Institute of Technical Education

ANNUAL REPORT 2016 | 2017

for the Year Ended 31 March 2017

SPECIAL COMMENDATION for Outstanding Achievement in Business Excellence
SINGAPORE QUALITY AWARD
2011 WINNER

ITE

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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 2017.

On behalf of the Board of Governors:

Bob Tan Beng Hai	**Low Khah Gek**
Chairman	Chief Executive Officer
30 June 2017	30 June 2017

ORGANISATION DETAILS

Board Secretary	Sabrina LOI Deputy Chief Executive Officer (Corporate)
Address	Institute of Technical Education 2 Ang Mo Kio Drive Singapore 567720
Telephone	(65) 6590 2016
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E-Mail	Sabrina_Loi@ite.edu.sg

ABOUT ITE

ITE is the principal provider of career and technical education in Singapore and development of occupational skills and standards. Set up as a post-secondary institution under the Ministry of Education (MOE) in 1992, ITE is responsible for developing programmes to enhance the competitiveness of Singapore's workforce locally and globally. ITE adopts a '***One ITE System, Three Colleges***' Governance and Education Model, to deliver consistent standards, quality programmes and successful graduates. Under this system, ITE Headquarters oversees system and policy issues and ensures standards and quality, while the 'Three Colleges', namely, **ITE College Central, ITE College East** and **ITE College West**, are empowered to develop capabilities and niches of excellence, to enhance students' success and the attractiveness of ITE Education.

MISSION

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

VISION

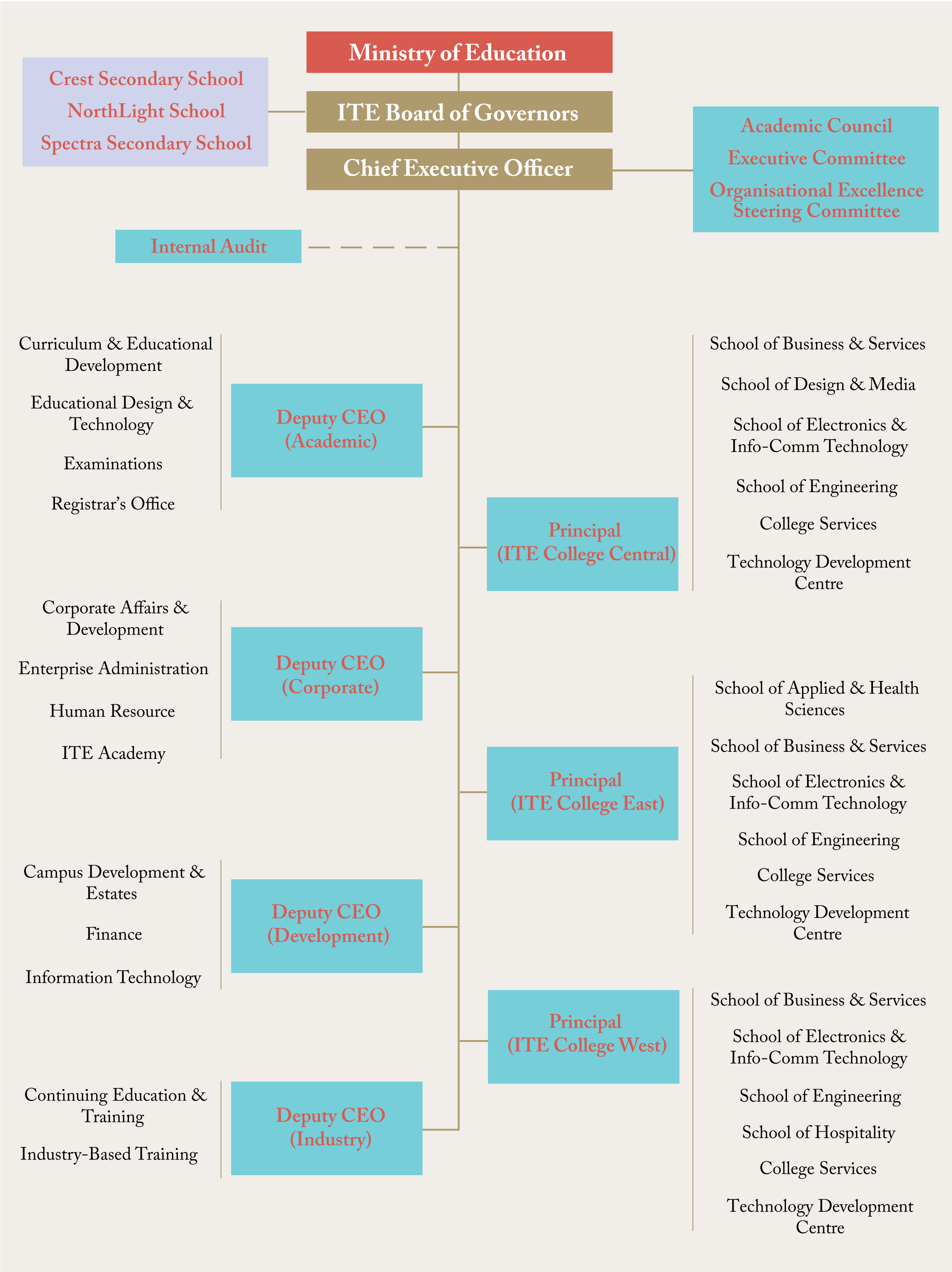
A Trailblazer in Career and Technical Education

VALUES

ITE Care – **I**ntegrity, **T**eamwork, **E**xcellence, **Care**

As at 31 March 2017

ORGANISATION STRUCTURE



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 2017**, the tripartite Board comprised the following representations from Government, Industry and the Unions:

Chairman & Chairman, Nominating Committee

Mr Bob Tan Beng Hai
Chairman
Jurong Engineering Ltd

Deputy Chairman & Chairman, Establishment Committee

Mr Heng Chiang Gnee
Executive Director
Singapore Maritime Institute

Chairman, Audit & Risk Committee

Mr Philip Yuen
Chief Executive Officer
Deloitte & Touche LLP, Singapore

Chairman, Finance and Investment Committee

Mr Phua Han Tian
Former Global Vice-President & General Manager
Eastman Kodak Co. & Hewlett-Packard Co.

Director & Chief Executive Officer, Chairman, Technical Education Promotion Fund Board of Managers & Chairman, ITE Education Fund Management Committee

Mr Bruce Poh Geok Huat
Institute of Technical Education
(until 1 February 2017)

Chief Executive Officer, Chairman, Technical Education Promotion Fund Board of Managers & Chairman, ITE Education Fund Management Committee

Ms Low Khah Gek
Institute of Technical Education
(from 2 February 2017)

Members

Mr Chang Chin Nam
Executive Director (Precision Engineering)
Economic Development Board

Mrs Chua-Lim Yen Ching
Deputy Director-General of Education (Professional Development)
and Executive Director, Academy of Singapore Teachers
Ministry of Education

Mr Fong Yong Kian
Chief Executive
Singapore Totalisator Board

BG Ng Chad-Son
Deputy Chief C4I (Int)
Ministry of Defence

Ms Malathi Das
Director
Joyce A. Tan & Partners LLC

Associate Professor Foo Yong Lim
Assistant Provost (Applied Learning)
Singapore Institute of Technology

Dr Intan Azura Binte Mokhtar
Member of Parliament
Ang Mo Kio Group Representation Constituency (*Jalan Kayu*)

Mr Shaikh Ismail
Senior Manager, Communications, Media & Technology
Accenture Consulting
Accenture Pte Ltd

Mr Lim Der Shing
Co-Founder
JobsCentral Group

Mr Chris Ong
Managing Director
Keppel FELS Ltd

Mr Joshua Soh
CEO
HealthSTATS International Pte Ltd

Mr Ong Hwee Liang
General Secretary
SIA Engineering Company Engineers and Executives Union (SEEU)

Mr Gilbert Tan Chye Hee
Chief Executive Officer
Employment and Employability Institute (e2i)

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 2017**, the Team comprised:

Senior Management

Mr Bruce Poh Geok Huat
Director &
Chief Executive Officer
(until 1 February 2017)

Ms Low Khah Gek
Chief Executive Officer
(from 2 February 2017)

Mr Heng Guan Teck
Deputy Chief Executive Officer
(Academic)

Ms Sabrina Loi
Deputy Chief Executive Officer
(Corporate)

Dr Benjamin Tan Lin Boon
Deputy Chief Executive Officer
(Development)

Mr Aw York Bin
Deputy Chief Executive Officer
(Industry)

Dr Ang Kiam Wee
Principal
ITE College Central

Dr Yek Tiew Ming
Principal
ITE College East

Dr Goh Mong Song
Principal
ITE College West

ITE Headquarters' Directorate – One ITE System

Academic

Mr Cheang Wee Kok Shang
Senior Director & Registrar

Ms Iris Seet
Senior Director
Curriculum & Educational Development 1

Mr Soh Sze-Wei
Divisional Director
Curriculum & Educational Development 2
(until 1 February 2017)

Dr Thang Tze Yian Theresa
Divisional Director
Educational Design & Technology

Ms Michelle Low
Divisional Director
Examinations

Corporate

Ms Tham Mei Leng
Divisional Director
Corporate Affairs & Development

Ms Susan Lim
Divisional Director
Enterprise Administration

Ms Jane Chia
Divisional Director
Human Resource

ITE Academy

Mr Tan Seng Hua
Dean
ITE Academy

Dr Samuel Ng
Director
VTE Development

Development

Mr Lim Cheng Siong
Senior Director
Campus Development & Estates

Ms Lana Tan
Divisional Director
Finance

Mr Lee Foo Wah
Divisional Director
Information Technology

Industry

Mr Aw Kim Geok
Divisional Director
Continuing Education & Training

Mr Ting Kok Guan
Divisional Director
Industry-based Training

College Directorate (ITE College Central)

Dr Ang Kiam Wee
Principal

Mr Suresh Natarajan
Deputy Principal
Academic &
Covering Director
Electronics & Info-Comm
Technology

Mr Chong Leong Fatt
Deputy Principal
Development &
Covering Director
College Services
(from 1 October 2016)

Mrs Ong-Cheong Hwa Yew
Director
College Services
(until 30 September 2016)

Dr Lee Teck Kheng
Director
Technology Development &
Director
Technology Transfer Office
ITE Headquarters
(from 1 November 2016)

Dr Derek Yeo
Director
School of Business & Services

Mr Callistus Chong
Director
School of Design & Media

Dr Lim See Yew
Senior Director
School of Engineering

College Directorate (ITE College East)

Dr Yek Tiew Ming
Principal

Mr Lim Teck Lee
Deputy Principal
Academic

Mr Zainudin Bin Nordin
Deputy Principal
Development
(from 1 February 2017)

Mr Tan Wee Kiang
Director
College Services

Ms Yeo Sock Tin
Director
Technology Development

Dr Lionel Lau
Director
School of Applied & Health
Sciences

Ms Alice Seow Chui Hoon
Director
School of Business & Services

Dr Eric Cheung
Director
School of Electronics &
Info-Comm Technology

Mr Loh Kum Fei
Director
School of Engineering

College Directorate (ITE College West)

Dr Goh Mong Song
Principal

Mr Liew Beng Keong
Deputy Principal
Academic

Mr Lim Chwee Seng
Deputy Principal
Development

Mr Yeow Swee Soon
Director
College Services

Dr Lim Soon Huat
Director
Technology Development

Mr Peh Wee Leng
Director
School of Business & Services

Mr Tan Kay Chuan
Director
School of Electronics & Info-Comm Technology

Mr Seng Chin Chye
Director
School of Engineering

Ms Denise Tan
Director
School of Hospitality

FY2016 | HIGHLIGHTS

Creating Opportunities, Enhancing Capabilities

FY2016 has been a fruitful year for ITE. In line with ITE's strategic roadmap, the ***ITE Trailblazer*** (2015 – 2019) and ***SkillsFuture***, ITE focused on programmes that expanded opportunities for students to build values, master skills and develop holistically, while enhancing organisational and staff capabilities.

To prepare students for their career aspirations, ITE created opportunities to build strong foundations in technical competencies, life skills, and desirable values. Beyond developing students for careers, ITE's programmes guided them for personal growth and essential skills to thrive in life.

ITE's classrooms trained not only young learners, but also provided adult learners with opportunities to continually learn, upgrade and master new skills through Continuing Education and Training.

In order for ITE to succeed in the task of developing skilled talents, there was strong impetus to grow staff capabilities in pedagogy, technology and professional domain areas. This, in turn, raised the quality of teaching and learning, and helped realise staff potential.

