



**NGEE ANN POLYTECHNIC
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2024**

NGEE ANN POLYTECHNIC

FINANCIAL STATEMENTS

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NGEE ANN POLYTECHNIC

STATEMENT BY Ngee ANN POLYTECHNIC COUNCIL

In the opinion of the Council,

- (i) the accompanying financial statements of Ngee Ann Polytechnic (the "Polytechnic") which comprise the statement of financial position, statement of comprehensive income, statement of changes in funds and reserves and statement of cash flows together with notes thereto, are drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018 (the "Public Sector (Governance) Act"), the Ngee Ann Polytechnic Act 1967 (the "NP Act"), the Charities Act 1994 (the "Charities Act") and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the financial position of the Polytechnic as at 31 March 2024 and of the financial performance, changes in funds and reserves and cash flows of the Polytechnic for the year ended on that date;
- (ii) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Polytechnic during the year are, in all material respects, in accordance with the provisions of the Public Sector (Governance) Act, the NP Act and the requirements of any other written law applicable to moneys of or managed by the Polytechnic;
- (iii) the use of donation moneys is in accordance with the objectives of the Ngee Ann Polytechnic Fund (the "Fund") as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations;
- (iv) the Fund has complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations;
- (v) proper accounting and other records have been kept, including records of all assets of the Polytechnic whether purchased, donated or otherwise; and
- (vi) at the date of this statement, there are reasonable grounds to believe that the Polytechnic will be able to pay its debts as and when they fall due.

ON BEHALF OF THE COUNCIL



.....
MR YUEN KUAN MOON
Chairman



.....
MR LIM KOK KIANG
Principal

18 July 2024

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF

NGEE ANN POLYTECHNIC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ngee Ann Polytechnic (the "Polytechnic"), which comprise the statement of financial position as at 31 March 2024, and the statement of comprehensive income, statement of changes in funds and reserves and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 6 to 49.

In our opinion, the accompanying financial statements of the Polytechnic are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018 (the "Public Sector (Governance) Act"), the Ngee Ann Polytechnic Act 1967 (the "NP Act"), the Charities Act 1994 (the "Charities Act") and Statutory Board Financial Reporting Standards ("SB-FRS") so as to present fairly, in all material respects, the state of affairs of the Polytechnic as at 31 March 2024 and the results, changes in funds and reserves and cash flows of the Polytechnic for the year ended on that date.

Basis for Opinion

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

Other Matter

The financial statements of the Polytechnic for the year ended 31 March 2023 were audited by another firm of auditors which expressed an unmodified opinion on those financial statements on 20 July 2023.

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

Management is responsible for the other information. The other information comprises the information included in the annual report and Statement by Ngee Ann Polytechnic Council on page 1, 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.

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF

NGEE ANN POLYTECHNIC

Responsibilities of Management and the Council for the Financial Statements

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

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

The responsibilities of the Council include overseeing the Polytechnic's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Polytechnic's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Polytechnic'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 Polytechnic to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF

NGEE ANN POLYTECHNIC

- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

In our opinion:

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

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

- (a) the use of donation moneys was not in accordance with the objectives of the Fund as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the Fund has not complied with the requirements of Regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

Basis for Opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Compliance Audit* section of our report. We are independent of the Polytechnic in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF

NGEE ANN POLYTECHNIC

Responsibilities of Management for Compliance with Legal and Regulatory Requirements

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

Auditor's Responsibilities for the Compliance Audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Public Sector (Governance) Act, the NP Act and the requirements of any other written law applicable to moneys of or managed by the Polytechnic.

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 Polytechnic's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.



