



ANNUAL REPORT

2017 | 2018

for the Year Ended 31 March 2018



CREATING VALUE
through Skills,
FOSTERING VALUES
for Life

Skilling Singapore

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 2018.

On behalf of the Board of Governors:



Bob Tan Beng Hai
Chairman



Low Khah Gek
Chief Executive Officer

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
Fax	(65) 6776 7685
E-Mail	Sabrina_Loi@ite.edu.sg

ABOUT ITE

ITE is the principal provider of career and technical education in Singapore and a key authority in developing national 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 their own 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

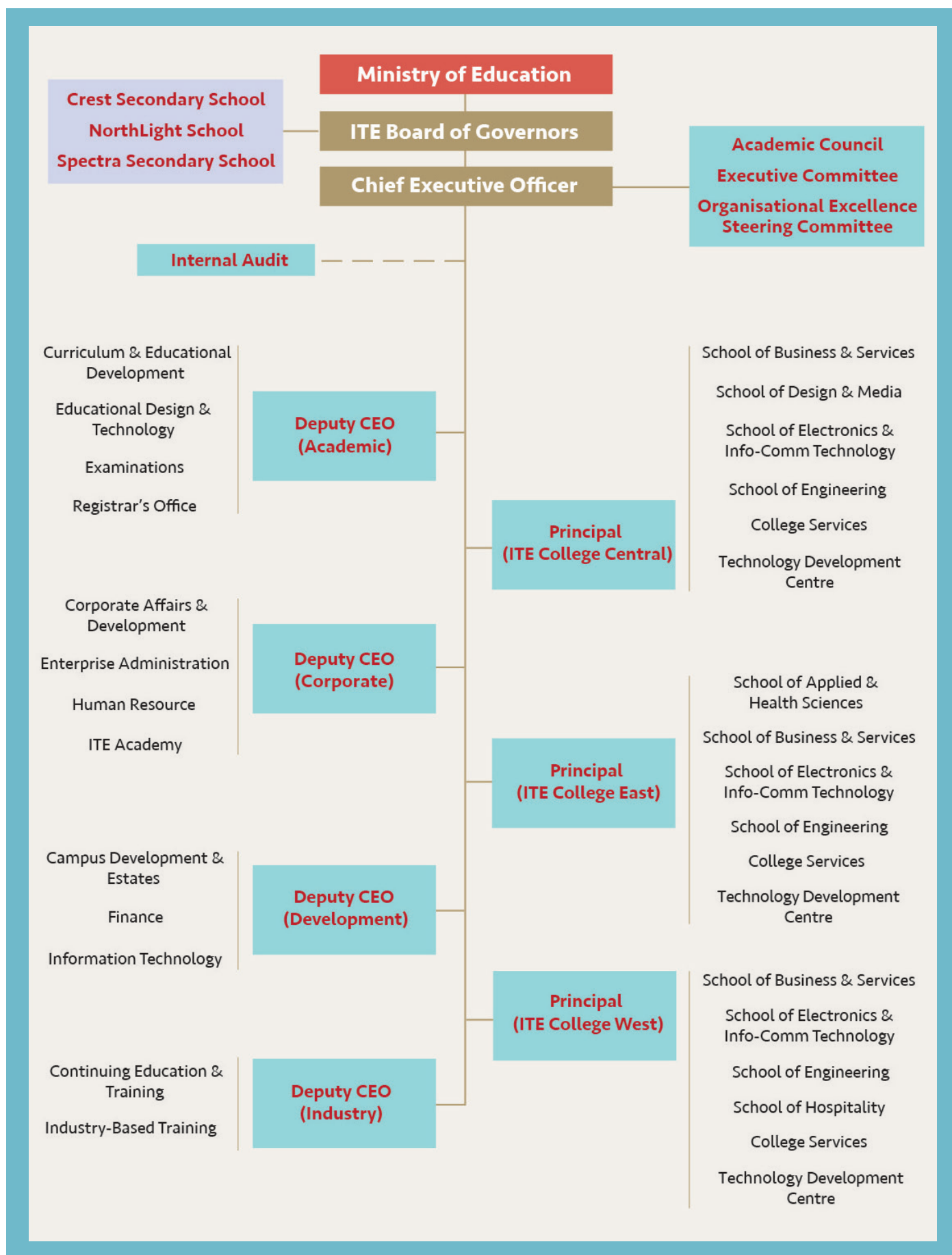
A Trailblazer in Career and Technical Education

VALUES

ITE Care – Integrity, Teamwork, Excellence, Care

As at 31 March 2018

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 2018**, 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

Chairman

Workplace Safety & Health Council

Chairman, Audit & Risk Committee

Mr Philip Yuen

Chief Executive Officer

Deloitte Singapore & Southeast Asia

Chairman, Finance and Investment Committee

Mr Phua Han Tian

Programme Director, Industrial IoT Programme

A*STAR

Chief Executive Officer, Chairman, Technical Education Promotion Fund Board of Managers

(until September 2017) &

Chairman, ITE Education Fund Management Committee

Ms Low Khah Gek

Institute of Technical Education

Members

Mr Chang Chin Nam

Executive Director (Precision Engineering)
Economic Development Board

Mr Andrew Chong

Advisor to the Board
Infineon Technologies Asia Pacific

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

Director, Military Intelligence
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

Chief Executive Officer
Keppel Offshore & Marine

Mr Joshua Soh

Chief Operating Officer
Nogle Limited

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 2018**, the Team comprised:

Senior Management**Ms Low Khah Gek**

Chief Executive Officer

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
(until 30 June 2017)

Ms Alice Seow
Divisional Director
Curriculum & Educational
Development
(from 1 July 2017)

Ms Michelle Low
Divisional Director
Examinations

Dr Thang Tze Yian Theresa
Divisional Director
Educational Design & Technology

CORPORATE

Ms Tham Mei Leng
Divisional Director
Corporate Affairs & Development
(until 30 June 2017)

Ms Chua Ai Lian
Divisional Director
Corporate Affairs & Development
(from 1 July 2017)

Ms Susan Lim
Divisional Director
Enterprise Administration

Ms Jane Chia
Senior Director
Human Resource

ITE Academy

Mr Tan Seng Hua
Dean
ITE Academy

Ms Iris Seet
Deputy Dean
ITE Academy
(from 1 July 2017)

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
(until 30 June 2017)

Dr Derek Yeo
Divisional Director
Continuing Education
& Training
(from 1 July 2017)

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

Ms Jessie Ong
Director
College Services
(from 1 Jan 2018)

Dr Derek Yeo
Director
School of Business & Services
(until 30 June 2017)

Ms Tham Mei Leng
Director
School of Business & Services
(from 1 July 2017)

Mr Callistus Chong
Senior Director
School of Design & Media

Dr Lim See Yew
Senior Director
School of Engineering

Mr Aw Kim Geok
Director
Electronics & Info-Comm
Technology
(from 1 July 2017)

Dr Lee Teck Kheng
Director
Technology Development &
Technology Transfer
Office

College Directorate (ITE College East)

Dr Yek Tiew Ming
Principal

Mr Lim Teck Lee
Deputy Principal
Academic

Mr Zainudin Bin Nordin
Deputy Principal
Development

Mr Tan Wee Khiang
Director
College Services

Ms Yeo Sock Tin
Director
Technology Development
(until 5 Jul 2017)

Dr Lionel Lau
Director
School of Applied & Health
Sciences

Mr Peh Wee Leng
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 KeongDeputy Principal
Academic**Mr Lim Chwee Seng**Deputy Principal
Development**Mr Yeow Swee Soon**Director
College Services**Dr Lim Soon Huat**Director
Technology Development**Mr Alvin Goh**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

FY2017 HIGHLIGHTS

CREATING VALUE THROUGH SKILLS, FOSTERING VALUES FOR LIFE

In FY2017, ITE forged ahead with new programmes and enhanced existing ones, in line with ITE's strategic roadmap, the *ITE Trailblazer* (2015 – 2019) and the Singapore *SkillsFuture* movement. Central to these initiatives was the drive to provide students with opportunities to build skills that are relevant to the industry, while providing avenues for them to pursue personal excellence and skills progression.

Since ITE's formation in 1992, we have transformed the lives of over 1.5 million Singaporeans, inspiring them to pursue their dreams and enabling them to achieve excellence. In 2017, ITE celebrated 25 years of developing youths, not only as skilled talents, but as whole persons with the leadership to guide, compassion to help, confidence to stand tall and resilience to persevere; and providing adult learners avenues for personal growth through upskilling and reskilling, as they seek to progress in their careers and lives.

With our eyes on the future, ITE has readily evolved to respond to the changing developments in the education and industry scenes. ITE's initiatives extended beyond young learners to adult learners, as we endeavoured to create more opportunities for them to continually learn, upgrade and master new skills through Continuing Education and Training. We took bold steps to embark on new initiatives for both youths and adults, without wavering in our determination to achieve success for students.

ITE has laid a good foundation in FY2017, as we continue to prepare for the future in FY2018.

Creating Value & Fostering Values

Our Corporate Highlights

Ready for the Future

ITE's fifth five-year strategic roadmap – *ITE Trailblazer* (2015 - 2019) – was ITE's strategic response to Singapore's next phase of development. Aligned with both *ITE Trailblazer* and *SkillsFuture*, ITE enhanced its programmes and launched new initiatives to cultivate:

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

Learning More, Learning Deeper

In response to industry demand and to cater to the interests of students, ITE offered 130 pre-employment courses (46 *Nitec*, 46 *Higher Nitec*, 35 traineeship and three Technical Diploma courses) in FY2017. A new *Nitec* in Digital & Precision Engineering course was launched in January 2018, while a new *Higher Nitec* in Landscape Management & Design course was introduced in April 2017. ITE and PSA Singapore also jointly launched a new *Specialist Nitec* in Port Equipment Drives and Spreader Controls course in April 2017, to provide a structured path for ITE graduates to sharpen their skills and knowledge in advanced port equipment.

Integral to ITE's philosophy of hands-on learning is the **Enhanced Internship Framework**, where students can apply and sharpen their skills in a practical professional setting at the workplace. Students on Enhanced Internship enjoy the benefits that come from structured work-based learning via an agreed task list between ITE and the companies. This ensures that students undergo meaningful work-based learning experiences and learn deep industry-relevant skills. As of March 2018, some **2,500 companies across all industry sectors** have come on board to provide Enhanced Internship placement for ITE students, benefitting **students from 69 per cent of ITE's courses**. ITE is well-paced to reaching its goal of having all second-year ITE students undergo Enhanced Internships by 2020.

In addition, ITE paved the way to implement the ITE Early Admissions Exercise (EAE) in 2017 for the 2018 intake. An aptitude-based admissions exercise, the ITE EAE allows students to apply and receive conditional offers for admission to ITE, based on their aptitude and interest, prior to receiving their final *Nitec*, GCE-N or O-Level examination results. It also gives ITE greater flexibility in selecting students on a broader measure of criteria other than academic grades, thus allowing a wider range of talents to be recognised.

Besides increasing learning opportunities for secondary school leavers, ITE also supported the launch of the national SkillsFuture Series in October 2017 through the introduction of the new Certificate of Competency (CoC) certification courses for adult learners. These short bite-size modular courses with three levels of proficiencies cater to the wide spectrum of adult learners with a myriad of skills proficiencies, to equip them with specialised and emerging skills for the future economy. As of March 2018, ITE launched 18 CoC courses with duration ranging between 20 and 60 hours. These courses help learners bridge skills gaps and enhance their employability. The CoC certification focuses on these eight emerging areas: Advanced Manufacturing, Cybersecurity, Data Analytics, Digital Media, Entrepreneurship, Finance, Tech-enabled Services, and Urban Solutions.