In the face of a fast changing world, ITE is in the business of preparing skilled students holistically for the future. ITE answered that call confidently in FY2016.

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Creating Opportunities, Enhancing Capabilities

Our Corporate Highlights

Ready for Life

ITE equips students with market-relevant career and life skills to succeed in the workplace and their future. Aligned with both ITE Trailblazer and SkillsFuture, ITE continued to sharpen and create programmes to cultivate:

- Confident and well-rounded students
- Career-ready and world-ready graduates
- Passionate and professional staff
- Engaged and valued partners

Exciting Opportunities to Learn

To cater to students' interests and industry demand, ITE offered **128 courses** (49 *Nitec*, 46 *Higher Nitec*, 30 traineeship and three Technical Diploma courses) as at 31 March 2017. A new *Higher Nitec* course in Precision Engineering was launched in April 2016.

To better prepare ITE students for their careers, ITE established an **Enhanced Internship Framework** in January 2016, so students have the opportunity to observe how the theoretical knowledge and learning gained in a classroom could be applied to a practical professional setting at the workplace. Students on Enhanced Internship enjoy the benefits that come from structured training via an agreed task list between ITE and the companies. This ensures that students undergo meaningful work-based experiences that contribute to learning outcomes.

As at 31 March 2017, **1,770 companies across all industry sectors** have come on board to provide Enhanced Internship placement for ITE students, benefitting **more than 5,761 second-year students from over 67 per cent of ITE's courses.** ITE is on track to realising its goal of having all second-year ITE students undergo Enhanced Internships by 2020.

To help students navigate an education and career pathway that suits their strengths and interests, ITE enhanced its **Education and Career Guidance** (ECG) initiatives. Besides a new 40-hour ECG-infused curriculum introduced in the Life Skills (LFS) modules for Year 1 ITE students, some 1,000 Class Advisors, Life Skills Lecturers and Master Trainers have also been trained in ECG. Since February 2016, a total of 18 ECG counsellors have been deployed to the Career Services Centres at the three Colleges. These ECG counsellors guide students in making informed decisions about their education and careers. They also work with academic staff to develop and provide ECG resources. In addition, an ECG website was launched for students and alumni to learn about the various education and career options, as well as information on the different industry sectors.

Technology-Enabled Learning

With the right courses and environment in place, ITE looked to tailor learning to suit tech-savvy students. Through the ***MyConnexion Learning System***, all Year 1 and Year 2 *Nitec* and *Higher Nitec* students could access learning resources via computers on campus, their personal computers and smartphones. Learning outcomes are assessed through various tools in MyConnexion, such as quizzes, assignments and reflection journals. The system has enabled ITE lecturers to use different innovative pedagogies to support learning, including monitoring students' participation online and facilitating learning through discussion forums; using pre-class quizzes to check understanding and adapting in-class lessons according to students' learning pace; and using differentiated instruction to deliver different learning materials to students according to their learning abilities or arrange students in small groups for peer tutoring and collaborative learning.

ITE expanded its authentic and innovative learning spaces through **Virtual Reality (VR) and Augmented Reality (AR) technologies**. VR technology for curriculum delivery at the iCube @ College Central has gained larger ground, with ITE Colleges developing 19 learning packages using VR at the iCube. At the iCube, ITE students immerse themselves in realistic, simulated virtual industry environments and work scenarios through authentic visualisation and audio stimulation without the risks associated with real industry environments. ITE also moved towards the use of AR for developing three-dimensional learning content for smartphones and tablets. AR learning has been applied in areas like aircraft maintenance training for students in the Aerospace Technology course and in the Landscaping course.

In April 2016, the second batch of eight ITE Academic Leaders and Mentors graduated from the **Discipline-Specific Pedagogy (DSP) Programme** conducted by the German State Academy for In-Service Training and Didactics. In total, 17 staff have been trained in DSP. Through the DSP, students will be taught in ways that best suit the profession they are training for. DSP Project Teams have been appointed to champion the implementation of DSP in a number of courses, including the development and implementation of learning packages and training for teachers.

Developing Leaders of the Future

ITE provided the opportunities for students to learn and acquire additional life skills to become leaders of their respective core skill areas in career and life. These life skills include problem-solving skills, creativity, innovation, cross-cultural understanding and resilience. All full-time courses that went through curriculum review in 2017 have incorporated life skills into its revised Skills Standards. By 2021, all courses are expected to have done so. Going forward, ITE's curriculum will be further aligned to the SkillsFuture Framework and its 18 recommended Generic Skills & Competencies.

As part of ITE's Student Talent Development Programme, the **SPARK programme** was created to develop leadership capabilities for the top five per cent of each student cohort. The programme was successfully piloted for 96 ITE College Central students in February 2016. It complements the existing ACE programme, which focuses on leadership training for the top two per cent of the student cohort. Besides enhancing the students' interpersonal and leadership skills, the SPARK programme helped develop their networking skills, self-esteem and collaboration skills. Under SPARK, 35 students were paired with and mentored by 35 ITE Alumni from August to November 2016. In July 2016, 15 SPARK students moved on to the ACE programme. The programme was rolled out at ITE College East and West in January 2017.

Building Capability

In line with the SkillsFuture agenda, ITE reviewed the **Continuing Education & Training (CET)** processes, synergising existing Pre-Employment Training and CET systems and processes, and expanded the range of CET courses to more than 480 CET modules as of March 2017.

Following the successful completion of the Total System Capability initiative in 2015, a new Total Organisational Capability (TOC) initiative was introduced in 2016 to further strengthen staff capability development via four Capability and Mastery Levels – (i) Developing (Do); (ii) Competent (Ace); (iii) Leading (Lead) and (iv) Trailblazer (Blaze). Beyond capabilities in technology projects and consultancy, it includes Vocational and Technical Education (VTE) Core and other Functional Competencies of academic and non-academic staff.

A World of Learning

Thirty per cent of the ITE student cohort participated in the Global Education Programme (GEP) through exchange programmes, industry attachments, community service programmes, cultural or sports activities in FY2016. Such GEP trips nurture students with global mindsets and perspectives, and build their self-confidence and leadership skills. As part of ITE's holistic education framework, students have developed better understanding of work styles, culture and lifestyles in other countries through the GEP. They have become more community and service minded in their orientation.

The **Singapore Business Federation Foundation Global Education Programme Award** was introduced to support students with good academic performance and leadership potential, for longer overseas exchanges at leading VTE institutions in North America, Europe, Australia and Asia. In 2016, 12 students benefited from this Award, and another 12 students have been identified for 2017.

As part of cultural and culinary skills exchange, ITE College West's culinary team, comprising four staff and six *Nitec* in Asian Culinary Arts student chefs represented ITE at the 'Singapore Night in Hong Kong' dinner, hosted by the **Vocational Training Council (VTC), Hong Kong**, in June 2016. In reciprocation, ITE hosted the 'Hong Kong Night in Singapore' dinner in November 2016 at ITE College West. Started in 2015, the culinary exchange between VTC and ITE has allowed both institutions to learn each other's cuisines and experience long-distance coordination and hands-on collaboration in the kitchens.

In FY2016, ITE hosted over **1,961** foreign visitors from **79** countries, including several distinguished visitors from Africa, Cambodia, Colombia, India, Mauritius, Pacific Island States and USA. Of notable mention was the visit by His Excellency (H.E.) Juan Carlos Varela, President of the Republic of Panama; H.E. Hery Rajaonarimampianina, President of the Republic of Madagascar; and H.E. Tshering Tobgay, Prime Minister of Bhutan.

ITE also strengthened its global partnerships with two leading institutions through a fourth five-year Memorandum of Understanding (MOU) with **Southern Alberta Institute of Technology, Canada**, and a second five-year MOU with **TECHCOLLEGE, Denmark**. As at end-FY2016, ITE has a total of 18 corporate-level international MOU partners. These strategic linkages serve to enhance ITE's capacity to learn from international best practices, and facilitate cross-cultural learning, exposure and growth of staff and students.

Extending ITE's Capabilities and Expertise Overseas

As part of Singapore's commitment to make a meaningful contribution to Myanmar's development and progress, the **Singapore-Myanmar Vocational Training Institute (SMVTI)** was officially launched by Prime Minister Lee Hsien Loong in June 2016. Modelled after ITE, the objective of the SMVTI is to provide skilled labour for the labour market, as well as job matching services. ITEES is the principal consultant engaged by Singapore's Ministry of Foreign Affairs (MFA) for this turnkey project.

Later in October 2016, PM Lee witnessed the launch of the **Centre of Excellence for Tourism Training (CETT)** in Rajasthan, India. The Centre is second of three skills development initiatives that ITEES is helping India to set up, after the World Class Skills Centre in New Delhi was established in 2012. ITEES will offer consultancy services for the Centre, which commenced operations in March 2017. In January 2017, President Tony Tan witnessed the signing of an agreement between ITEES and the **Cambodian Ministry of Labour and Vocational Training**. Under the agreement, ITE will be training master trainers in the areas of info-communications technology, electronics and automotive technology.

Industry Collaborations for the Next Generation

Strategic industry collaborations are essential to prepare students for careers in the industry. To fortify its partnership with industry organisations, ITE signed 11 new local MOUs with companies such as ST Microelectronics Pte Ltd, Scoot Pte Ltd, Tiger Airways Singapore Pte Ltd, Home-Fix D.I.Y. Pte Ltd, Lane Crawford Singapore Pte Ltd and Cushman & Wakefield in FY2016. By end-March 2017, ITE had built industry alliances through some **109** local MOUs. ITE's industry partners contribute to curriculum renewal, technology transfer, equipment donation and opportunities for enhanced internships at industry for three to six months.

Winning Ways

Achievements of Staff and Students

Recognition for Organisational Excellence

At the heart of the work in developing skilled ITE students for the future is an organisation that is committed to pushing the limits and pursuing excellence. ITE's efforts were affirmed through several key corporate awards this year:

- **Public Service Premier Award** in May 2016, for the second time, by the Public Service Division. This is the most prestigious of all Public Service awards given to agencies in recognition of their continual endeavours to achieve and maintain supreme levels of organisational excellence.

- **National Youth Achievement Award (NYAA) Distinguished Partnership Award** in May 2016, by the NYAA, in recognition of ITE's commitment and efforts in developing young people in Singapore over the years.

- **Wenhui (文晖) Award for Educational Innovation 2016 (Honourable Commendation)** for ITE's and MOE's joint submission on Specialised Schools for Students at Risk of Dropping Out.

- **The US League for Innovation 'Innovation of the Year' Award 2016** for ITE College Central's 'Development of Novel Magnesium Alloys for High Strength Applications' project.

Spotlight on Students

ITE students shone, as they participated in competitions that strengthened their readiness to rise to challenges and excel. They achieved these Awards:

- Fifty-three ITE students were conferred the **2016 National Youth Achievement Award (NYAA) Gold Awards**.

- Lim Wei Jie, a graduate of ITE College Central, was awarded the **Lee Hsien Loong Award for Outstanding All-Round Achievement 2016**.

- **44** ITE students received the prestigious **Lee Kuan Yew (LKY) Award** in the following three categories: **LKY Model Student/Trainee Award**, **LKY CCA Award** and **LKY Technology Awards**, for achievements in academic studies, CCA, outstanding contributions to the Colleges or community, and innovation.

- Three *Nitec* in Chemical Process Technology students won the **top prize at the Singapore Junior Water Prize Competition 2016**. They went on to represent Singapore at the international Stockholm Junior Water Prize Competition in Sweden.

- Two *Higher Nitec* in Mechanical Engineering students clinched the **top prize at the inaugural LTA Engineering Challenge**. The team outperformed six other teams from four polytechnics in the ITE/Polytechnic Category for the Silver Award (there was no Gold Award in this category).

- Twelve ITE students received the **Rotary-ITE Student Excellence Awards,** given by the Rotary Club to deserving ITE students who excelled in their academic performance, to encourage the practice of high ethical standards in their chosen careers.

- ITE emerged **second** in WorldSkills Singapore (WSS) 2016, garnering **five Golds, four Silvers** and **six Bronzes**.

ITE students won the Gold medal for the first time in three skills areas. **Low Wei Ting** scored Gold in the area of Aircraft Maintenance; **Choo Hongxuan** for IT Software Solutions for Business; and **Muhammad Zafhir B Nordin** for Visual Merchandising. **Kimberly Chng** and **Zahirah Bte Zainol** achieved Gold medals for Restaurant Service, maintaining the consistent excellent performance that ITE students have shown in the area over the years. Top medallists of the WSS 2016 may be selected to represent Singapore at the 44th WorldSkills Competition (WSC) to be held in Abu Dhabi, United Arab Emirates, in October 2017.

