capital grants utilised/received	3,812	-	984	–	–	4,796
F&E and IT grants set aside from MOE operating grant	–	21,700	–	–	–	21,700
Matching grant received from Government	–	–	–	–	3,595	3,595
Donations received for Bursaries & Scholarships	–	–	–	–	1,600	1,600
Repayment of lease liabilities	–	–	–	(226)	–	(226)
Net cash from financing activities	3,812	21,700	984	(226)	5,195	31,465
Amortisation of grants	(44,960)	–	(432)	–	–	(45,392)
Utilisation/(receipt) of grants	5,089	(12,361)	–	–	–	(7,272)
New lease liabilities	–	–	–	11	–	11
Total liability – related other changes	(39,871)	(12,361)	(432)	11	–	(52,653)
Balance as at March 31, 2021	489,901	79,242	1,637	206	36,980	607,966

	Deferred capital grants -government (Note 18)	Government grants received in advance (Note 20)	Deferred capital grants -others (Note 19)	Lease liabilities (Note 17)	Temasek Polytechnic Endowment Fund (Note 14)	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
2019/2020						
Balance as at April 1, 2019	546,896	68,152	1,121	192	30,873	647,234
Changes from financing cash flows						
Capital grants utilised/received	14,141	–	452	–	–	14,593
Interest earned on unutilised grant	–	17	–	–	–	17
F&E and IT grants set aside from MOE operating grant	–	21,800	–	–	–	21,800
Matching grant received from Government	–	–	–	–	762	762
Donations received for Bursaries & Scholarships	–	–	–	–	150	150
Repayment of lease liabilities	–	–	–	(227)	–	(227)
Net cash from financing activities	14,141	21,817	452	(227)	912	37,095
Amortisation of grants	(49,918)	(2,159)	(488)	–	–	(52,565)
Utilisation/(receipt) of grants	14,841	(17,907)	–	–	–	(3,066)
New lease liabilities	–	–	–	456	–	456
Total liability – related other changes	(35,077)	(20,066)	(488)	456	–	(55,175)
Balance as at March 31, 2020	525,960	69,903	1,085	421	31,785	629,154

19 DEFERRED CAPITAL GRANTS – OTHERS

	Group and Polytechnic	
	2020/2021	**2019/2020**
	$'000	$'000
Balance as at April 1	1,085	1,121
Grants utilised on property, plant and equipment	984	452
	2,069	1,573
Amortisation	(432)	(488)
Balance as at March 31	1,637	1,085

20 GOVERNMENT GRANTS RECEIVED IN ADVANCE

	Group and Polytechnic	
	2020/2021	**2019/2020**
	$'000	$'000
<u>F&E and IT grants</u>		
F&E and IT grants unutilised as at April 1	68,274	64,445
Interest earned on unutilised grants	-	17
Grants received	21,700	21,800
Grants utilised	(13,135)	(17,988)
F&E and IT grants unutilised as at March 31	76,839	68,274
<u>Operating grants</u>		
Balance as at April 1	-	2,159
Amortisation of co-funding arrangement with MOE (Note 24)	-	(2,159)
Balance as at March 31	-	-
<u>Development grants and others</u>		
Balance as at April 1	1,629	1,548
Grants received	774	81
Balance as at March 31	2,403	1,629
Total operating and development grants received in advance	2,403	1,629
Total	79,242	69,903
Breakdown as follows:		
<u>Non-current</u>		
F&E and IT grants	76,839	68,274
<u>Current</u>		
Operating and development grants received in advance	2,403	1,629

In prior year, the Group had recorded an amortisation of co-funding arrangement with MOE for operating grants previously given amounting to approximately $2,159,000 in the statement of comprehensive income (Note 24).

The Group received a grant of approximately $18,458,000 (2019/2020 : $18,973,000) from the MOE to reimburse the Goods and Services Tax ("GST") on the full tuition fees paid to the Inland Revenue Authority of Singapore.

