

STATEMENT BY BOARD OF GOVERNORS

In the opinion of the board of governors, the accompanying financial statements set out on pages 4 to 31 are drawn up so as to give a true and fair view of the state of affairs of the Polytechnic as at 31 March 2009 and of the results, changes in accumulated surplus and reserve and cash flows of the Polytechnic for the financial year ended 31 March 2009.

ON BEHALF OF THE BOARD OF GOVERNORS

.....
Seah Moon Ming
Chairman

.....
Boo Kheng Hua
Principal & CEO

25 Jun 2009

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS OF TEMASEK POLYTECHNIC

Report on the Financial Statements

We have audited the accompanying financial statements of Temasek Polytechnic (the "Polytechnic") which comprise the balance sheet of the Polytechnic as at 31 March 2009, the statement of income and expenditure, statement of changes in accumulated surplus and reserve and cash flow statement of the Polytechnic for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 31.

The financial statements for the financial year ended 31 March 2008 were audited by another firm of auditors whose report dated 26 June 2008 expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Temasek Polytechnic Act, Chapter 323A (the "Act") and Singapore Statutory Board Financial Reporting Standards ("SB-FRS"). This responsibility includes: devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of income and expenditure and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Opinion

In our opinion,

- (a) the financial statements of the Polytechnic are properly drawn up in accordance with the provisions of the Act and SB-FRS so as to give a true and fair view of the state of affairs of the Polytechnic as at 31 March 2009 and of the results, changes in accumulated surplus and reserve and cash flows of the Polytechnic for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Polytechnic have been properly kept in accordance with the provisions of the Act, including records of all assets of the Polytechnic whether purchased, donated or otherwise.

Regulatory and other requirements

During the course of our audit, nothing came to our notice that caused us to believe that:

- (1) the receipt, expenditure and investment of monies and the acquisition and disposal of assets by the Polytechnic during the financial year have not been made in accordance with the provisions of the Act;
- (2) in relation to the Temasek Polytechnic General Education Fund (the "Fund"), the use of donations monies was not in accordance with the objectives of the Fund; and
- (3) there was fund raising appeal conducted by the Fund during the year ended 31 March 2009.

Deloitte & Touche LLP
*Public Accountants and
Certified Public Accountants*

Singapore
25 Jun 2009

STATEMENT OF INCOME AND EXPENDITURE
Year ended 31 March 2009

	<u>Note</u>	General Fund		Restricted Funds		Total	
		<u>2008/09</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2007/08</u>
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating income							
Student fees		33,874	33,064	4,548	3,849	38,422	36,913
Other income		2,033	1,888	457	877	2,490	2,765
Donations		155	70	611	281	766	351
Courses, projects, seminars and talks		2,514	2,079	3,310	4,003	5,824	6,082
		<u>38,576</u>	<u>37,101</u>	<u>8,926</u>	<u>9,010</u>	<u>47,502</u>	<u>46,111</u>
Operating expenses							
Salaries, CPF and other related costs		131,206	123,714	3,297	2,139	134,503	125,853
Depreciation	11	24,070	22,798	622	723	24,692	23,521
Repairs, maintenance and utilities		17,412	17,158	611	486	18,023	17,644
Property, plant and equipment expensed off		2,690	2,051	25	57	2,715	2,108
Teaching materials and resources		4,308	4,132	276	120	4,584	4,252
Student welfare		1,901	1,820	33	29	1,934	1,849
IT and information communication		1,185	1,058	116	61	1,301	1,119
Rental		607	869	913	7	1,520	876
Consultancy		501	774	-	-	501	774
Other expenditure		3,694	3,731	1,644	1,038	5,338	4,769
Fees for fund managers		77	(101)	-	-	77	(101)
Courses, projects, seminars and talks		4,482	2,949	2,290	1,886	6,772	4,835
		<u>192,133</u>	<u>180,953</u>	<u>9,827</u>	<u>6,546</u>	<u>201,960</u>	<u>187,499</u>

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

STATEMENT OF INCOME AND EXPENDITURE (CONT'D)
Year ended 31 March 2009

		General fund		Restricted funds		Total	
	<u>Note</u>	<u>2008/09</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2007/08</u>
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Operating (deficit)/surplus	4	(153,557)	(143,852)	(901)	2,464	(154,458)	(141,388)
Non-operating income/(expense)							
Interest income	5	2,364	3,586	213	266	2,577	3,852
Investment (loss)/income	6	(3,676)	(4,076)	-	-	(3,676)	4,076
(Deficit)/Surplus before grants		<u>(154,869)</u>	<u>(136,190)</u>	<u>(688)</u>	<u>2,730</u>	<u>(155,557)</u>	<u>(133,460)</u>
Grants							
Deferred capital grants amortised:							
Government	17	23,422	22,193	208	-	23,630	22,193
Others	18	702	658	-	-	702	658
Operating grants:							
Government	7	160,657	154,302	3,274	187	163,931	154,489
Others		3	-	-	-	3	-
		<u>184,784</u>	<u>177,153</u>	<u>3,482</u>	<u>187</u>	<u>188,266</u>	<u>177,340</u>
Surplus for the year		<u>29,915</u>	<u>40,963</u>	<u>2,794</u>	<u>2,917</u>	<u>32,709</u>	<u>43,880</u>