- Thirty-six ITE students represented Singapore at the **11th ASEAN Skills Competition** in Kuala Lumpur, Malaysia. The Team maintained Singapore's overall medal ranking of 5th, by winning **11 medals and eight Medallions (three Golds, one Silver and seven Bronzes, and eight Medallions for Excellence)**. The Team competed in 18 out of 25 skills areas, the highest since Singapore's debut in 2008.

Successful Showing

ITE's drive to provide holistic education and skills training has given rise to tangible results. These are the educational outcomes achieved as at 31 March 2017:

- High student enrolment of **28,100**
- High student success rate of **87%**
- High student satisfaction level of **96%**
- High student overseas participation rate of **30%**
- Strong employment rate of **86%** for our full-time graduates[1]

A total of **13,849** students graduated from ITE's full-time courses for the 2015/2016 Academic Year. Among them, **675** received Certificates of Merit, with **226** receiving Course Medals for excellence.

Top honours were awarded to 11 ITE graduates:

- Lee Kuan Yew Gold Medal – Lim Wei Jie, Bryan Tan Guang Jun and Liew Yu Cheng Paul John
- Tay Eng Soon Gold Medal – Tan Rui Ting, Eunice Wong Wan Yun and Neo Yizhe
- Sng Yew Chong Gold Medal – Lutfil Hadi Bin Abdul Manaf, Muhammad Hamdan Bin Nazarudin and Beh Swee Yang Sherwin
- Inaugural e2i Gold Medal – Tan Tuan Hong
- IES Engineering Award – Eng Han Rong Rayner

[1] The Employment Rate is defined as the percentage of economically-active graduates who were employed at the point of survey. 11% of full-time graduates had received job offers, but were seeking alternative employment or were yet to start work at the point of the survey. Only 2% of full-time graduates did not have any job offers or had yet to apply for jobs at point of survey.

At the 2016 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** also received the **Sultan Haji Omar Ali Saifuddien (SHOAS) Book Prize** for obtaining outstanding academic results.

Professional and Passionate People

As at 31 March 2017, there were 2,611 staff in service, comprising 1,780 academic and 831 non-academic staff.

ITE is committed to grow its staff into skilled and passionate educators. According to the ITE Employee Engagement Survey conducted in February 2016, ITE achieved an **excellent Engagement Index of 86%**, six-percentage points higher than the Public Service norm of 80%. The high score reflects ITE's strong organisation culture and the commitment of staff.

ITE's **Total System Capability (TSC) Framework** resulted in 95% of ITE staff attaining the professional capability to 'Do' or 'Lead' in industry projects or consultancy work in FY2015. That was a leap of 57 percentage points from FY2007 when this scheme started. With the success of the TSC initiative, a new **Total Organisational Capability (TOC) Framework** was introduced in FY2016 to replace the TSC initiative. TOC further uplifts both ITE staff's individual capabilities to support total organisational capabilities through strengthening ITE's core competencies and individual job mastery.

Contributions Rewarded

In recognition of their exemplary service and contributions, some 40 ITE staff were conferred the following awards:

- **National Day Awards 2016, Prime Minister's Office**
  – Awarded to 13 staff

- **National Day Awards 2016 – Long Service Medals, Prime Minister's Office**
  – Awarded to 11 staff

- **PS21 Distinguished Star Service Team Award and PS21 Star Service Team Award 2016**
  – Awarded to one team

- **ITE Teacher Awards 2016**
  – Awarded to 15 staff

Harmony with Our Unions

ITE continued to enjoy harmonious relations with our two staff unions – the Union of ITE Training Staff and the ITE Staff Branch of the Amalgamated Union of Public Employees. This relationship was deepened with these events in FY2016 – the Management-Union Games in August 2016, and ITE BOG-Union Friendly Games & Dinner in January 2017. Two ITE staff received the May Day Awards 2016 by NTUC, in recognition of their contributions to the labour movement, and staff success and well-being in ITE.

Event Highlights

Celebrations of Skills & Talents

Young Skilled Talents in National Limelight

ITE, in conjunction with the Polytechnics, and with the support of the Ministry of Education (MOE), organised the biennial WorldSkills Singapore 2016 from **7 to 9 July 2016**. Officially launched by **Mr Teo Chee Hean**, Deputy Prime Minister & Coordinating Minister for National Security on 7 July 2016, the event's theme – 'My Skills, My Future' – encouraged personal ownership in acquiring skills. The Competition attracted **150 competitors** from ITE, the Polytechnics, SHATEC and ST Aerospace Technical Training Centre competing in **17 skills areas**. ITE emerged second, garnering **five Golds, four Silvers** and **six Bronzes**. This year, the WorldSkills Singapore Council, in collaboration with MOE and the Singapore Workforce Development Agency (WDA), introduced two new initiatives:

- Incorporating **Education and Career Guidance** (ECG) as part of the event, to promote careers in skills to secondary students, via **four Skills Hubs** – Engineering & Electronics, IT & Info-Communications, Health & Applied Sciences, and Services, where 46 interactive exhibits were put up by MOE, ITE, Polytechnics and industry.

- Launch of the **WorldSkills National Experts Scheme**, with eight WorldSkills National Experts receiving their letters of appointment from then-Acting Minister for Education (Higher Education and Skills), **Mr Ong Ye Kung**, at the WSS 2016 Closing Ceremony. The experts were selected based on their strong technical knowledge and expertise in their respective skill areas and prior experience in WSS and/or WSC. These Experts will play an important role in guiding our Coaches and Competitors in their preparation for the WSC to be held in October 2017.

As part of ITE's promotion of skills, a series of 22 free 'Skills for Life' workshops were held on 9 July 2016 for the public. The workshops, ranging from digital animation, basic car maintenance to creative nail art and cup-cake making, were very well received by community participants. All in, WSS 2016 attracted **9,300** visitors, as compared to 6,650 visitors achieved in WSS 2014.

ITE's Artistic Talents Shine

To showcase the diverse artistic talents of our students and staff, the third biennial **ITE Visual Arts Show 2016** was held from 4 to 6 August 2016 at ITE College West. Themed 'Seasons', the exhibition displayed the works of more than 300 individual pieces and 60 team projects involving 1,300 students and 200 staff across all Colleges. Visitors were treated to a wide array of art works from fine arts, eco art, photography, digital art, holographic art, fashion art and installations. **Mr Baey Yam Keng**, Parliamentary Secretary for Ministry of Culture, Community and Youth, was the Guest-of-Honour for the Opening Ceremony.

Igniting Passion for Skills Learning

To promote Science, Technology, Engineering and Mathematics (STEM) and skills education to Normal Stream secondary school students, ITE organised the inaugural ignITE Skills Challenge 2016, with the support of the Science Centre Singapore and MOE. As the only skills competition for Normal stream students, the Competition attracted more than 1,600 participants from 70 schools from March to May 2016. The 400 participants who made it to the Finals competed in 12 categories, where students needed to apply their knowledge to technical projects in areas such as floristry, electric circuits and programming of robots. The Guest-of-Honour was Dr Janil Puthucheary, then-Minister of State (Communications and Information and Education).

Enhanced Internship in Action

In November 2016, members of the ITE Board of Governors visited NCS Pte Ltd and ST Electronics (Infocomm Systems) Pte Ltd to better understand these companies' Smart Nation initiatives, and how ITE students have benefited from internships at these companies. NCS and ST Electronics (Info-comm Systems) have been providing ITE students with Enhanced Internships since April 2016. The visit demonstrated the significance of Enhanced Internships in providing students with relevant industry skills and knowledge. At the visit, the media was updated on ITE's progress in the Enhanced Internship Programme.

Creating Value & Fostering Values

Outlook for FY2017

With the fruitful FY2016 as a launch pad, ITE is ready to soar in FY2017.

ITE's Corporate Theme for FY2017 is 'Creating Value through Skills, Fostering Values for Life'.

With the growing emphasis on lifelong learning, ITE will play a key role in providing industry-relevant education to meet the evolving job landscape. In FY2017, ITE will focus on ensuring the relevance and value of curriculum and skills, enhancing career progression and training opportunities, and emphasising character development and values education.

The ITE team will forge ahead to holistically develop students and lead them to greater successes.

FINANCIAL REVIEW

FOR THE YEAR ENDED 31 MARCH 2017

Institute Registration No. T08GB0022B

Institute of Technical Education

Annual Financial Statements
31 March 2017

Building a better
working world

Institute of Technical Education

General Information

Chief Executive Officer

Mr Bruce Poh Geok Huat (Appointment ended on 2 February 2017)
Ms Low Khah Gek (Appointed on 2 February 2017)

Chairman

Mr Bob Tan Beng Hai

Board Secretary

Ms Sabrina Loi

Registered Office

2 Ang Mo Kio Drive
Singapore 567720

Auditor

Ernst & Young LLP
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North Tower, Level 18
Singapore 048583

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Institute of Technical Education

Statement by Board of Governors
For the financial year ended 31 March 2017

In our opinion, 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 2017, 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 state of affairs of the Group and of the Institute as at 31 March 2017 and the results, 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 (the "Act") and Statutory Board Financial Reporting Standards, and 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

MS LOW KHAH GEK	MR BOB TAN BENG HAI
CEO	Chairman

1 August 2017

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 2017, 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 (the "Act") and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Group and of the Institute as at 31 March 2017 and the results, 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 (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 (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. 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.

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

The Institute's management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Act 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 process.

Auditor's responsibilities for the audit of the financial statements

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

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

- 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.

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 Act;

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

Basis for opinion

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

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

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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 Act. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act.

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 Act.

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

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

1 August 2017

Institute of Technical Education

Statements of financial position
As at 31 March 2017

	Note	The Group 2017 $'000	The Group 2016 $'000	The Institute 2017 $'000	The Institute 2016 $'000
Assets					
Non-current					
Property, plant and equipment	3	675,592	707,105	672,586	703,390
Prepaid leases	4	130,519	137,242	130,519	137,242
Intangible assets	5	4,750	3,397	4,700	3,298
Subsidiaries	6	–	–	8,952	8,952
Other financial assets	7	27,704	50,548	25,446	48,291
Deferred tax assets	8	83	85	–	–
		838,648	898,377	842,203	901,173
Current					
Other financial assets	7	4,520	5,999	4,520	5,999
Trade and other receivables	9	11,326	12,494	8,445	9,875
Operating grants receivable	10	1,893	17,446	1,870	17,446
Development grants receivable	11	240	465	–	–
Other grants receivable	12	555	351	451	351
Cash and bank balances	13	353,855	272,162	285,168	218,906
		372,389	308,917	300,454	252,577
Total assets		1,211,037	1,207,294	1,142,657	1,153,750
Capital and Funds					
Capital account	14	2,715	2,715	2,715	2,715
Fair value reserve	15	388	(33)	385	(32)
Retirement benefits reserve	19	(1,491)	–	(1,491)	–
Accumulated surplus					
General Fund	16a	180,013	146,288	145,970	122,168
Restricted Funds	16b	50,293	48,887	37,693	36,259
		230,306	195,175	183,663	158,427
Total capital and other funds		231,918	197,857	185,272	161,110
Liabilities					
Non-current					
Finance lease obligations	17	145,284	151,300	145,273	151,300
Deferred capital grants	18	763,529	783,310	760,660	779,690
Provision for retirement benefits	19	2,676	1,559	2,676	1,559
		911,489	936,169	908,609	932,549
Current					
Trade and other payables	20	36,977	47,377	33,670	44,840
Finance lease obligations	17	6,031	5,823	6,027	5,823
Provision for retirement benefits	19	376	355	376	355
Deferred income		4,133	3,352	3,597	3,170
Operating grants received in advance	10	13,673	8,703	662	–
Development grants received in advance	11	765	841	–	–
Other grants received in advance	12	5,675	6,817	4,444	5,903
		67,630	73,268	48,776	60,091
Total funds and liabilities		1,211,037	1,207,294	1,142,657	1,153,750

Statements of financial position
As at 31 March 2017 (cont'd)

	Note	The Group 2017 $'000	The Group 2016 $'000	The Institute 2017 $'000	The Institute 2016 $'000
Net assets of trust funds					
Technical Education Promotion Fund		–	103	–	103
ITE Education Fund		62,718	60,487	62,718	60,487
Apprenticeship Programme Fund		144	144	144	144
Pre-Employment Clinical Training Fund		902	271	902	271
Economic Development Board Fund		15	4	15	4
	21	63,779	61,009	63,779	61,009

