



ANNUAL REPORT 2019/2020
for the Year Ended 31 March 2020



New Wave New Future



In the opinion of the Board of Governors, the Annual Report of the INSTITUTE OF TECHNICAL EDUCATION presents fairly the state of affairs of the INSTITUTE OF TECHNICAL EDUCATION as at 31 March 2020.

On behalf of the Board of Governors:



ANDREW CHONG
Chairman



LOW KHAH GEK
Chief Executive Officer

ORGANISATION DETAILS

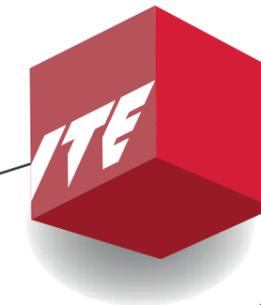
Board Secretary	HENG Guan Teck Deputy Chief Executive Officer (Corporate & HR)
Address	Institute of Technical Education 2 Ang Mo Kio Drive Singapore 567720
Telephone	(65) 6590 2013
Fax	(65) 6776 7685
Email	Heng_Guan_Teck@ite.edu.sg

ABOUT ITE

The Institute of Technical Education (ITE) was established as a post-secondary institution in 1992, under the Ministry of Education. ITE is a principal provider of career and technical education and a key developer of national skills certification and standards skilling Singapore for the future economy. It offers three key programmes – (1) Pre-Employment Training for youths after secondary education (2) Continuing Education and Training for adult learners and (3) Industry-Based and Work-Learn Programmes with employers. Under its **'One ITE System, Three Colleges'** Governance Model, ITE has three Colleges – **ITE College Central, ITE College East** and **ITE College West**, each empowered to develop its own niche of excellence to enhance students' success and the attractiveness of an ITE Education.

VISION

A Trailblazer in Career
Technical Education and
Work-Study Training



MISSION

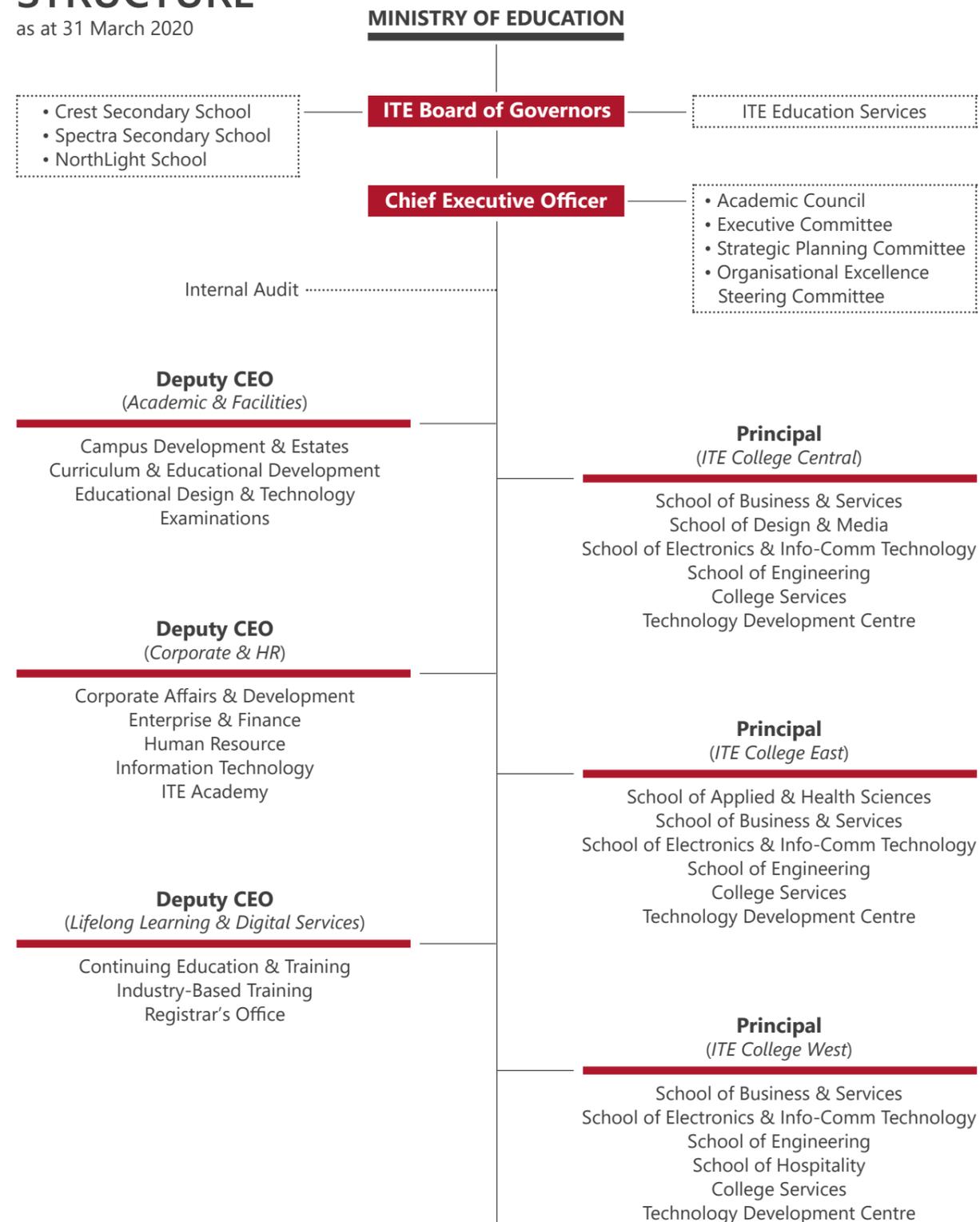
Create Opportunities for
Students and Adult Learners
to Acquire Skills, Knowledge
and Values for Employability
and Lifelong Learning

VALUES

ITE Care –
Integrity
Teamwork
Excellence
Care

ORGANISATION STRUCTURE

as at 31 March 2020



ITE BOARD OF GOVERNORS

The ITE Board of Governors provides counsel to Management and steers ITE towards its vision and goals. As at **31 March 2020**, the tripartite Board comprised the following representations from Government, Industry and the Unions:



Left to Right:

First row:
Mrs Chua-Lim Yen Ching,
Mr Philip Yuen,
Mr Andrew Chong,
Ms Low Khah Gek

Second row:
Ms Malathi Das,
Mr Chris Ong,
Mr Joshua Soh,
Mr Lim Der Shing

Third row:
Mr Laurence Liew,
Mr Gilbert Tan,
Mr Azmoon Ahmad,
Ms Phua Puay Li

Fourth row:
BG Frederick Choo,
Mr Shaikh Ismail,
Mr Pee Beng Kong,
Ms K Thanaletchimi

Not in picture:

Left to Right:
Dr Carrie Yau,
Associate Professor
Foo Yong Lim,
Ms Cheng Li Hui



**Chairman, ITE
Chairman, Nominating Committee**

From 1 Jan 2020

MR ANDREW CHONG

Chairman
Singapore Semiconductor Industry Association

Till 31 Dec 2019

MR BOB TAN

Chairman
Jurong Engineering Ltd

Chairman, Audit & Risk Committee

MR PHILIP YUEN

Chief Executive Officer
Deloitte & Touche LLP

Chairman, Establishment Committee

MRS CHUA-LIM YEN CHING

Deputy Director-General of Education (Professional Development), and
Executive Director, Academy of Singapore Teachers
Ministry of Education

Chairman, Finance and Investment Committee

MR CHRIS ONG

Chief Executive Officer
Keppel Offshore & Marine Ltd

**Chief Executive Officer,
Chairman, ITE Education Fund Management Committee**

MS LOW KHAH GEK

Institute of Technical Education

Members

MR AZMOON AHMAD

Managing Director
Desay SV Automotive Singapore Pte Ltd

MS CHENG LI HUI

Non-Executive Director
Hai Leck Holdings Ltd

BG FREDERICK CHOO WEI YEE

Commander 3rd Division
Singapore Armed Forces

MS MALATHI DAS

Director
Joyce A. Tan & Partners LLC

ASSOCIATE PROFESSOR FOO YONG LIM

Assistant Provost (Applied Learning)
Singapore Institute of Technology

MR SHAIKH ISMAIL

Managing Director,
Communications, Media and Technology
Accenture Consulting

MR LAURENCE LIEW

Director, AI Industry Innovation
AI Singapore

MR LIM DER SHING

Co-Founder
Job Central Group

MR PEE BENG KONG

Executive Director, Human Capital and
Semiconductor Divisions
Economic Development Board

MS PHUA PUAY LI

Director, Air Transport Division
Ministry of Transport

MR JOSHUA SOH

Chief Operating Officer
NOGLE

MR GILBERT TAN CHYE HEE

Chief Executive Officer
Employment and Employability Institute (e2i)

MS K THANALETCHIMI

President, Healthcare Services Employees' Union
National Trades Union Congress

DR CARRIE YAU

Executive Director
Hong Kong Vocational Training Council

ITE SENIOR MANAGEMENT TEAM

The Senior Management Team shapes and guides the development of ITE under the 'One ITE System, Three Colleges' Governance and Education Model. As at **31 March 2020**, the Team comprised:

MS LOW KHAH GEK

Chief Executive Officer

DR ANG KIAM WEE

Deputy Chief Executive Officer (Academic & Facilities)

MR HENG GUAN TECK

Deputy Chief Executive Officer (Corporate & HR)

DR GOH MONG SONG

Deputy Chief Executive Officer (Lifelong Learning & Digital Services)

MR SURESH NATARAJAN

Principal, ITE College Central

DR YEK TIEW MING

Principal, ITE College East

MS ALICE SEOW CHUI HOON

Principal, ITE College West

MS SABRINA LOI

Deputy Chief Executive Officer (Corporate) (Till 31 Dec 2019)

MR AW YORK BIN

Deputy Chief Executive Officer (Industry) (Till 31 Dec 2019)

ITE HEADQUARTERS' DIRECTORATE

ACADEMIC & FACILITIES

DR BENJAMIN TAN

Chief Officer
Campus & PPP Development

DR ERIC CHEUNG

Senior Director
Curriculum & Educational
Development

MR KONG CHEE SENG

Director
Estates Technology & Services

MR LIM CHENG SIONG

Senior Director
Campus Development & Estates

DR THANG TZE YIAN THERESA

Divisional Director
Educational Design & Technology

MR TAN KAY CHUAN

Project Director/Assessment
System, and
Covering Divisional Director
Examinations

CORPORATE & HR

MS SABRINA LOI

Chief Officer, Organisation
Excellence & International
Partnerships, and
Covering Dean, ITE Academy
(From 1 Jan 2020)

MS SUSAN LIM

Divisional Director
Enterprise & Finance

MS IRIS SEET

Deputy Dean
ITE Academy

MS JANE CHIA

Senior Director
Human Resource

DR SAMUEL NG

Director
VTE Development
ITE Academy

MS CHUA AI LIAN

Divisional Director
Corporate Affairs & Development

MR LEE FOO WAH

Divisional Director
Information Technology

LIFELONG LEARNING & DIGITAL SERVICES

MR AW YORK BIN

Chief Officer
Industry-Based Training, Industry
Projects & Endowment Funds
(From 1 Jan 2020)

MR CHEANG WEE KOK SHANG

Senior Director & Registrar

DR TING KOK GUAN

Divisional Director
Industry-based Training

DR DEREK YEO

Divisional Director
Continuing Education & Training

COLLEGE DIRECTORATE

ITE COLLEGE CENTRAL

MR SURESH NATARAJAN
Principal

MR CHONG LEONG FATT
Deputy Principal

MS THAM MEI LENG
Director
School of Business & Services

MR CALLISTUS CHONG
Senior Director
School of Design & Media

DR LIM SEE YEW
Senior Director
School of Engineering

MR AW KIM GEOK
Director
School of Electronics &
Info-Comm Technology

MS JESSIE ONG
Director
College Services

DR LEE TECK KHENG
Director
Technology Development &
Technology Transfer Office

ITE COLLEGE EAST

DR YEK TIEW MING
Principal

MR LIM TECK LEE
Deputy Principal

DR LIONEL LAU
Director
School of Applied &
Health Sciences

MR TAN WEE KHIANG
Director
School of Business & Services

MR PEH WEE LENG
Director
School of Electronics &
Info-Comm Technology

MR LOH KUM FEI
Director
School of Engineering

MS LYNN TAN
Director
College Services

MR ALFRED TAN
Director
Technology Development

ITE COLLEGE WEST

MS ALICE SEOW CHUI HOON
Principal

MR LIEW BENG KEONG
Deputy Principal (Academic)

MR LIM CHWEE SENG
Deputy Principal (Development)

MR ALVIN GOH
Director
School of Business & Services

MR SENG CHIN CHYE
Director
School of Engineering

MR THONG CHEE CHUNG
Director
School of Electronics &
Info-Comm Technology

MS DENISE TAN
Director
School of Hospitality

MR YEOW SWEE SOON
Director
College Services

DR LIM SOON HUAT
Director
Technology Development

FY2019 HIGHLIGHTS

New Wave, New Future

FY2019 was to be a year of transitions. We found ourselves at the cusp of a new decade and at the tail end of ITE's fifth Strategic Plan – *ITE Trailblazer*. Under the plan, ITE set out to blaze new trails for ITE students and graduates. ITE Trailblazer was to be ITE's response to Singapore's SkillsFuture movement and the nation's next phase of development as an advanced economy and society. We are proud to say that we have done just that.

In January 2020, ITE unveiled its sixth Strategic Plan – *ITE Create*, with an enhanced focus on producing a workforce and organisation that is resilient and adaptable, future-ready, and constantly upgrading its skills. We also began the year by welcoming Mr Andrew Chong as ITE's new Chairman. Mr Chong took over the helm from Mr Bob Tan, who served on ITE's Board of Governors for 22 years, with 13 years as Chairman. We thank Mr Tan for his years of unending support and service to ITE.

ESTABLISHING NETWORKS

In FY2019, we continued to strengthen industrial and global partnerships, and forge new ones. Establishing a wider network has helped our staff, students and graduates connect with their peers locally and overseas. It opened opportunities for them, and enriched them with global experiences. Events such as the biennial *ITE-VTC International Student Seminar, WorldSkills Competition*, and industry conferences have all helped build that network. The 10th Anniversary of our Technical Engineer Diploma in Automotive Engineering in 2019 is also testament of how strong global relationships can benefit ITE through pedagogy and knowledge transfer.

Locally, strong industry support has enabled us to successfully grow the **Work-Study Diploma** since it was introduced in FY2017. In FY2019, we introduced 10 new courses to the programme, bringing the total number of courses offered to **24**. In January 2020, we also introduced two new *Nitec* courses and restructured one to meet changing industry demands. This brings our total number of full-time courses to **97** for 2020.

At the same time, through collaboration with industry, we introduced new CET courses to encourage more adult learners to upgrade and deepen their skills. These include bite-sized workshops such as Certificates of Competency in Urban Farming, 'C' Licence Football Coaching with Tech Enablement and Dementia Care.

PREPARING FOR THE FUTURE

To keep up with industry trends, we further invested in our authentic learning spaces in FY2019, which resulted in new facilities. ITE College East, our first mega-campus which was officially opened in 2005, underwent upgrading so students could continue training with up-to-date facilities. The new **Wellness Centre** and a **Mixed Reality Centre** were built to incorporate the latest technologies for teaching.

In line with the trend towards digitalisation, we also introduced several initiatives among staff and students, such as data analytics, Robotic Process Automation, and e-services and systems. ITE College West was the first college to initiate a programme called **AI for Youth** (Artificial Intelligence for Youth) – a collaboration with Intel to introduce the basics of AI to students. An **AI Experience Lab** was also set up at ITE College West as part of this programme.

These initiatives and network-building have set ITE up for a new decade, and a new Strategic Plan. A New Wave is upon us, and ITE hopes to forge a New Future with its Sixth Strategic Plan – *ITE Create*.

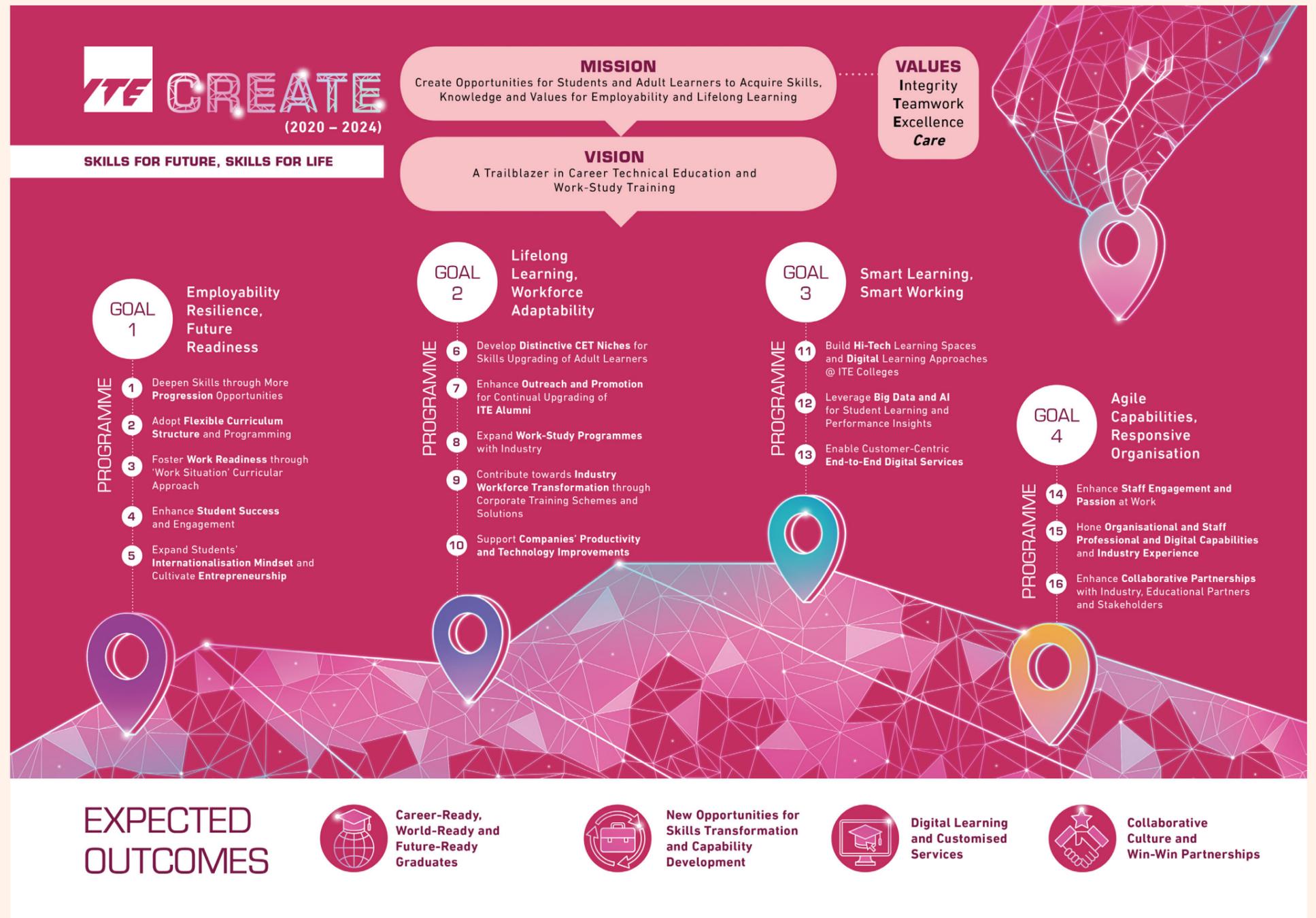
Planning for the Future

LAUNCH OF NEW STRATEGIC PLAN

ITE's sixth Strategic Plan, *ITE Create (2020-2024)*, was launched on 17 January 2020 at the annual ITE Work Plan Seminar. *ITE Create*, which follows *ITE Trailblazer (2015-2019)*, focuses on 'Skills for Future, Skills for Life'. The new Plan will see ITE work towards four key thrusts:

- **Employability Resilience, Future Readiness** to prepare our students for a future workplace that sees changing and expanding job roles, as well as the emergence of 'hybrid' jobs.
- **Lifelong Learning, Workforce Adaptability** to help our alumni and adult learners deepen their skills and pick up new ones so they can progress in their careers.
- **Smart Learning, Smart Working** to build digital capabilities in both our staff and students. Not only will this equip our students with the necessary skills to perform in emerging digital jobs, it will also enable staff to improve efficiency and productivity in their respective work areas.
- **Agile Capabilities, Responsive Organisation** to ensure staff stay passionate and are ready for change.