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

BALANCE SHEET
As at 31 March 2009

	<u>Note</u>	<u>2008/09</u> \$'000	<u>2007/08</u> \$'000
Accumulated surplus and reserve			
General fund	8	230,891	200,555
Restricted funds	8	24,918	22,545
Fair value reserve		24	270
		255,833	223,370
Temasek Polytechnic Endowment Fund	9	1,808	1,758
Other funds	10	6,717	6,160
Net assets of other funds	10	(6,717)	(6,160)
		-	-
		<u>257,641</u>	<u>225,128</u>
Non-current assets			
Property, plant and equipment	11	418,006	412,307
Investment in subsidiaries	12	-	-
Available-for-sale investments	13	354	6,353
		418,360	418,660
Current assets			
Available-for-sale investments	13	17,572	25,070
Trade and other receivables	14	14,882	16,581
Government grant receivables		37,064	31,727
Cash and blank balances	15	234,241	187,741
		<u>303,759</u>	<u>261,119</u>
Total Assets		<u>722,119</u>	<u>679,779</u>
Current liabilities			
Government grants received in advance		313	837
Trade and other payables	16	23,848	22,810
		24,161	23,647
Non-current liabilities			
Deferred capital grants - Government	17	438,307	429,326
Deferred capital grants - Others	18	2,010	1,678
		440,317	431,004
Total liabilities		<u>464,478</u>	<u>454,651</u>
Net assets		<u>257,641</u>	<u>225,128</u>

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

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS AND RESERVE
Year ended 31 March 2009

	General fund	Restricted funds	Fair value reserve	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2007	159,592	19,628	4,439	183,659
Change in fair value of available-for-sale investments	-	-	(4,169)	(4,169)
Net loss recognised directly in equity	-	-	(4,169)	(4,169)
Surplus for the year	40,963	2,917	-	43,880
Total recognised income and expense during the year	40,963	2,917	(4,169)	39,711
Balance at 31 March 2008	<u>200,555</u>	<u>22,545</u>	270	<u>223,370</u>
Change in fair value of available-for-sale investments	-	-	(246)	(246)
Net loss recognised directly in equity	-	-	(246)	(246)
Surplus for the year	29,915	2,794	-	32,709
Total recognised income and expense during the year	29,915	2,794	(246)	32,463
Transfer of deficit from General Funds to Restricted Funds	421	(421)	-	-
Balance at 31 March 2009	<u>230,891</u>	<u>24,918</u>	24	<u>255,833</u>

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

CASH FLOW STATEMENT
Year ended 31 March 2009

	Note	2008/09	2007/08
		\$'000	\$'000
Operating activities			
Deficit before grants		(155,557)	(133,460)
Adjustments for			
Depreciation of property, plant and equipment	11	24,692	23,521
(Gain)/Loss on disposal of property, plant and equipment		(17)	12
Fees for fund managers		77	(101)
Other income		(80)	-
Interest income	5	(2,577)	(3,852)
Investment loss/(income)	6	3,676	(4,076)
Operating deficit before working capital changes		(129,786)	(117,956)
Changes in working capital:			
Trade and other receivables		302	(9,662)
Trade and other payables		2,490	4,476
Cash flows used in operating activities		(126,994)	(123,142)
Investing activities			
Interest received		3,025	3,878
Investment income		13,546	30
Purchase of property, plant and equipment		(30,414)	(17,614)
Proceeds from sale of property, plant and equipment		40	14
Cash flows used in investing activities		(13,803)	(13,692)
Financing activities			
Operating grants received from Government		155,602	156,894
Capital grants received from Government		31,678	35,754
Special projects grants received		3,259	2,196
Donations received for Temasek Polytechnic Endowment Fund	9	50	150
Cash flows from financing activities		190,589	194,994
Net increase in case and cash equivalents		49,792	58,160
Cash and cash equivalents at beginning of year		180,007	121,847
Cash and cash equivalents at end of year	15	229,799	180,007

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

NOTES TO FINANCIAL STATEMENTS

31 March 2009

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Governors on 25 June 2009.

1 GENERAL

Temasek Polytechnic (the "Polytechnic") was established in 1990 under the Temasek Polytechnic Act (Chapter 323A). It is domiciled in the Republic of Singapore and its campus is situated 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with the applicable requirements of Temasek Polytechnic Act, Chapter 323A and Singapore Statutory Board Financial Reporting Standards ("SB-FRS"). SB-FRS includes Statutory Board Financial Reporting Standards, Interpretations of SB-FRS ("INT SB-FRS") and SB-FRS Guidance Notes as promulgated by the Accountant-General.

The financial statements are presented in Singapore dollars and rounded to the nearest thousand, unless otherwise stated. They are prepared on the historical cost basis except as otherwise described below.

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

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

Management is of the opinion that there are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amount recognised in the financial statements.

2.2 Adoption of new and revised standards

In the current financial year, the Polytechnic has adopted all the new and revised SB-FRSs and INT SB-FRS that are relevant to its operations and effective for annual periods beginning on or after 1 April 2008. The adoption of these new/revised SB-FRSs and INT SB-FRSs does not result in changes to the Polytechnic's accounting policies and has no material effect on the amounts reported for the current or prior years except as discussed below.