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 2017

	Note	General Fund 2017 $'000	General Fund 2016 $'000	Restricted Funds 2017 $'000	Restricted Funds 2016 $'000	Total 2017 $'000	Total 2016 $'000
The Group							
Income							
Course fees		17,653	17,068	4,781	4,575	22,434	21,643
Examination fees		205	164	443	455	648	619
Donations		45	184	903	1,341	948	1,525
Liquidated damages		43	101	–	–	43	101
Interest income	22	2,104	818	214	117	2,318	935
Other income	23	5,722	6,743	5,850	8,364	11,572	15,107
Other grants	12	48	19	7,041	6,553	7,089	6,572
		25,820	25,097	19,232	21,405	45,052	46,502
Operating expenditure							
Manpower costs	24	347,805	346,192	6,874	7,070	354,679	353,262
Depreciation of property, plant and equipment	3	46,353	49,053	963	925	47,316	49,978
Amortisation of prepaid leases	4	6,723	6,723	–	–	6,723	6,723
Amortisation of intangible assets	5	2,616	3,756	34	26	2,650	3,782
Property, plant and equipment written off		277	53	1	130	278	183
Repair and maintenance		15,335	16,157	134	231	15,469	16,388
Public utilities		7,426	7,960	234	152	7,660	8,112
Grants-in-aid	25	440	602	–	–	440	602
Supplies and materials		12,486	9,806	1,825	4,414	14,311	14,220
Other expenditure	26	46,644	45,811	10,713	10,690	57,357	56,501
Finance costs		5,519	5,716	1	–	5,520	5,716
		491,624	491,829	20,779	23,638	512,403	515,467
Deficit before government grants		(465,804)	(466,732)	(1,547)	(2,233)	(467,351)	(468,965)
Government grants							
Operating grants	10	446,710	418,769	2,954	4,133	449,664	422,902
Development grants	11	307	1,010	–	–	307	1,010
Deferred capital grants amortised	18	52,512	56,984	1	(2)	52,513	56,982
Surplus after government grants		33,725	10,031	1,408	1,898	35,133	11,929
Taxation	27	–	–	(2)	33	(2)	33
Net surplus for the year		33,725	10,031	1,406	1,931	35,131	11,962

Consolidated statement of comprehensive income
For the financial year ended 31 March 2017 (cont'd)

	Note	General Fund 2017 $'000	General Fund 2016 $'000	Restricted Funds 2017 $'000	Restricted Funds 2016 $'000	Total 2017 $'000	Total 2016 $'000
The Group (cont'd)							
Other comprehensive income/(loss)							
Item that may be reclassified subsequently to surplus or deficit							
Net change in fair value of available-for-sale financial assets		417	(64)	4	(10)	421	(74)
Item that will not be reclassified to surplus or deficit							
Net change in retirement benefits reserves arising from actuarial adjustments		(1,491)	–	–	–	(1,491)	–
Other comprehensive (loss)/income for the year, net of tax of nil		(1,074)	(64)	4	(10)	(1,070)	(74)
Total comprehensive income for the year		32,651	9,967	1,410	1,921	34,061	11,888

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

Statement of comprehensive income
For the financial year ended 31 March 2017

	Note	General Fund 2017 $'000	General Fund 2016 $'000	Restricted Funds 2017 $'000	Restricted Funds 2016 $'000	Total 2017 $'000	Total 2016 $'000
The Institute							
Income							
Course fees		17,383	16,877	4,110	4,011	21,493	20,888
Examination fees		205	164	199	234	404	398
Donations		1	34	17	26	18	60
Liquidated damages		43	101	–	–	43	101
Interest income	22	1,752	654	148	80	1,900	734
Other income	23	5,766	13,184	3,411	3,144	9,177	16,328
Other grants	12	2	12	3,895	4,561	3,897	4,573
		25,152	31,026	11,780	12,056	36,932	43,082
Operating expenditure							
Manpower costs	24	310,997	313,631	3,520	3,630	314,517	317,261
Depreciation of property, plant and equipment	3	45,240	48,100	926	894	46,166	48,994
Amortisation of prepaid leases	4	6,723	6,723	–	–	6,723	6,723
Amortisation of intangible assets	5	2,556	3,669	35	26	2,591	3,695
Property, plant and equipment written off		277	53	1	131	278	184
Repair and maintenance		14,023	15,001	99	182	14,122	15,183
Public utilities		6,906	7,396	233	152	7,139	7,548
Grants-in-aid	25	440	602	–	–	440	602
Supplies and materials		11,618	8,495	865	1,060	12,483	9,555
Other expenditure	26	43,942	43,297	6,967	6,910	50,909	50,207
Finance costs		5,516	5,713	–	–	5,516	5,713
		448,238	452,680	12,646	12,985	460,884	465,665
Deficit before government grants		(423,086)	(421,654)	(866)	(929)	(423,952)	(422,583)
Government grants							
Operating grants	10	395,610	375,449	2,300	3,620	397,910	379,069
Development grants	11	(79)	167	–	–	(79)	167
Deferred capital grants amortised	18	51,357	55,964	–	–	51,357	55,964
Surplus after government grants		23,802	9,926	1,434	2,691	25,236	12,617
Taxation	27	–	–	–	–	–	–
Net surplus for the year		23,802	9,926	1,434	2,691	25,236	12,617

Statement of comprehensive income
For the financial year ended 31 March 2017 (cont'd)

	Note	General Fund 2017 $'000	General Fund 2016 $'000	Restricted Funds 2017 $'000	Restricted Funds 2016 $'000	Total 2017 $'000	Total 2016 $'000
The Institute (cont'd)							
Other comprehensive loss							
Item that may be reclassified subsequently to surplus or deficit							
Net change in fair value of available-for-sale financial assets		417	(64)	–	–	417	(64)
Item that will not be reclassified to surplus or deficit							
Net change in retirement benefits reserves arising from actuarial adjustments		(1,491)	–	–	–	(1,491)	–
Other comprehensive loss for the year, net of tax of nil		(1,074)	(64)	–	–	(1,074)	(64)
Total comprehensive income for the year		22,728	9,862	1,434	2,691	24,162	12,553

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

Consolidated statement of changes in funds and reserves
For the financial year ended 31 March 2017

	Capital account $'000	Fair value reserve $'000	Retirement benefits reserve	Accumulated surplus General Fund $'000	Accumulated surplus Restricted Funds $'000	Total $'000
The Group						
At 1 April 2015	2,715	41	–	136,257	46,956	185,969
Net surplus for the year	–	–	–	10,031	1,931	11,962
Other comprehensive loss for the year, net of tax of nil	–	(74)	–	–	–	(74)
Total comprehensive (loss)/income for the year	–	(74)	–	10,031	1,931	11,888
At 31 March 2016 and 1 April 2016	2,715	(33)	–	146,288	48,887	197,857
Net surplus for the year	–	–	–	33,725	1,406	35,131
Other comprehensive (loss)/income for the year, net of tax of nil	–	421	(1,491)	–	–	(1,070)
Total comprehensive (loss)/income for the year	–	421	(1,491)	33,725	1,406	34,061
At 31 March 2017	2,715	388	(1,491)	180,013	50,293	231,918

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

Consolidated statement of changes in funds and reserves
For the financial year ended 31 March 2017 (cont'd)

	Capital account $'000	Fair value reserve $'000	Retirement benefits reserve	Accumulated surplus General Fund $'000	Restricted Funds $'000	Total $'000
The Institute						
At 1 April 2015	2,715	32	–	112,242	33,568	148,557
Net surplus for the year	–	–	–	9,926	2,691	12,617
Other comprehensive loss for the year, net of tax of nil	–	(64)	–	–	–	(64)
Total comprehensive (loss)/income for the year	–	(64)	–	9,926	2,691	12,553
At 31 March 2016 and 1 April 2016	2,715	(32)	–	122,168	36,259	161,110
Net surplus for the year	–	–	–	23,802	1,434	25,236
Other comprehensive income/(loss) for the year, net of tax of nil	–	417	(1,491)	–	–	(1,074)
Total comprehensive income/(loss) for the year	–	417	(1,491)	23,802	1,434	24,162
At 31 March 2017	2,715	385	(1,491)	145,970	37,693	185,272

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

Consolidated statement of cash flows
For the financial year ended 31 March 2017

	Note	2017 $'000	2016 $'000
Cash Flows from Operating Activities			
Deficit before government grants and income tax		(467,351)	(468,965)
Adjustments for:			
Depreciation of property, plant and equipment		47,316	49,978
Amortisation of intangible assets		2,650	3,782
Other grants		(7,089)	(6,572)
Amortisation of prepaid leases		6,723	6,723
Property, plant and equipment written off		–	183
Provision for retirement benefits		1,522	547
Actuarial losses on remeasurement of retirement benefits		(1,491)	–
Gain on disposal of property, plant and equipment		(253)	(478)
Interest income		(2,318)	(935)
Dividend income		(1,774)	(2,228)
Loss on disposal of other financial assets		910	–
Operating deficit before working capital changes		(421,155)	(417,965)
Decrease/(increase) in trade and other receivables		1,168	(949)
Decrease in trade and other payables and deferred income		(10,224)	(9,896)
Cash used in operations		(430,211)	(428,810)
Retirement benefits paid		(384)	(383)
Net cash flows used in operating activities		(430,595)	(429,193)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(15,461)	(12,476)
Purchase of intangible assets		(4,003)	(1,394)
Redemption/ transfer/ disposal of other financial assets		23,834	–
Purchase of held-to-maturity financial assets		–	(6,458)
Proceeds from disposal of property, plant and equipment		531	478
Interest received		2,318	935
Dividends received		1,774	2,228
Placement of fixed deposits (maturity more than 3 months from financial year end)		(7,051)	(9,850)
Net cash flows generated from/(used in) investing activities		1,942	(26,537)
Cash Flows from Financing Activities			
Repayment of finance lease obligations		(5,823)	(5,626)
Development grants received from Government		782	1,675
Operating grants received from Government		502,117	457,690
Other grants received in advance from Government		5,751	10,979
Donations received for capital expenditure		468	69
Net cash flows generated from financing activities		503,295	464,787
Net increase in cash and cash equivalents		74,642	9,057
Cash and cash equivalents at beginning of year		249,506	240,449
Cash and cash equivalents at end of year	13	324,148	249,506

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

1. Corporate information

The financial statements of Institute of Technical Education (the "Institute") for the year ended 31 March 2017 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 6.

The consolidated financial statements for the financial year ended 31 March 2017 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 Institute and the Group 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 2016.

The adoption of these standards and interpretations did not have any material impact on the Institute and the Group's financial statements.

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
SB-FRS 115 *Revenue from Contracts with Customers*	1 January 2018
SB-FRS 109 *Financial Instruments*	1 January 2018
SB-FRS 1001 *Accounting and Disclosure for Non-Exchange Revenue*	1 January 2018
Amendments to SB-FRS 102 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
SB-FRS 116 *Leases*	1 January 2019
Amendments to SB-FRS 110 & SB-FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	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 plans to adopt the new standards on the required effective date.

2.4 ***Significant accounting estimates and judgements***

The preparation of the financial statements in conformity with SB-FRS requires management to make judgements, 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.

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 its 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.

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

2.4 *Significant accounting estimates and judgements (cont'd)*

Key sources of estimation uncertainty (cont'd)

Depreciation of property, plant and equipment

Property, plant and equipment is 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.

As at 31 March 2017, the carrying amounts of the Group's and the Institute's property, plant and equipment amounts to $675,592,000 (2016: $707,105,000) and $672,586,000 (2016: $703,390,000) 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, basis of consolidation and business combinations*

(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.

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

2.6 *Subsidiaries, basis of consolidation and business combinations (cont'd)*

(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.

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.

(c) *Business combinations*

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding entity.
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/cost of investment as at the combination date and the equity 'acquired' is reflected within the equity as merger reserve.
- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.
- There are no changes to the comparatives and the business combination is accounted for prospectively.

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

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.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. The cost of project-in-progress includes cost of material, direct labour, sub-contract cost and capitalised borrowing costs. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the Institute and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in surplus or deficit as incurred.

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.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated assets are retained in the books of accounts until they are no longer in 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. Summary of significant accounting policies (cont'd)

2.8 *Prepaid lease*

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

2.9 *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.

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

Gains or losses arising from de-recognition 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.