A total of 16 programmes have been initiated to help us achieve these four key thrusts under *ITE Create*.



Building Employability Resilience

ITE's corporate theme for FY2019 – **New Wave, New Future** – focused on the continued creation of value for our students and staff amidst rapid industry transformation and digitalisation across all sectors. By expanding and exploring new opportunities, ITE hopes to build employability resilience and improve career progression, even while encouraging lifelong learning.

In January 2020, ITE introduced two new *Nitec* courses to address industry's demand for skilled manpower. The *Nitec* in Electronics & IoT was created in response to new skills demand and new job roles to support the Government's Smart Nation initiative. ITE will also be equipping students of the new *Nitec* in Business Administration course with current, and in-demand skills, such as data analytics and social media marketing, to address changing industry needs.

To provide broad-based training for our Automotive students, ITE consolidated the *Nitec* in Automotive Technology (Heavy Vehicles) and *Nitec* in Automotive Technology (Light Vehicles) into one course. The revised *Nitec* in Automotive Technology course will give our students more opportunities to gain a broad skills set before pursuing a specific area of specialisation, and enable them to enjoy higher employability and mobility in the automotive industry. This brings the number of full-time courses (*Nitec*, *Higher Nitec* and Technical Diplomas) to 97 for 2020.

ITE has also enhanced opportunities for *Nitec* students to progress further in their education journey. More *Higher Nitec* and Work-Study Diploma places are now available to *Nitec* graduates to deepen their skills and enhance their employability. Currently, 7 in 10 *Nitec* graduates upgrade through various pathways, including the full-time and part-time *Higher Nitec* and diploma pathways. By 2030, all *Nitec* graduates will be provided opportunities to upgrade beyond a *Nitec* certification, over the course of their careers.

When ITE first introduced the **Work-Study Diploma (WSDip)**, there were only 4 courses with 41 companies participating in the programme. Today, we have increased that by six-fold. Ten new WSDips, to commence in 2020, were added to the list for a total of 24 courses, with over 260 companies participating. These 10 new courses are in the areas of:

- Aircraft Engine Maintenance
- Airport Operations
- Arboriculture & Horticulture
- Automation Engineering
- Culinary Arts & Management
- Cyber Security & Forensics
- Electrical Engineering
- IT System Integration
- Maritime Business Management
- Media Communication & Digital Marketing

Encouraging adult learners to quickly pick up new skills was also a focus for ITE in FY2019. We increased the course offerings for SkillsFuture Series Certificate of Competency (CoC) courses **from 64 to 92**. This led to the number of training places going up from 811 to **1,610** in 2019. These CoCs focus on in-demand skills and emerging needs, such as autonomous and electric vehicles.

In addition, ITE has embarked on new ways of engaging and providing customised training to Small & Medium-sized Enterprises (SMEs). A **SME Bosses' Network Session** was held in January 2020 to introduce 40 SME bosses to Industry 4.0, Artificial Intelligence and the Internet of Things (IoT). Conducted in Mandarin for the first time, the session included a customised CoC in IoT Applications where the bosses learnt how they could use technology to boost their businesses.

Enhancing Strategic Partnerships

ITE owes its success to the connections it has forged over the years, whether it is with industry or our global partners. These partnerships were not only integral in ensuring ITE stays relevant and offers up-to-date skills training to students, it also allows us to learn from the best.

MEMORANDUMS OF UNDERSTANDING (MOUs)

New in FY2019

34

Renewed in FY2019

14

Total
(By end Mar 2020)

129

Our new partners (FY2019) include:

- Autodesk Asia Pte Ltd
- BYD (Singapore) Pte Ltd, Robert Bosch (SEA) Pte Ltd and ZF Asia Pacific Pte Ltd
- Decathlon Singapore Pte Ltd
- Deskera Singapore Pte Ltd
- Group-IB Pte Ltd (Singapore)
- Murata Machinery Singapore Pte Ltd
- National Cybersecurity R&D Laboratory (NUS)
- National Parks Board
- NEC Asia Pacific Pte Ltd
- Robe Lighting Asia Pacific Pte Ltd
- SBS Transit Ltd
- Singapore FinTech Association



**MOUs WITH
GLOBAL
EDUCATION
PARTNERS**

41 Partners in **14** Countries



**FOREIGN
VISITORS**

**No. of Foreign Visitors
in FY2019**

1,282

No. of Countries

68

GLOBAL PARTNERSHIPS

In FY2019, we also hosted the **Global Education Network (GEN)** partners for the **GEN Student Services Professional Development Forum** from 11 to 14 November 2019. Participants from Box Hill Institute, Australia; Kirkwood Community College, USA; and Southern Alberta Institute of Technology, Canada and ITE shared best practices and knowledge in student services and digitalisation efforts among the GEN institutions.

LEARNING FROM THE GERMANS

On the international front, President Halimah Yacob, during her state visit to Germany, witnessed the signing of a **Joint Declaration** between the **Ministry of Education, Singapore** and the **Ministry of Education, Youth and Sports, Baden-Württemberg, Germany** in December 2019. The Declaration will deepen cooperation in new fields such as Digitalisation, Geriatrics and Community Care, and Pedagogic Training of ITE Staff in Dual Training and Workplace Learning.

At the same visit, **five MOUs** were signed between ITE and the following five German partners:

- Bosch Rexroth Pte Ltd (Singapore)
- Festo Didactic SE (Germany)
- PHOENIX CONTACT GmbH & Co. KG (Germany)
- Rohde & Schwarz GmbH & Co. KH (Germany) and Rohde & Schwarz Asia Pte Ltd (Singapore)
- Sennheiser Electronic Asia Pte Ltd (Singapore)

The collaboration will see these partners offer up to 40 industrial attachment places annually for ITE's Engineering, Electrical Technology (Lighting & Sound), and Electronics students in Germany. This will enhance our students' overseas work exposure and build international mindset. As part of the collaboration, ITE will also host apprentices from Bosch Rexroth and Rohde & Schwarz.

OVERSEAS VISITORS

ITE is always happy to welcome visitors seeking to learn what ITE has to offer on the technical education front. In FY2019, we had visitors from Azerbaijan, Canada, Egypt, Finland, France, South Korea and the United Arab Emirates, amongst others. Of note is the visit by Her Excellency Yldiz Pollack-Beighle, Minister of Foreign Affairs, Republic of Suriname, in August 2019, to pick up insights on Singapore's Career Education System. H.E. Yldiz was invited to attend the Singapore Convention on Mediation by Mr K Shanmugam, Minister for Home Affairs and Minister for Law.

Celebrating Achievements

CLASS OF 2019

A total of **14,781 students** graduated from ITE's full-time, part-time and traineeship courses for the 2018/2019 Academic Year. Among them, **765** received Certificates of Merit, with **224** receiving Course Medals for excellence.

Top honours were awarded to 11 ITE graduates. They were:

Lee Kuan Yew Gold Medal

Chloe Wen Qian Michaud
Goh Xin Yan Nicole
Siti Nurhajah Bte Haron (Valedictorian)

Tay Eng Soon Gold Medal

Amirul Daniez Redzhuan Bin Abdul Latif
Tan Chung Hao
Wong Zheng Hui

The Ngee Ann Kongsi Gold Medal

Lim Hui Fang
Pan Shao Yee Shervonne
Thivagar S/O Mahalinggam

e2i Gold Medal

Muhammad Khairul Johari Bin Jumahat

IES Engineering Award

Nathaniel Neo Jun Siang

At the 2019 Ministry of Education Special Awards Presentation Ceremony, **15 ITE graduates** who had progressed to full-time studies at the polytechnics received the **Lee Kuan Yew Scholarship to Encourage Upgrading (LKY STEP) Award**. Of the 15, six received the **Sultan Haji Omar Ali Saifuddien Book Prize**. Of these six, one received the **Lee Hsien Loong Award for Outstanding All-round Achievement**, as well as for outstanding academic results.

ITE IN NUMBERS

Full-time Student
Enrollment

27,968



Student Success Rate

88.4%



Students' Satisfaction
with ITE

97.4%



Overall Employers' Satisfaction
with ITE Graduates

(Triennial - FY2019)

97%



Student Overseas
Participation Rate

22%



[Overseas Student Exchange Programme, Overseas Industrial Attachment Programme & Overseas Service & Development Programme]

SUCCESS IN THE GLOBAL ARENA

The past year has been a good one for ITE in the competition arena. Our students have demonstrated their competence in their skills areas and have shown they can hold their own in both local and international competitions. Our students, truly, have made us #iteproud.

ICAO AVIATION INNOVATION COMPETITION

A trio from ITE College Central won the **Global Grand Prize** in the 'Prototype' category of a future aircraft design competition organised by the International Civil Aviation Organisation (ICAO). The ICAO competition was created to excite and engage youths in aeronautics and the career opportunities available in the industry.

Aerospace Technology students, Steven S/O Muthukumar and Ng Shi Ya Nicole, and Product Design student, Cham Teik Hoe Michael, beat teams from Africa, Europe, Middle East, North and South America to emerge top in their category. Michael, a 57-year-old mature student, joined ITE to pursue his interest in product design. The team received their awards from Mr Khaw Boon Wan, Coordinating Minister for Infrastructure and Minister for Transport, on campus on 10 October 2019.

4TH INTERNATIONAL CONVENTION ON VOCATIONAL STUDENT'S INNOVATION PROJECT

A team from ITE College Central emerged **First** in the international category with their 'Stretch Pak' at the **4th International Convention on Vocational Student's Innovation Project**. Another team from ITE College West was **First Runner-Up** at the same competition, which was held in Chiang Mai, Thailand, from 26 to 29 August 2019.

The top-placed project by the *Higher Nitec* in Mechanical Engineering students from ITE College Central is a stretcher that could assist medics in transferring casualties up and down flights of stairs conveniently. It allows medics to be hands-free so that they are able to clear obstacles while evacuating casualties.

INTERNATIONAL EXHIBITIONS FOR YOUNG INVENTORS 2019

Ten students in four teams from ITE College East participated in the **International Exhibition for Young Inventors 2019**. The teams won **one Gold, one Silver, and one Bronze** in this annual competition which encourages participants to be creative problem solvers. Held in Jakarta, Indonesia, from 22 to 26 October, the competition saw a total of 120 projects from 11 countries.

The Gold Medal project, 'GrabHelp' was an application developed to help users locate emergency devices such as fire extinguishers, first-aid kits and automated external defibrillators in unfamiliar places.

OTHER GLOBAL ACHIEVEMENTS

First-year Finance Services student, Javier Ng Jing Xuan, represented Singapore as a youth advocate at the **United Nations Office on Drugs and Crime (UNODC) Youth Forum**, in Vienna, Austria. The ITE College Central student joined 41 youth delegates from other countries to work on a 300-word statement on substance prevention. It was delivered to global policy makers present at the UNODC 62nd Commission of High Level Ministerial Segment.

FLYING ITE'S FLAG HIGH

Congratulations to the Colleges and students for their achievements in FY2019:

- Eleven Games Art & Design and Games Programming & Development students participated in the production of the **Nam Hwa Opera's 55th Anniversary Show**. They designed 21 digital background animations to enhance the visual impact of Teochew opera. The ITE Alumni Association also presented a **\$30,000** donation to the ITE Education Fund for needy students at the Show's premiere.
- ITE College East's 'Flyingaces' team and ITE College Central's 'Space Flight' team came in **1st** and **2nd** respectively in **Best Aesthetic Award** at the **11th Singapore Amazing Flying Machine Competition 2019**. The ITE teams took part in the Fixed Wing Radio Control Flight category. ITE College Central's Team 'Aerodynamics' was placed **2nd** for the **Championship Award**, **2nd** for **Best Presentation Award**, and **3rd** for **Best Performance Award**.
- A team from ITE College West won **First Place** in the ITE & Polytechnics category of the **Engineering Innovation Challenge 2019**. The competition required students to design and build a prototype of a low-cost, portable, background radiation detector. The winning team won a fully-sponsored educational trip to the European Organisation for Nuclear Research in Switzerland.
- Ang Mei Qi, a *Higher Nitec* in Events Management student from ITE College East received the **Harvard Prize Book Award** on 11 January 2020. The award was given in recognition of her altruism and acts of kindness. She had helped evacuate her neighbours when a fire broke out at the block she was residing in in 2018. She was also actively involved in community work, clocking in over 310 hours in 2017 and 2018.
- Tay Gao Jun, a *Higher Nitec* in Cyber & Network Security student from ITE College West, was given the **Certified Ethical Hacker (CEH) Master** credential by the International Council of E-Commerce Consultants. He is the **first ITE student** and the **youngest** to attain this title in Singapore. There are currently only 11 CEH Masters in Singapore, out of 150 worldwide. Gao Jun also won the **Gold Award** from the Association of Information Security Professionals in the Student Volunteer Recognition Programme. The Programme aims to encourage volunteerism amongst students while honing their interest and capabilities in cybersecurity.

ITE'S HEARTWARE

Our 2,492 passionate staff are the ones who make things happen at ITE. In recognition of those who have gone the extra mile, some of our staff were conferred the following awards for their exemplary service and contributions:

May Day Awards 2019

Pearl Lim
Comrade of Labour Award

National Day Awards 2019, Prime Minister's Office

Awarded to 36 staff

ITE Teacher Award 2019

Awarded to 15 staff

ITE Long Service Award 2019

Awarded to 510 staff

ITE Service Star Award 2019

Awarded to 16 individuals and 4 teams

ITE Distinguished Service Star Award 2019

Awarded to 1 individual

ITE Outstanding Leader and Facilitator Award 2019

Awarded to 16 individuals

ITE Innovation Award 2019

Awarded to 237 teams

ITE CEO Innovation Award 2019

Awarded to 4 teams

In addition, some of our ITE staff have performed outstandingly in their work and earned these well-deserved recognition:

- Mr Tay Wei Sern, Deputy Director, Health Sciences, was one of five recipients of the **President's Award for Nurses 2019**. The Award is the highest accolade in the nursing profession and an affirmation of Mr Tay's leadership and exceptional contributions to the profession and the community.
- Nursing Course Manager, Ms Mae Tang Sheue Yin, was a finalist for the **President's Award for Teachers 2019**. She stood out for her efforts and commitment in ensuring that her team were constantly enhancing their teaching pedagogies so that their students possess the skills and resilience to develop successful nursing careers.
- Ms Vicsvari Sengily, Senior Lecturer-Mentor for Landscape Services, won the **Dare to Do Award** at the **Public Sector Transformation Awards** for implementing a new pedagogy in landscape management training with the Student-Run Park initiative.
- At the same Awards, an ITE College West team clinched the **Exemplary Innovator Award** with their Virtual Reality Rehabilitation System, which makes therapy more engaging for users and also frees up time for therapists to focus on users with more serious conditions. The team comprised:
 - Dr Lim Soon Huat, Director, Technology Development
 - Mr Teh Tuan Ann, Manager, Technology Development
 - Mr Eric Lee, Senior Lecturer, Infocomm Technology
 - Mr Suhaimi Mohamed Sepet, Senior Lecturer, Mechatronics Engineering
 - Mr Lim Beng Wah, Mr Samson Chang & Ms Tina Tang, Technology Development Engineers
- Culinary Arts Lecturer, Mr Jim Too, was also a recipient at the Public Sector Transformation Awards. He earned the **Exemplary Service Excellence Award** for going beyond duty to ensure the wellbeing of his students. He had organised a fundraising event to help a student whose mother was diagnosed with cancer. His project, with the support of his students, raised \$26,000 for the affected student.

PROGRESSING TOGETHER

ITE continued to share strong relationships with the two staff unions – the Union of ITE Training Staff and the ITE Staff Branch of the Amalgamated Union of Public Employees in FY2019. This long-standing partnership was reaffirmed and celebrated at the 37th Management-Union Games.

ORGANISATIONAL EXCELLENCE

Having garnered several awards and accolades over the years, ITE has shown it is able to consistently achieve benchmarks of excellence. FY2019 was no exception, thanks to the hard work of the staff in ensuring the organisation stays at the top of its game. This pursuit of excellence also means we do not rest on our laurels. Instead, we strive to improve ourselves in areas that matter to our stakeholders, especially in creating the best educational experience for our students. In FY2019, ITE garnered the following awards:

- **Global Performance Excellence Award (GPEA) 2019 – 'World Class' Category** for showing world-class performance standards and excellence. In addition, ITE won the **Platinum Award for GPEA International Best Practice** in 'Transforming Public Perception of Career and Technical Education'.
- **Singapore HEALTH Award – Corporate Achievement** for outstanding workplace health promotion practices and displaying holistic planning and execution of workplace health programmes. ITE is the only organisation to win this prestigious award twice, consecutively.
- **Charity Silver Award** for ITE's significant donations to Community Chest.
- **Excellence in Manpower and Training Development Award (Special Mention)** – a recognition of ITE's contributions to the development of maritime manpower in Singapore. This is the second time ITE has won the award. The first award was given to us in 2015.
- **ISO 45001 Occupational Health & Safety Certification**

Creating New Memories

Event Highlights for FY2019

STUDENTS

ITE STUDENT ACHIEVERS' AWARDS PRESENTATION CEREMONY

The annual Presentation Ceremony honoured **430 outstanding students** in recognition of their holistic achievements and excellence in the arts, sports, co-curricular activities (CCA) and technological innovations on 14 May 2019. The prestigious Lee Kuan Yew (LKY) Model Student/Trainee Award, LKY CCA Award and LKY Technology Award were presented to **51** students.