SB-FRS 107 - Financial Instruments: Disclosures and amendments to SB-FRS 1 Presentation of Financial Statements relating to capital disclosures

The Polytechnic has adopted SB-FRS 107 with effect from 1 April 2008. The new Standard has resulted in an expansion of the disclosures in these financial statements regarding the Polytechnic's financial instruments. The Polytechnic has also presented information regarding its objectives, policies and processes for managing capital (see Note 3) as required by the amendments to SB-FRS 1 which are effective from 1 April 2008.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

2.3 Functional currency

The functional currency of the Polytechnic is the Singapore dollar. As student fees, grants and purchases are denominated primarily in Singapore dollar, the Board of Governors are of the opinion that the Singapore dollar reflects the economic substance of the underlying events and circumstances relevant to the Polytechnic.

2.4 Revenue recognition

Student fees

Tuition and other fees for an academic year are recognised over the period of service in a financial year.

Income from courses/projects

Revenue from courses/projects are recognised based on percentage of completion, determined on a straight-line basis over the period of the courses/projects.

Interest income

Interest income is recognised on an accrual basis using the effective interest method.

Donations

Donations are recognised upon receipt.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

2.5 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 the Statement of Income and Expenditure 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 the Statement of Income and Expenditure for assets which are written off in the year of purchase.

The deferred capital grants are recognised in the Statement of Income and Expenditure 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 the Statement of Income and Expenditure to reflect the net book value of the assets disposed.

Government grants to meet the current year's operating expenses are taken to the Statement of Income and Expenditure for the year. Government grants are accounted for on an accrual basis.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

2.6 Provisions

Provisions are recognised when the Polytechnic has a present obligation (legal or constructive) as a result of a past event, it is probable that the Polytechnic will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

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

2.7 Income tax

The Polytechnic is registered as a charitable institution.

With effect from the Year of Assessment 2008 or the financial year ended 31 March 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.

2.8 Funds

General fund

Income and expenditure relating to the main activities of the Polytechnic are accounted for through the General Fund in the Statement of Income and Expenditure.

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 Income and Expenditure.

The assets and liabilities of these funds are accounted for separately. However, for presentation purposes, they are pooled together with those of the General Fund.

Other funds

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

The assets and liabilities of funds - Funds for staff and student loans and Khoo Teck Puat International Opportunity Programme Fund held in trust for Ministry of Education and Campus Care Network Fund held in trust for the staff and students of the Polytechnic are presented as a line item under the capital and other funds section on the face of the balance sheet of the financial statements as prescribed by SB-FRS Guidance Note 1. Income and expenditure relating to these funds are accounted for directly in these funds. Details of income, expenditure, assets and liabilities relating to these funds are disclosed in Note 10 to the financial statements.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

2.9 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Donated assets are recorded at valuation as their cost base. Depreciation is provided on a straight-line basis so as to write off items of the property, plant and equipment over their estimated useful lives as follows:

Leasehold land	-	Over lease term of 99 years
Leasehold building	-	50 years
Building improvements	-	5 years
Furniture, fittings and equipment	-	5 years
Computer hardware and software	-	3 to 5 years
Workshop equipment and machinery	-	5 to 10 years
Vehicles	-	5 years
Plant and machinery	-	10 years

Property, plant and equipment costing less than \$2,000 are charged to the Statement of Income and Expenditure in the year of purchase.

Capital work-in-progress relating to leasehold improvements are stated at cost. No depreciation is charged on capital work-in-progress. Upon completion of the capital work-in-progress, the property, plant and equipment are transferred to the respective property, plant and equipment categories and are depreciated accordingly.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

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

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Income and Expenditure.

2.10 Subsidiaries

Subsidiaries are companies controlled by the Polytechnic. Control exists when the Polytechnic has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

Investment in subsidiary is stated in the Polytechnic's balance sheet at cost less impairment losses.

2.11 Financial instruments

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest rate basis for debt instruments other than those financial instruments "at fair value through income and expenditure".

NOTES TO FINANCIAL STATEMENTS (CONT'D)

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in debt securities, quoted securities, funds managed by fund managers, trade and other receivables, government grant receivables, cash and cash equivalents, and trade and other payables.

Trade and other receivables and government grant receivables are measured at amortised cost using the effective interest method less impairment losses. Interest is recognised by applying the effective interest method, except for short-term balances when the recognition of interest would be immaterial.

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method except for short-term balances when the recognition of interest would be immaterial.

Debt securities, quoted securities and funds managed by fund managers are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses, and foreign exchange gains and losses on available-for-sale monetary assets are recognised directly in Fair Value Reserve. Investments in unquoted shares whose fair values cannot be reliably estimated are stated at cost less impairment based on investment's estimated net recoverable amount. When the investment is derecognised, the cumulative gain or loss in the Fair Value Reserve is transferred to the Statement of Income and Expenditure.

The fair value of financial instruments classified as available-for-sale is determined as the quoted bid price or fair value estimates provided by the fund managers at the balance sheet date.

A financial instrument is recognised if the Polytechnic becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Polytechnic's contractual rights to the cash flows from the financial assets expire or if the Polytechnic transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Financial liabilities are derecognised if the Polytechnic's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and bank deposits and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the Statement of Income and Expenditure.

With the exception of available-for-sale equity investments, in a subsequent period, the amount of impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the Statement of Income and Expenditure.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss, is recognised directly in equity.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

2.12 Impairment – non-financial assets

The carrying amounts of the Polytechnic's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the Statement of Income and Expenditure.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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

2.13 Operating leases

Where the Polytechnic has the use of assets under operating leases, payments made under the leases are recognised in the Statement of Income and Expenditure on a straight-line basis over the term of the lease.