2.10 *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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

2.10 *Impairment of non-financial assets (cont'd)*

Impairment losses are recognised in surplus or deficit.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. 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.

2.11 *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.

Subsequent measurement

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

(i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in surplus or deficit when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in surplus or deficit when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

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

2.11 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

(iii) Available-for-sale financial assets

Available-for-sale financial assets include equity securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in surplus or deficit. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to surplus or deficit as a reclassification adjustment when the financial asset is de-recognised.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in surplus or deficit.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or de-recognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(b) *Financial liabilities*

Initial recognition and measurement

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

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

Subsequent measurement

After initial recognition, other financial liabilities 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.

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

2.11 ***Financial instruments (cont'd)***

(b) *Financial liabilities (cont'd)*

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

2.12 ***Impairment of financial assets***

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in surplus or deficit.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in surplus or deficit.

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

2.12 *Impairment of financial assets (cont'd)*

(b) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in surplus or deficit, is transferred from other comprehensive income and recognised in surplus or deficit. Reversals of impairment losses in respect of equity instruments are not recognised in surplus or deficit; increase in their fair value after impairment are recognised directly in other comprehensive income.

2.13 *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.

2.14 *Funds*

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

General fund

Income and expenditure relating to the main activities of the Group and the Institute are accounted for in this fund.

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.

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

2.14 *Funds (cont'd)*

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.

2.15 *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 capitation grants that are given outright to the Group and the Institute for their discretion to spend on the purchase of assets are recognised as deferred income in the Deferred Capital Grants. The Institute allocates the government capitation grants received to operating grant and deferred capital grant (unutilised) according to the Institute's budget. Deferred capital grant (unutilised) is transferred to deferred capital grants (utilised) when capital expenditure is made. The timing and extent of the release of grants to surplus or deficit for the Group and the Institute depends 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.

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 accruals basis.

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

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

2.16 *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.

2.17 *Leases*

As 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.

2.18 *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 when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period.

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

2.18 *Employee benefits (cont'd)*

(c) *Defined benefit plans*

Certain officers of the Group and 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 Group's and 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 Group's and 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 Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

The Group 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.

<u>Key management personnel</u>

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.

2.19 *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. Summary of significant accounting policies (cont'd)

2.20 *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 authorities. 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, in the countries where the Group operates and generates taxable income.

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.

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

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

2.20 ***Income Taxes (cont'd)***

(b) *Deferred tax (cont'd)*

- 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 and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in surplus or deficit.

(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.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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

2.21 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

Course fees

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

Examination fees

Examination fees are recognised on time apportionment basis, over the period of the academic year.

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.

3. Property, plant and equipment

	The Group							
	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
Cost								
At 1 April 2015	836,555	12,915	48,248	117,066	8,113	276	4,698	1,027,871
Additions	–	670	3,188	6,504	832	–	2,677	13,871
Costs adjustment	(81)	–	–	–	–	–	–	(81)
Disposals/write-off	–	–	(2,886)	(9,369)	(216)	–	–	(12,471)
Reclassifications	(941)	2,766	–	1,057	182	–	(3,064)	–
At 31 March 2016 and 1 April 2016	835,533	16,351	48,550	115,258	8,911	276	4,311	1,029,190
Additions	–	1,096	4,663	6,833	1,031	–	2,566	16,189
Costs adjustment	(2)	–	–	(25)	–	–	(81)	(108)
Disposals/write-off	–	–	(1,792)	(6,889)	(391)	–	–	(9,072)
Reclassifications	151	2,441	–	386	64	–	(3,042)	–
At 31 March 2017	835,682	19,888	51,421	115,563	9,615	276	3,754	1,036,199

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

	The Group							
	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 2015	153,847	4,415	39,747	82,019	4,189	178	–	284,395
Depreciation for the year	30,973	2,842	6,348	9,006	785	24	–	49,978
Disposals/write-off	–	–	(2,886)	(9,225)	(177)	–	–	(12,288)
At 31 March 2016 and 1 April 2016	184,820	7,257	43,209	81,800	4,797	202	–	322,085
Depreciation for the year	30,941	3,586	3,171	8,730	869	19	–	47,316
Disposals/write-off	–	–	(1,792)	(6,673)	(329)	–	–	(8,794)
At 31 March 2017	215,761	10,843	44,588	83,857	5,337	221	–	360,607
Net book value								
At 31 March 2017	619,921	9,045	6,833	31,706	4,278	55	3,754	675,592
At 31 March 2016	650,713	9,094	5,341	33,458	4,114	74	4,311	707,105

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

	The Institute							
	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
Cost								
At 1 April 2015	836,555	12,894	46,718	115,254	7,197	276	4,698	1,023,592
Additions	–	658	3,106	5,790	350	–	2,677	12,581
Costs adjustment	(81)	–	–	–	–	–	–	(81)
Disposals/write-off/retirement	–	–	(2,880)	(9,364)	(191)	–	–	(12,435)
Reclassifications	(941)	2,766	–	1,057	182	–	(3,064)	–
At 31 March 2016 and 1 April 2016	835,533	16,318	46,944	112,737	7,538	276	4,311	1,023,657
Additions	–	1,089	4,584	6,653	856	–	2,566	15,748
Costs adjustment	(2)	–	–	(25)	–	–	(81)	(108)
Disposals/write-off/retirements	–	–	(1,776)	(6,874)	(391)	–	–	(9,041)
Reclassifications	151	2,441	–	386	64	–	(3,042)	–
At 31 March 2017	835,682	19,848	49,752	112,877	8,067	276	3,754	1,030,256

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

	The Institute							
	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 2015	153,847	4,414	39,452	81,585	4,047	178	–	283,523
Depreciation for the year	30,973	2,836	5,846	8,675	640	24	–	48,994
Disposals/write-off	–	–	(2,879)	(9,219)	(152)	–	–	(12,250)
At 31 March 2016 and 1 April 2016	184,820	7,250	42,419	81,041	4,535	202	–	320,267
Depreciation for the year	30,941	3,579	2,649	8,318	660	19	–	46,166
Disposals/write-off	–	–	(1,776)	(6,658)	(329)	–	–	(8,763)
At 31 March 2017	215,761	10,829	43,292	82,701	4,866	221	–	357,670
Net book value								
At 31 March 2017	619,921	9,019	6,460	30,176	3,201	55	3,754	672,586
At 31 March 2016	650,713	9,068	4,525	31,696	3,003	74	4,311	703,390

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

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 4).

Subsequently on 11 August 2008, the Institute entered into a Sublease Agreement and a Project Agreement with Gammon Capital (West) Pte Limited ("PPP Co."). 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. is 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 $35.8 million (2016: $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 finance leases at the reporting date was $151.2 million (2016: $159.5 million). The Group and the Institute have recognised this project as finance lease and at initial recognition, recorded these as facilities with a corresponding finance lease obligation as set out in Note 17.

4. Prepaid leases

	The Group and The Institute	
	2017	2016
	$'000	$'000
Cost		
At 1 April and 31 March	201,277	201,277
Accumulated amortisation		
At 1 April	64,035	57,312
Amortisation for the year	6,723	6,723
Balance at end	70,758	64,035
Carrying amount		
At 31 March	130,519	137,242

5. Intangible assets

	Computer software	Project-in-progress	Total
	$'000	$'000	$'000
The Group			
Cost:			
At 1 April 2015	43,038	148	43,186
Additions	948	446	1,394
Disposals	(3,695)	–	(3,695)
At 31 March 2016 and 1 April 2016	40,291	594	40,885
Additions	3,960	43	4,003
Disposals	(5,107)	–	(5,107)
Reclass	594	(594)	–
At 31 March 2017	39,738	43	39,781
Accumulated amortisation:			
At 1 April 2015	37,401	–	37,401
Amortisation for the year	3,782	–	3,782
Disposals	(3,695)	–	(3,695)
At 31 March 2016 and 1 April 2016	37,488	–	37,488
Amortisation for the year	2,650	–	2,650
Disposals	(5,107)	–	(5,107)
At 31 March 2017	35,031	–	35,031
Net carrying amount:			
At 31 March 2017	4,707	43	4,750
At 31 March 2016	2,803	594	3,397

5. Intangible assets (cont'd)

	Computer software $'000	Project-in-progress $'000	Total $'000
The Institute			
Cost:			
At 1 April 2015	42,676	148	42,824
Additions	892	446	1,338
Disposals	(3,695)	–	(3,695)
At 31 March 2016 and 1 April 2016	39,873	594	40,467
Additions	3,950	43	3,993
Disposals	(5,088)	–	(5,088)
Reclass	594	(594)	–
At 31 March 2017	39,329	43	39,372
Accumulated amortisation:			
At 1 April 2015	37,169	–	37,169
Amortisation for the year	3,695	–	3,695
Disposals	(3,695)	–	(3,695)
At 31 March 2016 and 1 April 2016	37,169	–	37,169
Amortisation for the year	2,591	–	2,591
Disposals	(5,088)	–	(5,088)
At 31 March 2017	34,672	–	34,672
Net carrying amount:			
At 31 March 2017	4,657	43	4,700
At 31 March 2016	2,704	594	3,298

6. Subsidiaries

	The Institute	
	2017	2016
	$'000	$'000
Investments in subsidiaries	8,952	8,952

Details of subsidiaries are as follows:

Name	Country of incorporation/ principal place of business	Principal activities	Percentage of equity held 2017 %	2016 %
Northlight School [1]	Singapore	Provision of integrated education	100	100
Crest Secondary School [1]	Singapore	Provide customised curriculum for Normal (Technical) students	100	100
Spectra Secondary School [1]	Singapore	Provide customised curriculum for Normal (Technical) students	100	100
ITE Education Services Pte Ltd	Singapore	Promotion of technical education in Asia Pacific region	100	100

[1] Incorporated as a company limited by guarantee.

7. Other financial assets

	The Group 2017 $'000	The Group 2016 $'000	The Institute 2017 $'000	The Institute 2016 $'000
Non-current assets				
Available-for-sale: Quoted securities at fair value (i)	10,343	10,357	9,335	9,350
Available-for-sale: Quoted debt securities at fair value (ii)	16,111	–	16,111	–
Held-to-maturity: Quoted debt securities at amortised cost (ii)	1,250	40,191	–	38,941
	27,704	50,548	25,446	48,291
Current assets				
Available-for-sale: Quoted debt securities at fair value (ii)	4,520	–	4,520	–
Held-to-maturity: Quoted debt securities at amortised cost (ii)	–	5,999	–	5,999
	4,520	5,999	4,520	5,999

During the year, the Institute transferred other financial assets (quoted debt securities) with a carrying value of $14.2 million to ITE Education Fund. As this was a sale of more than an insignificant amount of held-to-maturity investments ("HTM") before maturity, the investments are not close to maturity, the Institute has not collected substantially all of the original principal, and the sale is not attributable to an isolated event beyond the entity's control, the Institute is no longer able to classify these investments as HTM. Accordingly, the remaining debt securities have been reclassified to available-for-sale assets during the year.

The Group and the Institute

(i) Available-for-sale securities are investments in quoted, non-cumulative, non-convertible perpetual securities and preference shares with stated dividend rate of 3.1% to 5.75% (2016: 4% to 5.75%) per annum and 3.1% to 5.75% (2016: 4.75% to 5.75%) per annum for the Group and the Institute, respectively. The perpetual securities do not have fixed redemption date. The fair value of these securities is determined by reference to stock exchange quoted bid prices. The changes in the fair value of the available-for-sale securities are recognised directly in other comprehensive income.