21 TRADE AND OTHER PAYABLES

	Group		Polytechnic	
	2020/2021	**2019/2020**	**2020/2021**	**2019/2020**
	$'000	$'000	$'000	$'000
Trade payables	7,477	2,755	7,477	2,755
Other payables:				
- Sundry creditors	19,161	19,003	19,161	19,000
- Accruals for property, plant and equipment projects (Note 5)	409	2,685	409	2,685
- Other accruals	21,793	14,077	21,144	13,616
	48,840	38,520	48,191	38,056

22 INTEREST INCOME

	Group and Polytechnic	
	2020/2021	**2019/2020**
	$'000	$'000
Cash with Accountant-General's Department	3,409	6,154
Debt securities	1,434	1,351
	4,843	7,505

23 INVESTMENT INCOME

	Group and Polytechnic	
	2020/2021	**2019/2020**
	$'000	$'000
Net gain arising from financial assets at fair value through profit or loss	5,834	1,614

24 OPERATING GRANTS – GOVERNMENT

	Group and Polytechnic	
	2020/2021	**2019/2020**
	$'000	$'000
Operating grants received/receivable during the year	213,917	213,600
Less:		
Operating grants utilised on property, plant and equipment transferred to deferred capital grants – Government (Note 18)	(156)	(6,378)
Amortisation of co-funding arrangement with MOE (Note 20)	–	2,159
	213,761	209,381

25 THE TEMASEK POLYTECHNIC GENERAL EDUCATION FUND

In November 2002, the Board of Governors of the Polytechnic approved the setup of the Temasek Polytechnic General Education Fund. The Fund was subsequently granted the membership by the Ministry of Education under the Education Central Fund. The membership was renewed for a period of three years, effective from April 1, 2019 to March 31, 2022.

Under this membership, the Polytechnic is allowed to issue tax-deductible receipts to donors for donations contributed towards Bursary, Scholarship and Awards Fund, Temasek Polytechnic Endowment Fund and other education related activities which qualify for tax deduction. The Polytechnic has set up a Management Committee to administer the receipts and disbursement of the donations given by the donors.

The financial statements of the Temasek Polytechnic General Education Fund are given below:

	Group	
	2020/2021	**2019/2020**
	$'000	$'000
Income		
Donations received:		
Bursaries, scholarships and awards:		
- Tax deductible	994	359
- Non tax deductible	521	620
General donations	13	7
Interest income	1,088	1,182
Deferred capital grant amortised for donated assets	6	6
Other (expense)/income	–	(11)
	2,622	2,163
Expenditure		
Disbursements:		
- Endowment Fund	(1,095)	(1,439)
- Bursaries, scholarships and awards	(1,542)	(920)
- General donations	(6)	(1)
Depreciation	(6)	(6)
	(2,649)	(2,366)
Net deficit for the year	(27)	(203)
Accumulated surplus at 1 April	2,751	2,954
Accumulated surplus at 31 March	2,724	2,751

The disbursements were made from donations received in current and prior years.

The reserves set aside are to provide financial stability and to ensure a continuous supply of funds to meet the objectives of the Fund. The target is to maintain the reserves at a level equivalent to one year's disbursements and expenses. The reserves will be used to provide financial assistance to needy students, scholarships, bursaries, book prizes and for other education related activities. The Management Committee will review the reserves on a yearly basis to ensure they are adequate to fulfil the objectives of the Fund.

The donations and disbursements are recorded in the respective funds in the financial statements.

26 INCOME TAX

Domestic income tax is calculated at 17% (2019/2020 : 17%) of the estimated assessable income for the year.

The income tax for the year can be reconciled to the surplus after grants as follows:

	Group	
	2020/2021	**2019/2020**
	$'000	$'000
Surplus after grants	42,661	39,575
Income tax expense calculated at domestic income tax rate	7,252	6,728
Effects of:		
- Effect of surplus exempt from taxation	(7,252)	(6,728)
	–	–

27 OPERATING INCOME

	Group					
	General Fund		**Restricted Funds**		**Total**	
	2020/2021	**2019/2020**	**2020/2021**	**2019/2020**	**2020/2021**	**2019/2020**
	$'000	$'000	$'000	$'000	$'000	$'000
Type of services						
Student fees	49,941	52,208	–	–	49,941	52,208
Donations	14	7	1,515	979	1,529	986
Project, seminars and forums	5,200	5,537	–	–	5,200	5,537
Service fee income	8,307	8,417	–	–	8,307	8,417
Rental income	2,043	2,621	–	–	2,043	2,621
School/department income	1,401	1,824	–	–	1,401	1,824
Others	2,008	3,866	–	2	2,008	3,868
	68,914	74,480	1,515	981	70,429	75,461
Timing of revenue recognition						
Over time	68,900	74,473	–	2	68,900	74,475
At a point in time	14	7	1,515	979	1,529	986
	68,914	74,480	1,515	981	70,429	75,461