2.14 Employee benefits

Defined contribution plans

Obligations for contributions to post-employment benefits under defined contribution plans are recognised as an expense in the Statement of Income and Expenditure as incurred.

Short-term employee benefits

All short-term employee benefits, including employee leave entitlements, are recognised in the Statement of Income and Expenditure in the period in which the employees render their services to the Polytechnic.

3 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the balance sheet date:

	<u>2008/09</u> \$'000	<u>2007/08</u> \$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	285,351	235,042
Available-for-sale financial assets	<u>17,926</u>	<u>31,423</u>
Financial liabilities		

NOTES TO FINANCIAL STATEMENTS (CONT'D)**(b) Financial risk management policies and objectives**

The Polytechnic's overall financial risk management programme seeks to minimise potential adverse effects on the financial performance of the Polytechnic. There have been no changes to the Polytechnic's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign currency risk management

No sensitivity analysis is prepared as the Polytechnic incurs minimal foreign currency risk as its transactions are substantially denominated in Singapore dollars.

(ii) Interest rate risk management

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

(iii) Equity price risk management

The Polytechnic is exposed to equity risks arising from equity investments classified as available-for-sale investments. Available-for-sale investments are held for strategic rather than trading purposes.

The available-for-sale investments can be found in Note 13 to the financial statements.

Equity price sensitivity

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. 10% is the sensitivity rate used when reporting equity price sensitivity internally to key management personnel and represents management's assessment of the possible change in equity price.

In respect of available-for-sale investments, if the market value of the investments had been 10% higher:

- the Polytechnic's surplus for the year ended 31 March 2009 would increase by \$1.6 million; and
- the Polytechnic's fair value reserves gain for the year ended 31 March 2009 would increase by \$0.2 million (2008 : increase by \$3.1 million).

In respect of available-for-sale investments, if the market value of the investments had been 10% lower:

- the Polytechnic's surplus for the year ended 31 March 2009 would decrease by \$0.2 million; and
- the Polytechnic's fair value reserves loss for the year ended 31 March 2008 would increase by \$3.1 million.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

(iv) *Credit risk*

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 Polytechnic, as and when they fall due.

At the balance sheet date, there was no significant concentration of credit risk except for Government grant receivables and funds managed by fund managers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. Cash and fixed deposits and funds are placed with banks and financial institutions which are regulated.

(v) *Liquidity risk*

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

All financial liabilities in 2009 and 2008 are repayable on demand or due within 1 year from the balance sheet date.

(vi) *Fair value of financial assets and financial liabilities*

The fair value of available-for-sale investments are disclosed in Note 13 to the financial statements. The carrying amount of the Polytechnic's other financial assets and liabilities approximate their fair values due to the relatively short-term nature of these financial instruments.

(c) *Capital risk management policies and objectives*

The Polytechnic reviews its capital structure at least annually to ensure that the Polytechnic will be able to continue as a going concern. The capital structure of the Polytechnic comprises only of accumulated surplus and reserve. The Polytechnic's overall strategy remains unchanged from prior year.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

4 OPERATING (DEFICIT) /SURPLUS

The item has been arrived at after charging (crediting):

	<u>2008/09</u>	<u>2007/08</u>
	\$'000	\$'000
Allowance made on doubtful trade receivables	-	66
Contribution to defined contribution plan included in salaries	13,113	12,648
Exchange loss/(gain)	10	(13)
	<u>10</u>	<u>(13)</u>

5 INTEREST INCOME

	<u>2008/09</u>	<u>2007/08</u>
	\$'000	\$'000
Current accounts with financial institutions	1	86
Debt securities	16	164
Fixed deposits	2,560	3,602
Total	<u>2,577</u>	<u>3,852</u>

6 INVESTMENT (LOSS) / INCOME

	<u>2008/09</u>	<u>2007/08</u>
	\$'000	\$'000
Dividend income on available-for-sale investments	287	1,000
Impairment loss on available-for-sale investments	(1,555)	-
(Loss)/Gain on disposal of available-for-sale investments	(2,408)	3,076
Net	<u>(3,676)</u>	<u>4,076</u>

7 OPERATING GRANTS - GOVERNMENT

	<u>2008/09</u>	<u>2007/08</u>
	\$'000	\$'000
Operating grants received during the year	174,223	155,542
Less:		
Operating grants utilised on property, plant and equipment transferred to deferred capital grants – Government (Note 17)	(10,129)	(895)
Operating grants utilised on property, plant and equipment transferred to deferred capital grants – Others (Note 18)	(163)	(158)
Net	<u>163,931</u>	<u>154,489</u>

During the financial year, the Polytechnic received a grant of \$16,135,000 (2008: \$13,510,000) from the Ministry of Education to settle the outstanding goods and services tax payable to the Inland Revenue Authority of Singapore. This amount has not been included in the operating grants received from the Government as disclosed above.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

8 ACCUMULATED SURPLUS

General Fund

As at the balance sheet date, the Polytechnic has capital commitment of approximately \$1.5 million (2008 : \$2.3 million).