In addition, ITE made learning more accessible through online learning for the part-time *Nitec* and *Higher Nitec* courses. As at 31 March 2018, 50 per cent of the Continuing Education and Training (CET) courses offer 20 per cent of their theory lessons online. This means that students need not attend 12 out of some 60 hours of theory lessons required. By 2020, all part-time *Nitec* and *Higher Nitec* courses will have at least 20 per cent of theory lessons conducted online.

To build on ITE's core strength where students learn by doing, ITE announced four new Work-Learn Technical Diploma (WLTD) Programmes, which started taking in applications from November 2017. The new programmes that started their intake in April 2018 are offered in collaboration with employers in Singapore. The four WLTD programmes are in the areas of Marine & Offshore Engineering, Mechanical & Electrical Services Supervision, Rehabilitation Care and Security Systems Engineering. As part of the programme, learning takes place both at the workplace and on campus, with 70 per cent of the curriculum time dedicated to On-the-Job Training.

Learning from the World, World Learning from ITE

When ITE students graduate, they are ready not only for work, but also for the world. To imbue a global mindset, confidence and leadership skills, ITE creates opportunities for students to learn beyond Singapore's shores. In FY2017, 28 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. As part of ITE's holistic education philosophy, students have developed a better understanding of different work styles, cultures and lifestyles.

To facilitate exchange between Hong Kong's Vocational Training Council (VTC) and ITE students, the **6th biennial ITE-VTC International Student Seminar** was held at ITE College West from 27 to 29 June 2017. A total of 312 ITE students, 297 HKVTC students and 10 Shenzhen Polytechnic Students attended the seminar. Themed '*Globalisation: Threat or Promise?*', the seminar was officially opened by Mr S Iswaran, then-Minister for Trade and Industry (Industry) while the Closing Ceremony was attended by Mr Baey Yam Keng, then-Parliamentary Secretary, Ministry of Culture, Community and Youth. The students gained deeper insights on globalisation, and benefitted from the exchanges through key activities that ITE planned, including '*Lock Down @ College West*', '*Animazing Race at Wildlife Reserves*' and '*Singapore Olympic Night*'.

ITE also strengthened its global partnerships with renewal of five-year Memoranda of Understanding (MOU) with **Box Hill Institute, Australia; Kirkwood Community College, USA;** and the **Post-mandatory Education General Directorship, under the Department of Further Education, Youth and Culture of the Canton of Vaud, Switzerland**, to facilitate greater cross-cultural learning and growth amongst staff and students. ITE also inked a new MOU with **Chongqing Municipal Bureau of Human Resources and Social Security, and China-Singapore (Chongqing) Demonstration Initiative on Strategic Connectivity Administrative Bureau, The People's Republic of China.**

As at end-FY2017, ITE has a total of **23** corporate-level international MOU partners. These strategic alliances enhance ITE's ability to learn from global best practices.

In FY2017, ITE hosted **2,432** foreign visitors from **97** countries, including several distinguished visitors from Afghanistan, Brunei, Cambodia, China, Egypt, India, Indonesia, Lao PDR, Paraguay, Peru, Russia, South Africa and Switzerland. Notable visitors are His Excellency Andrew Michael Holness, Prime Minister of Jamaica and His Excellency Demeke Mekonnen Hassen, Deputy Prime Minister of Ethiopia. Through these visits and sharing, as well as consultancy by ITE's subsidiary, ITE Education Services, some countries and institutions have adopted some of our approaches, systems and practices in Career and Technical Education (CTE).

Strengthening Industry Collaborations

To ensure that ITE students remain up-to-date with industry developments, ITE maintains close linkages with industry partners. These industry partners contribute to curriculum renewal, technology transfer, equipment donation, and opportunities for enhanced internships and work-learn placements. They are essential to preparing students for careers in the industry. In FY2017, ITE signed **19** new MOUs with companies such as Cisco International, IBM Singapore, Ichi Seiki, Tower Transit Singapore and Siloso Beach Resort. By March 2018, ITE has built industry alliances through some **110** MOUs.

Reaching High

Achievements of Staff and Students

Students Soaring

ITE students and graduates shone with their different skills and talents at various competitions. They achieved these Awards:

- Team Singapore, comprising 21 competitors from ITE and the five polytechnics, competed at the **WorldSkills Competition 2017** at Abu Dhabi. Singapore achieved **two Gold Medals** (3D Digital Game Art and Freight Forwarding), **three Bronze Medals** (Health and Social Care, Information Network Cabling and IT Network Systems Administration), and **eight Medallions for Excellence**.

We are proud of **ITE students, Ng Si Si, Khloe, and Zahirah Bte Zainol**, who achieved the **Medallions for Excellence** in Beauty Therapy and Restaurant Service, respectively.

As a testament of ITE's excellence in skills training, **five ITE graduates** were part of Team Singapore. They are:

- **Ng Jun Xuan**, who won the Best of Nation Award and Gold Medal in 3D Digital Game Art.
 - **Andrew Tan Kai Hao**, who won the Bronze Medal in Information Network Cabling.
 - **Clarence Lim Yi An**, who was part of the duo competing in the area of Mechatronics. Clarence and his partner achieved the Medallion for Excellence.
 - **Low Wei Ting**, who received the Certificate of Participation for Aircraft Maintenance.
 - **Muhammad Zafhir Bin Nordin**, who received the Certificate of Participation for Visual Merchandising.
- **Kwok Jia Wan**, a graduate of ITE College East's *Nitec* in Hair Services (Hair and Scalp Therapy), received the **Lee Hsien Loong Award for Outstanding All-Round Achievement 2017**.
 - **Forty-five ITE students** were conferred the **2017 National Youth Achievement Award Gold Awards**.
 - **Twelve ITE students** received the **2017 Rotary-ITE Student Excellence Awards**.
 - The **BCA-Industry Built Environment ITE Scholarship and Sponsorship** was awarded to **134 ITE students**. Of these, 21 scholarship recipients were co-sponsored by firms in the industry. **Eleven students** clinched the inaugural **BCA-Industry Built Environment Building Specialist Sponsorship Award**.
 - **Forty-nine ITE students** received the prestigious **Lee Kuan Yew (LKY) Awards** 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.
 - **Koh Han Jie**, a graduate from ITE College West's Technical Diploma in Culinary Arts course, triumphed over seven other contestants in Asia to become the **first Singapore chef to win the Young Talent Escoffier Asia Competition**, a culinary competition organised by the Disciples Escoffier Asia for chefs below age 25.

- **Rachael Lum Zheng Yi**, President of the Greenery Club at ITE College Central from 2016 to 2017, was one of the **top three winners** out of 60 nominations for the **HSBC/NYAA Youth Environmental Awards 2017**.
- A team of three students from ITE College East's *Higher Nitec* in Electronics Engineering, **Joshua Woon Yong Xin, Bradon Ng** and **Muhammad Fakhri Hamzah Bin Sahabudein**, competed with teams from 15 countries to clinch a **Gold Medal** at the **International Exhibition for Young Inventors 2017**, an international competition organised by the Japan Institute of Invention and Innovation, in July 2017. Their entry, '*Water Disinfection using Low-Voltage UV Light*', was a portable water disinfection device. Another two teams from ITE College East's School of Electronics and Info-Communications Technology won the **Silver and Bronze Medals**.
- A team of five students from ITE College Central's *Nitec* in Mechanical Technology course, **Chua Yi Xiang, Ho Boon Huang Heinrich, Livanesh S/O Ramu, Mark Andrew Tambunan** and **Muhammad Iskandar B Barkri**, won the **Best Prototype and Best Ergonomic Award** at the **Global Student Innovation Challenge for Assistive Technology**, held in Japan. Their entry, '*Smart Transfer*', was a device to bridge transfer of physically-challenged persons in and out of vehicles.
- **Lee Wei Kwan Bernard, Lee Quan Sheng** and **Jeyavishnu S/O Subramaniam** from ITE College Central's School of Electronics and Info-Communications Technology emerged as the **Champion** for the **World Robot Olympiad at National Robotics Competition 2017**. The competition included 64 other teams from polytechnics and secondary schools. Another team from ITE College West received the **third prize**.
- A team of four students from ITE College East's Electrical Engineering course, **Weng WuBin, Liang Jiale Brandon, Tommy Wee Boon Hong** and **Lynus Ang Xing Wei**, clinched the **Champion Award (ITE, Polytechnic and University Category)** in the **Sembcorp - Energy Market Authority Energy Challenge 2017**.
- **Adam Liu Fan, Ng Jing Yi, Ong Yu Xuan** and **Tan Jia Wei**, second-year students from the *Nitec* in Digital Audio and Video Production course, ITE College West, won the **Gold Award in the Student Category** in the **My Singapore Future' Microfilm Competition 2017**. Their entry, titled '*A Warmer Community*', highlighted the importance of the good old 'kampong spirit' in a first-world economy.
- Students from ITE College West's *Higher Nitec* in Mechatronics Engineering course clinched the **First and Second Prizes (ITE/Polytechnic Category)** out of 23 teams (15 from ITE and eight from the Polytechnics) at the **Energy Innovation Challenge 2017**.
- **Marvin Chew, Jason Ng, Goh Rui Ren** and **Melisa Tan** from ITE College Central's *Higher Nitec* in Event Management course won the **top prize** in the Singapore Meetings, Incentives, Conferences and Exhibitions (MICE) Challenge 2017. The competition, which included 10 teams from Nanyang Technological University, Nanyang Polytechnic, Singapore Polytechnic, Republic Polytechnic, MDIS and SHATEC, required students to tap on their knowledge of the MICE industry to create a successful business event.
- A team of three students from ITE College Central's Aerospace Avionics course, **Lin Shi Qi, Angela, Matthew Loke Zheng Long** and **Tham Lin Sheng**, emerged as **Champion** under the Tertiary Category in the **Splash Award 2017 – Drone Challenge**. Organised by the Singapore Computer Society, the competition required students from schools like Nanyang Polytechnic and Singapore University of Social Sciences, to use programmable drones to hone their problem-solving skills to solve real-life challenges and unleash their creativity.

- **Silvanus Sng Qi Hui**, a *Higher Nitec* student from ITE College West's Mechatronics Engineering course, was part of team 'Elephant', consisting of three other team members from the polytechnics. The team won the **First Prize** in the Singapore edition of the **International Science Enterprise Challenge 2017**.
- A team of four students from ITE College West's *Higher Nitec* in Mechatronics Engineering course, **Leow Yong Soon (Leader)**, **Liu Yong Jun**, **Ang Kai Yang** and **Bryan Wong Tian Yu**, were one of four winners to clinch the **Best Innovation Award (Open Category)** for their **Auto-Tray Return Robot** at the Environment Challenge for Schools competition. The project was showcased at the Clean & Green Singapore Carnival 2017.

Regardless of their results at the various competitions, ITE students have found opportunities to learn more and sharpen their skills by participating.

Successful Outcomes

ITE's drive to develop students for success, has led to the following educational outcomes, achieved as at 31 March 2018:

- High student enrolment of **29,000**
- High student success rate of **87%**
- High student satisfaction level of **96%**
- High student overseas participation rate of **28%**
- Strong employment rate of **82%** for our full-time graduates ¹

A total of **13,731** students graduated from ITE's full-time courses for the 2016/2017 Academic Year. Among them, **711** received Certificates of Merit, with **213** also receiving Course Medals for excellence.

Top honours were awarded to 12 ITE graduates:

- Lee Kuan Yew Gold Medal – Tommy Peh, Kwok Jia Wan and Ryan Tan Wen Ter
- Tay Eng Soon Gold Medal – Low Wei Ting, Dinie Kartika Asrie Omar and Jermaine Thia Ying
- Sng Yew Chong Gold Medal – Fatini Adlina Bte Kassim, Ihsan Nursaqif Bin Sarisah and Cheng Shi Hui
- IES Engineering Award – Nur Amirah Bte Mohd Yusof
- e2i Gold Medal – Mohamed Rizal Bin Abdul Rahim and Lim Hwee Meng

At the 2017 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.