	Polytechnic					
	General Fund		Restricted Funds		Total	
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020
	$'000	$'000	$'000	$'000	$'000	$'000
Type of services						
Student fees	49,941	52,208	–	–	49,941	52,208
Donations	14	7	1,515	979	1,529	986
Project, seminars and forums	5,200	5,537	–	–	5,200	5,537
Service fee income	8,307	8,417	–	–	8,307	8,417
Rental income	2,043	2,621	–	–	2,043	2,621
School/department income	1,401	1,824	–	–	1,401	1,824
Others	1,942	3,895	–	2	1,942	3,897
	68,848	74,509	1,515	981	70,363	75,490
Timing of revenue recognition						
Over time	68,834	74,502	–	2	68,834	74,504
At a point in time	14	7	1,515	979	1,529	986
	68,848	74,509	1,515	981	70,363	75,490

28 OPERATING LEASE ARRANGEMENTS

At March 31, 2021, the Group is committed to approximately $22,000 (2019/2020 : $57,000) for short-term leases.

29 APPROPRIATION OF ACCUMULATED SURPLUS

The Group received a memorandum from the Ministry of Education dated July 3, 2002 which confirmed that the Ministry of Finance ("MOF") had no objection for the Group to retain the unutilised surpluses generated prior to financial year ended March 31, 2001 as working capital.

With effect from April 1, 2001, the Polytechnic is allowed to retain all the surpluses generated in accordance with the MOF's circular dated December 4, 2000. The circular was subsequently replaced by the MOF's circular dated May 4, 2011 which states the same stand on the surplus retention.

30 RELATED PARTIES

The Polytechnic is a statutory board domiciled in Singapore under the Temasek Polytechnic Act (Chapter 323A). As a statutory board, all Government ministries and departments, and statutory boards are deemed related parties of the Polytechnic and the Group.

Some of the Group's and Polytechnic's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

	Group		Polytechnic	
	2020/2021	**2019/2020**	**2020/2021**	**2019/2020**
	$'000	$'000	$'000	$'000
Grant/Operating income				
Ministry of Education	246,986	248,818	246,986	248,818
Related parties where key management personnel has control/significant influence	26,665	24,907	26,665	24,907
Subsidiary	-	-	414	491
Expenses				
Ministry of Education	(1,192)	(1,593)	(1,192)	(1,593)
Related parties where key management personnel has control/significant influence	(2,976)	(2,664)	(2,976)	(2,664)
Balances due from related parties as at March 31				
Ministry of Education	23	1,134	23	1,134
Related parties where key management personnel has control/significant influence	20,620	15,206	20,620	15,206
Subsidiary	-	-	17	63
Balances due to related parties as at March 31				
Ministry of Education	2,411	1,631	2,411	1,631
Related parties where key management personnel has control/significant influence	4	6	4	6

Compensation of Directors and key management personnel

Key management personnel of the Group and Polytechnic are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The Board of Governors, Principal, Deputy Principals, Senior Directors and Directors are considered as key management personnel of the Group and Polytechnic.

	Group and Polytechnic	
	2020/2021	**2019/2020**
	$'000	$'000
Short-term benefits	8,005	7,912
Employer's contribution to defined contribution plans including Central Provident Fund	445	465
	8,450	8,377

31 IMPACT OF COVID-19 ON THE GROUP'S OPERATIONS

The Coronavirus Disease ("COVID-19") outbreak and the measures taken to contain the spread of the pandemic have caused a high level of uncertainty to global economic prospects and this has indirectly impacted the Group's operations and its financial performance for the year ended March 31, 2021.

In order to reduce the transmission of COVID-19, Singapore was under "circuit breaker" from April 7, 2020 to June 1, 2020. During the circuit breaker, all businesses other than essential services were closed. Although the Group's business activities have remained largely operational thus far, the impact of COVID-19 on economies and businesses is expected to be broad and significant. The Group expects market conditions to remain challenging and its financial performance will continue to be affected by the uncertainties over the effectiveness of the COVID-19 vaccination.

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the year ended March 31, 2021.

- The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.

- The Group has considered the challenges arising from the outbreak and assessed the impact of COVID-19 on its operations, and anticipated that adequate funds are available for its operating requirements to enable it to continue as a going concern for at least the next 12 months from the date of this report.

The Group anticipates that any potential impact will depend on, to a large extent, future developments and further actions taken by Government authorities and other parties to contain the COVID-19 outbreak which are beyond the Group's control. The pandemic may continue to affect the Group in the next 12 months, hence the Group will stay vigilant and focus on improving operating efficiencies in a bid to contain costs.