Restricted Funds

Restricted Funds comprise the following funds:

Name of Fund	Purpose
Bursary, Scholarship and Awards Fund	Providing financial assistance to needy students, scholarships to students and book prizes and medals to students and graduates who excel academically and in extra-curricular activities.
Staff Apartment Fund	Maintaining and upgrading of the Polytechnic's staff apartments.
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 the Polytechnic; (e) scholarships to outstanding students; and (f) bursaries to deserving needy students.
Miscellaneous Fund - Self financing Project Fund	Conducting pre-employment education for the hospitality and tourism workforce in Singapore, short and continuing education courses; upgrading Polytechnic's teaching facilities; and providing welfare and wellness activities for the Polytechnic's students and staff.
- Special Projects Fund	Providing training and placement for working adults with funding from Government agencies and external parties.

The Bursary, Scholarship and Awards Fund and Temasek Polytechnic Endowment Fund are included in Temasek Polytechnic General Education Fund (See Note 19).

NOTES TO FINANCIAL STATEMENTS (CONT'D)

Breakdown of the income and expenditure of the funds which are pooled under "Restricted Funds" in the Statement of Income and Expenditure is as follows:

Restricted Funds	Bursary, Scholarship and Awards Fund		Staff Apartment Fund		Temasek Polytechnic Endowment Fund		Miscellaneous Fund		Total	
	<u>2008/09</u> \$'000	<u>2007/08</u> \$'000	<u>2008/09</u> \$'000	<u>2007/08</u> \$'000	<u>2008/09</u> \$'000	<u>2007/08</u> \$'000	<u>2008/09</u> \$'000	<u>2007/08</u> \$'000	<u>2008/09</u> \$'000	<u>2007/08</u> \$'000
Operating income										
Student fees	-	-	-	-	-	-	4,548	3,849	4,548	3,849
Other income	-	-	399	759	-	-	58	118	457	877
Donations										
- tax deductible	545	281	-	-	-	-	-	-	545	281
- non tax deductible	66	-	-	-	-	-	-	-	66	-
Courses, projects, seminars and talks	-	-	-	-	-	-	3,310	4,003	3,310	4,003
	<u>611</u>	<u>281</u>	<u>399</u>	<u>759</u>	<u>-</u>	<u>-</u>	<u>7,916</u>	<u>7,970</u>	<u>8,926</u>	<u>9,010</u>
Operating expenditure										
Salaries, CPF and other related costs	-	-	-	-	-	-	3,297	2,139	3,297	2,139
Depreciation	-	-	-	1	-	-	622	722	622	723
Repairs and maintenance	-	-	-	-	-	-	611	486	611	486
Property, plant and equipment expensed off	-	-	3	1	-	-	22	56	25	57
Teaching materials and resources	-	-	-	-	-	-	276	120	276	120
Student welfare	-	-	-	-	-	-	33	29	33	29
IT and information communication	-	-	-	-	-	-	116	-	116	-
Rental	-	-	-	-	-	-	913	-	913	-
Other expenditure	373	319	432	377	-	-	839	410	1,644	1,106
Courses, projects, seminars and talks	-	-	-	-	-	-	2,290	1,886	2,290	1,886
	<u>373</u>	<u>319</u>	<u>435</u>	<u>379</u>	<u>-</u>	<u>-</u>	<u>9,019</u>	<u>5,848</u>	<u>9,827</u>	<u>6,546</u>

NOTES TO FINANCIAL STATEMENTS (CONT'D)

Restricted Funds	Bursary, Scholarship and Awards Fund		Staff Apartment Fund		Temasek Polytechnic Endowment Fund		Miscellaneous Fund		Total	
	<u>2008/09</u> \$'000	<u>2007/08</u> \$'000	<u>2008/09</u> \$'000	<u>2007/08</u> \$'000	<u>2008/09</u> \$'000	<u>2007/08</u> \$'000	<u>2008/09</u> \$'000	<u>2007/08</u> \$'000	<u>2008/09</u> \$'000	<u>2007/08</u> \$'000
Operating surplus/(deficit)	238	(38)	(36)	380	-	-	(1,103)	2,122	(901)	2,464
Non-operating income										
Interest income	-	1	-	-	26	39	187	226	213	266
(Deficit)/Surplus before grants	238	(37)	(36)	380	26	39	(916)	2,348	(688)	2,730
Grants										
Deferred Capital Grant - Government	-	-	-	-	-	-	208	-	208	-
Operating Grant - Government	-	-	-	-	-	-	3,274	187	3,274	187
(Deficit)/Surplus for the year	238	(37)	(36)	380	26	39	2,566	2,535	2,794	2,917
Transfer from General fund	-	-	-	-	-	-	(421)	-	(421)	-
Accumulated surplus at 1 April	347	384	3,328	2,948	189	150	18,681	16,146	22,545	19,628
Accumulated surplus at 31 March	585	347	3,292	3,328	215	189	20,826	18,681	24,918	22,545
<i>Represented by:</i>										
Property, plant and equipment	-	-	-	-	-	-	1,170	1,120	1,170	1,120
Trade and other receivables	-	-	10	9	7	12	1,650	1,615	1,667	1,636
Cash and bank balances	585	347	3,297	3,348	208	177	20,684	18,106	24,774	21,978
Government grants received in advance	-	-	-	-	-	-	(278)	-	(278)	-
Trade and other payables	-	-	(15)	(29)	-	-	(1,775)	(2,160)	(1,790)	(2,189)
Deferred capital grant - Government	-	-	-	-	-	-	(625)	-	(625)	-
	585	347	3,292	3,328	215	189	20,826	18,681	24,918	22,545

NOTES TO FINANCIAL STATEMENTS (CONT'D)

9 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 Income and Expenditure (See Note 8).