ITE's successful outcomes extend to adult learners too. e2i Gold Medalists of 2017, Mohamed Rizal Bin Abdul Rahim and Lim Hwee Meng, are living examples. At 36 years of age, Rizal graduated from ITE with a *Higher Nitec* in Services - Logistics for International Trade. He scored a Grade Point Average (GPA) of 3.8 out of 4. Rizal had felt the need to upgrade his skills to earn better in the logistics industry, which he had been working in for 20 years. Now, he is a warehouse specialist at a company that designs and manufactures sensor solutions, and is earning significantly more than what he used to before achieving his ITE certificate.

¹ The Employment Rate is defined as the percentage of economically-active graduates who were employed at the point of survey. 15% of full-time graduates had worked or received job offers, but were seeking alternative employment or were yet to start work at the point of the survey. Only 3% of full-time graduates did not have any job offers or had yet to apply for jobs at the point of survey.

Thirty-nine year old Lim Hwee Meng was an army regular for 11 years before he decided to make a career switch. In 2017, he graduated with the *Higher Nitec* in Technology – Security System Integration with a high GPA of 3.907 and achieved the e2i Gold Medal. He has successfully changed his career direction and is now working at Value Add System & Technology as a field technician.

Organisational Excellence

ITE's dedication to people excellence, environmental sustainability, corporate social responsibility and innovation was recognised through several key corporate awards during the year:

- **Building and Construction (BCA) Green Mark Award 2017 (Platinum)**, in June 2017, for ITE HQ and College Central and ITE College West's continual efforts in incorporating environment sustainability and energy conservation features in its built environment.
- **People's Association Community Spirit Awards 2017** – Community Partnership Excellence Awards in July 2017, for the three ITE Colleges' contributions to the communities.
- **Singapore HEALTH Award (Corporate Achievement Award)** in October 2017, for ITE's sustained efforts in promoting health for at least a decade. This award is the highest accolade presented to companies with outstanding workplace health promotion practices.
- **Landscape Excellence Assessment Framework (LEAF) certification** in November 2017, for ITE College East's efforts in designing and implementing ecologically-friendly landscapes.

Professional and Passionate People

Behind the drive to provide a nation with the opportunities to deepen skills is a team of professional and capable staff, equipped in the areas of pedagogy, technology and professional domain areas. Staff are intrinsically motivated by their belief in the potential of ITE students. With a focus on realising staff potential, ITE is able to continually raise the quality of teaching and learning.

As at 31 March 2018, there were 2,533 staff in service, comprising 1,720 academic and 813 non-academic staff. To provide a single career progression pathway for all staff, ITE introduced the new ITE & Polytechnic Scheme (IPS), which merged the ITE Academic-Executive Scheme, Polytechnic Academic-Executive Scheme, Technical Support Scheme and Management Support Scheme, on 1 May 2017.

On 28 September 2017, the ITE Staff Academy organised the ITE Teachers' Conference 2017, themed 'ICT Integration and its Pedagogy in the Classroom'. More than 950 ITE lecturers attended Conference, with 14 ITE staff sharing exemplary practices of ICT-enabled teaching in the context of different trade disciplines.

Shining Examples

In recognition of their exemplary service and contributions, 41 ITE staff were conferred the following awards:

- **May Day Awards 2017 (Comrade of Labour Award and Medal of Commendation)**
 - Awarded to two staff
- **Excellence in Public Service Awards (PS21 Star Service Award & PS21 Star Manager Award)**
 - Awarded to one staff
- **President's Award for Teachers 2017**
 - Awarded to one staff

- **ITE Teacher Awards 2017**
 - Awarded to 15 staff
- **National Day Awards 2017, Prime Minister's Office**
 - Awarded to 14 staff
- **National Day Awards 2017 - Long Service Medals, Prime Minister's Office**
 - Awarded to 8 staff

ITE's staff continued to innovate to support the industry in solving real world problems. Several innovative projects by ITE staff and students improved the productivity of small and medium-sized enterprises. These are some examples

- **'Bee Hoon' Folding Machine** – This device was developed to help People Bee Hoon Factory Ptd Ltd improve its productivity by reducing the number of workers required to fold 'bee hoon' in laborious process from 10 to only two workers.
- **Low Sugar/No Sugar Added Gelato** – Developed for Papitto LLP, this invention used natural ingredients to develop a low sugar/no sugar added formulation that retained the taste and creamy texture of traditional gelato. The four flavours developed are sold on their business-to-business online portal.
- **Percutaneous-Access-to-Kidney-Assist Device (PAKAD)** – A team of staff in collaboration with National University Hospital (NUH), National University of Singapore (NUS) and Invivo Medical, created PAKAD to simplify the process of removing large or complex kidney stones that could also reduce X-ray exposure, risks of complications and shorten recovery periods for patients. ITE, NUS, NUH and Invivo Medical signed a licensing agreement on 29 August 2017. PAKAD will reach the market by 2018, with projected sales of \$25 million over five years.
- **Smart Shelf Solution** – Developed for Unigons Singapore, this system not only automatically tracks inventory, but also analyses customer-buying patterns and optimal shelf location for specific items using special software. This invention garnered positive reviews and new business opportunities for the company.

Harmony with 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 open and trusted relationship was deepened with these events in FY2017 – the 35th Anniversary of the Management-Union Games in August 2017, and ITE BOG-Union Golf Friendly & Dinner in February 2018.

Event Highlights

Celebrations of Skills & Talents

25 Years of Inspiration, Transformation and Excellence

Inaugurated on 1 April 1992, ITE turned 25 in 2017. As part of the year-long Celebration, a signature event, the **ITE Silver Jubilee Celebration** was held at Tay Eng Soon Convention Centre on 26 May 2017. With the theme 'At 25 - *Inspiration, Transformation, Excellence*', the event was graced by Deputy Prime Minister & Coordinating Minister for Economic and Social Policies, Mr Tharman Shanmugaratnam, as Guest-of-Honour, and Mr Ong Ye Kung, then Minister for Education (Higher Education & Skills). Some 1,200 guests comprising heads of diplomatic missions, ITE's overseas and industry partners, current and former ITE Board members, CEOs, staff, students, parents and alumni attended this celebration.

A key highlight of the event was the presentation of the **ITE 25th Anniversary Distinguished Partners' Awards** to 25 organisations (6 overseas and 19 local), which had contributed significantly to ITE's Mission and Vision. Among them, the **Ministerium für Kultus, Jugend und Sport, Baden-Württemberg, Federal Republic of Germany**, was awarded the **Premier Partner Award 2017**, in recognition of its 26-year partnership and significant contributions to the strategic development of vocational and technical education in Singapore.

To showcase our students' skills, various teams from the Colleges were involved in the staging of the Celebration event, including the multimedia presentation; design of logo; set-up of floral and landscape displays; stage management, lighting and sound, and animation sequences for the performances; preparation of mocktails; and design and preparation of the Jubilee Celebration Cake and chocolates as gifts.

ITE's social media platforms (Facebook, Instagram and Twitter) brought its fans on a nostalgic trip through ITE's history, presenting every week, since April 2017, a series of historical photographs featuring key milestones in ITE's developments. The responses to these posts were encouraging, with alumni commenting and sharing their own memories of ITE. ITE also featured alumni through daily posts highlighting the impact of ITE in their lives through pictures and quotes. By throwing the spotlight on the alumni, we hoped to illustrate how, ITE, through its 25-year journey had Inspired, Transformed, and helped our students and graduates to Excel in life.

Giving Fun, Time and Skills

In conjunction with the 25th Anniversary Celebrations, ITE launched a **GiFTS (Giving Fun, Time and Skills) Programme** at the *ITE Care Festival* on 19 May 2017. 'GiFTS' is an ITE-wide Corporate Social Responsibility (CSR) programme. As part of the Celebration, ITE curated 25 activities using ITE's skills as GiFTs to the community. Our signature SAFE Home programme, (where elderly-friendly fixtures are fixed for the poor), benefited **250 households**. Other highlights included 'Grocery Angels' – a programme to sponsor groceries for needy residents; 'Silver Connection' – workshops on New Social Media, IT and Mobile Application Skills to impart technology related skills to the elderly; and 'Book Buddies' – a programme to teach reading skills to needy pre-primary kids. GiFTS ran from May to October 2017.

As part of the launch during *ITE Care Festival*, Guest-of-Honour, Ms Denise Phua, Mayor Central Community Development Centre, joined representatives comprising ITE management, staff and students to help 25 needy households from the Cheng San Community install safe home accessories and perform simple refurbishment works, such as painting. In addition, activities such as haircuts, simple makeup with photography, health checks and simple handicrafts, were organised at the void decks to engage the elderly residents during the refurbishment works. Twenty-five elderly residents from the Asian Women's Welfare Association (AWWA) Senior Activity Centre, Ang Mo Kio, also received eye checks from Opticianry course students from ITE College East, with spectacles sponsored by Owndays Singapore Pte Ltd.

To mark the completion of GiFTS, a finale Celebration was held on 11 October 2017 at ITE College East. The event celebrated the efforts of our students and staff, who made use of their skills to spruce up more than 250 low-income households through the BRITE (Brighten and Revitalise by ITE) Homes programme, from May to October 2017.

For the event, three Mayors (Dr Maliki Osman, Mayor of South East District; Ms Low Yen Ling, Mayor of South West District; and Ms Denise Phua, Mayor of Central Singapore District) together with 300 invited guests from the BRITE Homes households, staff and students, created Singapore's largest towel collage (about 9.15 m²). The collage signified our strong partnership with the Community Development Councils in 'doing good' for the community. ITE also presented groceries in trolley bags to more than 250 needy families at the event.

ITE Musical 2017 – 'Letters to ITE'

As part of ITE's 25th Anniversary celebration, the ITE Centre for Music and The Arts (CeMTA) presented an original musical inspired by personal stories from ITE students, **Letters to ITE**. Staged from 6 to 8 July 2017 at the Tay Eng Soon Convention Centre, the musical production involved **200** students (including alumni) from all Colleges who contributed as cast, crew, photographers, videographers, ushers, make-up artists and hairstylists. CeMTA has been producing Musicals biennially since 1999, as part of ITE's holistic development of students and to highlight the diverse talents of students.

The Gala Night on 8 July 2017 was graced by Dr Yaacob Ibrahim, Minister for Communications and Information, and **490** corporate guests that included members of embassies, industry partners, Polytechnics' Management, former ITE staff, ITE Standing Committees, former and current ITE BOG and ITE Management. An estimated **3,500** people attended the five shows. Audiences commented that they liked the high-energy ambience of the musical, which was enhanced by the live singing and live band.

On the side-lines of the Musical, ITE students put up a record 26.3 metre by 6 metre wall made of **11,888** balloons at the foyer of the concert hall in celebration of ITE's 25th Anniversary. Dr Yaacob Ibrahim, Minister for Communications and Information, Mr Heng Chiang Gnee, Deputy Chairman/ITE Board, and Ms Low Khah Gek, CEO/ITE, completed the last touches of the Balloon Mural. The project entered the Singapore Book of Records as the '**Largest Balloon Mural**'.

Learning Festival for the Community – ITE Fiesta 2017

A record **15,000** visitors (members of the public, alumni and secondary students) attended ITE Fiesta 2017, held at ITE College Central on 27 and 28 August 2017. Dr Koh Poh Koon, Senior Minister of State, Ministry of Trade and Industry and Ministry of National Development, graced the biennial event with his other Grassroots Advisers.

The visitors caught a glimpse of ITE students' talents and the wide array of ITE courses through participating in 12 Carnival Stalls, Skills Hub showcasing courses and projects from different industry clusters, and 61 free workshops. The free workshops were very popular, with all sessions fully or over-subscribed. In addition, visitors learned from ITE students and staff to create something useful at the **Makers' Marketplace**, a new initiative this year. Another well-received new initiative was the **Fairground**, a charity flea-market planned and executed by 176 ITE students from the event management course and Beyond Social Services led by Citibank executives. It raised \$80,000 for the needy.