(ii) The interest-bearing debt securities are investments in quoted Singapore dollar corporate bonds. Details are as follows:

	The Group 2017 $'000	The Group 2016 $'000	The Institute 2017 $'000	The Institute 2016 $'000
Fair values	21,899	45,760	20,631	44,510
Interest rates	3.08% to 5.50%	3.08% to 5.50%	3.10% to 5.50%	3.08% to 5.50%
Maturity	4.0 to 5.5 years	0.5 to 10.5 years	4.0 to 5.5 years	0.5 to 10.5 years

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

8. Deferred tax assets

Movements in deferred tax assets and liabilities (prior to offsetting of balances) during the year are as follows:

	The Group				
	As at 1 April 2015	Recognised in surplus or deficit (Note 27)	As at 31 March 2016	Recognised in surplus or deficit (Note 27)	As at 31 March 2017
	$'000	$'000	$'000	$'000	$'000
Deferred tax liabilities					
Differences in depreciation for tax purposes	1	(1)	–	4	4
Dividend income receivable	3	–	3	–	3
Interest receivable	1	–	1	3	4
	5	(1)	4	7	11
Deferred tax assets					
Accrued operating expenses	(8)	(3)	(11)	(5)	(16)
Unutilised donation	(49)	(29)	(78)	–	(78)
	(57)	(32)	(89)	(5)	(94)
	(52)	(33)	(85)	2	(83)

9. Trade and other receivables

	The Group		The Institute	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade and other receivables	8,913	10,551	5,815	6,983
Allowance for impairment of receivables [Note 30.1]	(52)	(144)	(52)	(144)
	8,861	10,407	5,763	6,839
Staff advances	6	6	6	6
Security deposits	96	108	35	35
Amounts due from subsidiaries				
- trade	–	–	206	1,243
- non-trade	–	–	488	–
Prepayments	2,363	1,973	1,947	1,752
	11,326	12,494	8,445	9,875

9. Trade and other receivables (cont'd)

The Group

Included in trade receivables is an amount of $408,229 (2016: $1,804,973) relating to accrued receivables which represent revenue not yet billed to the customers as at the end of the reporting period for trainings or workshops conducted during the year.

The Institute

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	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Singapore dollars	11,290	12,459	8,445	9,875
United States dollars	36	35	–	–
	11,326	12,494	8,445	9,875

10. Operating grants received in advance/(receivable)

	The Group		The Institute	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Balance at beginning	(8,743)	(6,553)	(17,446)	(16,878)
Grants received during the year	502,117	457,690	446,009	414,863
Amounts transferred to deferred capital grants (Note 18)	(31,930)	(36,978)	(31,861)	(36,362)
Amounts taken to surplus or deficit	(449,664)	(422,902)	(397,910)	(379,069)
Balance at end	11,780	(8,743)	(1,208)	(17,446)

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

	The Group		The Institute	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Operating grants receivable	(1,893)	(17,446)	(1,870)	(17,446)
Operating grants received in advance	13,673	8,703	662	–
	11,780	(8,743)	(1,208)	(17,446)

11. Development grants (receivable)/received in advance

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

	The Group		The Institute	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Development grants received in advance/(receivable) at beginning	376	378	–	(535)
Grants received/(refunded) during the year	782	1,675	(81)	621
Amounts transferred (to)/from deferred capital grants for current year expenditure (Note 18)	(326)	(667)	2	81
Amounts taken to surplus or deficit	(307)	(1,010)	79	(167)
Balance at end	525	376	–	–

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

	The Group		The Institute	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Development grants receivable	(240)	(465)	–	–
Development grants received in advance	765	841	–	–
	525	376	–	–

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

12. Other grants (receivable)/received in advance

Other grants (receivable)/received in advance represents grant received from government to sponsor the co-curricular development opportunities for Singapore citizens from lower income households. These grants are to be utilised over a three year period and 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	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Balance at beginning	6,466	1,984	5,552	1,891
Grants received during the year	5,751	10,979	2,338	8,234
Amount transferred (to)/from deferred capital grants (Note 18)	(8)	75	–	–
Amounts taken to the surplus or deficit	(7,089)	(6,572)	(3,897)	(4,573)
Balance at end	5,120	6,466	3,993	5,552

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

	The Group		The Institute	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Other grants receivable	(555)	(351)	(451)	(351)
Other grants received in advance	5,675	6,817	4,444	5,903
	5,120	6,466	3,993	5,552

13. Cash and bank balances

	The Group		The Institute	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Cash in hand and at bank	317,148	245,506	285,168	218,906
Fixed deposits	36,707	26,656	–	–
Total cash and bank balances	353,855	272,162	285,168	218,906
Less: Fixed deposits (maturity more than 3 months from financial year end)	(29,707)	(22,656)	–	–
Total cash and cash equivalents	324,148	249,506	285,168	218,906

The Group

Deposits placed with financial institutions bear interest rates ranging from 1.13% to 1.4% (2016: 0.25% to 1.03%) per annum with maturity periods ranging from 4 to 12 months (2016: 2 to 11 months) from the end of the financial year.

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.

Capital management

	The Group	
	2017	2016
	$'000	$'000
Capital account	2,715	2,715
Accumulated surplus – General Fund	180,013	146,288
Total capital and general fund	182,728	149,003

The Institute's policy is to maintain a strong capital and general fund 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.

15. Fair value reserve

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 Fund***

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

16. Accumulated surplus (cont'd)

(b) *Restricted Funds*

The basis of accounting in relation to restricted funds is stipulated in Note 2.14.

Restricted funds comprise the following:

Name of Fund	Purpose
ITE's Fund	Conducting industry projects, short and continuing education courses for the purpose of developing and enhancing staff and students' capability and supporting the mission and vision of the Institute.
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.
Workforce Skills Qualifications Programmes Fund	Funded by the Singapore Workforce Development Agency of relevant programmes to facilitate adult learning, make skills upgrading more accessible to the workforce and provide career progression pathways for the workforce.
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.

16. Accumulated surplus (cont'd)

(b) *Restricted Funds*

	The Group							
	ITE's Fund $'000	Training Programme Fund $'000	Supple-mentary Fee Fund $'000	Special Project Fund $'000	Edusave Fund $'000	Workforce Skills Qualifications Programmes Fund $'000	Opportunity Fund and Miscellaneous Funds $'000	Total $'000
31 March 2017								
Income								
Course fees	4,628	–	–	–	–	153	–	4,781
Examination fees	443	–	–	–	–	–	–	443
Donations	–	–	–	502	–	–	401	903
Interest income	188	–	15	–	–	–	11	214
Other income	4,619	–	1,035	63	126	6	1	5,850
Other grants	2,555	–	–	192	955	–	3,339	7,041
	12,433	–	1,050	757	1,081	159	3,752	19,232
Less: Operating expenditure								
Manpower costs	6,202	1	–	157	22	344	148	6,874
Depreciation of property, plant and equipment	26	591	1	9	66	13	257	963
Amortisation of intangible assets	6	–	–	–	3	–	25	34
Property, plant and equipment written off		–	–	1	–	–	–	1
Repair and maintenance	93	–	1	19	18	3	–	134
Public utilities	214	–	–	8	–	12	–	234
Supplies and materials	1,018	–	1	306	155	15	330	1,825
Other expenditure	2,196	–	954	1,119	3,919	17	2,508	10,713
Finance costs	–	–	–	1	–	–	–	1
	9,755	592	957	1,620	4,183	404	3,268	20,779

16. Accumulated surplus (cont'd)

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

	The Group							
	ITE's Fund $'000	Training Programme Fund $'000	Supple-mentary Fee Fund $'000	Special Project Fund $'000	Edusave Fund $'000	Workforce Skills Qualifications Programmes Fund $'000	Opportunity Fund and Miscellaneous Funds $'000	Total $'000
31 March 2017 (cont'd)								
Surplus/(deficit) before government grants	2,678	(592)	93	(863)	(3,102)	(245)	484	(1,547)
Government grants								
Operating grants	–	–	133	385	2,350	68	18	2,954
Deferred capital grants amortised	–	–	–	1	–	–	–	1
Surplus/(deficit) after government grants	2,678	(592)	226	(477)	(752)	(177)	502	1,408
Taxation	(2)	–	–	–	–	–	–	(2)
Net surplus/(deficit) for the year	2,676	(592)	226	(477)	(752)	(177)	502	1,406
Accumulated surplus at 1 April	32,016	1,782	2,177	1,622	1,771	3,124	6,395	48,887
Accumulated surplus at 31 March	34,692	1,190	2,403	1,145	1,019	2,947	6,897	50,293

16. **Accumulated surplus (cont'd)**

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

	The Group							
	ITE's Fund $'000	Training Programme Fund $'000	Supple-mentary Fee Fund $'000	Special Project Fund $'000	Edusave Fund $'000	Workforce Skills Qualifications Programmes Fund $'000	Opportunity Fund and Miscellaneous Funds $'000	Total $'000
31 March 2016								
Income								
Course fees	4,360	–	–	–	–	210	5	4,575
Examination fees	455	–	–	–	–	–	–	455
Donations	–	–	–	709	–	–	632	1,341
Interest income	108	–	8	–	–	–	1	117
Other income	7,178	–	1,019	84	48	5	30	8,364
Other grants	1,743	–	1	609	644	–	3,556	6,553
	13,844	–	1,028	1,402	692	215	4,224	21,405
Less: Operating expenditure								
Manpower costs	6,205	1	–	221	22	456	165	7,070
Depreciation of property, plant and equipment	28	606	1	6	59	13	212	925
Amortisation of intangible assets	6	–	–	–	3	–	17	26
Property, plant and equipment written off	–	130	–	–	–	–	–	130
Repair and maintenance	151	–	5	29	6	5	35	231
Public utilities	131	–	–	1	–	20	–	152
Supplies and materials	3,880	–	3	86	106	28	311	4,414
Other expenditure	2,529	(12)	985	1,388	3,190	58	2,552	10,690
	12,930	725	994	1,731	3,386	580	3,292	23,638

16. Accumulated surplus (cont'd)

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

	The Group							
	ITE's Fund $'000	Training Programme Fund $'000	Supple-mentary Fee Fund $'000	Special Project Fund $'000	Edusave Fund $'000	Workforce Skills Qualifications Programmes Fund $'000	Opportunity Fund and Miscellaneous Funds $'000	Total $'000
31 March 2016 (cont'd)								
Surplus/(deficit) before government grants	914	(725)	34	(329)	(2,694)	(365)	932	(2,233)
Government grants								
Operating grants	–	–	122	512	2,760	717	22	4,133
Deferred capital grants amortised	–	–	–	(2)	–	–	–	(2)
Surplus/(deficit) after government grants	914	(725)	156	181	66	352	954	1,898
Taxation	33	–	–	–	–	–	–	33
Net surplus/(deficit) for the year	947	(725)	156	181	66	352	954	1,931
Accumulated surplus at 1 April	31,069	2,507	2,021	1,441	1,705	2,772	5,441	46,956
Accumulated surplus at 31 March	32,016	1,782	2,177	1,622	1,771	3,124	6,395	48,887

16. **Accumulated surplus (cont'd)**

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

	The Institute							
	ITE's Fund $'000	Training Programme Fund $'000	Supple-mentary Fee Fund $'000	Special Project Fund $'000	Edusave Fund $'000	Workforce Skills Qualifications Programmes Fund $'000	Opportunity Fund and Miscellaneous Funds $'000	Total $'000
31 March 2017								
Income								
Course fees	3,957	–	–	–	–	153	–	4,110
Examination fees	199	–	–	–	–	–	–	199
Donations	–	–	–	17	–	–	–	17
Interest income	133	–	15	–	–	–	–	148
Other income	2,271	–	1,035	63	35	6	1	3,411
Other grants	–	–	–	180	732	–	2,983	3,895
	6,560	–	1,050	260	767	159	2,984	11,780
Less: Operating expenditure								
Manpower costs	3,027	1	–	–	–	344	148	3,520
Depreciation of property, plant and equipment	21	591	1	8	66	13	226	926
Amortisation of intangible assets	7	–	–	–	3	–	25	35
Property, plant and equipment written off	–	–	–	1	–	–	–	1
Repair and maintenance	71	–	1	16	8	3	–	99
Public utilities	213	–	–	8	–	12	–	233
Supplies and materials	586	–	1	32	48	15	183	865
Other expenditure	415	–	954	336	3,469	17	1,776	6,967
	4,340	592	957	401	3,594	404	2,358	12,646

16. Accumulated surplus (cont'd)

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

	The Institute							
	ITE's Fund $'000	Training Programme Fund $'000	Supple-mentary Fee Fund $'000	Special Project Fund $'000	Edusave Fund $'000	Workforce Skills Qualifications Programmes Fund $'000	Opportunity Fund and Miscellaneous Funds $'000	Total $'000
31 March 2017 (cont'd)								
Surplus/(deficit) before government grants	2,220	(592)	93	(141)	(2,827)	(245)	626	(866)
Government grants								
Operating grants	–	–	133	–	2,099	68	–	2,300
Net surplus/(deficit) for the year	2,220	(592)	226	(141)	(728)	(177)	626	1,434
Accumulated surplus at 1 April	23,107	1,781	2,177	638	1,699	3,125	3,732	36,259
Accumulated surplus at 31 March	25,327	1,189	2,403	497	971	2,948	4,358	37,693