The **Keppel Care Foundation Scholarships** were also presented to three deserving students for the first time. The Scholarships were established from the \$10 million donation by Keppel Corporation in 2018. It provides financial assistance to top-performing students from lower-income families to motivate them to excel in ITE.

ITE FIESTA

The seventh edition of ITE Fiesta was held at ITE College West on 28 July 2019. Incorporating the theme, '**Learn Something New**', the biennial Open House showcased authentic learning, skills applications and innovations of our Colleges. Community partners such as Agency for Integrated Care, Council for Third Age, Home Team, and Science Centre Singapore, were brought in to make ITE Fiesta inclusive for all age groups.

Mr Gan Kim Yong, Minister for Health and Grassroots Adviser to Chua Chu Kang GRC, was accompanied by special guests, Dr Amy Khor, Senior Minister of State, Ministry of Health & Ministry of the Environment and Water Resources; and Ms Low Yen Ling, Senior Parliamentary Secretary, Ministry of Education & Ministry of Manpower. Some **9,000 people** attended the event, which saw the **24 free workshops** offered being highly subscribed.

ITE DANCE EMBLAZON BICENTENNIAL EDITION

The ITE Centre for Music and the Arts put up a special edition of the annual dance production in commemoration of Singapore's 200th year. Titled '**Milestones: ITE Emblazon Bicentennial Edition**', the Production highlighted key milestones in Singapore's history and what we envisioned the future to be. Some **350 dancers and 50 backstage crew, makeup and hair artists, and helpers** from various courses came together to make this dance extravaganza possible.

About **3,500 guests** attended three shows from 27 to 28 September. The gala night show on 27 September hosted Senior Minister and Coordinating Minister for National Security, Mr Teo Chee Hean, and other distinguished guests.

VTC-ITE INTERNATIONAL STUDENT SEMINAR (ISS) 2019

Over **600 students** from the Hong Kong Vocational Training Council (VTC) and ITE attended the seventh edition of the VTC-ITE ISS in Hong Kong. Held at the Hong Kong Design Institute from 17 to 20 June, the biennial ISS saw participants discuss and exchange ideas based on the theme, '**A Smarter Generation for 2020+**'. For the first time, there was an international collaboration and joint presentation by the Hong Kong and Singapore teams.

KNOWLEDGE SHARING BY VISITING FRENCH CHEFS

Two renowned French chefs, Chef Laurent Saufeu and Chef Vincent Dubreil from Le Manoir de la Boulaie, prepared a special dinner at ITE. They were assisted by our Technical Diploma in Culinary Arts student chefs. The dinner event was a rare opportunity for our staff and students to learn from chefs helming a 2-Michelin Star Restaurant.

CAMPUS GAMES FEST 2019

From 3 to 4 August, **10,000 visitors** attended the **7th Campus Game Fest**, one of Singapore's largest digital youth events, at the Singapore Indoor Stadium. ITE co-organised the event with Singapore Cyber Sports & Online Gaming Association, with some 80 Event Management students involved. ITE's Games Programming & Development students also showcased their game design and development works at the event.

STAFF AND PARTNERS

25TH ANNIVERSARY OF CERTIFIED ON-THE-JOB TRAINING CENTRE (COJTC) SCHEME

Senior Minister of State for Trade and Industry, Dr Koh Poh Koon, celebrated the 25th Anniversary of the COJTC Scheme at ITE College Central on 12 November 2019. First launched in April 1994 to recognise OJT conducted by employers, the Scheme has expanded from just 14 companies to some **300 companies** today. An average of **35,000 workers per year** are trained through the COJTC scheme.

LAND TRANSPORT ENGINEERING CONFERENCE & 10TH ANNIVERSARY OF TED IN AUTOMOTIVE ENGINEERING

The inaugural **Land Transport Engineering Conference** was held at ITE College West on 8 October 2019. A total of 255 participants from the industry, Germany and ITE attended the Conference, which saw the Land Transport Authority's Chief Executive, Mr Ngien Hoon Ping, attending as the Keynote Speaker.

In conjunction with the Conference, ITE also celebrated the **10th Anniversary of the Technical Engineer Diploma (TED) in Automotive Engineering** with its German partners. Since its introduction, the TED in Automotive Engineering course produced over 160 graduates who have made significant contributions to Singapore's land transport sector.

WORK-STUDY DIPLOMA (WSDIP) SIGNING CEREMONY 2019

Minister for Education, Mr Ong Ye Kung, attended the **WSDip Signing Ceremony** for the third consecutive year. Held at ITE College East on 26 November 2019, the Ceremony launched another 10 new courses, bringing the total number of WSDips offered to 24. The six-fold increase in courses, from 4 courses since inception to the current 24, also applies to the number of participating companies. From just 41 companies when it first started out, the programme has attracted 268 companies in 2019.

DIGITALISATION EVENTS

A series of events aimed at promoting and encouraging digitalisation among student and staff were held throughout FY2019. The **Data Analytics Challenge Seminar** provided staff and students with insights into how data analytics could transform the way people learn, work and do business. The Data Analytics Challenge was also launched at the event and the Finale was held on 11 October 2019.

Eighteen teams of close to 60 students from all three Colleges attended a one-day Bootcamp to familiarise themselves with chatbot building processes on 1 August at the **AI Chatbot Challenge Botathon 2019**. The event was held to create awareness of Artificial Intelligence among our students and to promote innovation in an open environment.

On 31 July, students and industry partners displayed their projects, while leading practitioners shared on developments on digitalisation, smart systems and the Internet of Things at the **ABC and Multipliers Summit 2019**. The one-day summit at College West saw over 600 partners, industry guests, students and staff in attendance.

LAUNCH OF NEW FACILITIES

FY2019 also saw the opening of a number of new facilities which incorporates current and immersive technology to give students a more engaging learning experience. On 26 November, the **Mixed Reality (MR) Centre** was set up in partnership with Exxonmobil at ITE College East. Students can train using Virtual Reality, Augmented Reality and utilise other tech-enabled training devices for their class work. Similar MR Centres will also be set up at the other two ITE Colleges.

The new **Wellness Centre** at ITE College East was officially opened on 20 November 2019 with 150 guests in attendance. These guests included industry partners from 45 companies. Letters of Collaboration with two partners, Kao Singapore Pte Ltd and Tai Wah Distributors Pte Ltd, were also signed at the event. The new Centre provides an authentic training environment for a full range of beauty services, men's barbering, hair salon services and also features a specialised lab for essential oil studies.

ITE College West also unveiled an **AI Experience Lab** in January 2020, in collaboration with Intel, to provide ITE students with training and exposure in the use of Artificial Intelligence. The partnership also includes an ITE-Intel Artificial Intelligence (AI) 4 Youth programme to help youths develop a better understanding of AI and train them in the necessary skills to allow them to create AI solutions that have meaningful social impact. ITE is the first institute of Higher Learning in ASEAN to partner Intel in carrying out this programme.

WORKPLACE SAFETY AND HEALTH SYMPOSIUM ON WORK AT HEIGHT 2019

Organised by the Workplace Safety and Health Council and ITE, this event was held at ITE College East on 14 November to promote Workplace Safety and Health (WSH) ownership and encourage the use of technology in addressing Work-At-Height risks. A partnership between ITE and Asretec Pte Ltd was formalised at the Symposium to enhance WSH training for students. This includes the establishment of a WSH Centre for WSH-related courses. Relevant training and certification would also be provided to ITE staff.

DIGITAL AND ADVANCED MANUFACTURING SEMINAR

SMEs and member companies of Singapore Precision Engineering & Technology Association (SPETA) and the Singapore Industrial Automation Association (SIAA) gathered at ITE College Central on 19 December for the **Digital and Advanced Manufacturing Seminar**.

Guest-of-Honour, Dr Koh Poh Koon, Senior Minister of State for Trade & Industry, launched the **Digital and Advanced Manufacturing Programme** at the event. The programme, developed by ITE, SPETA and SIAA, allows companies to create digital solutions and experiment with smart equipment at ITE's Digital and Advanced Manufacturing Living Labs. Under the programme, workers can sign up for ITE courses covering topics such as robotics, Internet of Things, cloud computing and cyber security.

New Hope for the Future

What's Next for FY2020

ITE may have kick-started 2020 with **ITE Create** but the groundwork was laid out in FY2019, even as we wrapped up *ITE Trailblazer*. Equipping our students with the necessary skills to be future-ready and adaptable has been an ongoing effort and one that will continue in FY2020. Though the COVID-19 situation has put a dampener on work and training, it has also further emphasised the importance of our goals for *Employability Resilience* and *Future Readiness*, and *Lifelong Learning* and *Workforce Adaptability*.

The first quarter of 2020 has already seen ITE making use of various tools to cope with the uncertainties and challenges of the evolving COVID-19 situation. The enhancement of learning platforms such as **MyConnexion 2.0** and its migration to cloud in April 2019, and the implementation of **Microsoft Teams** in the later part of 2019, have been timely. We were able to tap on these platforms as the COVID-19 situation intensified. The pursuit of this *Smart Learning, Smart Working* environment will continue to form a big part of ITE's initiatives and programmes in FY2020.

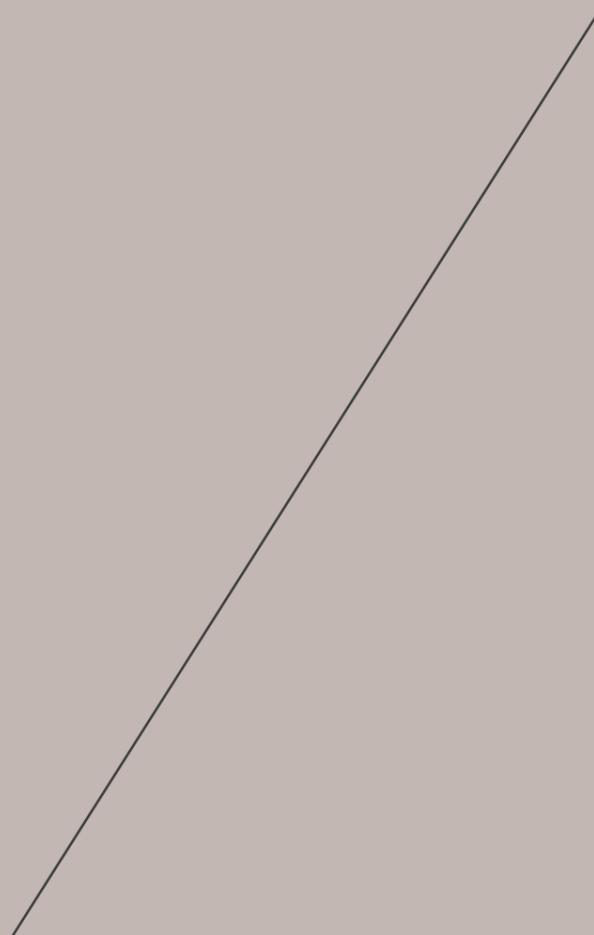
In fact, our focus and priorities for the next Financial Year will centre heavily on the four key thrusts under *ITE Create*. A series of programmes that includes building digital capabilities, redesigning of curricula and courses to prepare students to take on changing and expanded job roles, and enhancing partnerships with industries, have been planned. While we monitor the COVID-19 situation, ITE will strive to adapt and push through with these programmes, where possible.

Out of this, we can find new opportunities to grow and we believe that together, we can work through this tough period and emerge nimble and ready to take on a new work landscape.



FINANCIAL REVIEW

For the Year Ended
31 March 2020



Institute Registration No. T08GB0022B

Institute of Technical Education

Annual Financial Statements
31 March 2020



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Institute of Technical Education

**Statement by Board of Governors
For the financial year ended 31 March 2020**

In our opinion,

- (a) the accompanying financial statements of Institute of Technical Education (the "Institute") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Institute as at 31 March 2020, the consolidated statement of comprehensive income, consolidated statement of changes in funds and reserves and consolidated statement of cash flows of the Group and the statement of comprehensive income and statement of changes in funds and reserves of the Institute for the year then ended, and notes to the financial statements, including a summary of significant accounting policies are drawn up so as to present fairly, in all material respects, the financial position of the Group and of the Institute as at 31 March 2020 and of the results and changes in funds and reserves of the Group and of the Institute and cash flows of the Group for the year ended on that date in accordance with the provisions of the Institute of Technical Education Act, Chapter 141A, and the Public Sector (Governance) Act 2018, Act 5 of 2018 (the Public Sector (Governance) Act) (the "Acts") and Statutory Board Financial Reporting Standards;
- (b) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Institute during the year are, in all material aspects, in accordance with the provisions of the Governance Act and the requirements of any other written law applicable to moneys of or managed by the Institute;
- (c) proper accounting and other records have been kept, including records of all assets of the Institute, whether purchased, donated or otherwise; and
- (d) at the date of this statement, there are reasonable grounds to believe that the Institute will be able to pay its debts as and when they fall due.

On behalf of the Board



.....
MR ANDREW CHONG
Chairman



.....
MS LOW KHAH GEK
CEO

30 July 2020

Institute of Technical Education

**Independent auditor's report
For the financial year ended 31 March 2020**

Independent auditor's report to the members of Institute of Technical Education

Report on the financial statements

Opinion

We have audited the financial statements of Institute of Technical Education (the "Institute") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Institute as at 31 March 2020, the consolidated statement of comprehensive income, consolidated statement of changes in funds and reserves and consolidated statement of cash flows of the Group and the statement of comprehensive income and statement of changes in funds and reserves of the Institute for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in funds and reserves of the Institute are properly drawn up in accordance with the provisions of the Institute of Technical Education Act, Chapter 141A, and the Public Sector (Governance) Act 2018, Act 5 of 2018 (the Public Sector (Governance) Act) (the "Acts") and Statutory Board Financial Reporting Standards ("SB-FRS") so as to present fairly, in all material respects, the financial position of the Group and of the Institute as at 31 March 2020 and of the results and changes in funds and reserves of the Group and of the Institute and cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (the "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 (the "ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (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.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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.

Institute of Technical Education

**Independent auditor's report
For the financial year ended 31 March 2020**

Independent auditor's report to the members of Institute of Technical Education

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Acts and Statutory Board Financial Reporting Standards, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

A statutory board is constituted based on its 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 intention to wind up the Group or for the Group to cease operations.

Those charged with governance are responsible for overseeing the Group's financial reporting purpose.

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 the 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 the SSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

Institute of Technical Education

**Independent auditor's report
For the financial year ended 31 March 2020**

Independent auditor's report to the members of Institute of Technical Education

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Conclude on the appropriateness of the 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

Opinion

In our opinion:

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Institute during the year are, in all material respects, in accordance with the provisions of the Acts and the requirements of any other written law applicable to moneys of or managed by the Institute, and;
- (b) proper accounting and other records have been kept, including records of all assets of the Institute whether purchased, donated or otherwise.

Basis for opinion

We conducted our audit in accordance with the 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 Institute 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.

Institute of Technical Education

**Independent auditor's report
For the financial year ended 31 March 2020**

Independent auditor's report to the members of Institute of Technical Education

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 Acts, and the requirements of any other written law applicable to moneys of or managed by the Institute. This responsibility includes implementing accounting and 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 Acts, and the requirements of any other written law applicable to moneys of or managed by the Institute.

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.



Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

30 July 2020

Institute of Technical Education

**Statements of financial position
As at 31 March 2020**

	Note	The Group		The Institute	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Assets					
Non-current					
Property, plant and equipment	3	462,814	624,936	460,533	622,750
Right-of-use assets	4	236,863	–	236,838	–
Prepaid lease	5	–	117,073	–	117,073
Intangible assets	6	8,424	3,221	8,346	3,132
Subsidiaries	7	–	–	8,952	8,952
Other financial assets	8	61,675	79,328	60,173	74,160
		769,776	824,558	774,842	826,067
Current					
Other financial assets	8	15,004	4,055	15,004	4,055
Trade and other receivables	9	11,661*	13,109*	10,382	12,126
Operating grants receivable	10	4,839	5,956	4,839	5,956
Other grants receivable	12	2,187	280	499	256
Cash and bank balances	13	477,384	419,793	389,378	342,423
		511,075	443,193	420,102	364,816
Total assets		1,280,851	1,267,751	1,194,944	1,190,883
Capital and funds					
Capital account	14	2,715	2,715	2,715	2,715
Retirement benefits reserve	19	(1,257)	(1,214)	(1,257)	(1,214)
Accumulated surplus					
General Funds	16a	345,142	255,985	285,759	215,064
Restricted Funds	16b	10,382	52,219	7,379	37,648
		355,524	308,204	293,138	252,712
Total capital and other funds		356,982	309,705	294,596	254,213
Liabilities					
Non-current					
Lease liabilities	17	125,912	132,584	125,898	132,580
Deferred capital grants	18	717,067	754,633	715,076	752,620
Provision for retirement benefits	19	1,588	1,799	1,588	1,799
Other payables	20	221	202	220	201
		844,788	889,218	842,782	887,200
Current					
Trade and other payables	20	46,604	36,511	41,987	32,777
Lease liabilities	17	6,694	6,460	6,683	6,456
Provision for retirement benefits	19	298	351	298	351
Deferred income*		5,397	4,827	4,047	3,861
Operating grants received in advance	10	14,523	13,842	672	681
Development grants received in advance	11	260	270	–	–
Other grants received in advance	12	5,146	6,483	3,879	5,344
Income tax payable		159	84	–	–
		79,081	68,828	57,566	49,470
Total funds and liabilities		1,280,851	1,267,751	1,194,944	1,190,883

* Included in the Trade and other receivables balance and Deferred income balance are unbilled revenue (contract assets) and revenue received in advance (contract liabilities and donation received in advance) respectively.