A **Grocery Drive** was held as part of ITE's 25th Anniversary celebration, with 600 ITE students delivering bags of groceries to some 2,500 needy families. ITE staff, alumni and representatives from Ang Mo Kio and Seng Kang constituencies donated money for the groceries. A **Charity Football Match** between ITE staff team led by ex-national players and Balestier Khalsa Football Club raised \$5,000 for beneficiaries from Beyond Social Services.

On the same day, ITE also reached out to our Alumni through **Homecoming** – a reunion event to stay connected with our graduates and update them on new learning opportunities in ITE, including the four Work-Learn Technical Diploma programmes.

ITE Industry Partnership Forum 2017

As part of **ITE Trailblazer** Plan to enhance industry outreach, ITE held an Industry Partnership Forum on 4 October 2017 at ITE Headquarters. The event attracted **240** participants from **132** companies. Anchored on the theme 'Skills and Innovation for the Future Economy', Mrs Josephine Teo, then Minister in the Prime Minister's Office and Second Minister for Manpower and Home Affairs, in her opening address, highlighted that innovation was a key enabler to drive productivity. She also showed appreciation to ITE staff and students for its efforts in collaborating with industry to transform their work processes through meaningful real-life solutions. Participants showed keen interest in ITE's manpower development schemes as well as innovative projects by ITE staff and students that improved the productivity of small and medium-sized enterprises.

Board of Governors' (BOG) Visit to Industries and Work-Learn Technical Diploma (WLTD) Mass Signing Ceremony

As part of industry engagement, the ITE Board visited Certis CISCO and St Luke's Hospital on 13 November 2017, two companies which took part in ITE's first series of WLTD programmes. The BOG gained first-hand understanding on how the companies intended to run the WLTD programme, including opportunities they would give to the WLTD participants.

Following the visit, the BOG witnessed the WLTD Mass Signing Ceremony officiated by Mr Ong Ye Kung, then Minister for Education (Higher Education and Skills), at ITE College West. Thirty-six participating companies were present at the Ceremony to ink their support for this programme. Some of the key companies included Keppel Offshore & Marine, SempCorp Marine, Kurihara Kogyo, St Hilda's Community Services Centre and Concorde Security.

10th Anniversary of Technical Engineer Diploma (TED) Programme

ITE's first Technical Engineer Diploma (TED) course in Machine Technology offered at ITE College Central in collaboration with the Ministry of Education, Youth and Sports, Baden-Württemberg, Germany celebrated its 10th Anniversary on 9 March 2018. Our German and Industry Partners and TED alumni attended the event, which saw the launch of a 10th Anniversary e-Book commemorating the strong partnerships and outcomes of the Programme.

In conjunction with the celebration, an annual TED Project Fair was held to display 11 innovative projects by graduating TED students and one student exchange project with the Shanghai Technician School. The event also presented the opportunity for graduating students to network with potential employers, and for employers to develop a greater awareness of the TED programme and the capabilities of our graduates.

In conjunction with the Fair, a seminar on '*Smart Solutions for Manufacturing*' and an exhibition featuring '*Smart Solutions & Technologies*' in the manufacturing chain were organised. More than 100 industry guests visited an array of exhibitions put up by the three ITE Colleges, e2i, Advantech Singapore, Arcstone Pte. Ltd, Beckhoff Automation Pte. Ltd, Bosch Rexroth Group, Dassault Systèmes Pte Ltd and Sandvik South East Asia Pte Ltd.

Think Future, Create Today

Outlook for FY2018

2017 was a meaningful year for ITE. ITE had forged ahead with new initiatives, while ITE students, staff and alumni continued to do ITE proud with outstanding achievements. Moving ahead, 2018 will prove to be another year of milestones.

ITE's Corporate Theme for FY2018 is '**Think Future, Create Today**'. New opportunities and expectations abound with industry transformation, digitalisation, automation and innovations. The way people work and the work they do keep evolving. It is imperative for ITE to understand these changes and their consequence. In turn, ITE must continue to prepare students for Future Skills and Future Jobs, in the Future Economy.

As ITE gets ready for the future, the following four thrusts will take centre stage:

- Build Employability Resilience
- Student Success, Upgrading and Career Progression for ITE Graduates
- Digitalisation and Analytics
- Organisational Profile and Excellence

By focusing on today, with our minds set on the future, the ITE team will collectively develop students of today into successful graduates of the future.

FINANCIAL REVIEW

For the Year Ended 31 March 2018

Institute Registration No. T08GB0022B

Institute of Technical Education

Annual Financial Statements
31 March 2018



Index

	Page
Statement by Board of Governors	1
Independent auditor's report	2
Statements of financial position	8
Consolidated statement of comprehensive income	10
Statement of comprehensive income	12
Consolidated statement of changes in funds and reserves	14
Consolidated statement of cash flows	16
Notes to the financial statements	17

Institute of Technical Education

**Statement by Board of Governors
For the financial year ended 31 March 2018**

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 2018, 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 2018 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
CEO



MR BOB TAN BENG HAI
Chairman

31 July 2018

Institute of Technical Education

Independent auditor's report

For the financial year ended 31 March 2018

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 2018, 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 2018 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 (the "SSAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (the "ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (the "ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 the 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.

Institute of Technical Education

Independent auditor's report

For the financial year ended 31 March 2018

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

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

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

Opinion

In our opinion:

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Institute during the year are, in all material respects, in accordance with the provisions of the 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.

Institute of Technical Education

Independent auditor's report

For the financial year ended 31 March 2018

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

Responsibilities of management for compliance with legal and regulatory requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the 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

Public Accountants and
Chartered Accountants
Singapore

31 July 2018

Institute of Technical Education

**Statements of financial position
As at 31 March 2018**

		The Group		The Institute	
	Note	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Assets					
Non-current					
Property, plant and equipment	3	642,522	675,592	639,864	672,586
Prepaid lease	4	123,796	130,519	123,796	130,519
Intangible assets	5	3,281	4,750	3,246	4,700
Subsidiaries	6	—	—	8,952	8,952
Other financial assets	7	61,760	27,704	55,570	25,446
Deferred tax assets	8	83	83	—	—
		831,442	838,648	831,428	842,203
Current					
Other financial assets	7	5,537	4,520	5,537	4,520
Trade and other receivables	9	10,634	11,326	9,717	8,445
Operating grants receivable	10	4,151	1,893	4,151	1,870
Development grants receivable	11	45	240	—	—
Other grants receivable	12	314	555	269	451
Cash and bank balances	13	390,393	353,855	317,805	285,168
		411,074	372,389	337,479	300,454
Total assets		1,242,516	1,211,037	1,168,907	1,142,657
Capital and Funds					
Capital account	14	2,715	2,715	2,715	2,715
Fair value reserve	15	(105)	388	(65)	385
Retirement benefits reserve	19	(1,179)	(1,491)	(1,179)	(1,491)
Accumulated surplus					
General Fund	16a	223,086	180,013	183,416	145,970
Restricted Funds	16b	52,433	50,293	38,812	37,693
		275,519	230,306	222,228	183,663
Total capital and other funds		276,950	231,918	223,699	185,272
Liabilities					
Non-current					
Finance lease obligations	17	139,043	145,284	139,036	145,273
Deferred capital grants	18	759,361	763,529	756,904	760,660
Provision for retirement benefits	19	2,069	2,676	2,069	2,676
Other payables	20	501	160	500	160
		900,974	911,649	898,509	908,769
Current					
Trade and other payables	20	35,783	36,817	32,328	33,510
Finance lease obligations	17	6,241	6,031	6,237	6,027
Provision for retirement benefits	19	354	376	354	376
Deferred income		4,082	4,133	3,455	3,597
Operating grants received in advance	10	13,163	13,673	686	662
Development grants received in advance	11	414	765	—	—
Other grants received in advance	12	4,549	5,675	3,639	4,444
Income tax payable	27	6	—	—	—
		64,592	67,470	46,699	48,616
Total funds and liabilities		1,242,516	1,211,037	1,168,907	1,142,657

Institute of Technical Education

**Statements of financial position
As at 31 March 2018 (cont'd)**

	Note	The Group		The Institute	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Net assets of trust funds					
ITE Education Fund		66,031	62,718	66,031	62,718
Apprenticeship Programme Fund		144	144	144	144
Pre-Employment Clinical Training Fund		1,203	902	1,203	902
Economic Development Board Fund		51	15	51	15
	21	67,429	63,779	67,429	63,779

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 2018

	Note	General Fund		Restricted Funds		Total	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
The Group							
Income							
Course fees		18,313	17,653	4,321	4,781	22,634	22,434
Examination fees		190	205	891	443	1,081	648
Donations		—	45	1,193	903	1,193	948
Liquidated damages		372	43	2	—	374	43
Interest income	22	2,877	2,104	216	214	3,093	2,318
Other income	23	6,054	5,722	5,017	5,850	11,071	11,572
Other grants	12	10	48	5,469	7,041	5,479	7,089
		27,816	25,820	17,109	19,232	44,925	45,052
Operating expenditure							
Manpower costs	24	358,744	347,805	6,539	6,874	365,283	354,679
Depreciation of property, plant and equipment	3	47,979	46,353	728	963	48,707	47,316
Amortisation of prepaid lease	4	6,723	6,723	—	—	6,723	6,723
Amortisation of intangible assets	5	2,879	2,616	35	34	2,914	2,650
Property, plant and equipment written off		20	277	38	1	58	278
Repair and maintenance		15,778	15,335	685	134	16,463	15,469
Public utilities		6,776	7,426	21	234	6,797	7,660
Grants-in-aid	25	345	440	—	—	345	440
Supplies and materials		6,245	12,486	1,236	1,825	7,481	14,311
Other expenditure	26	47,927	46,644	9,453	10,713	57,380	57,357
Finance costs		5,316	5,519	1	1	5,317	5,520
		498,732	491,624	18,736	20,779	517,468	512,403
Deficit before government grants							
		(470,916)	(465,804)	(1,627)	(1,547)	(472,543)	(467,351)
Government grants							
Operating grants	10	459,557	446,710	3,763	2,954	463,320	449,664
Development grants	11	320	307	—	—	320	307
Deferred capital grants amortised	18	54,112	52,512	10	1	54,122	52,513
Surplus after government grants							
		43,073	33,725	2,146	1,408	45,219	35,133
Taxation	27	—	—	(6)	(2)	(6)	(2)
Net surplus for the year		43,073	33,725	2,140	1,406	45,213	35,131

Institute of Technical Education

**Consolidated statement of comprehensive income
For the financial year ended 31 March 2018 (cont'd)**

	Note	General Fund		Restricted Funds		Total	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'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		(450)	417	(43)	4	(493)	421
Item that will not be reclassified to surplus or deficit							
Net change in retirement benefits reserves arising from actuarial adjustments		312	(1,491)	—	—	312	(1,491)
Other comprehensive (loss)/income for the year, net of tax of nil		(138)	(1,074)	(43)	4	(181)	(1,070)
Total comprehensive income for the year		42,935	32,651	2,097	1,410	45,032	34,061