16. Accumulated surplus (cont'd)

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

	The Institute							
	ITE's Fund $'000	Training Programme Fund $'000	Supple-mentary Fee Fund $'000	Special Project Fund $'000	Edusave Fund $'000	Workforce Skills Qualifications Programmes Fund $'000	Opportunity Fund and Miscellaneous Funds $'000	Total $'000
31 March 2016								
Income								
Course fees	3,801	–	–	–	–	210	–	4,011
Examination fees	234	–	–	–	–	–	–	234
Donations	–	–	–	26	–	–	–	26
Interest income	72	–	8	–	–	–	–	80
Other income	2,020	–	1,019	84	12	5	4	3,144
Other grants	–	–	1	607	517	–	3,436	4,561
	6,127	–	1,028	717	529	215	3,440	12,056
Less: Operating expenditure								
Manpower costs	3,004	1	–	5	–	456	164	3,630
Depreciation of property, plant and equipment	24	606	1	8	59	13	183	894
Amortisation of intangible assets	6	–	–	–	3	–	17	26
Property, plant and equipment written off	–	131	–	–	–	–	–	131
Repair and maintenance	128	–	5	7	2	5	35	182
Public utilities	131	–	–	1	–	20	–	152
Supplies and materials	656	–	3	21	79	28	273	1,060
Other expenditure	360	(12)	985	715	2,969	58	1,835	6,910
	4,309	726	994	757	3,112	580	2,507	12,985

16. Accumulated surplus (cont'd)

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

The Institute

	ITE's Fund $'000	Training Programme Fund $'000	Supple-mentary Fee Fund $'000	Special Project Fund $'000	Edusave Fund $'000	Workforce Skills Qualifications Programmes Fund $'000	Opportunity Fund and Miscellaneous Funds $'000	Total $'000
31 March 2016 (cont'd)								
Surplus/(deficit) before government grants	1,818	(726)	34	(40)	(2,583)	(365)	933	(929)
Government grants								
Operating grants	–	–	122	–	2,781	717	–	3,620
Net surplus/(deficit) for the year	1,818	(726)	156	(40)	198	352	933	2,691
Accumulated surplus at 1 April	21,289	2,507	2,021	678	1,501	2,773	2,799	33,568
Accumulated surplus at 31 March	23,107	1,781	2,177	638	1,699	3,125	3,732	36,259

17. Finance lease obligations

	The Group 2017 $'000	The Group 2016 $'000	The Institute 2017 $'000	The Institute 2016 $'000
Current				
Amounts due to PPP Co.	6,027	5,823	6,027	5,823
Other finance lease obligations	4	–	–	–
	6,031	5,823	6,027	5,823
Non-current				
Amounts due to PPP Co.	145,273	151,300	145,273	151,300
Other finance lease obligations	11	–	–	–
	145,284	151,300	145,273	151,300
Total	151,315	157,123	151,300	157,123

Amounts due to PPP Co. represent the present value of amounts due to Gammon Capital (West) Pte Limited ("PPP Co.") pursuant to the Project Agreement (Note 3). The above present value is discounted at government bond rate of 3.50% (2016: 3.50%). These amounts are repayable over a period of 25 years by monthly unitary payment ("MUP") commencing from 1 July 2011.

	Total minimum lease payments 2017 $'000	Present value of payments 2017 $'000	Total minimum lease payments 2016 $'000	Present value of payments 2016 $'000
Group				
Within one year	11,326	6,031	11,322	5,823
After one year but not later than five years	45,302	26,302	45,289	25,402
Later than 5 years	150,964	118,982	162,286	125,898
Total minimum lease payments	207,592	151,315	218,897	157,123
Less:				
Amounts representing finance charges	(56,277)	–	(61,774)	–
Present value of minimum lease payments	151,315	151,315	157,123	157,123

17. Finance lease obligations (cont'd)

	Total minimum lease payments 2017 $'000	Present value of payments 2017 $'000	Total minimum lease payments 2016 $'000	Present value of payments 2016 $'000
The Institute				
Within one year	11,322	6,027	11,322	5,823
After one year but not later than five years	45,289	26,291	45,289	25,402
Later than 5 years	150,964	118,982	162,286	125,898
Total minimum lease payments	207,575	151,300	218,897	157,123
Less:				
Amounts representing finance charges	(56,275)	–	(61,774)	–
Present value of minimum lease payments	151,300	151,300	157,123	157,123

18. Deferred capital grants

	The Group 2017 $'000	The Group 2016 $'000	The Institute 2017 $'000	The Institute 2016 $'000
Balance at beginning	783,310	828,372	779,690	825,023
Grants utilised for capital expenditure				
- Transferred from operating grants (Note 10)	31,930	36,978	31,861	36,362
- Transferred from donations	468	69	468	69
- Transferred from/(to) development grants (Note 11)	326	667	(2)	(81)
- Transferred from/(to) other grants (Note 12)	8	(75)	–	–
Adjustment for accumulated grants for PPP arrangement	–	(25,719)	–	(25,719)
Amortisation charge for the year	(52,513)	(56,982)	(51,357)	(55,964)
Balance at end	763,529	783,310	760,660	779,690
Represented by:				
Grants utilised	642,476	668,321	639,607	664,701
Grants unutilised	121,053	114,989	121,053	114,989
	763,529	783,310	760,660	779,690

With effect from this reporting period, the Institute's deferred capital grants (unutilised) include grant amount set aside 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 comprise 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	
	2017	**2016**
	$'000	$'000
Present value of unfunded obligations	3,052	1,914
Represented by:		
Current	376	355
Non-current	2,676	1,559
	3,052	1,914

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

	The Group and The Institute	
	2017	**2016**
	$'000	$'000
At 1 April	1,914	1,750
Provision for the year	1,522	547
Retirement benefits paid	(384)	(383)
At 31 March	3,052	1,914

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	
	2017	2016
	$'000	$'000
Recognised in surplus or deficit		
Current service cost	–	511
Interest cost	31	32
Others	–	4
	31	547
Recognised in other comprehensive income		
Actuarial losses	1,491	–

(c) Principal actuarial assumptions used are as follows:

	The Group and The Institute	
	2017	2016
	$'000	$'000
Discount rate	2%	1.84%
Mortality	89.1 years	81 years

Assumptions regarding future mortality are based on published statistics and life assured population table (S9702).

(d) Historical information

	2017	2016	2015	2014	2013
	$'000	$'000	$'000	$'000	$'000
Present value of defined benefit obligation	3,052	1,914	1,750	1,912	1,837

20. Trade and other payables

	The Group 2017 $'000	The Group 2016 $'000	The Institute 2017 $'000	The Institute 2016 $'000
Trade and other payables				
- subsidiaries	–	–	–	187
- third parties	4,290	6,000	3,103	2,228
Grants received on behalf of:				
- subsidiaries	–	–	–	2,878
- ITE Education Fund	–	6,687	–	6,687
- Assumption Pathway School	–	178	–	178
Deposits received	420	300	420	300
Accrued operating expenses	13,952	16,625	12,136	15,163
Accrued capital expenditure	5,764	5,159	5,764	5,061
Provision for unutilised compensated leave	12,551	12,428	12,247	12,158
	36,977	47,377	33,670	44,840

The following are the expected contractual undiscounted cash outflows of financial liabilities (excluding amounts due to PPP Co. which are disclosed in Note 17), including interest payments and the impact of netting agreements:

The Group	Carrying amount $'000	Cash flows Contractual cash flows $'000	Within 1 year $'000
2017			
Trade and other payables*	24,426	24,426	24,426
	24,426	24,426	24,426
2016			
Trade and other payables*	34,949	34,949	34,949
	34,949	34,949	34,949

The Institute	Carrying amount $'000	Cash flows Contractual cash flows $'000	Within 1 year $'000
2017			
Trade and other payables*	21,423	21,423	21,423
	21,423	21,423	21,423
2016			
Trade and other payables*	32,682	32,682	32,682
	32,682	32,682	32,682

* Exclude provisions recognised as at financial year end.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

21. Net assets of trust funds

The basis of accounting in relation to trust funds is stipulated in Note 2.14.

Trust funds comprise the following funds:

Technical Education Promotion Fund ("TEPF")

TEPF 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.

TEPF was established on 24 February 1993 through a Declaration of Trust made by the Institute. The objective of the Fund, which receives public and miscellaneous contributions, is to promote technical training by providing training equipment, facilities, curriculum, vocational guidance, publicity, staff development and any other necessary assistance to students.

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 objectives 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 Technical Education Promotion Fund and 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.
Pre-Employment Clinical Training (PECT) Fund	Funding by MOH (Ministry of Health) to Post-Secondary Educational Institutions (PSEIs) to support the delivery of pre-employment clinical training in Academic Year 2013.
Economic Development Board Fund	This grant is provided by Economic Development Board (EDB) to support the candidates enrolled under the National Precision Engineering Study Award.

21 Net assets of trust funds (cont'd)

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

	The Group and The Institute											
	TEPF		IEF		AP Fund		PECT Fund		EDB Fund		Total	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Balance as at 1 April	103	266	60,487	44,554	144	144	271	152	4	33	61,009	45,149
Income												
Grant income	–	–	3,203	6,920	–	–	6,785	4,864	936	567	10,924	12,351
Interest income	–	1	252	45	–	–	–	–	–	–	252	46
Dividend income	–	–	1,598	1,057	–	–	–	–	–	–	1,598	1,057
Fund raising income	–	–	–	–	–	–	–	–	–	–	–	–
General donations	–	–	2,593	10,281	–	–	–	–	–	–	2,593	10,281
Other income	–	–	180	187	–	–	–	–	–	–	180	187
	–	1	7,826	18,490	–	–	6,785	4,864	936	567	15,547	23,922
Expenditure												
Manpower costs	–	–	–	–	–	–	2,978	4,015	–	–	2,978	4,015
Grants-in-aid scholarships	–	–	3,172	2,299	–	–	–	–	925	596	4,097	2,895
Promotions and ceremonies	103	164	734	84	–	–	–	–	–	–	837	248
Fund raising expenditure	–	–	–	–	–	–	–	–	–	–	–	–
Other expenditure	–	–	438	87	–	–	3,176	730	–	–	3,614	817
	103	164	4,344	2,470	–	–	6,154	4,745	925	596	11,526	7,975
Net (deficit)/surplus for the year	(103)	(163)	3,482	16,020	–	–	631	119	11	(29)	4,021	15,947
Fair value reserve	–	–	(1,251)	(87)	–	–	–	–	–	–	(1,251)	(87)
Balance at 31 March	–	103	62,718	60,487	144	144	902	271	15	4	63,779	61,009

21 Net assets of trust funds (cont'd)

The Group and The Institute

	TEPF		IEF		AP Fund		PECT Fund		EDB Fund		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Represented by:												
Assets												
Cash and bank balances	–	115	20,773	26,917	144	144	891	54	15	4	21,823	27,234
Other receivables	–	1	3,492	6,867	–	–	11	628	–	–	3,503	7,496
Other financial assets	–	–	38,578	26,881	–	–	–	–	–	–	38,578	26,881
	–	116	62,843	60,665	144	144	902	682	15	4	63,904	61,611
Liabilities												
Accruals and other payables	–	13	125	178	–	–	–	411	–	–	125	602
	–	13	125	178	–	–	–	411	–	–	125	602
Net assets	–	103	62,718	60,487	144	144	902	271	15	4	63,779	61,009

22. Interest income

	The Group		The Institute	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Interest received/receivable				
- fixed deposits	418	201	–	–
- bank balances	1,900	734	1,900	734
	2,318	935	1,900	734

23. Other income

	The Group		The Institute	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Administrative fees	503	429	280	107
Consultancy services	1,932	4,354	1,512	1,269
Equipment procurement and staff deployment	1,523	4,035	–	–
Dividend income	1,774	2,228	1,694	2,148
Registration fees	105	107	104	106
Rental of premises				
- third parties	2,366	1,053	2,656	1,118
Sales of computer equipment and stores	885	778	890	791
Supplementary fees	1,013	1,000	1,011	998
Gain on dissolution of subsidiary	–	–	–	9,166
Others – third party	1,471	1,123	1,030	625
	11,572	15,107	9,177	16,328

24. Manpower costs

	The Group		The Institute	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Wages, salaries, bonuses and allowance	301,392	303,751	267,339	272,760
Contribution to defined contribution plans	44,491	41,536	39,225	37,084
Pension gratuities and retirement benefits	1,855	567	1,855	567
Staff development and benefits	6,941	7,408	6,098	6,850
	354,679	353,262	314,517	317,261

25. Grants-in-aid

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

26. Other expenditure

Included in other expenditure are the following:

	The Group		The Institute	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Agency fees (includes amount to PPP Co.) (Note 3)	25,696	25,477	25,685	25,502
Impairment loss on receivables (Note 30.1)	37	144	37	144
Reversal of impairment loss on receivables (Note 30.1)	(23)	(9)	(23)	(9)
Bad debts written off	430	432	383	397
Consultancy services	1,640	2,190	1,188	1,800
Exchange gain	(77)	(2)	(77)	(2)
Functions and entertainment	780	1,252	584	1,166
Loss on disposal of other financial assets	910	–	910	–
Gain on disposal of property, plant and equipment, net	(253)	(478)	(258)	(481)
GST expenses	7,222	6,919	6,931	6,753
Overseas travelling	2,276	2,218	1,021	998
Publications and publicity materials	708	1,032	621	945
Rental of premises	221	270	164	153
Student benefits	10,213	9,570	7,326	6,934
Travelling and communications	663	696	530	525
Others	6,914	6,790	5,887	5,382
	57,357	56,501	50,909	50,207

27. 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	
	2017	2016
	$'000	$'000
Deferred tax expense/(credit)		
- Current year	2	(33)

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	
	2017	2016
	$'000	$'000
Surplus before taxation	35,133	11,929
Results that are tax exempt	(34,880)	(11,039)
	253	890
Tax at statutory rate of 17% (2016:17%)	43	151
Tax effect on non-chargeable income	(7)	(7)
Tax effect on non-deductible expenses	6	1
Overprovision in respect of prior years	–	–
Enhanced deduction of donations	–	(156)
Effect of tax relief	(40)	(22)
	2	(33)

28. 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	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Subsidiaries				
Re-charge of payroll costs for staff seconded to all subsidiaries	–	–	7,829	7,424
Charges for services rendered to a subsidiary	–	–	621	604
Rental fee for a subsidiary's usage of facilities	–	–	402	318
ITE Education Fund				
Transfer of other financial assets	14,160	–	14,160	–

Transfer of other financial assets

During the year, the Institute transferred other financial assets (quoted debt securities) with a carrying value of $14.2 million to ITE Education Fund at a total price of $14.2 million. No gain or loss on transfer was recognized. The transaction took place at terms agreed between the parties, based on guidelines endorsed by the Institute's Investment Committee.

Key management personnel compensation

Key management personnel of the Group and the Institute are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Institute. 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	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Salaries and related short-term benefits	5,765	5,429	3,212	3,128

29. 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	
	2017	2016
	$'000	$'000
Property, plant and equipment - approved and contracted for	4,040	1,787

30. Financial risk management objectives and policies

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

The following sections provide details regarding the Group's and the Institute'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 and the Institute's exposure to these financial risks or the manner in which they manage and measure the risks.

30.1 *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 and the Institute's exposure to credit risk arises primarily from its receivables. For other financial assets (including receivables and cash), the Group's and the Institute's minimise credit risk by dealing exclusively with high credit rating counterparties.

Exposure to credit risk

At the end of the reporting period, the Group's and the Institute's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Financial assets that are neither past due nor impaired

Receivables and deposits that are neither past due nor impaired are receivables from students and deposits. Cash and bank balances are entered into with reputable financial institutions with high credit ratings and no history of default.

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

30.1 *Credit risk (cont'd)*

Financial assets that are either past due or impaired

The ageing analysis of trade and other receivables past due but not impaired is as follows:

	The Group		The Institute	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Past due 1 to 30 days	4,654	6,686	2,637	4,936
Past due 31 to 120 days	555	1,037	404	1,096
Past due 121 days - 1 year	99	124	86	124
More than one year	–	154	–	1
	5,308	8,001	3,127	6,157

Based on historical default rates, the Group and the Institute believe that no impairment allowance is necessary in respect of trade receivables not past due or past due but not provided for. These receivables are mainly arising by customers that have a good credit record with the Group and the Institute.

Credit risk concentration profile

	The Group			
	2017		2016	
	Percentage of balance	No. of counter-parties/ debtors	Percentage of balance	No. of counter-parties/ debtors
Other financial assets	91%	2	86%	2
Cash and bank balances	100%	2	100%	2
Trade and other receivables	60%	3	44%	3

	The Institute			
	2017		2016	
	Percentage of balance	No. of counter-parties/ debtors	Percentage of balance	No. of counter-parties/ debtors
Other financial assets	99%	2	90%	2
Cash and bank balances	100%	2	100%	2
Trade and other receivables	72%	3	38%	4

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

30.1 *Credit risk (cont'd)*

The movement in allowance for impairment of receivables during the year is as follows:

	The Group		The Institute	
	2017	**2016**	**2017**	**2016**
	$'000	$'000	$'000	$'000
At beginning of year	144	14	144	14
Impairment loss (Note 26)	37	144	37	144
Reversal of impairment loss (Note 26)	(23)	(9)	(23)	(9)
Bad debts written off against allowance	(106)	(5)	(106)	(5)
At end of year (Note 9)	52	144	52	144

30.2 *Liquidity risk*

Liquidity or funding risk is the risk that an enterprise 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 and the Institute maintain sufficient level of cash and bank balances to finance the Group's and the Institute's operations and mitigate the effects of fluctuation in cash flows.

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	**Between 2 and 5 years**	**Over 5 years**	**Total**
	$'000	$'000	$'000	$'000
2017				
Trade and other payables	24,426	–	–	24,426
Finance lease obligations	11,326	45,302	150,964	207,592
Provision for retirement benefits	376	1,264	1,412	3,052
	36,128	46,566	152,376	235,070
2016				
Trade and other payables	34,949	–	–	34,949
Finance lease obligations	11,322	45,289	162,286	218,897
Provision for retirement benefits	355	1,218	341	1,914
	46,626	46,507	162,627	255,760

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

30.2 *Liquidity risk (cont'd)*

	The Institute			
	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
2017				
Trade and other payables	21,423	–	–	21,423
Finance lease obligations	11,322	45,289	150,964	207,575
Provision for retirement benefits	376	1,264	1,412	3,052
	33,121	46,553	152,376	232,050
2016				
Trade and other payables	32,682	–	–	32,682
Finance lease obligations	11,322	45,289	162,286	218,897
Provision for retirement benefits	355	1,218	341	1,914
	44,359	46,507	162,627	253,493

30.3 *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.

<u>Sensitivity analysis for interest rate risk</u>

At the end of the reporting period, if SGD interest rates had been 5 (2016: 5) basis points higher/lower with all other variables held constant, the Group's surplus net of tax would have been $18,354 (2016: $13,328) higher/lower, arising mainly as a result of higher/lower interest income from fixed deposits placed with financial institution.

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

30.4 *Equity price risk*

The Group and the Institute are exposed to securities price risk arising from its investments in quoted equity securities. These securities are traded in active markets and are designated as available-for-sale. The market values of these investments are affected by, amongst other factors, changes in market prices as a result of changes in global economic conditions, macro and micro economic factors affecting the country where the investments are quoted, and factors specific to the investee corporations.

All investment decisions are governed by documented risk management and investment strategies of the respective entities.

The Group and the Institute

Sensitivity analysis - equity price risk

A 10% increase in the underlying market prices at the end of the reporting period would increase the fair value reserve of the Group and the Institute by $1,035,000 (2016: $1,035,000) and $934,000 (2016: $935,000), respectively.

A 10% general decrease in equity prices would have the equal but opposite effect on the basis that all variables remain constant.

31. Funds management

The Group and the Institute's objectives when managing the funds are:

(a) to safeguard the Group's and the Institute's ability to continue as a going concern;

(b) to support the Group's and the Institute's stability and growth; and

(c) to provide funds for the purpose of strengthening the Group's and the Institute's risk management capability.

The Group and the Institute actively and regularly review and manage their 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.

32. Financial instruments

Classifications of financial assets and financial liabilities

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

	The Group			
	Available-for-sale (carried at fair value) $'000	Held-to-maturity (carried at amortised cost) $'000	Loans and receivables (carried at amortised cost) $'000	Total $'000
At 31 March 2017				
Financial assets				
Available-for-sale investments	30,974	–	–	30,974
Held-to-maturity investments	–	1,250	–	1,250
Trade and other receivables [1]			8,963	8,963
Operating grants receivable	–	–	1,893	1,893
Development grants receivable	–	–	240	240
Other grants receivable	–	–	555	555
Cash and bank balances	–	–	353,855	353,855
	30,974	1,250	365,506	397,730

	The Group	
	Other liabilities (carried at amortised cost) $'000	Total $'000
At 31 March 2017		
Financial liabilities		
Trade and other payables [2]	24,426	24,426
Finance lease obligations	151,315	151,315
Provision for retirement benefits	3,052	3,052
	178,793	178,793

(1) excludes prepayments
(2) excludes provision for unutilised compensated leave

32. Financial instruments (cont'd)

	The Group			
	Available-for-sale (carried at fair value) $'000	Held-to-maturity (carried at amortised cost) $'000	Loans and receivables (carried at amortised cost) $'000	Total $'000
At 31 March 2016				
Financial assets				
Available-for-sale investments	10,357	–	–	10,357
Held-to-maturity investments	–	46,190	–	46,190
Trade and other receivables [(1)]	–	–	10,521	10,521
Operating grants receivable	–	–	17,446	17,446
Development grants receivable	–	–	465	465
Other grants receivable	–	–	351	351
Cash and bank balances	–	–	272,162	272,162
	10,357	46,190	300,945	357,492

	The Group	
	Other liabilities (carried at amortised cost) $'000	Total $'000
At 31 March 2016		
Financial liabilities		
Trade and other payables [(2)]	34,949	34,949
Finance lease obligations	157,123	157,123
Provision for retirement benefits	1,914	1,914
	193,986	193,986

(1) excludes prepayments
(2) excludes provision for unutilised compensated leave

32. Financial instruments (cont'd)

	The Institute		
	Available-for-sale (carried at fair value) $'000	Loans and receivables (carried at amortised cost) $'000	Total $'000
At 31 March 2017			
Financial assets			
Available-for-sale investments	29,966	–	29,966
Trade and other receivables [1]	–	6,498	6,498
Operating grants receivable	–	1,870	1,870
Other grants receivable	–	451	451
Cash and bank balances	–	285,168	285,168
	29,966	293,987	323,953

	The Institute	
	Other liabilities (carried at amortised cost) $'000	Total $'000
At 31 March 2017		
Financial liabilities		
Trade and other payables [2]	21,423	21,423
Finance lease obligations	151,300	151,300
Provision for retirement benefits	3,052	3,052
	175,775	175,775

(1) excludes prepayments
(2) excludes provision for unutilised compensated leave

32. Financial instruments (cont'd)

	The Institute			
	Available-for-sale (carried at fair value) $'000	Held-to-maturity (carried at amortised cost) $'000	Loans and receivables (carried at amortised cost) $'000	Total $'000
At 31 March 2016				
Financial assets				
Available-for-sale investments	9,350	–	–	9,350
Held-to-maturity investments	–	44,940	–	44,940
Trade and other receivables (1)	–	–	8,123	8,123
Operating grants receivable	–	–	17,446	17,446
Other grants receivable	–	–	351	351
Cash and bank balances	–	–	218,906	218,906
	9,350	44,940	244,826	299,116

	The Institute	
	Other liabilities (carried at amortised cost) $'000	Total $'000
At 31 March 2016		
Financial liabilities		
Trade and other payables (2)	32,682	32,682
Finance lease obligations	157,123	157,123
Provision for retirement benefits	1,914	1,914
	191,719	191,719

(1) excludes prepayments
(2) excludes provision for unutilised compensated leave

33. Fair value measurements

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

The Group and the Institute classify 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.

There have been no transfers between the different level of fair value hierarchy during the financial years ended 2017 and 2016. At the end of the reporting period, there are no 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***

Available-for-sale quoted securities (Note 7) are carried at fair value. The fair values are based on quoted market prices on the reporting date. The quoted market price used is the quoted bid price. These securities are wholly designated in the Level 1 category as at 31 March 2017 and 31 March 2016.

(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, other than available-for-sale securities (Note 7), held-to-maturity quoted debt securities (Note 7) and finance lease obligations (Note 17), reported in the statement of financial position approximates the carrying amounts of those assets and liabilities as these are short term in nature.

The Group and the Institute do not anticipate that the carrying amounts recorded at end of reporting period would be significantly different from the values that would eventually be received or settled.

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

Finance lease obligations (Note 17)

Fair value of the obligations under finance leases has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar types of leasing arrangements.

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