Institute of Technical Education

Statements of financial position
As at 31 March 2020 (cont'd)

Note	The Group		The Institute		
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	
Net assets/(liabilities) of trust funds					
	ITE Education Fund	126,391	117,531	126,391	117,531
	Apprenticeship Programme Fund	–	–	–	–
	Pre-Employment Clinical Training Fund	677	471	677	471
	Economic Development Board Fund	(25)	78	(25)	78
	Earn & Learn Programme Fund	–	–	–	–
21		127,043	118,080	127,043	118,080

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Institute of Technical Education

Consolidated statement of comprehensive income
For the financial year ended 31 March 2020

	Note	General Funds		Restricted Funds		Total	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
The Group							
Income							
Course fees	22	23,484	19,780	–	3,548	23,484	23,328
Examination fees	22	644	223	4	627	648	850
Consultancy services		5,339	904	–	2,202	5,339	3,106
Rental income		3,109	2,963	–	–	3,109	2,963
Supplementary fees		3	1	1,027	1,025	1,030	1,026
Licence fees		975	964	–	–	975	964
Donations		107	478	447	461	554	939
Interest income	23	6,872	5,672	31	337	6,903	6,009
Fair value gain on financial assets		1,012	975	–	–	1,012	975
Other grants	12	1,174	75	3,832	2,889	5,006	2,964
Other income	24	2,450	1,591	130	1,663	2,580	3,254
		45,169	33,626	5,471	12,752	50,640	46,378
Operating expenditure							
Manpower costs	25	360,922	366,017	417	4,990	361,339	371,007
Depreciation of property, plant and equipment	3	44,391	49,603	282	354	44,673	49,957
Depreciation of right-of-use assets	4	15,001	–	–	–	15,001	–
Amortisation of prepaid lease	5	–	6,723	–	–	–	6,723
Amortisation of intangible assets	6	2,725	2,409	19	24	2,744	2,433
Loss on disposal of property, plant and equipment, net		33	1	4	17	37	18
Agency fees		27,288	26,677	374	127	27,662	26,804
Repair and maintenance		19,151	16,334	40	459	19,191	16,793
Public utilities		8,473	8,200	–	5	8,473	8,205
Student benefits		6,240	5,755	7,636	6,813	13,876	12,568
Grants-in-aid	26	209	285	–	–	209	285
Supplies and materials		11,498	9,435	263	700	11,761	10,135
Other expenditure	27	22,852	18,927	888	2,969	23,740	21,896
Finance costs		4,884	5,107	–	–	4,884	5,107
		523,667	515,473	9,923	16,458	533,590	531,931
Deficit before government grants		(478,498)	(481,847)	(4,452)	(3,706)	(482,950)	(485,553)
Government grants							
Operating grants	10	468,409	460,138	4,525	3,687	472,934	463,825
Development grants	11	10	17	–	–	10	17
Deferred capital grants amortised	18	57,514	54,978	30	17	57,544	54,995
Surplus/(deficit) after government grants		47,435	33,286	103	(2)	47,538	33,284
Taxation	28	(218)	–	–	(169)	(218)	(169)
Net surplus/(deficit) for the year		47,217	33,286	103	(171)	47,320	33,115

Institute of Technical Education

Consolidated statement of comprehensive income
For the financial year ended 31 March 2020 (cont'd)

	Note	General Funds		Restricted Funds		Total	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
The Group (cont'd)							
Other comprehensive loss							
Item that will not be reclassified to surplus or deficit							
Net change in retirement benefits reserves arising from actuarial adjustments		(43)	(35)	–	–	(43)	(35)
Other comprehensive loss for the year, net of tax of nil		(43)	(35)	–	–	(43)	(35)
Total comprehensive income/(loss) for the year		47,174	33,251	103	(171)	47,277	33,080

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Institute of Technical Education

Statement of comprehensive income
For the financial year ended 31 March 2020

	Note	General Funds		Restricted Funds		Total	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
The Institute							
Income							
Course fees	22	22,937	19,450	–	3,000	22,937	22,450
Examination fees	22	462	223	–	285	462	508
Consultancy services		2,407	1,018	–	581	2,407	1,599
Rental income		3,305	3,192	–	–	3,305	3,192
Supplementary fees		–	–	1,027	1,025	1,027	1,025
Licence fees		943	942	–	–	943	942
Donations		107	478	–	–	107	478
Interest income	23	5,772	4,751	16	257	5,788	5,008
Fair value gain on financial assets		1,012	1,004	–	–	1,012	1,004
Other grants	12	238	74	3,792	669	4,030	743
Other income	24	1,997	1,575	75	1,049	2,072	2,624
		39,180	32,707	4,910	6,866	44,090	39,573
Operating expenditure							
Manpower costs	25	318,001	323,868	370	2,778	318,371	326,646
Depreciation of property, plant and equipment	3	43,757	48,931	218	284	43,975	49,215
Depreciation of right-of-use assets	4	14,988	–	–	–	14,988	–
Amortisation of prepaid lease	5	–	6,723	–	–	–	6,723
Amortisation of intangible assets	6	2,675	2,378	19	24	2,694	2,402
Loss on disposal of property, plant and equipment, net		27	–	4	17	31	17
Agency fees		27,029	26,452	374	215	27,403	26,667
Repair and maintenance		17,268	14,747	6	442	17,274	15,189
Public utilities		7,867	7,601	–	5	7,867	7,606
Student benefits		4,719	4,129	5,437	5,187	10,156	9,316
Grants-in-aid	26	209	285	–	–	209	285
Supplies and materials		10,312	8,611	153	556	10,465	9,167
Other expenditure	27	19,767	17,576	861	1,403	20,628	18,979
Finance costs		4,878	5,103	–	–	4,878	5,103
		471,497	466,404	7,442	10,911	478,939	477,315
Deficit before government grants		(432,317)	(433,697)	(2,532)	(4,045)	(434,849)	(437,742)
Government grants							
Operating grants	10	415,751	411,385	2,611	2,884	418,362	414,269
Deferred capital grants amortised	18	56,913	54,320	–	–	56,913	54,320
Surplus/(deficit) after government grants		40,347	32,008	79	(1,161)	40,426	30,847
Taxation	28	–	–	–	–	–	–
Net surplus/(deficit) for the year		40,347	32,008	79	(1,161)	40,426	30,847

Institute of Technical Education

Statement of comprehensive income
For the financial year ended 31 March 2020 (cont'd)

	Note	General Funds		Restricted Funds		Total	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
The Institute (cont'd)							
Other comprehensive loss							
Item that will not be reclassified to surplus or deficit							
Net change in retirement benefits reserves arising from actuarial adjustments		(43)	(35)	–	–	(43)	(35)
Other comprehensive loss for the year, net of tax of nil		(43)	(35)	–	–	(43)	(35)
Total comprehensive income/(loss) for the year		40,304	31,973	79	(1,161)	40,383	30,812

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Institute of Technical Education

**Consolidated statement of changes in funds and reserves
For the financial year ended 31 March 2020**

	Capital account (Note 14) \$'000	Fair value reserve (Note 15) \$'000	Retirement benefits reserve (Note 19) \$'000	Accumulated surplus		Total \$'000
				General Funds (Note 16a) \$'000	Restricted Funds (Note 16b) \$'000	
The Group						
At 31 March 2018	2,715	(105)	(1,179)	223,086	52,433	276,950
Cumulative effects of adopting SB- FRS 109	–	105	–	(387)	(43)	(325)
At 1 April 2018 (Restated)	2,715	–	(1,179)	222,699	52,390	276,625
Net surplus/(deficit) for the year	–	–	–	33,286	(171)	33,115
Other comprehensive (loss)/income for the year, net of tax of nil	–	–	(35)	–	–	(35)
Total comprehensive (loss)/income for the year	–	–	(35)	33,286	(171)	33,080
At 31 March 2019	2,715	–	(1,214)	255,985	52,219	309,705
Reclassification of Restricted Funds to General Funds	–	–	–	41,940	(41,940)	–
At 1 April 2019	2,715	–	(1,214)	297,925	10,279	309,705
Net surplus for the year	–	–	–	47,217	103	47,320
Other comprehensive (loss)/income for the year, net of tax of nil	–	–	(43)	–	–	(43)
Total comprehensive (loss)/income for the year	–	–	(43)	47,217	103	47,277
At 31 March 2020	2,715	–	(1,257)	345,142	10,382	356,982

Institute of Technical Education

**Statement of changes in funds and reserves
For the financial year ended 31 March 2020 (cont'd)**

	Capital account (Note 14) \$'000	Fair value reserve (Note 15) \$'000	Retirement benefits reserve (Note 19) \$'000	Accumulated surplus		Total \$'000
				General Funds (Note 16a) \$'000	Restricted Funds (Note 16b) \$'000	
The Institute						
At 31 March 2018	2,715	(65)	(1,179)	183,416	38,812	223,699
Cumulative effects of adopting SB- FRS 109	–	65	–	(360)	(3)	(298)
At 1 April 2018 (Restated)	2,715	–	(1,179)	183,056	38,809	223,401
Net surplus/(deficit) for the year	–	–	–	32,008	(1,161)	30,847
Other comprehensive (loss)/income for the year, net of tax of nil	–	–	(35)	–	–	(35)
Total comprehensive (loss)/income for the year	–	–	(35)	32,008	(1,161)	30,812
At 31 March 2019	2,715	–	(1,214)	215,064	37,648	254,213
Reclassification of Restricted Funds to General Funds	–	–	–	30,348	(30,348)	–
At 1 April 2019	2,715	–	(1,214)	245,412	7,300	254,213
Net surplus for the year	–	–	–	40,347	79	40,426
Other comprehensive (loss)/income for the year, net of tax of nil	–	–	(43)	–	–	(43)
Total comprehensive (loss)/income for the year	–	–	(43)	40,347	79	40,383
At 31 March 2020	2,715	–	(1,257)	285,759	7,379	294,596

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Institute of Technical Education

Consolidated statement of cash flows
For the financial year ended 31 March 2020

	Note	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Deficit before government grants and income tax		(482,950)	(485,553)
Adjustments for:			
Cumulative effects of adopting SB-FRS 109		–	(325)
Depreciation of property, plant and equipment	3	44,673	49,957
Depreciation of right-of-use assets	4	15,001	–
Amortisation of prepaid lease	5	–	6,723
Amortisation of intangible assets	6	2,744	2,433
Other grants	12	(5,006)	(2,964)
Interest cost for retirement benefits	19	40	52
Fair value gain on financial assets		(1,012)	(975)
Amortisation on financial assets		46	283
Loss on disposal of financial assets	27	11	19
Loss on disposal of property, plant and equipment, net		37	18
Bad debts written off	27	390	419
Allowance for expected credit losses on receivables, net	27	624	162
Provision for unutilised leave, net	20	2,620	(480)
Interest income	23	(6,903)	(6,009)
Interest expense		4,884	5,107
Dividend income	24	(190)	(321)
Cost adjustment of property, plant and equipment, net	3	(2)	41
Operating deficit before working capital changes		(424,993)	(431,413)
Decrease/(increase) in trade and other receivables		434	(3,056)
Increase in trade and other payables and deferred income		8,062	1,654
Cash used in operations		(416,497)	(432,815)
Retirement benefits paid	19	(347)	(360)
Income tax paid		(143)	(8)
Net cash flows used in operating activities		(416,987)	(433,183)
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(17,509)	(32,552)
Purchase of intangible assets	6	(7,808)	(2,317)
Purchase of other financial assets		–	(22,139)
Redemption/disposal of other financial assets		7,659	6,726
Proceeds from disposal of property, plant and equipment		41	66
Interest received		6,903	6,009
Dividends received		190	321
Placement of fixed deposits (maturity more than 3 months from financial year end)	13	(1,435)	(9,870)
Net cash flows used in investing activities		(11,959)	(53,756)
Cash flows from financing activities			
Interest paid		(4,884)	(5,107)
Payment of principal portion of lease liabilities	4	(6,486)	(6,240)
Development grants received from Government	11	50	20
Operating grants received from Government	10	494,522	512,854
Other grants received from Government	12	1,900	4,942
Net cash flows generated from financing activities		485,102	506,469
Net increase in cash and cash equivalents		56,156	19,530
Cash and cash equivalents at beginning of year		372,937	353,407
Cash and cash equivalents at end of year	13	429,093	372,937

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Institute of Technical Education

Notes to the financial statements For the financial year ended 31 March 2020

1. Corporate information

The financial statements of Institute of Technical Education (the "Institute") for the year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Board of Governors on the date of the Statement by the Board of Governors.

The Institute was established on 1 April 1992 under the Institute of Technical Education Act (Chapter 141A) and is domiciled in Singapore. The Institute is under the purview of the Ministry of Education ("MOE"). As a statutory board, the Institute is subject to the directions of the MOE and is required to implement policies and policy changes as determined by its supervisory ministry. The Institute's registered office and place of business is located at 2 Ang Mo Kio Drive, Singapore 567720.

The Institute is principally engaged in the development, promotion and provision of technical training programmes for school leavers, and continuing education and training programmes for upgrading and retraining the existing workforce in Singapore. The principal activities of the subsidiaries are set out in Note 7.

The consolidated financial statements for the financial year ended 31 March 2020 relate to the Institute and its subsidiaries (together referred to as the "Group").

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The financial statements have been prepared in accordance with the provisions of the Institute of Technical Education Act, Chapter 141A and Statutory Board Financial Reporting Standards ("SB-FRS"). SB-FRS include 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 have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group and the Institute have adopted all the new and revised SB-FRS and Interpretations to SB-FRS (INT SB-FRS) that are effective for annual financial periods beginning on or after 1 April 2019.

The Group applied SB-FRS 116 *Leases* for the first time, as well as revised SB-FRS Guidance Note 1 *Accounting and Disclosure for Funds, Grants, Accumulated Surplus and Reserves*. The nature and effects of the changes as a result of adoption of the new accounting standard and revised guidance are described below.

Several other amendments and interpretations apply for the first time in the year ended 31 March 2020, but do not have an impact on the consolidated financial statements of the Group.

Institute of Technical Education

**Notes to the financial statements
For the financial year ended 31 March 2020**

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

SB-FRS Guidance Note 1 (revised)

The Group adopted SB-FRS Guidance Note 1 (revised) on 1 April 2019 and accordingly, ITE's Fund and Workforce Skills Qualifications Programmes (WSQ) Fund have been reclassified from Restricted Funds to Designated Funds and General Funds with effect from 1 April 2019 within the accumulated surplus (Note 16) upon reassessment using the revised guidance.

The effects of adopting SB-FRS Guidance Note 1 (revised) as at 1 April 2019 are as follows:

	The Group Increase/(decrease) \$'000
Capital and funds	
Accumulated surplus	
- General Funds	2,986
- Designated Funds (earmarked within General Funds)	38,954
- Restricted Funds	(41,940)
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SB-FRS 116 Leases

SB-FRS 116 supersedes SB-FRS 17 *Leases*, INT FRS 104 *Determining Whether an Arrangement Contains a Lease*, INT FRS 15 *Operating Leases - Incentives* and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under SB-FRS 116 is substantially unchanged from SB-FRS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in SB-FRS 17. Therefore, SB-FRS 116 does not have a substantial impact for leases where the Group is the lessor.

The Group adopted SB-FRS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 April 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying SB-FRS 17 and INT FRS 104 at the date of initial application.

For lease contracts of various items of equipment, before the adoption of SB-FRS 116, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to Note 2.16 for the accounting policy prior to 1 April 2019.

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

SB-FRS 116 Leases (cont'd)

Upon adoption of SB-FRS 116, the Group applied a single recognition and measurement approach for all leases except for leases of low-value assets. Refer to Note 2.16 for the accounting policy beginning 1 April 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously accounted for as finance leases

The Group has lease contract for leasehold land, which has been fully repaid before 1 April 2019, and leasehold building which had been accounted for under "Prepaid Lease" and "Property, Plant and Equipment – Buildings on leasehold land" respectively. Upon the adoption of SB-FRS 116, there is no impact on the accounting treatment for leasehold land and leasehold building. The carrying amount of leasehold land and leasehold building is classified as right-of-use assets and presented separately in the statement of financial position.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for leases of low-value assets. The right-of-use assets for most leases were recognised at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before 1 April 2019. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ended within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use assets at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 April 2019:

- Right-of-use assets of \$251,859,000 were recognised and presented separately in the statement of financial position. These include the leased assets recognised previously under finance leases of \$251,816,000 that were reclassified from prepaid lease and property, plant and equipment.
- Additional lease liabilities of \$43,000 were recognised.
- Finance lease obligations of \$139,044,000 were reclassified to lease liabilities.

Institute of Technical Education

Notes to the financial statements
For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.2 *Changes in accounting policies (cont'd)*

SB-FRS 116 Leases (cont'd)

Right-of-use assets recognised as at 1 April 2019 comprise the following:

	The Group \$'000	The Institute \$'000
Building on leasehold land previously classified as finance leases	134,736	134,736
Prepaid lease	117,073	117,073
Office equipment previously classified as finance leases	7	-
Office equipment previously classified as operating leases	43	17
Right-of-use assets as at 1 April 2019	251,859	251,826

The lease liabilities of the Group and the Institute as at 1 April 2019 can be reconciled to the operating lease commitments as at 31 March 2019, as follows:

	The Group \$'000	The Institute \$'000
Operating lease commitments as at 31 March 2019	198	171
Weighted average incremental borrowing rate as at 1 April 2019	3.13%	3.20%
Discounted operating lease commitments as at 1 April 2019	192	166
Less:		
Commitments relating to leases of low-value assets	(149)	(149)
Add:		
Commitments relating to leases previously classified as finance leases	139,044	139,036
Lease liabilities as at 1 April 2019	139,087	139,053

2. Summary of significant accounting policies (cont'd)

2.3 **Standards issued but not yet effective**

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to References to the Conceptual Framework in SB-FRS Standards	1 January 2020
Amendments to SB-FRS 1 and SB-FRS 8 <i>Definition of Material</i>	1 January 2020
Amendments to SB-FRS 109, SB-FRS 39 and SB-FRS 107 <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendments to SB-FRS 116 <i>Covid-19-Related Rent Concessions</i>	1 June 2020
Amendments to SB-FRS 110 & SB-FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application. The Group will adopt the new standards on the required effective date.

2.4 **Significant accounting estimates and judgments**

The preparation of the financial statements in conformity with SB-FRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. Management is of the opinion that there are no significant judgments during the year.

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 discussed below. The Group based their assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 28 years.

2. Summary of significant accounting policies (cont'd)

2.4 Significant accounting estimates and judgments (cont'd)

Key sources of estimation uncertainty (cont'd)

Useful lives of property, plant and equipment (cont'd)

As at 31 March 2020, the carrying amounts of the Group's and the Institute's property, plant and equipment amounts to \$462,814,000 (2019: \$624,936,000) and \$460,533,000 (2019: \$622,750,000) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

2.5 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Institute's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Institute and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

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

2.6 Subsidiaries and basis of consolidation

(a) Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Institute's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses, if any.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Institute and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Institute. Consistent accounting policies are applied to like transactions and events in similar circumstances.