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

Institute of Technical Education

**Statement of comprehensive income
For the financial year ended 31 March 2018**

	Note	General Fund		Restricted Funds		Total	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The Institute							
Income							
Course fees		18,005	17,383	3,869	4,110	21,874	21,493
Examination fees		190	205	243	199	433	404
Donations		—	1	—	17	—	18
Liquidated damages		372	43	2	—	374	43
Interest income	22	2,439	1,752	158	148	2,597	1,900
Other income	23	5,719	5,766	2,232	3,411	7,951	9,177
Other grants	12	8	2	3,173	3,895	3,181	3,897
		26,733	25,152	9,677	11,780	36,410	36,932
Operating expenditure							
Manpower costs	24	318,686	310,997	3,400	3,520	322,086	314,517
Depreciation of property, plant and equipment	3	47,012	45,240	670	926	47,682	46,166
Amortisation of prepaid lease	4	6,723	6,723	—	—	6,723	6,723
Amortisation of intangible assets	5	2,840	2,556	35	35	2,875	2,591
Property, plant and equipment written off		17	277	38	1	55	278
Repair and maintenance		14,369	14,023	639	99	15,008	14,122
Public utilities		6,238	6,906	21	233	6,259	7,139
Grants-in-aid	25	345	440	—	—	345	440
Supplies and materials		5,356	11,618	1,011	865	6,367	12,483
Other expenditure	26	44,975	43,942	5,871	6,967	50,846	50,909
Finance costs		5,313	5,516	—	—	5,313	5,516
		451,874	448,238	11,685	12,646	463,559	460,884
Deficit before government grants		(425,141)	(423,086)	(2,008)	(866)	(427,149)	(423,952)
Government grants							
Operating grants	10	409,465	395,610	3,127	2,300	412,592	397,910
Development grants	11	—	(79)	—	—	—	(79)
Deferred capital grants amortised	18	53,122	51,357	—	—	53,122	51,357
Surplus after government grants		37,446	23,802	1,119	1,434	38,565	25,236
Taxation	27	—	—	—	—	—	—
Net surplus for the year		37,446	23,802	1,119	1,434	38,565	25,236

Institute of Technical Education

Statement of comprehensive income
For the financial year ended 31 March 2018 (cont'd)

Note	General Fund		Restricted Funds		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
The Institute (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	(450)	417	—	—	(450)	417
Item that will not be reclassified to surplus or deficit						
Net change in retirement benefits reserves arising from actuarial adjustments	312	(1,491)	—	—	312	(1,491)
Other comprehensive loss for the year, net of tax of nil	(138)	(1,074)	—	—	(138)	(1,074)
Total comprehensive income for the year	37,308	22,728	1,119	1,434	38,427	24,162

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

Institute of Technical Education

Consolidated statement of changes in funds and reserves
For the financial year ended 31 March 2018

	Capital account \$'000	Fair value reserve \$'000	Retirement benefits reserve	Accumulated surplus		Total \$'000
				General Fund \$'000	Restricted Funds \$'000	
The Group						
At 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 and 1 April 2017	2,715	388	(1,491)	180,013	50,293	231,918
Net surplus for the year	—	—	—	43,073	2,140	45,213
Other comprehensive (loss)/income for the year, net of tax of nil	—	(493)	312	—	—	(181)
Total comprehensive (loss)/income for the year	—	(493)	312	43,073	2,140	45,032
At 31 March 2018	2,715	(105)	(1,179)	223,086	52,433	276,950

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

Institute of Technical Education

**Consolidated statement of changes in funds and reserves
For the financial year ended 31 March 2018 (cont'd)**

	Capital account \$'000	Fair value reserve \$'000	Retirement benefits reserve	Accumulated surplus		Total \$'000
				General Fund \$'000	Restricted Funds \$'000	
The Institute						
At 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 (loss)/income for the year, net of tax of nil	—	417	(1,491)	—	—	(1,074)
Total comprehensive (loss)/income for the year	—	417	(1,491)	23,802	1,434	24,162
At 31 March 2017 and 1 April 2017	2,715	385	(1,491)	145,970	37,693	185,272
Net surplus for the year	—	—	—	37,446	1,119	38,565
Other comprehensive (loss)/income for the year, net of tax of nil	—	(450)	312	—	—	(138)
Total comprehensive (loss)/income for the year	—	(450)	312	37,446	1,119	38,427
At 31 March 2018	2,715	(65)	(1,179)	183,416	38,812	223,699

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

Institute of Technical Education

Consolidated statement of cash flows For the financial year ended 31 March 2018

	Note	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Deficit before government grants and income tax		(472,543)	(467,351)
<u>Adjustments for:</u>			
Depreciation of property, plant and equipment	3	48,707	47,316
Amortisation of intangible assets	5	2,914	2,650
Other grants	12	(5,479)	(7,089)
Amortisation of prepaid lease	4	6,723	6,723
(Reversal)/provision for retirement benefits	19	(255)	1,522
Actuarial gains/(losses) on remeasurement of retirement benefits	19	312	(1,491)
Net fair value gains on available-for-sale financial assets	26	(13)	–
Gain on disposal of property, plant and equipment	26	(70)	(253)
Bad debt written off	26	483	430
Allowance for impairment loss on trade receivables	26	62	14
Provision for unutilised leave, net	20	(149)	123
Interest income		(3,093)	(2,318)
Dividend income	23	(1,274)	(1,774)
Loss on disposal of other financial assets		–	910
Operating deficit before working capital changes		(423,675)	(420,588)
Decrease in trade and other receivables		147	724
Decrease in trade and other payables and deferred income		(595)	(10,347)
Cash used in operations		(424,123)	(430,211)
Retirement benefits paid	19	(374)	(384)
Net cash flows used in operating activities		(424,497)	(430,595)
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(15,695)	(15,461)
Purchase of intangible assets	5	(1,445)	(4,003)
Purchase of other financial assets		(41,080)	–
Redemption/ transfer/ disposal of other financial assets		5,527	23,834
Proceeds from disposal of property, plant and equipment	3	128	531
Interest received		3,093	2,318
Dividends received		1,274	1,774
Placement of fixed deposits (maturity more than 3 months from financial year end)	13	(7,279)	(7,051)
Net cash flows (used in)/generated from investing activities		(55,477)	1,942
Cash flows from financing activities			
Repayment of finance lease obligations	17	(6,031)	(5,823)
Development grants received from Government	11	692	782
Operating grants received from Government	10	509,291	502,117
Other grants received in advance from Government	12	4,644	5,751
Donations received for capital expenditure	18	637	468
Net cash flows generated from financing activities		509,233	503,295
Net increase in cash and cash equivalents		29,259	74,642
Cash and cash equivalents at beginning of year		324,148	249,506
Cash and cash equivalents at end of year	13	353,407	324,148

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

Institute of Technical Education

Notes to the financial statements

For the financial year ended 31 March 2018

1. Corporate information

The financial statements of Institute of Technical Education (the "Institute") for the year ended 31 March 2018 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 2018 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 2017.

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 <i>Revenue from Contracts with Customers</i>	1 January 2018
SB-FRS 109 <i>Financial Instruments</i>	1 January 2018
SB-FRS 1001 <i>Accounting and Disclosure for Non-Exchange Revenue</i>	1 January 2018
Amendments to SB-FRS 102 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
SB-FRS 116 <i>Leases</i>	1 January 2019
Amendments to SB-FRS 110 & SB-FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application. The Group will adopt the new standards on the required effective date. Adoption of SB-FRS 109, though the impact is not material, will result in reclassification of the Group's debt securities, and also an adjustment to loss allowance as described below:

SB-FRS 109 Financial Instruments

SB-FRS 109 introduces new requirements for financial assets classification according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements are based on expected credit loss model.

The Group will adopt the new standard on 1 April 2018 and recognise any difference between the previous carrying amount and the carrying amount at the beginning of the financial year in the opening retained earnings.

The Group has performed an impact assessment of adopting SB-FRS 109 based on currently available information. This preliminary assessment is subject to changes arising from ongoing analysis, until the Group adopts SB-FRS 109 in 2018.

(a) Classification and measurement

The Group's debt securities are expected to give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding. The Group's business model is to collect contractual cash flows and hence the quoted debt securities will be measured at amortised cost when it adopts SB-FRS 109. The difference between the current carrying amount and amortised cost, which is not expected to be material, will be adjusted against the opening retained earnings. For quoted equity securities and unit trusts managed by fund managers, the Group does not expect changes in the classification and measurement.

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

2.3 ***Standards issued but not yet effective (cont'd)***

SB-FRS 109 Financial Instruments (cont'd)

(b) Impairment

SB-FRS 109 requires the Group and the Institute to record expected credit losses on all its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. For trade receivables, the Group will record expected lifetime credit losses as required by the standard. As for debt securities, the Group will apply the general approach whereby 12-month expected credit losses will be recorded if there is no significant increase in credit risk, and lifetime expected credit losses will be recorded if there is significant increase in credit risk. Management does not expect the impact on loss allowance to be significant.

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. Management is of the opinion that there are no significant judgments during the year.

Key sources of estimation uncertainty

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

Useful lives 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 2018, the carrying amounts of the Group's and the Institute's property, plant and equipment amounts to \$ 642,522,000 (2017: \$675,592,000) and \$639,864,000 (2017: \$672,586,000) 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. Summary of significant accounting policies (cont'd)

2.5 Foreign currency

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

Transactions and balances

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

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

2.6 Subsidiaries and basis of consolidation

(a) Subsidiaries

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

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

(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.

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.

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

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

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

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

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

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

2.8 *Prepaid lease*

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

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.

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

2.9 Intangible assets (cont'd)

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

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

Computer software	–	3 years
-------------------	---	---------

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.

Impairment losses are recognised in surplus or deficit.

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

2.11 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.

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

2.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

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

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

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(ii) 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.

(iii) 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)*

(iv) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments and debt securities classified as available-for-sale are those, which are not classified as held for trading or to maturity, 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.

(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, 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 grants that are given outright to the Group and the Institute for their discretion to spend on the purchase of assets are recognised immediately as Deferred Capital Grants. The timing and extent of the release of grants to profit or loss 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 as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

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.

Key management personnel

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

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

2.19 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.

2.20 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 authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

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

(b) Deferred tax

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

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

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

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

2.20 Income taxes (cont'd)

(b) Deferred tax (cont'd)

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

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

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

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

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

(c) Sales tax

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

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

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

2.21 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.

Institute of Technical Education

Notes to the financial statements
For the financial year ended 31 March 2018

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 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
Cost adjustments	(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 and 1 April 2017	835,682	19,888	51,421	115,563	9,615	276	3,754	1,036,199
Additions	–	1,219	2,065	9,373	946	26	2,149	15,778
Cost adjustments	–	–	(1)	–	(2)	–	(80)	(83)
Disposals/write-off	–	–	(1,475)	(3,698)	(220)	–	–	(5,393)
Reclassifications	–	1,254	11	1,730	6	–	(3,001)	–
At 31 March 2018	835,682	22,361	52,021	122,968	10,345	302	2,822	1,046,501

Institute of Technical Education

Notes to the financial statements
For the financial year ended 31 March 2018

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 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 and 1 April 2017	215,761	10,843	44,588	83,857	5,337	221	360,607
Depreciation for the year	30,945	3,756	3,688	9,342	953	23	48,707
Disposals/write-off	–	–	(1,475)	(3,653)	(207)	–	(5,335)
At 31 March 2018	246,706	14,599	46,801	89,546	6,083	244	403,979
Net book value							
At 31 March 2018	588,976	7,762	5,220	33,422	4,262	58	642,522
At 31 March 2017	619,921	9,045	6,833	31,706	4,278	55	675,592

Institute of Technical Education

Notes to the financial statements
For the financial year ended 31 March 2018

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

	Buildings on leasehold land \$'000	Renovations \$'000	Computer hardware \$'000	Machinery and equipment \$'000	The Institute Fixtures, fittings and office equipment \$'000	Motor vehicles \$'000	Project-in- progress \$'000	Total \$'000
Cost								
At 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
Cost adjustments	(2)	—	—	(25)	—	—	(81)	(108)
Disposals/write-off	—	—	(1,776)	(6,874)	(391)	—	—	(9,041)
Reclassifications	151	2,441	—	386	64	—	(3,042)	—
At 31 March 2017 and 1 April 2017	835,682	19,848	49,752	112,877	8,067	276	3,754	1,030,256
Additions	—	1,149	2,047	9,156	566	26	2,149	15,093
Cost adjustments	—	—	—	—	(2)	—	(80)	(82)
Disposals/write-off	—	—	(1,463)	(3,644)	(217)	—	—	(5,324)
Reclassifications	—	1,254	11	1,730	6	—	(3,001)	—
At 31 March 2018	835,682	22,251	50,347	120,119	8,420	302	2,822	1,039,943

Institute of Technical Education

Notes to the financial statements
For the financial year ended 31 March 2018

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

	Buildings on leasehold land \$'000	Renovations \$'000	Computer hardware \$'000	Machinery and equipment \$'000	The Institute Fixtures, fittings and office equipment \$'000	Motor vehicles \$'000	Project-in- progress \$'000	Total \$'000
Accumulated depreciation								
At 1 April 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 and 1 April 2017	215,761	10,829	43,292	82,701	4,866	221	–	357,670
Depreciation for the year	30,945	3,744	3,347	8,914	710	23	–	47,683
Disposals/write-off	–	–	(1,463)	(3,604)	(207)	–	–	(5,274)
At 31 March 2018	246,706	14,573	45,176	88,011	5,369	244	–	400,079
Net book value								
At 31 March 2018	588,976	7,678	5,171	32,108	3,051	58	2,822	639,864
At 31 March 2017	619,921	9,019	6,460	30,176	3,201	55	3,754	672,586

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 (2017: \$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 tenable 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 \$145.3 million (2017: \$151.2 million). The Group and the Institute have recognised this project as finance lease and at initial recognition, recorded these as facilities as buildings on leasehold land with a corresponding finance lease obligation as set out in Note 17.