	<u>2008/09</u> \$'000	<u>2007/08</u> \$'000
At 1 April	1,758	1,608
Donations received	50	150
At 31 March	<u>1,808</u>	<u>1,758</u>
<i>Represented by:</i>		
Cash and bank balances	-	418
Fixed deposits	1,558	1,090
Investment in bonds	250	250
Total	<u>1,808</u>	<u>1,758</u>

10 OTHER FUNDS

(a) Staff Loan and Tuition Fee Loan/Study Loan

Staff loan

This comprises advances from the Government, which provides housing loans to staff. The housing loans are managed by a financial institution on behalf of the Polytechnic. Housing loans are repayable with interest of 5% per annum by monthly instalments over periods up to 30 years.

On October 11, 2001, the Ministry of Education issued a circular stating that with effect from financial year ended 2002/2003, all new staff housing loans should be obtained directly from financial institutions or from the Polytechnic itself instead of from the Government. Existing housing loans will continue to be borne by the Government until they are fully repaid. Repayment of these loans as well as unutilised funds would have to be returned to the Government.

Tuition Fee Loan/Study 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.

Study loan comprises advances from the Government, which provides loans to needy students. Such loans are repayable by monthly instalments, within 2 years from the 7th month immediately following the month of the borrowers' graduation.

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

NOTES TO FINANCIAL STATEMENTS (CONT'D)

	Staff Loan		Tuition Fee Loan		Study Loan		Total	
	<u>2008/09</u> \$'000	<u>2007/08</u> \$'000	<u>2008/09</u> \$'000	<u>2007/08</u> \$'000	<u>2008/09</u> \$'000	<u>2007/08</u> \$'000	<u>2008/09</u> \$'000	<u>2007/08</u> \$'000
At 1 April	96	114	5,766	5,488	7	7	5,869	5,609
Amount(refunded to)/contributed by Government	(19)	(18)	488	278	-	-	469	260
At 31 March	<u>77</u>	<u>96</u>	<u>6,254</u>	<u>5,766</u>	<u>7</u>	<u>7</u>	<u>6,338</u>	<u>5,869</u>

Represented by:

Outstanding loans:

Staff loans	77	96	-	-	-	-	77	96
Tuition fee loans	-	-	5,904	5,719	-	-	5,904	5,719
Study loans	-	-	-	-	-	1	-	1
Bank balance	-	-	350	47	7	6	357	53
Total	<u>77</u>	<u>96</u>	<u>6,254</u>	<u>5,766</u>	<u>7</u>	<u>7</u>	<u>6,338</u>	<u>5,869</u>

(b) Campus Care Network Fund

The campus care network ("CCN") fund was setup 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.

	<u>2008/09</u> \$'000	<u>2007/08</u> \$'000
At 1 April	291	256
Contribution received	51	52
Other income	7	6
Donation to TP Bursary	(29)	-
Relief to students	(49)	(23)
At 31 March	<u>271</u>	<u>291</u>

Represented by:

Receivables	1	1
Cash and bank balances	270	290
Total	<u>271</u>	<u>291</u>

NOTES TO FINANCIAL STATEMENTS (CONT'D)

(c) Khoo Teck Puat International Opportunity Programme Fund

The Estate of Tan Sri Khoo Teck Puat launched the Khoo Teck Puat International Opportunity Programme ("KTPIOP") on 18 December 2007. The KTPIOP is supported by this fund. This programme aims to provide needy students from the Polytechnic an opportunity to obtain an overseas education experience. The fund is managed and disbursed by MOE to the Polytechnic which will administer the application and award processing on behalf of the donor.

	<u>2008/09</u>	<u>2007/08</u>
	\$'000	\$'000
At 1 April	-	-
Contribution received	134	-
Financial assistance to students	(26)	-
At 31 March	<u>108</u>	<u>-</u>
<i>Represented by:</i>		-
Cash and bank balances	<u>108</u>	<u>-</u>

NOTES TO FINANCIAL STATEMENTS (CONT'D)

11 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building \$'000	Building improvements \$'000	Furniture fittings and equipment \$'000	Computer hardware \$'000	Workshop equipment and machinery \$'000	Vehicles \$'000	Computer software \$'000	Plant and machinery \$'000	Capital work-in- progress \$'000	Total \$'000
Cost:										
At 1 April 2007	479,779	21,487	54,276	71,952	37,352	149	29,073	83,149	6,615	783,832
Additions/Adjustments	(819)	476	2,115	4,598	3,728	-	2,051	22	5,478	17,649
Transfers	4,220	1,045	1,350	751	1,259	-	1,067	74	(9,766)	-
Disposals	(68)	(461)	(1,017)	(5,628)	(1,266)	149	(829)	-	-	(9,269)
At 31 March 2008	483,112	22,547	56,724	71,673	41,073	-	31,362	83,245	2,327	792,212
Additions/Adjustments	(816)	1,183	2,395	8,070	2,132	-	4,214	2,708	10,566	30,452
Transfers	1,521	127	-	9	103	-	245	173	(2,178)	-
Disposals	-	(733)	(2,055)	(11,262)	(1,093)	(48)	(916)	(2,693)	-	(18,800)
At 31 March 2009	483,817	23,124	57,064	68,490	42,215	101	34,905	83,433	10,715	803,864
Accumulated depreciation:										
At 1 April 2007	98,269	19,105	49,880	65,777	32,742	149	23,784	75,895	-	365,601
Depreciation	9,043	1,059	1,947	4,543	2,474	-	2,515	1,940	-	23,521
Disposals	(17)	(462)	(1,016)	(5,628)	(1,265)	-	(829)	-	-	(9,217)
At 31 March 2008	107,295	19,702	50,811	64,692	33,951	149	25,470	77,835	-	379,905
Depreciation	9,063	1,043	2,365	4,812	2,447	-	3,054	1,908	-	24,692
Disposals	-	(733)	(2,002)	(11,260)	(1,091)	(48)	(916)	(2,689)	-	(18,739)
At 31 March 2009	116,358	20,012	51,174	58,244	35,307	101	27,608	77,054	-	385,858
Carrying amount:										
At 31 March 2009	367,459	3,112	5,890	10,246	6,908	-	7,297	6,379	10,715	418,006
At 31 March 2008	375,817	2,845	5,913	6,981	7,122	-	5,892	5,410	2,327	412,307