2. Summary of significant accounting policies (cont'd)

2.6 Subsidiaries and basis of consolidation (cont'd)

(b) Basis of consolidation (cont'd)

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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

Buildings on leasehold land	–	25 to 28 years
Renovations	–	5 years
Computer hardware	–	3 to 8 years
Machinery and equipment	–	5 to 10 years
Fixtures, fittings and office equipment	–	5 to 8 years
Motor vehicles	–	8 years

Project-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

2.8 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

2. Summary of significant accounting policies (cont'd)

2.8 Intangible assets (cont'd)

Intangible assets comprise computer software which is not an integral part of the related hardware.

Amortisation of intangible assets with finite useful lives is computed on a straight-line basis over their estimated useful lives as follows:

Computer software	–	3 years
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Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in surplus or deficit when the asset is derecognised.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in surplus or deficit.

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

2.10 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets 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 assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services.

2. Summary of significant accounting policies (cont'd)

2.10 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Amortised cost

Investment in debt instruments that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains or losses are recognised in surplus or deficit when the assets are derecognised or impaired, and through the amortisation process.

(ii) Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on financial assets that are measured at fair value through profit or loss is subsequently recognised in surplus or deficit in the period in which it arises.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised 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 recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

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

Derecognition

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

2. Summary of significant accounting policies (cont'd)

2.11 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

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

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

The Group considers a financial asset in default when the Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.12 *Cash and bank balances*

Cash and bank balances comprise cash at bank and bank deposits which are subject to an insignificant risk of changes in value.

2.13 *Funds*

Assets and liabilities of general funds and restricted funds are pooled in the statement of financial position.

General Funds

Income and expenditure relating to the main activities of the Group are accounted for in these funds.

Designated Funds

These are funds within general funds, which management has earmarked for specific purpose and the management has the power to re-designate their use for other purpose.

2. Summary of significant accounting policies (cont'd)

2.13 Funds (cont'd)

Restricted Funds

Restricted funds comprise specific funds set up to account for the contributions received for specific purposes as detailed in Note 16 to the financial statements.

Income and expenditure relating to specific funds are accounted for in the "Restricted Funds" column in surplus or deficit and are separately disclosed in Note 16 in the financial statements.

Trust Funds

Trust funds are funds which the Institute acts as a custodian, trustee manager or agent but does not exercise control over. These funds are set up to account for contributions received from the Government of Singapore and external sources for specified project or based on a specified agreement. Upon completion of the project or termination of the agreement, the fund balance is either distributed in accordance with an agreement or deed, returned to contributors, or distributed as directed by a party other than the Institute. The residual funds do not belong to the Institute.

Trust funds are excluded from the statements of comprehensive income, changes in funds and reserves. The trust funds' statement of financial position is presented at the bottom of the statements of financial position with disclosures in Note 21 to the financial statements.

2.14 Grants

Government grants and contributions from other organisations are recognised at their fair value where there is reasonable assurance that the grants will be received and all required conditions will be complied with.

Government grants that are given outright to the Group for its discretion to spend on the purchase of assets are recognised immediately as Deferred Capital Grants. The timing and extent of the release of grants to profit or loss depend on when the grant is spent to purchase assets and whether the assets are capitalised.

Other government grants and contributions from other organisations for the purchase of property, plant and equipment or to finance research or capital projects are taken to the grants received in advance account upon receipt. They are transferred to the deferred capital grants account upon the utilisation of the grants for purchase of assets which are capitalised, or to surplus or deficit for purchase of assets which are written off in the year of purchase.

Donations of depreciable assets are taken directly to surplus or deficit in the period it is received or receivable when the Group has obtained control of the donation or the right to receive the donation, the amount of the donation can be measured reliably and it is probable that the economic benefits comprising the donation will flow to the Group.

2. Summary of significant accounting policies (cont'd)

2.14 Grants (cont'd)

Deferred capital grants are recognised in surplus or deficit over the periods necessary to match the depreciation, write off and/or impairment loss of the assets purchased or donated with the related grants. Upon the disposal of property, plant and equipment, the balance of the related deferred capital grants is recognised in surplus or deficit to match the net book value of the property, plant and equipment written off.

Government grants to meet the current year's operating expenses are recognised as income in the same year these operating expenses were incurred. Government grants are accounted for on an accrual basis.

Capital grants for the acquisition of non-depreciable assets are taken to the Capital Account.

2.15 Provisions

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

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

2.16 Leases

Policy applicable beginning 1 April 2019

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

As a lessee

The Group applies a single recognition and measurement approach for all leases, except for leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2. Summary of significant accounting policies (cont'd)

2.16 Leases (cont'd)

Policy applicable beginning 1 April 2019 (cont'd)

As a lessee (cont'd)

(i) Right-of-use assets

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

Prepaid lease	30 years
Building on leasehold land	25 to 28 years
Office equipment	5 to 8 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.9.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

The Group's lease liabilities are disclosed in Note 17.

2. Summary of significant accounting policies (cont'd)

2.16 Leases (cont'd)

Policy applicable beginning 1 April 2019 (cont'd)

As a lessee (cont'd)

(iii) Leases of low-value assets

The Group applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As a lessor

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

Policy applicable before 1 April 2019

As a lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to surplus or deficit. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature.

Operating leases where lessor retains significant portion of the risks and rewards of ownership are not capitalised. Payments under operating leases are taken to surplus or deficit on a straight-line basis over the period of the lease.

2. Summary of significant accounting policies (cont'd)

2.17 Employee benefits

(a) Defined contribution plans

The Group makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. CPF contributions are recognised as an expense in the period in which the related service is performed.

(b) Employment leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

(c) Defined benefit plans

Certain officers of the Institute are entitled to benefits under the provisions of the Pension Act, Chapter 225 in respect of their services with the Institute.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Institute's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods that benefit is discounted to determine the present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the end of the reporting period on Singapore government bonds that have maturity dates approximating the terms of the Institute's obligations.

The calculation is performed annually by the Institute using the projected unit credit method. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Institute. An economic benefit is available to the Institute if it is realisable during the life of the plan, or on settlement of the plan liabilities.

The Institute recognises actuarial gains and losses arising from the remeasurement of defined benefit plans in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

(d) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Key management personnel

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The Chief Executive Officer, Deputy Chief Executive Officers, Directors and Principals are considered key management personnel.

2. Summary of significant accounting policies (cont'd)

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.19 Income taxes

The Institute is a tax-exempted Institution under the provisions of the Income Tax Act (Chapter 134, 2008 Revised Edition). The subsidiaries of the Institute are subject to local income tax legislation, except for those that are tax-exempt under the provisions of the Income Tax Act (Chapter 134, 2008 Revised Edition).

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Current income taxes are recognised in surplus or deficit except to the extent that the tax relates to items recognised outside surplus or deficit, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable surplus or deficit; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Summary of significant accounting policies (cont'd)

2.19 Income taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable surplus or deficit; and
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside surplus or deficit is recognised outside surplus or deficit. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

2. Summary of significant accounting policies (cont'd)

2.20 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation is satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Course fees

Course and other fees are recognised on time apportionment basis, over the period of the academic year.

Examination fees

Examination fees are recognised at a point in time, when the examinations have been conducted.

Donations

Donations (cash or assets) are recognised in surplus or deficit when the Group's right to receive payment is established.

Other income

Income from the rendering of services related to staff deployment and consulting fee are recognised when the services are rendered.

Income from equipment procurement is recognised when the equipment is delivered to customers.

Rental of premises and other income are recognised on an accrual basis.

Interest income

Interest income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Institute of Technical Education

Notes to the financial statements
For the financial year ended 31 March 2020

3. Property, plant and equipment

	The Group							Total \$'000
	Buildings on leasehold land \$'000	Renovations \$'000	Computer hardware \$'000	Machinery and equipment \$'000	Fixtures, fittings and office equipment \$'000	Motor vehicles \$'000	Project-in- progress \$'000	
Cost								
At 1 April 2018	835,682	22,361	52,021	122,968	10,345	302	2,822	1,046,501
Additions	–	1,744	17,616	7,738	965	–	4,489	32,552
Cost adjustments	–	–	–	–	–	–	(41)	(41)
Disposals/write-off	–	–	(6,751)	(5,716)	(429)	(149)	–	(13,045)
Reclassifications	–	362	–	1,207	5	–	(1,574)	–
Transfer to intangible assets (Note 6)	–	–	–	–	–	–	(56)	(56)
At 31 March 2019 and 1 April 2019	835,682	24,467	62,886	126,197	10,886	153	5,640	1,065,911
Transfer to right-of-use assets (Note 4)	(206,916)	–	–	–	(18)	–	–	(206,934)
Adjusted balance at 1 April 2019	628,766	24,467	62,886	126,197	10,868	153	5,640	858,977
Additions	–	2,991	2,435	9,958	702	–	1,423	17,509
Cost adjustments	–	2	–	–	–	–	–	2
Disposals/write-off	–	–	(967)	(6,775)	(327)	–	–	(8,069)
Reclassifications	–	3,036	–	2,437	26	–	(5,499)	–
Transfer to intangible assets (Note 6)	–	–	–	–	–	–	(139)	(139)
At 31 March 2020	628,766	30,496	64,354	131,817	11,269	153	1,425	868,280

Institute of Technical Education

Notes to the financial statements
For the financial year ended 31 March 2020

3. Property, plant and equipment (cont'd)

	Buildings on leasehold land \$'000	Renovations \$'000	Computer hardware \$'000	Machinery and equipment \$'000	Fixtures, fittings and office equipment \$'000	Motor vehicles \$'000	Project-in- progress \$'000	Total \$'000
Accumulated depreciation								
At 1 April 2018	246,706	14,599	46,801	89,546	6,083	244	-	403,979
Depreciation for the year	30,945	3,697	5,550	8,717	1,028	20	-	49,957
Disposals/write-off	-	-	(6,752)	(5,677)	(401)	(131)	-	(12,961)
At 31 March 2019 and 1 April 2019	277,651	18,296	45,599	92,586	6,710	133	-	440,975
Transfer to right-of-use assets (Note 4)	(72,180)	-	-	-	(11)	-	-	(72,191)
Adjusted balance at 1 April 2019	205,471	18,296	45,599	92,586	6,699	133	-	368,784
Depreciation for the year	22,694	3,741	8,024	9,181	1,023	10	-	44,673
Disposals/write-off	-	-	(967)	(6,714)	(310)	-	-	(7,991)
At 31 March 2020	228,165	22,037	52,656	95,053	7,412	143	-	405,466
Net book value								
At 31 March 2020	400,601	8,459	11,698	36,764	3,857	10	1,425	462,814
At 31 March 2019	558,031	6,171	17,287	33,611	4,176	20	5,640	624,936

Institute of Technical Education

Notes to the financial statements
For the financial year ended 31 March 2020

3. Property, plant and equipment (cont'd)

Cost	The Institute							Total \$'000
	Buildings on leasehold land \$'000	Renovations \$'000	Computer hardware \$'000	Machinery and equipment \$'000	Fixtures, fittings and office equipment \$'000	Motor vehicles \$'000	Project-in- progress \$'000	
At 1 April 2018	835,682	22,251	50,347	120,119	8,420	302	2,822	1,039,943
Additions	–	1,725	17,582	7,651	834	–	4,489	32,281
Cost adjustments	–	–	–	–	–	–	(41)	(41)
Disposals/write-off	–	–	(6,749)	(5,691)	(416)	(149)	–	(13,005)
Reclassifications	–	362	–	1,207	5	–	(1,574)	–
Transfer to intangible assets (Note 6)	–	–	–	–	–	–	(56)	(56)
At 31 March 2019 and 1 April 2019	835,682	24,338	61,180	123,286	8,843	153	5,640	1,059,122
Transfer to right-of-use assets (Note 4)	(206,916)	–	–	–	–	–	–	(206,916)
Adjusted balance at 1 April 2019	628,766	24,338	61,180	123,286	8,843	153	5,640	852,206
Additions	–	2,972	2,360	9,622	332	–	1,423	16,709
Cost adjustments	–	2	–	–	–	–	–	2
Disposals/write-off	–	–	(966)	(6,642)	(296)	–	–	(7,904)
Reclassifications	–	3,036	–	2,437	26	–	(5,499)	–
Transfer to intangible assets (Note 6)	–	–	–	–	–	–	(139)	(139)
At 31 March 2020	628,766	30,348	62,574	128,703	8,905	153	1,425	860,874

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Notes to the financial statements
For the financial year ended 31 March 2020

3. Property, plant and equipment (cont'd)

	Buildings on leasehold land \$'000	Renovations \$'000	Computer hardware \$'000	Machinery and equipment \$'000	The Institute Fixtures, fittings and office equipment \$'000	Motor vehicles \$'000	Project-in- progress \$'000	Total \$'000
Accumulated depreciation								
At 1 April 2018	246,706	14,573	45,176	88,011	5,369	244	-	400,079
Depreciation for the year	30,945	3,675	5,513	8,318	744	20	-	49,215
Disposals/write-off	-	-	(6,749)	(5,654)	(388)	(131)	-	(12,922)
At 31 March 2019 and 1 April 2019	277,651	18,248	43,940	90,675	5,725	133	-	436,372
Transfer to right-of-use assets (Note 4)	(72,180)	-	-	-	-	-	-	(72,180)
Adjusted balance at 1 April 2019	205,471	18,248	43,940	90,675	5,725	133	-	364,192
Depreciation for the year	22,694	3,715	7,993	8,831	732	10	-	43,975
Disposals/write-off	-	-	(966)	(6,582)	(278)	-	-	(7,826)
At 31 March 2020	228,165	21,963	50,967	92,924	6,179	143	-	400,341
Net book value								
At 31 March 2020	400,601	8,385	11,607	35,779	2,726	10	1,425	460,533
At 31 March 2019	558,031	6,090	17,240	32,611	3,118	20	5,640	622,750

4. Leases

As a lessee

On 22 April 2007, the Institute entered into a lease agreement with the Singapore Land Authority ("SLA") to lease a land along Bukit Batok Road and Choa Chu Kang Way ("the land") for a period of 30 years for the development of new ITE College West ("ITE facilities"). The prepayment of the land premium is recognised as a prepaid lease (Note 5).

Subsequently on 11 August 2008, the Institute entered into a Sublease Agreement and a Project Agreement with Gammon Capital (West) Pte Limited ("PPP Co."). PPP Co. has been renamed to PPP Infrastructure Management Pte Ltd from 11 October 2019. Under the Sublease Agreement, the land is subleased to the PPP Co. for a period of 27 years commencing from 11 August 2008. Pursuant to the Project Agreement, the PPP Co. was engaged to develop, construct, finance and operate the ITE facilities in accordance with the Institute's specifications and prescribed performance standards. The PPP Co. would undertake the development and construction of the ITE facilities in the first 2 years of the sublease period.

Upon completion of the ITE facilities on 1 July 2010, the PPP Co. has made available the facilities and facilities management services (such as helpdesk, logistic, cleaning services, fire management service, lockers management, utilities management, security service) consistent with the prescribed purpose and performance level until the end of the sublease period ("service period"). The Institute recognised an amount of \$207 million representing the present value of total cost incurred for ITE facilities as leasehold building.

During the service period, the Institute will provide monthly unitary payments ("MUP") to the PPP Co. which in aggregate represents the cost of the ITE facilities (including capital expenditure and financing costs, if any) and agency fees in relation to facilities management services. The MUP is subject to certain adjustments, including inflation adjustment on a yearly basis, other variable factors adjustments (including but not limited to, deductions on the non-availability of ITE facilities and/or poor service performance, and additional usage of ITE facilities by the Institute) on a monthly basis and any other variations due to changes in law or regulated by the Institute. During the year, the total MUP paid to PPP Co. amounts to \$35.6 million (2019: \$35.8 million).

95% of the ITE facilities is built for educational training purposes while the remaining 5% relates to cafeterias and commercial retail outlets. The Institute has specified the use of ITE facilities and the timetable for its use of the ITE facilities in the Project Agreement.

Pursuant to the Project Agreement, the PPP Co. is required to hand back the ITE facilities in a good tenantable condition to the Institute upon the expiry of the service period without any consideration. This arrangement does not contain a renewal option. The standard rights to terminate the Project Agreement include default by either parties (i.e. PPP Co. or the Institute) and Force Majeure which would render it impossible for the PPP Co. to fulfil its obligations under the Project Agreement.

The carrying amount of the ITE facilities held under lease at the reporting date was \$132.6 million (2019: \$139.0 million). The Group and the Institute record these facilities as right-of-use assets with a corresponding lease liability.

4. Leases (cont'd)

As a lessee (cont'd)

Prepaid lease represents the premium paid on leasehold land. Prepaid lease is stated at cost less accumulated amortisation and impairment losses, and is amortised in surplus or deficit using the straight-line method over the lease term of 30 years.

The Group also have lease contracts for office equipment used in its operation. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	The Group			
	Building on leasehold land \$'000	Prepaid lease \$'000	Office equipment \$'000	Total \$'000
Cost				
At 1 April 2019	–	–	–	–
Recognition of right-of-use assets on initial application of SB-FRS 116	–	–	43	43
Transfer from property, plant and equipment (Note 3)	206,916	–	18	206,934
Transfer from prepaid lease (Note 5)	–	201,277	–	201,277
	206,916	201,277	61	408,254
Adjusted balance at 1 April 2019	–	–	5	5
Additions	–	–	5	5
	206,916	201,277	66	408,259
At 31 March 2020	206,916	201,277	66	408,259
Accumulated depreciation:				
At 1 April 2019	–	–	–	–
Transfer from property, plant and equipment (Note 3)	72,180	–	11	72,191
Transfer from prepaid lease (Note 5)	–	84,204	–	84,204
	72,180	84,204	11	156,395
Adjusted balance at 1 April 2019	8,249	6,723	29	15,001
Depreciation for the financial year	8,249	6,723	29	15,001
	80,429	90,927	40	171,396
At 31 March 2020	80,429	90,927	40	171,396
Carrying amount				
At 31 March 2020	126,487	110,350	26	236,863

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Notes to the financial statements
For the financial year ended 31 March 2020

4. Leases (cont'd)

As a lessee (cont'd)

	The Institute			
	Building on leasehold land \$'000	Prepaid lease \$'000	Office equipment \$'000	Total \$'000
Cost				
At 1 April 2019	–	–	–	–
Recognition of right-of-use assets on initial application of SB-FRS 116	–	–	17	17
Transfer from property, plant and equipment (Note 3)	206,916	–	–	206,916
Transfer from prepaid lease (Note 5)	–	201,277	–	201,277
Adjusted balance at 1 April 2019 and 31 March 2020	206,916	201,277	17	408,210
Accumulated depreciation:				
At 1 April 2019	–	–	–	–
Transfer from property, plant and equipment (Note 3)	72,180	–	–	72,180
Transfer from prepaid lease (Note 5)	–	84,204	–	84,204
Adjusted balance at 1 April 2019	72,180	84,204	–	156,384
Depreciation for the financial year	8,249	6,723	16	14,988
At 31 March 2020	80,429	90,927	16	171,372
Carrying amount:				
At 31 March 2020	126,487	110,350	1	236,838

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	The Group		The Institute	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
As at 1 April	139,044	145,284	139,036	145,273
Adjustments on initial adoption of SB-FRS 116	43	–	17	–
Additions	5	–	–	–
Accretion of interest	4,867	5,085	4,866	5,085
Payments	(11,353)	(11,325)	(11,338)	(11,322)
As at 31 March	132,606	139,044	132,581	139,036
Current (Note 17)	6,694	6,460	6,683	6,456
Non-current (Note 17)	125,912	132,584	125,898	132,580

The maturity analysis of lease liabilities are disclosed in Note 31.2.