4. Prepaid lease

	The Group and The Institute	
	2018	2017
	\$'000	\$'000
Cost		
At 1 April and 31 March	201,277	201,277
Accumulated amortisation		
At 1 April	70,758	64,035
Amortisation for the year	6,723	6,723
At 31 March	77,481	70,758
Carrying amount		
At 31 March	123,796	130,519

5. Intangible assets

	Computer software	Project-in- progress	Total
	\$'000	\$'000	\$'000
The Group			
Cost:			
At 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 and 1 April 2017	39,738	43	39,781
Additions	1,205	240	1,445
Disposals	(754)	—	(754)
Reclass	43	(43)	—
At 31 March 2018	40,232	240	40,472
Accumulated amortisation:			
At 1 April 2016	37,488	—	37,488
Amortisation for the year	2,650	—	2,650
Disposals	(5,107)	—	(5,107)
At 31 March 2017 and 1 April 2017	35,031	—	35,031
Amortisation for the year	2,914	—	2,914
Disposals	(754)	—	(754)
At 31 March 2018	37,191	—	37,191
Net carrying amount:			
At 31 March 2018	3,041	240	3,281
At 31 March 2017	4,707	43	4,750

Institute of Technical Education

Notes to the financial statements

For the financial year ended 31 March 2018

5. Intangible assets (cont'd)

	Computer software \$'000	Project-in- progress \$'000	Total \$'000
The Institute			
Cost:			
At 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 and 1 April 2017	39,329	43	39,372
Additions	1,181	240	1,421
Disposals	(754)	—	(754)
Reclass	43	(43)	—
At 31 March 2018	39,799	240	40,039
Accumulated amortisation:			
At 1 April 2016	37,169	—	37,169
Amortisation for the year	2,591	—	2,591
Disposals	(5,088)	—	(5,088)
At 31 March 2017 and 1 April 2017	34,672	—	34,672
Amortisation for the year	2,875	—	2,875
Disposals	(754)	—	(754)
At 31 March 2018	36,793	—	36,793
Net carrying amount:			
At 31 March 2018	3,006	240	3,246
At 31 March 2017	4,657	43	4,700

Institute of Technical Education

Notes to the financial statements For the financial year ended 31 March 2018

6. Subsidiaries

	The Institute	
	2018	2017
	\$'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
Northlight School ^#	Singapore	Provision of integrated education
Crest Secondary School ^#	Singapore	Provide customised curriculum for Normal (Technical) students
Spectra Secondary School ^#	Singapore	Provide customised curriculum for Normal (Technical) students

Name	Country of incorporation/ principal place of business	Principal activities	Percentage of equity held	
			2018	2017
			%	%
ITE Education Services Pte Ltd ^	Singapore	Promotion of technical education in Asia Pacific region	100	100

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

^ Audited by Ernst & Young LLP, Singapore

7. Other financial assets

	The Group		The Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<u>Non-current assets</u>				
Available-for-sale: Quoted securities at fair value (i)	9,064	10,343	4,124	9,335
Available-for-sale: Quoted debt securities at fair value (ii)	15,333	16,111	15,333	16,111
Held-to-maturity: Quoted debt securities at amortised cost (ii)	1,250	1,250	–	–
Unit trusts managed by fund managers (iii)	36,113	–	36,113	–
	61,760	27,704	55,570	25,446
<u>Current assets</u>				
Available-for-sale: Quoted securities at fair value (i)	5,031	–	5,031	–
Available-for-sale: Quoted debt securities at fair value (ii)	506	4,520	506	4,520
	5,537	4,520	5,537	4,520

The Group and the Institute

- (i) Available-for-sale securities are investments in quoted, non-cumulative, non-convertible perpetual securities, preference shares and bond funds with stated dividend rate of 2.60% to 7% (2017: 3.1% to 5.75%) per annum and 4.75% to 5.75% (2017: 3.1% 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		The Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Fair values	17,109	21,899	15,839	20,631
Interest rates	3.08% to 4.75%	3.08% to 5.50%	3.10% to 4.75%	3.10% to 5.50%
Maturity	1.0 to 4.4 years	4.0 to 5.5 years	1.0 to 2.5 years	4.0 to 5.5 years

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

- (iii) The fund managers were appointed by Accountant-General's Department, under the Demand Aggregate Scheme for fund management services.

Notes to the financial statements
For the financial year ended 31 March 2018

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 2016	Recognised in surplus or deficit (Note 27)	As at 31 March 2017 and 1 April 2017	Recognised in surplus or deficit (Note 27)	As at 31 March 2018
	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax liabilities					
Differences in depreciation for tax purposes	—	4	4	(4)	—
Dividend income receivable	3	—	3	—	3
Interest receivable	1	3	4	1	5
	4	7	11	(3)	8
Deferred tax assets					
Accrued operating expenses	(11)	(5)	(16)	(1)	(17)
Unutilised donation	(78)	—	(78)	53	(25)
Unabsorbed capital allowances	—	—	—	(49)	(49)
	(89)	(5)	(94)	3	(91)
	(85)	2	(83)	—	(83)

9. Trade and other receivables

	The Group		The Institute	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Trade and other receivables	8,784	8,913	6,656	5,815
Allowance for impairment of receivables [Note 30.1]	(56)	(52)	(56)	(52)
	8,728	8,861	6,600	5,763
Staff advances	3	6	3	6
Security deposits	74	96	28	35
Amounts due from subsidiaries				
- trade	—	—	931	206
- non-trade	—	—	692	488
Prepayments	1,829	2,363	1,463	1,947
	10,634	11,326	9,717	8,445

Notes to the financial statements
For the financial year ended 31 March 2018

9. Trade and other receivables (cont'd)

The Group

Included in trade receivables is an amount of \$665,648 (2017: \$408,229) 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	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Singapore dollars	10,517	11,290	9,717	8,445
United States dollars	117	36	–	–
	10,634	11,326	9,717	8,445

10. Operating grants received in advance/(receivable)

	The Group		The Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Balance at beginning	11,780	(8,743)	(1,208)	(17,446)
Grants received during the year	509,291	502,117	459,064	446,009
Amounts transferred to deferred capital grants (Note 18)	(48,739)	(31,930)	(48,729)	(31,861)
Amounts taken to surplus or deficit	(463,320)	(449,664)	(412,592)	(397,910)
Balance at end	9,012	11,780	(3,465)	(1,208)

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

	The Group		The Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Operating grants receivable	(4,151)	(1,893)	(4,151)	(1,870)
Operating grants received in advance	13,163	13,673	686	662
	9,012	11,780	(3,465)	(1,208)

11. Development grants (receivable)/received in advance

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

	The Group		The Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Balance at beginning	525	376	—	—
Grants received/(refunded) during the year	692	782	—	(81)
Amounts transferred (to)/from deferred capital grants for current year expenditure (Note 18)	(528)	(326)	—	2
Amounts taken to surplus or deficit	(320)	(307)	—	79
Balance at end	369	525	—	—

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

	The Group		The Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Development grants receivable	(45)	(240)	—	—
Development grants received in advance	414	765	—	—
	369	525	—	—

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

Notes to the financial statements
For the financial year ended 31 March 2018

12. Other grants (receivable)/received in advance

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

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

	The Group		The Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Balance at beginning	5,120	6,466	3,993	5,552
Grants received during the year	4,644	5,751	2,558	2,338
Amount transferred to deferred capital grants (Note 18)	(50)	(8)	–	–
Amounts taken to the surplus or deficit	(5,479)	(7,089)	(3,181)	(3,897)
Balance at end	4,235	5,120	3,370	3,993

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

	The Group		The Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Other grants receivable	(314)	(555)	(269)	(451)
Other grants received in advance	4,549	5,675	3,639	4,444
	4,235	5,120	3,370	3,993

13. Cash and bank balances

	The Group		The Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Cash on hand and at bank	343,407	317,148	317,805	285,168
Fixed deposits	46,986	36,707	–	–
Total cash and bank balances	390,393	353,855	317,805	285,168
Less: Fixed deposits (maturity more than 3 months from financial year end)	(36,986)	(29,707)	–	–
Total cash and cash equivalents	353,407	324,148	317,805	285,168

The Group

Deposits placed with financial institutions bear interest rates ranging from 0.7% to 1.5% (2017: 1.13% to 1.4%) per annum with maturity periods ranging from 2 to 12 months (2017: 4 to 12 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.

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.

(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.

16. Accumulated surplus (cont'd)

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

Name of Fund	Purpose
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.