NOTES TO FINANCIAL STATEMENTS (CONT'D)

12 INVESTMENT IN SUBSIDIARIES

	<u>2008/09</u>	<u>2007/08</u>
	\$	\$
Unquoted equity shares, at cost	<u>2</u>	<u>2</u>

Details of subsidiaries are as follows:

<u>Name of subsidiary</u>	<u>Country of registration and operation</u>	<u>Polytechnic's effective equity interest and voting power held</u>	<u>Principal activities</u>	
		<u>2008/09</u> %	<u>2007/08</u> %	
<i>Held by the Polytechnic:</i>				
TP Innovation Holdings Pte Ltd	Singapore	100	100	Investment company to promote and commercialise Temasek Polytechnic's research and development results, technology, design or business innovations
<i>Held by the subsidiary:</i>				
TP Education Services Pte Ltd	Singapore	100	100	Company dealing with matters relating to and connected to education, course know-how, training of personnel, on the job training and/or internship placements for students and granting licences and franchises

At the balance sheet date, the Polytechnic had given an undertaking to provide continuing financial support to the subsidiaries.

The assets, liabilities and results of the subsidiaries have not been consolidated as they are not considered to be material to the Polytechnic's financial statements.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

13 AVAILABLE-FOR-SALE INVESTMENTS

	<u>2008/09</u>	<u>2007/08</u>
	\$'000	\$'000
Unquoted equity shares, carried at cost	80	-
Financial assets available-for-sale, carried at fair value		
Quoted debt securities	274	2,293
Quoted securities managed by fund managers		
-debt	-	4,817
-equity	1,925	6,827
-unit trust/real estate investment trusts	15,647	17,486
	<u>17,926</u>	<u>31,423</u>
Analysed as:		
Current	17,572	25,070
Non-current	354	6,353
Total	<u>17,926</u>	<u>31,423</u>

The investments in quoted securities at fair value include an impairment loss of \$1,555,000 (2008 : \$Nil).

As at balance sheet date, the quoted debt securities bear interest rate of 4.17% (2008 : 4.17%) per annum. Interest is receivable on a semi-annual basis. The maturity dates of debt securities range from 13 December 2011 to 10 May 2016.

Investments managed by fund managers form part of the Polytechnic's funds which are administered by an asset management company (fund manager). The fund manager is given discretionary powers within certain guidelines to invest the funds.

The Polytechnic's available-for-sale investments are substantially denominated in its functional currency.

14 TRADE AND OTHER RECEIVABLES

	<u>2008/09</u>	<u>2007/08</u>
	\$'000	\$'000
Trade receivables	1,464	1,601
Allowance for doubtful receivables	-	(66)
Net receivables	<u>1,464</u>	<u>1,535</u>
Deposits and prepayments	1,158	1,322
Grant receivable on goods services taxes	7,962	7,812
Tote grant	1,123	1,594
Sundry debtors	3,175	4,318
Total	<u>14,882</u>	<u>16,581</u>

NOTES TO FINANCIAL STATEMENTS (CONT'D)

	<u>2008/09</u>	<u>2007/08</u>
	\$'000	\$'000
Movement in allowance for doubtful debts:		
Balance at beginning of year	66	21
Charge to profit and loss	-	66
Amounts written off during the year	(66)	(21)
Balance at end of year	<u>-</u>	<u>66</u>

As at balance sheet date, sundry debtors include receivables on sale of financial instruments, interest and other receivables, aggregating \$108,000 (2008 : \$1,273,000) which are managed by fund managers.

The average credit period on student fees is 15 to 30 days (2008 : 15 to 40 days). No interest is charged on the outstanding trade receivables.