Institute of Technical Education

Notes to the financial statements For the financial year ended 31 March 2020

4. Leases (cont'd)

As a lessee (cont'd)

The following are the amounts recognised in surplus or deficit:

	The Group 2020 \$'000	The Institute 2020 \$'000
Depreciation of right-of-use assets	15,001	14,988
Interest expense on lease liabilities	4,867	4,866
Expense for leases of low-value assets (included in other expenditure)	277	77
Total amount recognised in surplus or deficit	<u>20,145</u>	<u>19,931</u>

The Group and the Institute had total cash outflows for leases of \$11,630,000 and \$11,415,000 respectively in 2020.

As a lessor

The Group leases out its properties to third parties as commercial retail outlets, food and beverage outlets and childcare facility within the campus. These leases have a 3-year term with extension option. All leases include a clause giving lessor the right to revise the rental for the option period.

The following table shows the maturity analysis of the undiscounted lease payments to be received. These lease payments exclude those related to the extension option:

	The Group 2020 \$'000	The Institute 2020 \$'000
Within one year	817	1,039
After one year but not more than five years	1,166	1,164
	<u>1,983</u>	<u>2,203</u>

These lease payments exclude those related to the extension option where the Group and Institute are not certain of the tenants' intention to extend. The lease payments expected within one year exclude a four-months rental waiver granted to the eligible tenants as part of the Government's budget measures due to the COVID-19 pandemic.

Institute of Technical Education

**Notes to the financial statements
For the financial year ended 31 March 2020**

5. Prepaid lease

	The Group and The Institute	
	2020	2019
	\$'000	\$'000
Cost		
At 1 April and 31 March	201,277	201,277
Transfer to right-of-use assets (Note 4)	(201,277)	–
Adjusted balance at 1 April and 31 March	–	201,277
Accumulated amortisation		
At 1 April	84,204	77,481
Transfer to right-of-use assets (Note 4)	(84,204)	–
Adjusted balance at 1 April	–	77,481
Amortisation for the year	–	6,723
At 31 March	–	84,204
Carrying amount		
At 31 March	–	117,073

6. Intangible assets

	Computer software	Project-in- progress	Total
	\$'000	\$'000	\$'000
The Group			
Cost			
At 1 April 2018	40,232	240	40,472
Additions	1,359	958	2,317
Disposals	(1,941)	–	(1,941)
Transfer from plant, property and equipment (Note 3)	56	–	56
At 31 March 2019 and 1 April 2019	39,706	1,198	40,904
Additions	6,664	1,144	7,808
Disposals	(364)	–	(364)
Reclassifications	1,152	(1,152)	–
Transfer from plant, property and equipment (Note 3)	139	–	139
At 31 March 2020	47,297	1,190	48,487

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Notes to the financial statements
For the financial year ended 31 March 2020

6. Intangible assets (cont'd)

	Computer software \$'000	Project-in- progress \$'000	Total \$'000
The Group (cont'd)			
Accumulated amortisation			
At 1 April 2018	37,191	–	37,191
Amortisation for the year	2,433	–	2,433
Disposals	(1,941)	–	(1,941)
At 31 March 2019 and 1 April 2019	37,683	–	37,683
Amortisation for the year	2,744	–	2,744
Disposals	(364)	–	(364)
At 31 March 2020	40,063	–	40,063
Net carrying amount			
At 31 March 2020	7,234	1,190	8,424
At 31 March 2019	2,023	1,198	3,221
The Institute			
Cost			
At 1 April 2018	39,799	240	40,039
Additions	1,274	958	2,232
Disposals	(1,937)	–	(1,937)
Transfer from plant, property and equipment (Note 3)	56	–	56
At 31 March 2019 and 1 April 2019	39,192	1,198	40,390
Additions	6,625	1,144	7,769
Disposals	(357)	–	(357)
Reclassifications	1,152	(1,152)	–
Transfer from plant, property and equipment (Note 3)	139	–	139
At 31 March 2020	46,751	1,190	47,941
Accumulated amortisation			
At 1 April 2018	36,793	–	36,793
Amortisation for the year	2,402	–	2,402
Disposals	(1,937)	–	(1,937)
At 31 March 2019 and 1 April 2019	37,258	–	37,258
Amortisation for the year	2,694	–	2,694
Disposals	(357)	–	(357)
At 31 March 2020	39,595	–	39,595
Net carrying amount			
At 31 March 2020	7,156	1,190	8,346
At 31 March 2019	1,934	1,198	3,132

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For the financial year ended 31 March 2020**

7. Subsidiaries

	The Institute	
	2020	2019
	\$'000	\$'000
Subsidiaries	8,952	8,952

Details of subsidiaries are as follows:

Name	Country of incorporation/ principal place of business	Principal activities
NorthLight School ^#	Singapore	Provision of integrated education
Crest Secondary School ^#	Singapore	Provide customised curriculum for Normal (Technical) students
Spectra Secondary School ^#	Singapore	Provide customised curriculum for Normal (Technical) students

Name	Country of incorporation/ principal place of business	Principal activities	Percentage of equity held	
			2020	2019
			%	%
ITE Education Services Pte Ltd ^	Singapore	Promotion of technical education in Asia Pacific region	100	100

^ Audited by Ernst & Young LLP, Singapore

These corporations are incorporated as companies limited by guarantee, and do not have share capital.

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8. Other financial assets

	The Group		The Institute	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>At fair value through profit or loss:</u>				
Quoted securities (i)	–	7,721	–	4,055
Unit trusts managed by fund managers (ii)	56,181	55,118	56,181	55,118
	56,181	62,839	56,181	59,173
<u>At amortised cost:</u>				
Quoted debt securities (iii)	20,498	20,544	18,996	19,042
<u>Net carrying amount:</u>				
Non-current	61,675	79,328	60,173	74,160
Current	15,004	4,055	15,004	4,055

The Group and the Institute

- (i) The securities are investments in quoted, non-cumulative, non-convertible perpetual securities with stated dividend rate of 3.50% to 5% per annum and bond funds with stated dividend rate of 4.75% per annum in the previous year for the Group and the Institute, respectively. The perpetual securities have been redeemed during the year ended 31 March 2020.
- (ii) The fund managers were appointed by Accountant-General's Department, under the Demand Aggregate Scheme for fund management services.
- (iii) The interest-bearing debt securities are investments in quoted Singapore dollar corporate bonds. Details are as follows:

	The Group		The Institute	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Fair values	20,340	20,725	18,834	19,205
Interest rates	3.08% to 4.75%	3.08% to 4.75%	3.08% to 4.75%	3.08% to 4.75%
Maturity	0.1 to 9.0 years	1.1 to 10.0 years	0.1 to 4.9 years	1.1 to 5.9 years

The fair value of the bonds is determined by reference to their quoted bid prices.

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**Notes to the financial statements
For the financial year ended 31 March 2020**

9. Trade and other receivables

	The Group		The Institute	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Trade receivables	6,220	5,558	3,659	4,160
Allowance for expected credit losses (Note 31.1)	(785)	(283)	(147)	(118)
	5,435	5,275	3,512	4,042
Unbilled revenue*	350	539	–	–
Other receivables	4,002	4,775	3,643	4,475
Security deposits	65	77	28	29
Amounts due from subsidiaries				
- trade	–	–	1,012	739
- non-trade	–	–	626	653
Prepayments	1,809	2,443	1,561	2,188
	11,661	13,109	10,382	12,126

* Unbilled revenue primarily relates to the Group's right to consideration for consultancy services rendered but not yet billed as at reporting date. These are expected to be transferred to receivables in the next financial year when the rights become unconditional.

Trade debtors are generally on 30 to 90 days' terms. They are recognised at their original invoiced amounts, which represent their fair values on initial recognition. No interest is charged on the outstanding balance except for the late interest charges on receivables due from non-students at the Institute level of 8.5% (2019: 8.5%) per annum.

The non-trade amounts due from subsidiaries represent payments made on behalf by the Institute. Amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

Trade and other receivables are denominated in the following currencies:

	The Group		The Institute	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Singapore dollars	9,775	12,745	10,382	12,126
United States dollars	1,886	364	–	–
	11,661	13,109	10,382	12,126

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**Notes to the financial statements
For the financial year ended 31 March 2020**

10. Operating grants (receivable)/received in advance

	The Group		The Institute	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Balance at beginning	7,886	9,012	(5,275)	(3,465)
Grants received during the year	494,522	512,854	438,839	462,495
Amounts transferred to deferred capital grants (Note 18)	(19,790)	(50,155)	(19,369)	(50,036)
Amounts taken to surplus or deficit	(472,934)	(463,825)	(418,362)	(414,269)
Balance at end	9,684	7,886	(4,167)	(5,275)

Net operating grants (receivable)/received in advance are represented by the following:

	The Group		The Institute	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Operating grants receivable	(4,839)	(5,956)	(4,839)	(5,956)
Operating grants received in advance	14,523	13,842	672	681
Balance at end	9,684	7,886	(4,167)	(5,275)

11. Development grants (receivable)/received in advance

The movements in development grants (receivable)/received in advance are as follows:

	The Group	
	2020	2019
	\$'000	\$'000
Balance at beginning	270	369
Grants received during the year	50	20
Amounts transferred to deferred capital grants (Note 18)	(50)	(102)
Amounts taken to surplus or deficit	(10)	(17)
Balance at end	260	270

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**Notes to the financial statements
For the financial year ended 31 March 2020**

11. Development grants (receivable)/received in advance (cont'd)

Net development grants (receivable)/received in advance are represented by the following:

	The Group	
	2020	2019
	\$'000	\$'000
Development grants received in advance	260	270

These are government grants pertaining to the financing of development projects.

12. Other grants (receivable)/received in advance

Other grants (receivable)/received in advance mainly comprises grant received from government to sponsor the co-curricular development opportunities for Singapore citizens from lower income households, which are to be utilised over a three-year period. Any unspent grants disbursed will have to be returned to the Government at the end of the period.

The movements in other grants (receivable)/received in advance are as follows:

	The Group		The Institute	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Balance at beginning	6,203	4,235	5,088	3,370
Grants received during the year	1,900	4,942	2,322	2,461
Amount transferred to deferred capital grants (Note 18)	(138)	(10)	-	-
Amounts taken to the surplus or deficit	(5,006)	(2,964)	(4,030)	(743)
Balance at end	2,959	6,203	3,380	5,088

Net other grants (receivable)/received in advance are represented by the following:

	The Group		The Institute	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Other grants receivable	(2,187)	(280)	(499)	(256)
Other grants received in advance	5,146	6,483	3,879	5,344
	2,959	6,203	3,380	5,088

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**Notes to the financial statements
For the financial year ended 31 March 2020**

13. Cash and bank balances

	The Group		The Institute	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Cash on hand and at banks	419,127	363,979	389,378	342,423
Fixed deposits	58,257	55,814	–	–
Total cash and bank balances	477,384	419,793	389,378	342,423
Less: Fixed deposits (maturity more than 3 months from financial year end)	(48,291)	(46,856)	–	–
Total cash and cash equivalents	429,093	372,937	389,378	342,423

Deposits placed with financial institutions bear interest rates ranging from 0.83% to 1.92% (2019: 1.55% to 1.95%) per annum with maturity periods ranging from 1 to 18 months (2019: 1 to 18 months) from the end of the financial year. Cash deposits with Accountant-General's Department bear interest rates ranging from 1.67% to 2.13% (2019: 1.44% to 1.98%) per annum.

14. Capital account

The capital account comprises:

- (i) assets and liabilities transferred to the Institute in 1992 from the former Vocational and Industrial Training Board; and
- (ii) government grants received for the purchase of vested land.

15. Fair value reserve

As at the start of the previous year, fair value reserve represents the cumulative fair value changes, net of tax of nil, of available-for-sale financial assets until they are disposed of or impaired.

16. Accumulated surplus

(a) **General Funds**

Income and expenditure relating to the main activities of the Group are accounted for through the general funds in surplus or deficit.

Designated Funds

Within general funds is ITE's Fund, which the Institute has earmarked for specific purpose and the Institute has direct control to re-designate its use for other purpose. As at 31 March 2020, the accumulated surplus of ITE's Fund is \$40,051,000.

(b) **Restricted Funds**

The basis of accounting in relation to restricted funds is stipulated in Note 2.13.

Restricted funds comprise the following:

Name of Fund	Purpose
Training Programme Fund	Funding of relevant programmes and activities in training initiatives.
Supplementary Fee Fund	Promoting student welfare activities from supplementary fees collected.
Special Project Fund	To account for funds received from third parties for specific purposes.
Edusave Fund	Funded by the Government for the purpose of conducting enrichment programmes, procuring equipment and resource materials to enhance the quality of teaching and learning.
Opportunity Fund	Grant paid by the Government to level up co-curricular development opportunities for Singapore citizens from lower income households.
Miscellaneous Funds	Set up for specific purposes relating to the Institute's operations.

Following revised SB-FRS Guidance Note 1, management has also reclassified Workforce Skills Qualifications Programmes (WSQ) Fund from restricted funds to general funds with effect from 1 April 2019. Consequently, the operating income and expenditure for this fund are recorded in the general funds from 1 April 2019. WSQ Fund keeps track of funding from SkillsFuture Singapore (formerly known as Workforce Development Agency) for which the Institute received fixed grant for funded component of running WSQ courses and the Institute could keep the savings and manage any shortfall. As there is no restriction on the use of the savings, the Institute has the power to decide its usage and accordingly classified it under general funds.

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Notes to the financial statements
For the financial year ended 31 March 2020

16. Accumulated surplus (cont'd)

(b) Restricted Funds (cont'd)

	The Group							Total \$'000
	ITE's Fund \$'000	Training Programme Fund \$'000	Supple- mentary Fee Fund \$'000	Special Project Fund \$'000	Edusave Fund \$'000	WSQ Fund \$'000	Opportunity Fund and Miscellaneous Funds \$'000	
31 March 2020								
Income								
Course fees	-	-	-	-	-	-	-	-
Examination fees	-	-	-	-	4	-	-	4
Consultancy services	-	-	-	-	-	-	-	-
Supplementary fees	-	-	1,027	-	-	-	-	1,027
Donations	-	-	-	86	-	-	361	447
Interest income	-	-	16	-	-	-	15	31
Other grants	-	-	-	673	551	-	2,608	3,832
Other income	-	-	32	43	48	-	7	130
	-	-	1,075	802	603	-	2,991	5,471
Less: Operating expenditure								
Manpower costs	-	-	-	38	8	-	371	417
Depreciation of property, plant and equipment	-	-	1	33	52	-	196	282
Amortisation of intangible assets	-	-	-	-	-	-	19	19
Loss on disposal of property, plant and equipment, net	-	-	-	-	-	-	4	4
Agency fees	-	-	374	-	-	-	-	374
Repair and maintenance	-	-	5	7	27	-	1	40
Public utilities	-	-	-	-	-	-	-	-
Student benefits	-	-	610	1,090	3,125	-	2,811	7,636
Supplies and materials	-	-	1	29	115	-	118	263
Other expenditure	-	-	302	180	292	-	114	888
	-	-	1,293	1,377	3,619	-	3,634	9,923

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Notes to the financial statements
For the financial year ended 31 March 2020

16. Accumulated surplus (cont'd)

(b) Restricted Funds (cont'd)

	The Group							Total \$'000
	ITE's Fund \$'000	Training Programme Fund \$'000	Supple- mentary Fee Fund \$'000	Special Project Fund \$'000	Edusave Fund \$'000	WSQ Fund \$'000	Opportunity Fund and Miscellaneous Funds \$'000	
31 March 2020 (cont'd)								
Surplus/(deficit) before government grants	-	-	(218)	(575)	(3,016)	-	(643)	(4,452)
Government grants								
Operating grants	-	-	75	616	3,354	-	480	4,525
Deferred capital grants amortised	-	-	-	30	-	-	-	30
Surplus/(deficit) after government grants	-	-	(143)	71	338	-	(163)	103
Taxation	-	-	-	-	-	-	-	-
Net surplus/(deficit) for the year	-	-	(143)	71	338	-	(163)	103
Accumulated surplus at 31 March 2019	38,954	855	2,321	1,421	1,926	2,986	3,756	52,219
One-time transfer from Restricted Funds to General Funds	(38,954)	-	-	-	-	(2,986)	-	(41,940)
Accumulated surplus at 1 April 2019	-	855	2,321	1,421	1,926	-	3,756	10,279
Accumulated surplus at 31 March 2020	-	855	2,178	1,492	2,264	-	3,593	10,382

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Notes to the financial statements
For the financial year ended 31 March 2020

16. Accumulated surplus (cont'd)

(b) Restricted Funds (cont'd)