Institute of Technical Education

Notes to the financial statements
For the financial year ended 31 March 2018

16. Accumulated surplus (cont'd)

(b) *Restricted Funds*

	The Group						
	ITE's Fund \$'000	Training Programme Fund \$'000	Supplementary Fee Fund \$'000	Special Project Fund \$'000	Edusave Fund \$'000	Workforce Skills Qualifications Programmes Fund \$'000	Opportunity Fund and Miscellaneous Funds \$'000
31 March 2018							Total \$'000
Income							
Course fees	4,195	—	—	—	—	126	—
Examination fees	891	—	—	—	—	—	—
Donations	—	—	—	460	—	—	733
Liquidated damages	2	—	—	—	—	—	—
Interest income	203	—	3	—	—	—	10
Other income	3,828	—	1,082	23	84	—	—
Other grants	2,311	—	—	392	515	—	2,251
	11,430	—	1,085	875	599	126	2,994
Less: Operating expenditure							
Manpower costs	6,172	—	—	24	21	211	111
Depreciation of property, plant and equipment	27	335	1	16	70	13	266
Amortisation of intangible assets	—	—	—	—	3	—	32
Property, plant and equipment written off	—	—	—	—	—	—	38
Repair and maintenance	640	—	12	12	18	—	3
Public utilities	10	—	—	—	—	11	—
Supplies and materials	818	—	—	57	75	22	264
Other expenditure	1,973	—	1,091	988	3,341	2	2,058
Finance costs	1	—	—	—	—	—	—
	9,641	335	1,104	1,097	3,528	259	2,772
							18,736

Institute of Technical Education

Notes to the financial statements
For the financial year ended 31 March 2018

16. Accumulated surplus (cont'd)

(b) Restricted Funds (cont'd)

	The Group							Total \$'000
	ITE's Fund \$'000	Training Programme Fund \$'000	Supple- mentary Fee Fund \$'000	Special Project Fund \$'000	Edusave Fund \$'000	Workforce Skills Qualifications Programmes Fund \$'000	Opportunity Fund and Miscellaneous Funds \$'000	
31 March 2018 (cont'd)								
Surplus/(deficit) before government grants	1,789	(335)	(19)	(222)	(2,929)	(133)	222	(1,627)
Government grants								
Operating grants	—	—	79	334	3,158	172	20	3,763
Deferred capital grants amortised	—	—	—	6	4	—	—	10
Surplus/(deficit) after government grants	1,789	(335)	60	118	233	39	242	2,146
Taxation	(6)	—	—	—	—	—	—	(6)
Net surplus/(deficit) for the year	1,783	(335)	60	118	233	39	242	2,140
Accumulated surplus at 1 April	34,692	1,190	2,403	1,145	1,019	2,947	6,897	50,293
Accumulated surplus at 31 March	36,475	855	2,463	1,263	1,252	2,986	7,139	52,433

Institute of Technical Education

Notes to the financial statements
For the financial year ended 31 March 2018

16. Accumulated surplus (cont'd)

(b) Restricted Funds (cont'd)

	ITE's Fund \$'000	The Group						Total \$'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	
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

Institute of Technical Education

Notes to the financial statements
For the financial year ended 31 March 2018

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
31 March 2017 (cont'd)							Total \$'000
Surplus/(deficit) before government grants	2,678	(592)	93	(863)	(3,102)	(245)	484
Government grants							
Operating grants	—	—	133	385	2,350	68	18
Deferred capital grants amortised	—	—	—	1	—	—	—
							1
Surplus/(deficit) after government grants	2,678	(592)	226	(477)	(752)	(177)	502
Taxation	(2)	—	—	—	—	—	(2)
							1,408
Net surplus/(deficit) for the year	2,676	(592)	226	(477)	(752)	(177)	502
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

Institute of Technical Education

Notes to the financial statements
For the financial year ended 31 March 2018

16. Accumulated surplus (cont'd)

(b) Restricted Funds (cont'd)

	The Institute							Total \$'000
	ITE's Fund \$'000	Training Programme Fund \$'000	Supple- mentary Fee Fund \$'000	Special Project Fund \$'000	Edusave Fund \$'000	Workforce Skills Qualifications Programmes Fund \$'000	Opportunity Fund and Miscellaneous Funds \$'000	
31 March 2018								
Income								
Course fees	3,743	—	—	—	—	126	—	3,869
Examination fees	243	—	—	—	—	—	—	243
Donations	—	—	—	—	—	—	—	—
Liquidated damages	2	—	—	—	—	—	—	2
Interest income	155	—	3	—	—	—	—	158
Other income	1,093	—	1,082	23	34	—	—	2,232
Other grants	365	—	—	344	382	—	2,082	3,173
	5,601	—	1,085	367	416	126	2,082	9,677
Less: Operating expenditure								
Manpower costs	3,078	—	—	—	—	211	111	3,400
Depreciation of property, plant and equipment	21	335	1	10	66	13	224	670
Amortisation of intangible assets	—	—	—	—	3	—	32	35
Property, plant and equipment written off	—	—	—	—	—	—	38	38
Repair and maintenance	618	—	12	—	6	—	3	639
Public utilities	10	—	—	—	—	11	—	21
Supplies and materials	699	—	—	1	68	22	221	1,011
Other expenditure	363	—	1,091	344	2,914	2	1,157	5,871
	4,789	335	1,104	355	3,057	259	1,786	11,685

Institute of Technical Education

Notes to the financial statements
For the financial year ended 31 March 2018

16. Accumulated surplus (cont'd)

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

	The Institute							Total \$'000
	ITE's Fund \$'000	Training Programme Fund \$'000	Supple- mentary Fee Fund \$'000	Special Project Fund \$'000	Edusave Fund \$'000	Workforce Skills Qualifications Programmes Fund \$'000	Opportunity Fund and Miscellaneous Funds \$'000	
31 March 2018 (cont'd)								
Surplus/(deficit) before government grants	812	(335)	(19)	12	(2,641)	(133)	296	(2,008)
Government grants								
Operating grants	-	-	79	-	2,876	172	-	3,127
Net surplus/(deficit) for the year	812	(335)	60	12	235	39	296	1,119
Accumulated surplus at 1 April	25,327	1,189	2,403	497	971	2,948	4,358	37,693
Accumulated surplus at 31 March	26,139	854	2,463	509	1,206	2,987	4,654	38,812

Institute of Technical Education

Notes to the financial statements
For the financial year ended 31 March 2018

16. Accumulated surplus (cont'd)

(b) Restricted Funds (cont'd)

	ITE's Fund \$'000	The Institute						Total \$'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	
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

Institute of Technical Education

Notes to the financial statements
For the financial year ended 31 March 2018

16. Accumulated surplus (cont'd)

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

	The Institute							Total \$'000
	ITE's Fund \$'000	Training Programme Fund \$'000	Supple- mentary Fee Fund \$'000	Special Project Fund \$'000	Edusave Fund \$'000	Workforce Skills Qualifications Programmes Fund \$'000	Opportunity Fund and Miscellaneous Funds \$'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

Notes to the financial statements
For the financial year ended 31 March 2018

17. Finance lease obligations

	The Group		The Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<u>Current</u>				
Amounts due to PPP Co.	6,237	6,027	6,237	6,027
Other finance lease obligations	4	4	—	—
	6,241	6,031	6,237	6,027
<u>Non-current</u>				
Amounts due to PPP Co.	139,036	145,273	139,036	145,273
Other finance lease obligations	7	11	—	—
	139,043	145,284	139,036	145,273
Total	145,284	151,315	145,273	151,300

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% (2017: 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	Present value of payments	Total minimum lease payments	Present value of payments
	2018	2018	2017	2017
	\$'000	\$'000	\$'000	\$'000
Group				
Within one year	11,325	6,241	11,326	6,031
After one year but not later than five years	45,297	27,219	45,302	26,302
Later than 5 years	139,642	111,824	150,964	118,982
Total minimum lease payments	196,264	145,284	207,592	151,315
Less:				
Amounts representing finance charges	(50,980)	—	(56,277)	—
Present value of minimum lease payments	145,284	145,284	151,315	151,315

17. Finance lease obligations (cont'd)

	Total minimum lease payments 2018 \$'000	Present value of payments 2018 \$'000	Total minimum lease payments 2017 \$'000	Present value of payments 2017 \$'000
The Institute				
Within one year	11,321	6,237	11,322	6,027
After one year but not later than five years	45,289	27,212	45,289	26,291
Later than 5 years	139,642	111,824	150,964	118,982
Total minimum lease payments	196,252	145,273	207,575	151,300
Less:				
Amounts representing finance charges	(50,979)	–	(56,275)	–
Present value of minimum lease payments	145,273	145,273	151,300	151,300

18. Deferred capital grants

	The Group		The Institute	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Balance at beginning	763,529	783,310	760,660	779,690
Grants utilised for capital expenditure				
- Transferred from operating grants (Note 10)	48,739	31,930	48,729	31,861
- Transferred from donations	637	468	637	468
- Transferred from/(to) development grants (Note 11)	528	326	–	(2)
- Transferred from other grants (Note 12)	50	8	–	–
Amortisation charge for the year	(54,122)	(52,513)	(53,122)	(51,357)
Balance at end	759,361	763,529	756,904	760,660
Represented by:				
Grants utilised	608,867	642,476	606,410	639,607
Grants unutilised	150,494	121,053	150,494	121,053
	759,361	763,529	756,904	760,660

The Institute's deferred capital grants (unutilised) includes the current year grant amount set aside of \$44,232,493 (2017: \$33,556,318) 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 on the statement of financial position are as follows:

	The Group and The Institute	
	2018	2017
	\$'000	\$'000
Present value of unfunded obligations	2,423	3,052
Represented by:		
Current	354	376
Non-current	2,069	2,676
	2,423	3,052

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

	The Group and The Institute	
	2018	2017
	\$'000	\$'000
At 1 April	3,052	1,914
(Reversal)/provision for the year	(255)	1,522
Retirement benefits paid	(374)	(384)
At 31 March	2,423	3,052

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	
	2018 \$'000	2017 \$'000
<u>Recognised in surplus or deficit</u>		
Interest cost	57	31
<u>Recognised in other comprehensive income</u>		
Actuarial (gains)/losses	(312)	1,491

(c) Principal actuarial assumptions used are as follows:

	The Group and The Institute	
	2018 \$'000	2017 \$'000
Discount rate	2.29%	2.00%
Mortality	89.1 years	89.1 years

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

(d) Sensitivity analysis for provision of retirement benefits

	Impact	
<u>Sensitivity of defined benefit obligation to discount rate</u>	2018 \$'000	2017 \$'000
Discount rate of 5 basis point higher	(5)	(7)
Discount rate of 5 basis point lower	5	7

	Impact	
<u>Sensitivity of defined benefit obligation to mortality improvement</u>	2018 \$'000	2017 \$'000
Mortality improvement of +0.2% (lighter mortality)	54	59
Mortality improvement of -0.2% (heavier mortality)	(54)	(59)

19. Provision for retirement benefits (cont'd)

Retirement benefits reserve (cont'd)

(e) Historical information

	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000
Present value of defined benefit obligation	2,423	3,052	1,914	1,750	1,912

20. Trade and other payables

	The Group		The Institute	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Non-current				
Deposits received	501	160	500	160
	501	160	500	160
Current				
Trade creditors	4,038	4,290	2,773	3,103
Grants received on behalf of:				
- ITE Education Fund	1,921	—	1,921	—
Deposits received	276	260	276	260
Accrued operating expenses	13,831	13,952	11,956	12,136
Accrued capital expenditure	3,315	5,764	3,315	5,764
Provision for unutilised compensated leave	12,402	12,551	12,087	12,247
	35,783	36,817	32,328	33,510
Total trade and other payables	36,284	36,977	32,828	33,670

20. Trade and other payables (cont'd)

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:

	Carrying amount \$'000	The Group Cash flows Contractual cash flows \$'000	Within 1 year \$'000
2018			
Trade and other payables*	23,882	23,882	23,381
2017			
Trade and other payables*	24,426	24,426	24,266
	Carrying amount \$'000	The Institute Cash flows Contractual cash flows \$'000	Within 1 year \$'000
2018			
Trade and other payables*	20,741	20,241	20,241
2017			
Trade and other payables*	21,423	21,423	21,263

* Exclude provisions recognised as at financial year end.

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

The fund was closed on 31 March 2017.

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

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.