Included in the Polytechnic's trade receivables and sundry debtors balances are debtors with a carrying amount of \$802,000 (2008 : \$883,000) which are past due at the reporting date for which the Polytechnic has not provided as there has not been a significant change in the credit quality and the amounts are still considered recoverable. The aging profile of these receivables is as follows:

	<u>2008/09</u>	<u>2007/08</u>
	\$'000	\$'000
Not past due and not impaired	662	652
Past due but not impaired	802	883
Total	<u>1,464</u>	<u>1,535</u>
Impaired receivables - collectively assessed	-	66
Less: Provision for impairment	-	(66)
Net	<u>-</u>	<u>-</u>
Net trade receivables	<u>1,464</u>	<u>1,535</u>
Aging of receivables that are past due but not impaired		
< 3 months	593	539
3 months to 12 months	124	263
> 12 months	85	81
Total	<u>802</u>	<u>883</u>

The Polytechnic's trade and other receivables are substantially denominated in its functional currency.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

15 CASH AND BANK BALANCES

	<u>2008/09</u>	<u>2007/08</u>
	\$'000	\$'000
Fixed deposits with financial institutions	224,236	167,638
Cash at bank and on hand	10,005	20,103
Total cash and bank balances	234,241	187,741
Less:		
Cash and cash equivalents managed by fund managers		
- Fixed deposits with financial institutions	(2,800)	(7,281)
- Cash at bank and in hand	(1,642)	(453)
Net cash and cash equivalents in cash flow statement	229,799	180,007

The fixed deposits bear interest rates of 0.45% to 1.39% (2008: 1.25% to 2.47%) per annum as at the balance sheet date. Interest rates are repriced at intervals of four to twelve months (2008 : five to twelve months).

The fixed deposits managed by fund managers bear interest rates of 0.5% to 1.0% (2008 : 0.65% to 1.25%) per annum.

The Polytechnic's cash and cash equivalents are all denominated in its functional currency.

16 TRADE AND OTHER PAYABLES

	<u>2008/09</u>	<u>2007/08</u>
	\$'000	\$'000
Trade creditors	6,284	6,776
Sundry creditors	5,479	6,610
Accruals	9,620	5,854
Deferred income for courses in progress	2,465	3,570
Total	23,848	22,810

As at balance sheet date, sundry creditors include payables on purchase of financial assets managed by fund managers, and management fees payable to fund managers, aggregating \$112,000 (2008 : \$397,000).

The Polytechnic's trade and other payables are substantially denominated in its functional currency.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

17 DEFERRED CAPITAL GRANTS – GOVERNMENT

	<u>2008/09</u>	<u>2007/08</u>
	\$'000	\$'000
At 1 April	429,326	425,169
Development grants:		
Utilised	870	3,973
Operating grants:		
Utilised	10,129	895
F&E and IT grants:		
Utilised	18,574	10,895
Unutilised	3,038	10,587
Total	461,937	451,519
Amortisation	(23,630)	(22,193)
At 31 March	<u>438,307</u>	<u>429,326</u>

18 DEFERRED CAPITAL GRANTS – OTHERS

	<u>2008/09</u>	<u>2007/08</u>
	\$'000	\$'000
At 1 April	1,678	684
Grants utilised on property, plant and equipment	871	1,494
Operating grants utilised on co-funded property, plant and equipment	163	158
Total	2,712	2,336
Amortisation	(702)	(658)
At 31 March	<u>2,010</u>	<u>1,678</u>

19 THE TEMASEK POLYTECHNIC GENERAL EDUCATION FUND

In November 2002, the Board of Governors of the Polytechnic approved the setting up 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 five years with effect from 1 April 2008.

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 tax-deductible donations given by the donors.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

The statement of the tax-deductible donations received for the Bursary, Scholarship and Awards Fund and Temasek Polytechnic Endowment Fund and the disbursements in the financial year is given below:

	<u>2008/09</u>	<u>2007/08</u>
	\$'000	\$'000
Tax deductible donations received:		
Endowment Fund	50	150
Bursaries, scholarships and awards	545	281
General donations	125	70
Other income	5	9
Total	<u>725</u>	<u>510</u>
Disbursements:		
Bursaries, scholarships and awards	(290)	(220)
General donations	(137)	(67)
Net	<u>298</u>	<u>223</u>

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

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

20 COMMITMENTS

At the balance sheet date, the Polytechnic has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	<u>2008/09</u>	<u>2007/08</u>
	\$'000	\$'000
Within one year	795	1,113
In the second to fifth year inclusive	98	844
Total	<u>893</u>	<u>1,957</u>

Operating lease payments represent rentals payable by the Polytechnic for its office premises and office equipment. Leases are negotiated and rentals are fixed for an average term of three to five years.

21 APPROPRIATION OF ACCUMULATED SURPLUS

The Polytechnic received a memo from Ministry of Education dated 3 July 2002 which confirmed that Ministry of Finance ("MOF") had no objection for the Polytechnic to retain the unutilised surplus generated prior to financial year 2000/2001 as working capital.

For the surplus generated from financial year 2000/2001 onwards, the Polytechnic is allowed to retain all in accordance with MOF's circular dated 4 December 2000.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

22 KEY MANAGEMENT PERSONNEL

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

	<u>2008/09</u> \$'000	<u>2007/08</u> \$'000
Short-term benefits	3,875	3,996
Defined contribution plans	151	123

23 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

At the date of authorisation of these financial statements, the following SB-FRS that is relevant to the Polytechnic was issued but not effective.

SB-FRS 1 – Presentation of Financial Statements (Revised)

SB-FRS 1 (Revised) will be effective for annual periods beginning on or after 1 January 2009, and will change the basis for presentation and structure of the financial statements. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other SB-FRSs.

SB-FRS 107 – Financial Instruments Disclosure (Revised)

SB-FRS 107 (Revised) will be effective for annual periods beginning on or after 1 January 2009, and will not affect any of the amounts recognised in the financial statements, but will change the disclosures presently made in relation to the Polytechnic's financial instruments. In particular, the Polytechnic is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).