31 March 2019

	ITE's Fund \$'000	The Group						Total \$'000
		Training Programme Fund \$'000	Supplementary Fee Fund \$'000	Special Project Fund \$'000	Edusave Fund \$'000	WSQ Fund \$'000	Opportunity Fund and Miscellaneous Funds \$'000	
Income								
Course fees	3,548	-	-	-	-	-	3,548	
Examination fees	625	-	-	-	2	-	627	
Consultancy services	2,202	-	-	-	-	-	2,202	
Supplementary fees	-	-	1,025	-	-	-	1,025	
Donations	-	-	-	197	-	-	264	
Interest income	311	-	13	-	-	-	337	
Other grants	2,020	-	1	708	741	-	2,889	
Other income	1,549	-	41	20	48	-	1,663	
	10,255	-	1,080	925	791	-	12,752	
Less: Operating expenditure								
Manpower costs	4,559	-	-	59	20	-	4,990	
Depreciation of property, plant and equipment	23	-	1	20	74	-	354	
Amortisation of intangible assets	-	-	-	-	-	-	24	
Loss on disposal of property, plant and equipment, net	-	-	-	-	-	-	17	
Agency fees	(76)	-	210	(7)	-	-	127	
Repair and maintenance	443	-	3	5	7	-	459	
Public utilities	5	-	-	-	-	-	5	
Student benefits	6	-	704	786	2,842	-	6,813	
Supplies and materials	585	-	7	15	23	-	700	
Other expenditure	2,022	-	347	246	321	-	2,969	
	7,567	-	1,272	1,124	3,287	-	16,458	

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Notes to the financial statements
For the financial year ended 31 March 2020

16. Accumulated surplus (cont'd)

(b) Restricted Funds (cont'd)

	The Group							Total \$'000
	ITE's Fund \$'000	Training Programme Fund \$'000	Supple- mentary Fee Fund \$'000	Special Project Fund \$'000	Edusave Fund \$'000	WSQ Fund \$'000	Opportunity Fund and Miscellaneous Funds \$'000	
31 March 2019 (cont'd)								
Surplus/(deficit) before government grants	2,688	-	(192)	(199)	(2,496)	-	(3,507)	(3,706)
Government grants								
Operating grants	-	-	53	345	3,165	-	124	3,687
Deferred capital grants amortised	-	-	-	12	5	-	-	17
Surplus/(deficit) after government grants	2,688	-	(139)	158	674	-	(3,383)	(2)
Taxation	(169)	-	-	-	-	-	-	(169)
Net surplus/(deficit) for the year	2,519	-	(139)	158	674	-	(3,383)	(171)
Accumulated surplus at 31 March 2018	36,475	855	2,463	1,263	1,252	2,986	7,139	52,433
Cumulative effects of adopting SB-FRS 109	(40)	-	(3)	-	-	-	-	(43)
Accumulated surplus at 1 April 2018	36,435	855	2,460	1,263	1,252	2,986	7,139	52,390
Accumulated surplus at 31 March 2019	38,954	855	2,321	1,421	1,926	2,986	3,756	52,219

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Notes to the financial statements
For the financial year ended 31 March 2020

16. Accumulated surplus (cont'd)

(b) Restricted Funds (cont'd)

	The Institute							Total \$'000
	ITE's Fund \$'000	Training Programme Fund \$'000	Supple- mentary Fee Fund \$'000	Special Project Fund \$'000	Edusave Fund \$'000	WSQ Fund \$'000	Opportunity Fund and Miscellaneous Funds \$'000	
31 March 2020								
Income								
Course fees	-	-	-	-	-	-	-	-
Examination fees	-	-	-	-	-	-	-	-
Consultancy services	-	-	-	-	-	-	-	-
Supplementary fees	-	-	1,027	-	-	-	-	1,027
Donations	-	-	-	-	-	-	-	-
Interest income	-	-	16	-	-	-	-	16
Other grants	-	-	-	670	514	-	2,608	3,792
Other income	-	-	32	19	20	-	4	75
	-	-	1,075	689	534	-	2,612	4,910
Less: Operating expenditure								
Manpower costs	-	-	-	-	-	-	370	370
Depreciation of property, plant and equipment	-	-	1	3	52	-	162	218
Amortisation of intangible assets	-	-	-	-	-	-	19	19
Loss on disposal of property, plant and equipment, net	-	-	-	-	-	-	4	4
Agency fees	-	-	374	-	-	-	-	374
Repair and maintenance	-	-	5	-	-	-	1	6
Public utilities	-	-	-	-	-	-	-	-
Student benefits	-	-	610	469	2,346	-	2,012	5,437
Supplies and materials	-	-	1	-	43	-	109	153
Other expenditure	-	-	302	164	290	-	105	861
	-	-	1,293	636	2,731	-	2,782	7,442

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Notes to the financial statements
For the financial year ended 31 March 2020

16. Accumulated surplus (cont'd)
(b) Restricted Funds (cont'd)

	The Institute							Total \$'000
	ITE's Fund \$'000	Training Programme Fund \$'000	Supple- mentary Fee Fund \$'000	Special Project Fund \$'000	Edusave Fund \$'000	WSQ Fund \$'000	Opportunity Fund and Miscellaneous Funds \$'000	
31 March 2020 (cont'd)								
Surplus/(deficit) before government grants	-	-	(218)	53	(2,197)	-	(170)	(2,532)
Government grants								
Operating grants	-	-	75	-	2,536	-	-	2,611
Net surplus/(deficit) for the year	-	-	(143)	53	339	-	(170)	79
Accumulated surplus at 31 March 2019	27,361	854	2,321	676	1,878	2,987	1,571	37,648
One-time transfer from Restricted Funds to General Funds	(27,361)	-	-	-	-	(2,987)	-	(30,348)
Accumulated surplus at 1 April 2019	-	854	2,321	676	1,878	-	1,571	7,300
Accumulated surplus at 31 March 2020	-	854	2,178	729	2,217	-	1,401	7,379

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Notes to the financial statements
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16. Accumulated surplus (cont'd)
(b) Restricted Funds (cont'd)

	The Institute							Total \$'000
	ITE's Fund \$'000	Training Programme Fund \$'000	Supple- mentary Fee Fund \$'000	Special Project Fund \$'000	Edusave Fund \$'000	WSQ Fund \$'000	Opportunity Fund and Miscellaneous Funds \$'000	
31 March 2019								
Income								
Course fees	3,000	-	-	-	-	-	-	3,000
Examination fees	285	-	-	-	-	-	-	285
Consultancy services	581	-	-	-	-	-	-	581
Supplementary fees	-	-	1,025	-	-	-	-	1,025
Donations	-	-	-	-	-	-	-	-
Interest income	244	-	13	-	-	-	-	257
Other grants	42	-	1	679	634	-	(687)	669
Other income	975	-	41	8	23	-	2	1,049
	5,127	-	1,080	687	657	-	(685)	6,866
Less: Operating expenditure								
Manpower costs	2,430	-	-	-	-	-	348	2,778
Depreciation of property, plant and equipment	12	-	1	7	69	-	195	284
Amortisation of intangible assets	-	-	-	-	-	-	24	24
Loss on disposal of property, plant and equipment, net	-	-	-	-	-	-	17	17
Agency fees	5	-	210	-	-	-	-	215
Repair and maintenance	438	-	3	-	1	-	-	442
Public utilities	5	-	-	-	-	-	-	5
Student benefits	6	-	704	328	2,404	-	1,745	5,187
Supplies and materials	469	-	7	1	23	-	56	556
Other expenditure	540	-	347	184	319	-	13	1,403
	3,905	-	1,272	520	2,816	-	2,398	10,911

Institute of Technical Education

Notes to the financial statements
For the financial year ended 31 March 2020

16. Accumulated surplus (cont'd)

(b) *Restricted Funds (cont'd)*

	The Institute							Total \$'000
	ITE's Fund \$'000	Training Programme Fund \$'000	Supple- mentary Fee Fund \$'000	Special Project Fund \$'000	Edusave Fund \$'000	WSQ Fund \$'000	Opportunity Fund and Miscellaneous Funds \$'000	
31 March 2019 (cont'd)								
Surplus/(deficit) before government grants	1,222	-	(192)	167	(2,159)	-	(3,083)	(4,045)
Government grants	-	-	53	-	2,831	-	-	2,884
Net surplus/(deficit) for the year	1,222	-	(139)	167	672	-	(3,083)	(1,161)
Accumulated surplus at 31 March 2018	26,139	854	2,463	509	1,206	2,987	4,654	38,812
Cumulative effects of adopting SB-FRS 109	-	-	(3)	-	-	-	-	(3)
Accumulated surplus at 1 April 2018	26,139	854	2,460	509	1,206	2,987	4,654	38,809
Accumulated surplus at 31 March 2019	27,361	854	2,321	676	1,878	2,987	1,571	37,648

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Notes to the financial statements
For the financial year ended 31 March 2020

17. Lease liabilities

	The Group		The Institute	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Current</u>				
Amounts due to PPP Co.	6,682	6,456	6,682	6,456
Other lease liabilities	12	4	1	–
	<u>6,694</u>	<u>6,460</u>	<u>6,683</u>	<u>6,456</u>
<u>Non-current</u>				
Amounts due to PPP Co.	125,898	132,580	125,898	132,580
Other lease liabilities	14	4	–	–
	<u>125,912</u>	<u>132,584</u>	<u>125,898</u>	<u>132,580</u>
Total	<u>132,606</u>	<u>139,044</u>	<u>132,581</u>	<u>139,036</u>

Amounts due to PPP Co. represent the present value of amounts due to PPP Co. pursuant to the Project Agreement (Note 4). The above present value is discounted at government bond rate of 3.50% (2019: 3.50%). These amounts are repayable over a period of 25 years by monthly unitary payment (“MUP”) commencing from 1 July 2011.

18. Deferred capital grants

	The Group		The Institute	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Balance at beginning	754,633	759,361	752,620	756,904
Grants utilised for capital expenditure				
- Transferred from operating grants (Note 10)	19,790	50,155	19,369	50,036
- Transferred from development grants (Note 11)	50	102	–	–
- Transferred from other grants (Note 12)	138	10	–	–
Amortisation charge for the year	(57,544)	(54,995)	(56,913)	(54,320)
Balance at end	<u>717,067</u>	<u>754,633</u>	<u>715,076</u>	<u>752,620</u>
Represented by:				
Grants utilised	556,623	588,766	554,632	586,753
Grants unutilised	160,444	165,867	160,444	165,867
	<u>717,067</u>	<u>754,633</u>	<u>715,076</u>	<u>752,620</u>

Institute of Technical Education

Notes to the financial statements For the financial year ended 31 March 2020

18. Deferred capital grants (cont'd)

The Institute's deferred capital grants (unutilised) include the current year grant amount set aside of \$23,478,025 (2019: \$51,102,538) for future capital expenditure according to the approach endorsed by the Institute's Board.

19. Provision for retirement benefits

Retirement benefits reserve

Certain officers of the Institute were, at one time, transferred from the service of the Government. These officers are entitled to benefits in respect of their services with the Government and the Institute, inter-alia, on the same terms in relation to pension, gratuity and allowances as those provided to Government employees under the provision of the Pension Act, Chapter 225.

In practice, payments of the benefits to the officers are made by the Government. However, the Institute is required to pay to the Government such portion of any pension, gratuity and allowance payable to the officers during the service with the Institute.

Benefits are payable based on the last drawn salaries of the respective employees and the employees' cumulative service period served with the Institute at the time of retirement.

Retirement benefits reserve comprises the accumulated amounts of actuarial gains or losses on remeasurement of retirement benefits recognised in other comprehensive income.

The amounts recognised in the statement of financial position are as follows:

	The Group and The Institute	
	2020	2019
	\$'000	\$'000
Present value of unfunded obligations	1,886	2,150
Represented by:		
Current	298	351
Non-current	1,588	1,799
	1,886	2,150

(a) Movements in the present value of the defined benefit obligations:

	The Group and The Institute	
	2020	2019
	\$'000	\$'000
At 1 April	2,150	2,423
Charge for the year	83	87
Retirement benefits paid	(347)	(360)
At 31 March	1,886	2,150

Institute of Technical Education

**Notes to the financial statements
For the financial year ended 31 March 2020**

19. Provision for retirement benefits (cont'd)

Retirement benefits reserve (cont'd)

(b) The amounts charged in the statement of comprehensive income are as follows:

	The Group and The Institute	
	2020	2019
	\$'000	\$'000
<u>Recognised in surplus or deficit</u>		
Interest cost	40	52
	<hr/>	<hr/>
<u>Recognised in other comprehensive income</u>		
Actuarial losses	43	35
	<hr/>	<hr/>

(c) Principal actuarial assumptions used are as follows:

	The Group and The Institute	
	2020	2019
	\$'000	\$'000
Discount rate	1.29%	2.07%
Mortality	89.1 years	89.1 years
	<hr/>	<hr/>

Assumptions regarding future mortality are based on published statistics and life assured population table.

(d) Sensitivity analysis for provision of retirement benefits

	Impact	
	2020	2019
	\$'000	\$'000
<u>Sensitivity of defined benefit obligation to discount rate</u>		
Discount rate of five basis points higher	(4)	(4)
Discount rate of five basis points lower	4	4
	<hr/>	<hr/>

	Impact	
	2020	2019
	\$'000	\$'000
<u>Sensitivity of defined benefit obligation to mortality</u>		
Mortality improvement of +0.2% (lighter mortality)	53	56
Mortality improvement of -0.2% (heavier mortality)	(53)	(56)
	<hr/>	<hr/>

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Notes to the financial statements
For the financial year ended 31 March 2020

20. Trade and other payables

	The Group		The Institute	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Non-current				
Deposits received	221	202	220	201
	221	202	220	201
Current				
Trade creditors	9,758	9,926	8,489	8,460
Deposits received	558	593	558	593
Accrued operating expenses	15,160	10,101	13,486	8,120
Accrued capital expenditure	5,204	3,969	5,204	3,969
Provision for unutilised compensated leave	14,542	11,922	14,250	11,635
Deferred grant income*	1,382	–	–	–
	46,604	36,511	41,987	32,777
Total trade and other payables	46,825	36,713	42,207	32,978

* Deferred grant income pertains to the Singapore Government Jobs Support Scheme announced under Unity Budget and Resilience budget, being the amount that the Group is entitled up to 31 March 2020. This is calculated based on 25% cash grant on the gross monthly wages of each local employee for the months of October 2019 to March 2020 (excluding January 2020) monthly wages, subject to a monthly wage cap of \$4,600 per employee.

21. Net assets of trust funds

The basis of accounting in relation to trust funds is stipulated in Note 2.13.

Trust funds comprise the following funds:

ITE Education Fund (“IEF”)

IEF was granted the Institute of Public Character (“IPC”) status with effect from 1 April 2003. Under this revision, tax-exempt receipts may be issued to donors under the fund.

IEF was established on 1 April 1993 and is managed by the Institute. The objective of the Fund, which receives public and miscellaneous contributions, is to promote technical training by providing financial assistance and awards to ITE students, carrying out activities to generate greater public awareness and interest in technical education and any other activities or projects that are related to technical education or support national directives.

Additional information of ITE Education Fund are available on the Charity Portal (www.charities.gov.sg).

Other trust funds

Other trust funds comprise the following funds for which the Institute acts as custodian, trustee, manager or agent but does not exercise control over.

Name of Fund	Purpose
Apprenticeship Programme (AP) Fund	This programme, which is funded by the Skills Development Fund, is used to reimburse the costs incurred by participating companies and organisations in engaging their employees under apprenticeship terms. The fund was closed in the year ended 31 March 2019.
Pre-Employment Clinical Training (PECT) Fund	Funding by MOH (Ministry of Health) for Post-Secondary Educational Institutions (PSEIs) to support the delivery of pre-employment clinical training in Academic Year 2013.
Economic Development Board (EDB) Fund	This grant is provided by Economic Development Board (EDB) to support the candidates enrolled under the National Precision Engineering Study Award.
Earn & Learn Programme Fund	SkillsFuture Singapore (SSG) provides this grant for the SkillsFuture Earn and Learn Programme to support participants in acquiring profession job skills related to their discipline of study through a work-study program.

Institute of Technical Education

Notes to the financial statements
For the financial year ended 31 March 2020

21. Net assets of trust funds (cont'd)

The excess of the trust funds' assets over liabilities of the Group and the Institute is set out below:

	IEF		The Group and The Institute				ELP Fund		Total		
	2020 \$'000	2019 \$'000	AP Fund 2020 \$'000	2019 \$'000	PECT Fund 2020 \$'000	2019 \$'000	EDB Fund 2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	
Balance at 31 March	117,531	65,768	-	144	471	1,203	78	51	-	118,080	67,166
Cumulative effects of adopting SB-FRS 109	-	143	-	-	-	-	-	-	-	-	143
Balance as at 1 April	117,531	65,911	144	144	471	1,203	78	51	-	118,080	67,309
Income											
Grant income	7,023	32,751	-	-	7,534	6,394	474	646	908	239	15,939
Interest income	2,108	1,406	-	-	-	-	-	-	-	-	2,108
Dividend income	94	188	-	-	-	-	-	-	-	-	1,406
Fund raising income	-	-	-	-	-	-	-	-	-	-	94
General donations	5,106	22,406	-	-	-	-	-	-	-	-	-
Fair value gain on financial assets	298	305	-	-	-	-	-	-	-	-	5,106
Other income	2	309	-	-	-	-	-	-	-	-	298
	14,631	57,365	-	-	7,534	6,394	474	646	908	239	23,547
Expenditure											
Manpower costs	-	-	-	-	-	-	-	-	-	-	-
Grants-in-aid scholarships	5,208	4,101	-	-	3,885	3,713	-	-	-	-	3,885
Promotions and ceremonies	1	5	-	-	-	-	577	611	894	232	6,679
Fund raising expenditure	-	-	-	-	-	-	-	-	-	-	1
Other expenditure	562	1,639	-	144	3,443	3,413	-	8	14	7	4,019
	5,771	5,745	-	144	7,328	7,126	577	619	908	239	14,584
Net surplus/(deficit) for the year	8,860	51,620	-	(144)	206	(732)	(103)	27	-	-	8,963
Fair value reserve	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March	126,391	117,531	-	-	677	471	(25)	78	-	-	127,043
											118,080

Institute of Technical Education

Notes to the financial statements
For the financial year ended 31 March 2020

21. Net assets of trust funds (cont'd)

	IEF		AP Fund		PECT Fund		The Group and The Institute		ELP Fund		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Assets												
Cash and bank balances	66,920	46,188	-	-	785	509	(25)	78	4,974	1,746	72,654	48,521
Other receivables	1,949	20,693	-	-	1	-	-	-	50	30	2,000	20,723
Other financial assets	59,097	51,279	-	-	-	-	-	-	-	-	59,097	51,279
	127,966	118,160	-	-	786	509	(25)	78	5,024	1,776	133,751	120,523
Liabilities												
Accruals and other payables	1,575	629	-	-	109	38	-	-	5,024	1,776	6,708	2,443
	1,575	629	-	-	109	38	-	-	5,024	1,776	6,708	2,443
Net assets	126,391	117,531	-	-	677	471	(25)	78	-	-	127,043	118,080

Represented by:

Institute of Technical Education

Notes to the financial statements
For the financial year ended 31 March 2020

22. Income

(a) Disaggregation of income

	Course fees		The Group Examination fees		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Full time courses	18,737	17,649	59	51	18,796	17,700
Part time courses	4,747	5,679	589	799	5,336	6,478
	23,484	23,328	648	850	24,132	24,178

Timing of transfer of
goods or services

At a point in time	–	–	648	850	648	850
Over time	23,484	23,328	–	–	23,484	23,328
	23,484	23,328	648	850	24,132	24,178

	Course fees		The Institute Examination fees		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Full time courses	18,422	17,319	56	49	18,478	17,368
Part time courses	4,515	5,131	406	459	4,921	5,590
	22,937	22,450	462	508	23,399	22,958

Timing of transfer of
goods or services

At a point in time	–	–	462	508	462	508
Over time	22,937	22,450	–	–	22,937	22,450
	22,937	22,450	462	508	23,399	22,958

(b) Contract related balances

Information about receivables, contract assets and contract liabilities from contracts with customers are disclosed as follows:

	The Group		The Institute	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Receivables from contracts with customers	6,220	5,558	3,659	4,160
Contract assets	350	539	–	–
Contract liabilities	4,059	4,266	3,611	3,684

Institute of Technical Education

Notes to the financial statements For the financial year ended 31 March 2020

22. Income (cont'd)

(b) Contract related balances (cont'd)

The Group and the Institute have recognised impairment losses on receivables arising from contracts with customers which amounted to \$679,637 (2019: \$183,888) and \$144,699 (2019: \$64,530) respectively.