Institute of Technical Education

Notes to the financial statements
For the financial year ended 31 March 2018

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:

	TEPF		IEF		AP Fund		PECT Fund		EDB Fund		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Balance as at 1 April	-	103	62,718	60,487	144	144	902	271	15	4	63,779	61,009
Income												
Grant income	-	-	1,959	3,203	-	-	7,190	6,785	712	936	9,861	10,924
Interest income	-	-	250	252	-	-	-	-	-	-	250	252
Dividend income	-	-	1,541	1,598	-	-	-	-	-	-	1,541	1,598
Fund raising income	-	-	-	-	-	-	-	-	-	-	-	-
General donations	-	-	1,779	2,593	-	-	-	-	-	-	1,779	2,593
Other income	-	-	306	180	-	-	-	-	-	-	306	180
	-	-	5,835	7,826	-	-	7,190	6,785	712	936	13,737	15,547
Expenditure												
Manpower costs	-	-	-	-	-	-	3,540	2,978	-	-	3,540	2,978
Grants-In-aid	-	-	3,523	3,172	-	-	-	-	676	925	4,199	4,097
Promotions and ceremonies	-	103	92	734	-	-	-	-	-	-	92	837
Fund raising expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	-	-	(248)	438	-	-	3,349	3,176	-	-	3,101	3,614
	-	103	3,367	4,344	-	-	6,889	6,154	676	925	10,932	11,526
Net (deficit)/surplus for the year	-	(103)	2,468	3,482	-	-	301	631	36	11	2,805	4,021
Fair value reserve	-	-	845	(1,251)	-	-	-	-	-	-	845	(1,251)
Balance at 31 March	-	-	66,031	62,718	144	144	1,203	902	51	15	67,429	63,779

Institute of Technical Education

Notes to the financial statements
For the financial year ended 31 March 2018

21 Net assets of trust funds (cont'd)

	TEPF		IEF		AP Fund		PECT Fund		EDB Fund		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Represented by:												
Assets												
Cash and bank balances	-	-	18,145	20,773	144	144	1,200	891	(122)	15	19,367	21,823
Other receivables	-	-	2,434	3,492	-	-	3	11	193	-	2,630	3,503
Other financial assets	-	-	45,789	38,578	-	-	-	-	-	-	45,789	38,578
	-	-	66,368	62,843	144	144	1,203	902	71	15	67,786	63,904
Liabilities												
Accruals and other payables	-	-	337	125	-	-	-	-	20	-	357	125
	-	-	337	125	-	-	-	-	20	-	357	125
Net assets	-	-	66,031	62,718	144	144	1,203	902	51	15	67,429	63,779

Institute of Technical Education

Notes to the financial statements
For the financial year ended 31 March 2018

22. Interest income

	The Group		The Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Interest received/receivable				
- fixed deposits	496	418	—	—
- bank balances	2,597	1,900	2,597	1,900
	3,093	2,318	2,597	1,900

23. Other income

	The Group		The Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Administrative fees	411	503	212	280
Consultancy services	1,470	1,932	408	1,512
Equipment procurement and staff deployment	1,433	1,523	—	—
Dividend income	1,274	1,774	1,157	1,694
Registration fees	117	105	117	104
Rental of premises				
- third parties	2,123	2,366	2,462	2,656
Sales of computer equipment and stores	903	885	949	890
Supplementary fees	1,045	1,013	1,040	1,011
Others	2,295	1,471	1,606	1,030
	11,071	11,572	7,951	9,177

24. Manpower costs

	The Group		The Institute	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Wages, salaries, bonuses and allowance	312,856	301,392	276,123	267,339
Contribution to defined contribution plans	45,314	44,491	39,688	39,225
Pension gratuities and retirement benefits	122	1,855	122	1,855
Staff development and benefits	6,991	6,941	6,153	6,098
	365,283	354,679	322,086	314,517

Institute of Technical Education

Notes to the financial statements

For the financial year ended 31 March 2018

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	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Agency fees (includes amount to PPP Co.) (Note 3)	25,926	25,696	25,932	25,685
Impairment loss on receivables (Note 30.1)	93	37	44	37
Reversal of impairment loss on receivables (Note 30.1)	(31)	(23)	(31)	(23)
Bad debts written off	483	430	449	383
Consultancy services	2,066	1,640	1,579	1,188
Exchange gain	(40)	(77)	(40)	(77)
Fair value gain on available for sale financial assets	(13)	—	(13)	—
Functions and entertainment	1,209	780	1,111	584
Loss on disposal of other financial assets	—	910	—	910
Gain on disposal of property, plant and equipment, net	(70)	(253)	(69)	(258)
GST expenses	6,961	7,222	6,790	6,931
Overseas travelling	2,390	2,276	1,183	1,021
Publications and publicity materials	783	708	710	621
Rental of premises	41	221	19	164
Student benefits	10,569	10,213	7,332	7,326
Travelling and communications	744	663	605	530
Others	6,269	6,914	5,245	5,887
	57,380	57,357	50,846	50,909

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	
	2018 \$'000	2017 \$'000
Current income tax:		
- Current income taxation	6	—
Deferred income tax:		
- Origination and reversal of temporary differences	—	2
Income tax expense recognised in surplus or deficit	6	2

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	
	2018 \$'000	2017 \$'000
Surplus before taxation	45,219	35,133
Results that are tax exempt	(44,657)	(34,880)
	562	253
Tax at statutory rate of 17% (2017:17%)	96	43
Tax effect on non-chargeable income	(60)	(7)
Tax effect on non-deductible expenses	2	6
Effect of tax relief	(32)	(40)
Income tax expense recognised in surplus or deficit	6	2

Notes to the financial statements
For the financial year ended 31 March 2018

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	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Subsidiaries				
Re-charge of payroll costs for staff seconded to all subsidiaries	—	—	7,898	7,829
Charges for services rendered to a subsidiary	—	—	591	621
Rental fee for a subsidiary's usage of facilities	—	—	411	402
ITE Education Fund				
Transfer of other financial assets	—	14,160	—	14,160

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	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Salaries and related short-term benefits	5,938	5,765	3,226	3,212

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	
	2018	2017
	\$'000	\$'000
Property, plant and equipment - approved and contracted for	5,558	4,040

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 and other financial assets. For other financial assets (including investment securities 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.

Notes to the financial statements
For the financial year ended 31 March 2018

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	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Past due 1 to 30 days	3,344	4,654	1,520	2,637
Past due 31 to 120 days	567	555	549	404
Past due 121 days - 1 year	99	99	84	86
More than one year	31	—	16	—
	4,041	5,308	2,169	3,127

Based on historical default rates, the Group and the Institute believe that no allowance for doubtful debts 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		The Institute	
	2018	2017	2018	2017
	Percentage of balance	No. of counter-parties/debtors	Percentage of balance	No. of counter-parties/debtors
Other financial assets	64%	3	91%	2
Cash and bank balances	100%	2	100%	2
Trade and other receivables	46%	3	60%	3

	The Institute		The Institute	
	2018	2017	2018	2017
	Percentage of balance	No. of counter-parties/debtors	Percentage of balance	No. of counter-parties/debtors
Other financial assets	71%	3	99%	2
Cash and bank balances	100%	2	100%	2
Trade and other receivables	56%	3	72%	3

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	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
At beginning of year	52	144	52	144
Impairment loss (Note 26)	93	37	44	37
Reversal of impairment loss (Note 26)	(31)	(23)	(31)	(23)
Bad debts written off against allowance	(58)	(106)	(9)	(106)
At end of year (Note 9)	56	52	56	52

30.2 Liquidity risk

Liquidity or funding risk is the risk that the Group and the Institute 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
2018				
Trade and other payables	23,381	501	—	23,882
Finance lease obligations	6,241	27,219	111,824	145,284
Provision for retirement benefits	354	1,208	861	2,423
	29,976	28,928	112,685	171,589
2017				
Trade and other payables	24,266	160	—	24,426
Finance lease obligations	11,326	45,302	150,964	207,592
Provision for retirement benefits	376	1,264	1,412	3,052
	35,968	46,726	152,376	235,070

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

30.2 Liquidity risk (cont'd)

	Less than 1 year \$'000	The Institute Between 2 and 5 years \$'000	Over 5 years \$'000	Total \$'000
2018				
Trade and other payables	20,241	500	—	20,741
Finance lease obligations	6,237	27,212	111,824	145,273
Provision for retirement benefits	354	1,208	861	2,423
	26,832	28,920	112,685	168,437
2017				
Trade and other payables	21,263	160	—	21,423
Finance lease obligations	11,322	45,289	150,964	207,575
Provision for retirement benefits	376	1,264	1,412	3,052
	32,961	46,713	152,376	232,050

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.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 5 (2017: 5) basis points higher/lower with all other variables held constant, the Group's surplus net of tax would have been \$127,526 (2017: \$18,354) higher/lower, arising mainly as a result of higher/lower interest income from fixed deposits placed with financial institution.

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 either as fair value through profit or loss or as available-for-sale investments. 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.

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

30.4 Equity price risk (cont'd)

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 \$906,400 (2017: \$1,035,000) and \$412,400 (2017: \$934,000), respectively.

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

Sensitivity analysis – Unit trusts managed by fund managers

A 10% increase in the underlying market prices at the end of the reporting period would increase the surplus of the Group and the Institute by \$3,611,302.

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

31. Capital management

	The Group	
	2018	2017
	\$'000	\$'000
Capital account	2,715	2,715
Accumulated surplus – General Fund	223,086	180,013
Total capital and general fund	225,801	182,728

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.

32. 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.

Notes to the financial statements
For the financial year ended 31 March 2018

33. Financial instrumentsClassifications of financial assets and financial liabilities

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

	Available- for-sale and unit trusts (carried at fair value) \$'000	The Group Held-to- maturity (carried at amortised cost) \$'000	Loans and receivables (carried at amortised cost) \$'000	Total \$'000
At 31 March 2018				
Financial assets				
Available-for-sale investments and unit trusts ⁽¹⁾	66,047	—	—	66,047
Held-to-maturity investments	—	1,250	—	1,250
Trade and other receivables ⁽²⁾	—	—	8,805	8,805
Operating grants receivable	—	—	4,151	4,151
Development grants receivable	—	—	45	45
Other grants receivable	—	—	314	314
Cash and bank balances	—	—	390,393	390,393
	66,047	1,250	403,708	471,005

	The Group Other liabilities (carried at amortised cost) \$'000	Total \$'000
At 31 March 2018		
Financial liabilities		
Trade and other payables ⁽³⁾	23,882	23,882
Finance lease obligations	145,284	145,284
Provision for retirement benefits	2,423	2,423
	171,589	171,589

⁽¹⁾ Available for sales investments and unit trusts are carried at fair value through other comprehensive income and profit and loss respectively

⁽²⁾ excludes prepayments

⁽³⁾ excludes provision for unutilised compensated leave

33. Financial instruments (cont'd)

	Available- for-sale (carried at fair value) \$'000	The Group 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

33. Financial instruments (cont'd)

	Available-for-sale and unit trusts (carried at fair value) \$'000	The Institute Loans and receivables (carried at amortised cost) \$'000	Total \$'000
At 31 March 2018			
Financial assets			
Available-for-sale investments and unit trusts ⁽¹⁾	61,107	—	61,107
Trade and other receivables ⁽²⁾	—	8,254	8,254
Operating grants receivable	—	4,151	4,151
Other grants receivable	—	269	269
Cash and bank balances	—	317,805	317,805
	61,107	330,479	391,586

	The Institute Other liabilities (carried at amortised cost) \$'000	Total \$'000
At 31 March 2018		
Financial liabilities		
Trade and other payables ⁽³⁾	20,741	20,741
Finance lease obligations	145,273	145,273
Provision for retirement benefits	2,423	2,423
	168,437	168,437

(1) Available for sales investments and unit trusts are carried at fair value through other comprehensive income and profit and loss respectively

(2) excludes prepayments

(3) excludes provision for unutilised compensated leave

33. Financial instruments (cont'd)

	Available-for-sale (carried at fair value) \$'000	The Institute 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
	<hr/> 175,775	<hr/> 175,775

(1) excludes prepayments

(2) excludes provision for unutilised compensated leave

34. 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 31 March 2018 and 2017. 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 and Unit trusts managed by fund managers (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 2018 and 31 March 2017.

(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 held-to-maturity quoted debt securities (Note 7) reported in the statement of financial position approximates the carrying amounts of those assets and liabilities as these are either short term in nature or bear market interest rates which are revised at regular intervals, and are estimated based on the expected cash flows discounted to present value.

(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*

Held-to maturity investments are not carried at fair value. The fair value of these financial assets have been disclosed in Note 7.

35. Authorisation for issue of financial statements

The consolidated financial statements for the year ended 31 March 2018 were authorised for issue in accordance with a resolution of the board on 31 July 2018.



Institute of Technical Education

2 Ang Mo Kio Drive, Singapore 567720