Contract assets primarily relate to the Group's right to consideration for consultancy services rendered but not yet billed as at reporting date. These form part of the trade and other receivables as at year end, which are expected to be transferred to receivables in the next financial year when the rights become conditional.

Contract liabilities represent consultancy fees and student course fees received in advance. These form part of deferred income as at year end. The contract liabilities are expected to be fully recognised as revenue in the next financial year.

Set out below is the amount of revenue recognised from:

	The Group		The Institute	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Amount included in contract liabilities at the beginning of the year	4,234	3,822	3,684	3,428

23. Interest income

	The Group		The Institute	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Interest received				
- debt securities	789	907	737	692
- fixed deposits	1,050	786	–	–
- bank balances	5,064	4,316	5,051	4,316
	6,903	6,009	5,788	5,008

Institute of Technical Education**Notes to the financial statements
For the financial year ended 31 March 2020****24. Other income**

	The Group		The Institute	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Administrative fees	301	415	117	218
Equipment procurement and staff deployment	–	245	–	–
Dividend income	190	321	490	471
Registration fees	99	110	99	110
Sales of computer equipment and stores	724	1,022	724	1,058
Exchange gain	77	71	6	71
Liquidated damages	270	333	270	333
Others	919	737	366	363
	2,580	3,254	2,072	2,624

25. Manpower costs

	The Group		The Institute	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Wages, salaries, bonuses and allowance	309,086	318,269	272,553	280,401
Contribution to defined contribution plans	44,380	45,340	38,793	39,692
Pension gratuities and retirement benefits	121	125	121	125
Staff development and benefits	7,752	7,273	6,904	6,428
	361,339	371,007	318,371	326,646

26. Grants-in-aid

Grants-in-aid are grants used to reimburse the costs incurred by companies under the traineeship scheme.

Institute of Technical Education

**Notes to the financial statements
For the financial year ended 31 March 2020**

27. Other expenditure

Included in other expenditure are the following:

	The Group		The Institute	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Allowance for expected credit losses (Note 31.1)	680	202	145	65
Reversal of allowance for expected credit losses	(56)	(40)	(47)	(40)
Bad debts written off	390	419	363	382
Consultancy services	3,719	1,311	3,684	1,056
Functions and entertainment	1,115	1,268	1,001	1,162
Loss on disposal of financial assets	11	19	4	–
GST expenses	7,367	8,437	7,166	8,285
Overseas travelling	2,344	2,275	1,397	1,260
Publications and publicity materials	945	804	851	766
Rental of premises	18	10	4	8
Travelling and communications	831	818	701	656
Others	6,376	6,373	5,359	5,379
	23,740	21,896	20,628	18,979

28. Taxation

The Institute and certain subsidiaries are charitable institutions by virtue of Section 2 of the Charities Act, Chapter 37.

With effect from the Year of Assessment 2008, all registered and exempt charities will enjoy automatic income tax exemption by virtue of Section 13(1)(zm) of the Income Tax Act, Chapter 134.

A subsidiary of the Institute is subject to tax under Singapore income tax legislation.

	The Group	
	2020	2019
	\$'000	\$'000
Current income tax:		
- Current income taxation	159	84
- Under provision in respect of previous years	59	2
Deferred income tax:		
- Under provision in respect of previous years	–	83
Income tax expense recognised in surplus or deficit	218	169

Institute of Technical Education

**Notes to the financial statements
For the financial year ended 31 March 2020**

28. Taxation (cont'd)

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the Group's results as a result of the following:

	The Group	
	2020	2019
	\$'000	\$'000
Surplus before taxation	47,538	33,284
Results that are tax exempt	(47,068)	(32,256)
	470	1,028
Tax at statutory rate of 17% (2019:17%)	80	175
Tax effect on non-chargeable income	(9)	(7)
Tax effect on non-deductible expenses	111	12
Effect of tax relief	(23)	(96)
Under provision in respect of previous years	59	2
Adjustment for deferred tax in prior year	–	83
	218	169
Income tax expense recognised in surplus or deficit	218	169

29. Related party transactions

Some of the Group's transactions 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.

Other than disclosed elsewhere in the financial statements, the Group entered into the following significant transactions with related parties during the financial year:

	The Group		The Institute	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Subsidiaries				
Re-charge of payroll costs for staff seconded to all subsidiaries	–	–	6,718	7,726
Charges for services rendered to a subsidiary	–	–	345	332
Rental fee for a subsidiary's usage of facilities	–	–	349	354
Dividend income from a subsidiary	–	–	300	150

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Notes to the financial statements For the financial year ended 31 March 2020

29. Related party transactions (cont'd)

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The Chief Executive Officer, Deputy Chief Executive Officers, Directors and Principals are considered to be key management personnel of the Group.

Key management personnel compensation comprises:

	The Group		The Institute	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Salaries and related short-term benefits	5,594	6,434	2,785	3,603

30. Capital commitments

Capital expenditure approved by the Institute's management but not provided for in the financial statements is as follows:

	The Group and The Institute	
	2020 \$'000	2019 \$'000
Property, plant and equipment - approved and contracted for	3,860	8,816

31. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk. The Board reviews and agrees policies and procedures for the management of these risks.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which they manage and measure the risks.

31. Financial risk management objectives and policies (cont'd)

31.1 Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from the receivables and other financial assets. For other financial assets (including investment securities and cash), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group considers a financial asset in default when the Group is unlikely to receive the outstanding contractual amounts in full.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the risk of a default occurring on the asset as at reporting date is compared with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information, which include the following indicators:

- External credit rating
- Credit ratios of issuers
- Credit reports published by research house
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower

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

The Group determines that the financial assets are credit-impaired when:

- There is a significant drop in credit rating of the issuer
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

31. Financial risk management objectives and policies (cont'd)

31.1 Credit risk (cont'd)

The Group will write off financial assets when there is no reasonable expectation of recovery. Where recoveries are made after receivables have been written off, these are recognised in surplus or deficit.

(a) Debt securities at amortised cost

The Group uses two categories of internal risk ratings for debt instruments based on whether these instruments remain within the Group's selection criteria for investment.

Category	Description	Basis for recognition of expected credit loss provision
Within selection criteria for investment	Issuers have low risk of default and a strong capacity to meet contractual cash flow.	12-month expected credit loss
No longer within selection criteria for investment	Significant increase in credit risk.	Lifetime expected credit loss

The Group computes expected credit loss using the probability of default approach. For the first category of debt instruments still within the Group's selection criteria, the Group considers news or adverse reports on the issuers that could affect issuers' ability to meet coupon pay-out obligation in the next 12 months. For the second category of debt instruments which no longer fall within selection criteria for investment, the Group considers the implied probability of default associated with credit rating accorded on the issuer by Moody or Standard and Poor. The implied probability of default is based a research conducted by a local reputable university.

As at 31 March 2020, all debt instruments belong to the first category where expected credit loss provision is based on the 12-month expected credit loss. The Group has assessed that the expected credit loss is not significant for these debt instruments over the next 12 months. The COVID-19 pandemic impact on the expected credit loss for debt securities has been assessed to be immaterial.

(b) Financial assets that are neither past due nor impaired

Receivables and deposits that are neither past due nor impaired are receivables are with creditworthy debtors with good payment record. Cash and cash equivalents that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings and no history of default.

(c) Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. Additional provision has been made in consideration of the COVID-19 pandemic impact on the recoverability of trade receivables.

31. Financial risk management objectives and policies (cont'd)

31.1 Credit risk (cont'd)

(c) Trade receivables (cont'd)

Summarised below is the information about the credit risk exposure on the Group's and the Institute's trade receivables using provision matrix:

	The Group					Total \$'000
	Current \$'000	Less than 30 days past due \$'000	More than 30 days past due \$'000	More than 60 days past due \$'000	More than 90 days past due \$'000	
2020						
Gross carrying amount	5,601	71	79	242	227	6,220
Loss allowance provision	589	1	–	86	109	785

	The Group					Total \$'000
	Current \$'000	Less than 30 days past due \$'000	More than 30 days past due \$'000	More than 60 days past due \$'000	More than 90 days past due \$'000	
2019						
Gross carrying amount	4,724	205	36	232	361	5,558
Loss allowance provision	65	15	–	61	142	283

	The Institute					Total \$'000
	Current \$'000	Less than 30 days past due \$'000	More than 30 days past due \$'000	More than 60 days past due \$'000	More than 90 days past due \$'000	
2020						
Gross carrying amount	3,135	71	76	232	145	3,659
Loss allowance provision	–	1	–	85	61	147

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31. Financial risk management objectives and policies (cont'd)

31.1 Credit risk (cont'd)

(c) Trade receivables (cont'd)

	Current \$'000	The Institute				Total \$'000
		Less than 30 days past due \$'000	More than 30 days past due \$'000	More than 60 days past due \$'000	More than 90 days past due \$'000	
2019						
Gross carrying amount	3,498	206	30	223	203	4,160
Loss allowance provision	–	15	–	60	43	118

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime expected credit losses during the financial year is as follows:

	The Group		The Institute	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
As at 1 April	283	137	118	110
Charge for the year (Note 27)	680	202	145	65
Written off	(178)	(56)	(116)	(57)
At the end of the year (Note 9)	785	283	147	118

31. Financial risk management objectives and policies (cont'd)

31.1 *Credit risk (cont'd)*

(c) Trade receivables (cont'd)

Credit risk concentration profile

	The Group		2019	
	2020	No. of counter-parties/ debtors	Percentage of balance	No. of counter-parties/ debtors
Other financial assets	82%	3	75%	3
Cash and bank balances	100%	2	100%	2
Trade and other receivables	73%	3	61%	3

	The Institute		2019	
	2020	No. of counter-parties/ debtors	Percentage of balance	No. of counter-parties/ debtors
Other financial assets	84%	3	79%	3
Cash and bank balances	100%	2	100%	2
Trade and other receivables	76%	3	76%	3

31.2 *Liquidity risk*

Liquidity or funding risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group maintains sufficient level of cash and bank balances to finance the Group's operations and mitigate the effects of fluctuation in cash flows.

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For the financial year ended 31 March 2020

31. Financial risk management objectives and policies (cont'd)

31.2 Liquidity risk (cont'd)

The table below analyses the maturity profile of the Group's and the Institute's financial liabilities based on contractual undiscounted cashflows:

	The Group			
	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total \$'000
2020				
Trade and other payables*	30,680	221	–	30,901
Lease liabilities	11,335	45,303	116,997	173,635
Provision for retirement benefits	298	985	603	1,886
	42,313	46,509	117,600	206,422
2019				
Trade and other payables^	24,589	202	–	24,791
Finance lease obligations	11,322	45,289	128,319	184,930
Provision for retirement benefits	351	1,113	686	2,150
	36,262	46,604	129,005	211,871
	The Institute			
	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total \$'000
2020				
Trade and other payables^	27,737	220	–	27,957
Lease liabilities	11,323	45,289	116,997	173,609
Provision for retirement benefits	298	985	603	1,886
	39,358	46,494	117,600	203,452
2019				
Trade and other payables^	21,142	201	–	21,343
Finance lease obligations	11,322	45,289	128,319	184,930
Provision for retirement benefits	351	1,113	686	2,150
	32,815	46,603	129,005	208,423

* exclude provision for unutilised compensated leave and deferred grant income

^ exclude provision for unutilised compensated leave

31. Financial risk management objectives and policies (cont'd)

31.3 Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk primarily arises from fixed deposits placed with financial institution and cash deposits placed with Accountant-General's Department. The interest rates for the latter are based on deposit rates determined by financial institution with which cash are deposited and are expected to move in tandem with market interest rates movements.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 5 (2019: 5) basis points higher/lower with all other variables held constant, the Group's surplus net of tax would have been \$171,591 (2019: \$146,639) higher/lower, arising mainly as a result of higher/lower interest income from fixed deposits placed with financial institution and cash deposits placed with Accountant-General's Department.

32. Capital management

	The Group	
	2020	2019
	\$'000	\$'000
Capital account	2,715	2,715
Accumulated surplus – General Funds	345,142	255,985
Total capital and general funds	347,857	258,700

The Institute's policy is to maintain a strong capital and general funds base so as to sustain future and development of the Institute.

There were no changes in the capital management during the year. The Institute monitors the returns on investment on a regular basis.

The Institute is not subject to any externally imposed capital requirements.

33. Funds management

The Group's objectives when managing the funds are:

- (a) to safeguard the Group's ability to continue as a going concern;
- (b) to support the Group's stability and growth; and
- (c) to provide funds for the purpose of strengthening the Group's risk management capability.

33. Funds management (cont'd)

The Group actively and regularly reviews and manages its funds to ensure optimal fund structure, taking into consideration the future fund requirements and fund efficiency, prevailing and projected probability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities, if any.

34. Financial instruments

Classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

	At fair value through profit or loss \$'000	The Group At amortised cost \$'000	Total \$'000
At 31 March 2020			
Financial assets			
Unit trusts	56,181	–	56,181
Quoted debt securities	–	20,498	20,498
Trade and other receivables ⁽¹⁾	–	9,852	9,852
Operating grants receivable	–	4,839	4,839
Other grants receivable	–	2,187	2,187
Cash and bank balances	–	477,384	477,384
	56,181	514,760	570,941
		At amortised cost \$'000	Total \$'000
At 31 March 2020			
Financial liabilities			
Trade and other payables ⁽²⁾		30,901	30,901
Lease liabilities		132,606	132,606
Provision for retirement benefits		1,886	1,886
		165,393	165,393

(1) exclude prepayments

(2) exclude provision for unutilised compensated leave and deferred grant income

34. Financial instruments (cont'd)

	At fair value through profit or loss \$'000	The Group At amortised cost \$'000	Total \$'000
At 31 March 2019			
Financial assets			
Quoted securities and unit trusts	62,839	–	62,839
Quoted debt securities	–	20,544	20,544
Trade and other receivables ⁽¹⁾	–	10,127	10,127
Operating grants receivable	–	5,956	5,956
Other grants receivable	–	280	280
Cash and bank balances	–	419,793	419,793
	62,839	456,700	519,539

	At amortised cost \$'000	Total \$'000
At 31 March 2019		
Financial liabilities		
Trade and other payables ⁽²⁾	24,791	24,791
Lease liabilities	139,044	139,044
Provision for retirement benefits	2,150	2,150
	165,985	165,985

(1) exclude prepayments

(2) exclude provision for unutilised compensated leave

Institute of Technical Education

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For the financial year ended 31 March 2020

34. Financial instruments (cont'd)

	The Institute		Total \$'000
	At fair value through profit or loss \$'000	At amortised cost \$'000	
At 31 March 2020			
Financial assets			
Unit trusts	56,181	–	56,181
Quoted debt securities	–	18,996	18,996
Trade and other receivables ⁽¹⁾	–	8,821	8,821
Operating grants receivable	–	4,839	4,839
Other grants receivable	–	499	499
Cash and bank balances	–	389,378	389,378
	56,181	422,533	478,714

	At amortised cost \$'000	Total \$'000
At 31 March 2020		
Financial liabilities		
Trade and other payables ⁽²⁾	27,737	27,737
Lease liabilities	132,581	132,581
Provision for retirement benefits	1,886	1,886
	162,204	162,204

(1) exclude prepayments

(2) exclude provision for unutilised compensated leave

34. Financial instruments (cont'd)

	At fair value through profit or loss \$'000	The Institute At amortised cost \$'000	Total \$'000
At 31 March 2019			
Financial assets			
Quoted securities and unit trusts	59,173	–	59,173
Quoted debt securities	–	19,042	19,042
Trade and other receivables ⁽¹⁾	–	9,938	9,938
Operating grants receivable	–	5,956	5,956
Other grants receivable	–	256	256
Cash and bank balances	–	342,423	342,423
	59,173	377,615	436,788
		At amortised cost \$'000	Total \$'000
At 31 March 2019			
Financial liabilities			
Trade and other payables ⁽²⁾		21,142	21,142
Lease liabilities		139,036	139,036
Provision for retirement benefits		2,150	2,150
		162,328	162,328

(1) exclude prepayments

(2) exclude provision for unutilised compensated leave

35. Fair value measurements

(a) ***Fair value hierarchy***

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Institute can access at the measurement date,

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

Level 3 - unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

At the end of the reporting period, other than unit trusts, there are no other assets and liabilities that are measured at fair value under Level 2 and 3 of the fair value hierarchy.

(b) ***Fair value of financial instruments that are carried at fair value***

Unit trusts managed by fund managers (Note 8) are carried at fair value. The fair values are based on net asset value of the underlying funds at the end of the reporting period. The unit trusts are designated in the Level 2 category as at 31 March 2020 (2019: Level 2).

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

The fair value of financial assets and financial liabilities approximates the carrying amounts of those assets and liabilities as these are either short term in nature or bear market interest rates which are revised at regular intervals, and are estimated based on the expected cash flows discounted to present value.

36. Authorisation for issue of financial statements

The consolidated financial statements for the year ended 31 March 2020 were authorised for issue in accordance with a resolution of the board on 30 July 2020.

INSTITUTE OF TECHNICAL EDUCATION
2 ANG MO KIO DRIVE, SINGAPORE 567720
www.ite.edu.sg



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