Public Accountants and
Chartered Accountants
Singapore

18 July 2024

NGEE ANN POLYTECHNIC

**STATEMENT OF FINANCIAL POSITION
31 March 2024**

	Note	2024 \$'000	2023 \$'000
<u>FUNDS AND RESERVES</u>			
Unrestricted funds	3	479,384	425,778
Restricted funds	4	332,697	296,945
Total funds of the Polytechnic		<u>812,081</u>	<u>722,723</u>
Represented by:			
<u>ASSETS</u>			
Non-Current			
Property, plant and equipment	5	250,995	242,361
Right-of-use assets	6	36,534	38,618
Intangible assets	7	3,706	2,041
Subsidiary	8	258	258
Loans to students and graduates	9	126	84
Amounts due from subsidiary	10	100	300
		<u>291,719</u>	<u>283,662</u>
Current			
Prepayments		1,856	852
Loans to students and graduates	9	322	441
Amounts due from subsidiary	10	48	0
Sundry receivables	11	10,167	10,668
Grants receivables	12	19,404	16,208
Financial assets at fair value through profit or loss	13	583,989	522,442
Derivative financial instruments	14	1,064	1,262
Cash and cash equivalents	15	248,010	235,650
		<u>864,860</u>	<u>787,523</u>
Total assets		<u>1,156,579</u>	<u>1,071,185</u>
<u>LIABILITIES</u>			
Current			
Payables and accruals	16	71,783	76,265
Contract liabilities	17	7,153	4,549
Lease liabilities	18	30	167
Derivative financial instruments	14	1,399	975
		<u>80,365</u>	<u>81,956</u>
Net Current Assets		<u>784,495</u>	<u>705,567</u>
Non-Current			
Contract liabilities	17	10,929	11,501
Lease liabilities	18	1	31
Deferred capital grants	19	253,203	254,974
		<u>264,133</u>	<u>266,506</u>
Net assets		<u>812,081</u>	<u>722,723</u>
Net assets of Trust Funds	20	<u>8,328</u>	<u>8,178</u>

See accompanying notes to financial statements.

NGEE ANN POLYTECHNIC

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2024

	Note	Unrestricted funds		Restricted funds		Total	
		2024	2023	2024	2023	2024	2023
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income							
Course fees		56,465	50,334	-	-	56,465	50,334
Donations		-	-	3,848	3,687	3,848	3,687
Other income	21	24,420	25,830	1,775	8	26,195	25,838
		<u>80,885</u>	<u>76,164</u>	<u>5,623</u>	<u>3,695</u>	<u>86,508</u>	<u>79,859</u>
Operating expenditure							
Staff costs	22	204,567	204,760	-	-	204,567	204,760
Depreciation of property, plant and equipment	5	16,371	21,264	22	22	16,393	21,286
Depreciation of right-of-use assets	6	2,084	2,084	-	-	2,084	2,084
Amortisation of intangible assets	7	1,119	1,006	-	-	1,119	1,006
Repairs and maintenance		16,839	15,531	-	-	16,839	15,531
Public utilities		8,833	9,520	-	-	8,833	9,520
Staff development and benefits		2,617	2,568	-	-	2,617	2,568
Teaching and library materials		15,361	13,828	-	79	15,361	13,907
Tools, furniture and equipment expensed off		3,519	3,971	-	-	3,519	3,971
Scholarships, bursaries and grants		180	185	3,003	3,552	3,183	3,737
Transport and communication		328	381	-	-	328	381
Student development, activities and welfare		1,993	2,512	3,708	488	5,701	3,000
Goods and services tax expense		1,027	1,081	8	3	1,035	1,084
Other expenditure	23	23,269	32,119	254	17	23,523	32,136
		<u>298,107</u>	<u>310,810</u>	<u>6,995</u>	<u>4,161</u>	<u>305,102</u>	<u>314,971</u>
Operating deficit		<u>(217,222)</u>	<u>(234,646)</u>	<u>(1,372)</u>	<u>(466)</u>	<u>(218,594)</u>	<u>(235,112)</u>
Non-operating income/(expense)							
Interest income	24	3,984	1,886	-	-	3,984	1,886
Investment income/(loss), net	24.1	25,341	(16,620)	28,094	(16,192)	53,435	(32,812)
Gain/(Loss) on disposal of property, plant and equipment and intangible assets		6,011	(1,509)	-	(23)	6,011	(1,532)
		<u>35,336</u>	<u>(16,243)</u>	<u>28,094</u>	<u>(16,215)</u>	<u>63,430</u>	<u>(32,458)</u>
Operating surplus/(deficit) before grants		<u>(181,886)</u>	<u>(250,889)</u>	<u>26,722</u>	<u>(16,681)</u>	<u>(155,164)</u>	<u>(267,570)</u>
Grants							
Operating grants	25	218,721	204,138	945	228	219,666	204,366
Deferred capital grants amortised	19	15,607	17,467	-	-	15,607	17,467
		<u>234,328</u>	<u>221,605</u>	<u>945</u>	<u>228</u>	<u>235,273</u>	<u>221,833</u>
Surplus/(Deficit) for the year, representing total comprehensive income for the year		<u>52,442</u>	<u>(29,284)</u>	<u>27,667</u>	<u>(16,453)</u>	<u>80,109</u>	<u>(45,737)</u>

See accompanying notes to financial statements.

NGEE ANN POLYTECHNIC

STATEMENT OF CHANGES IN FUNDS AND RESERVES

Year ended 31 March 2024

	Unrestricted funds			Restricted funds			Total
	Accumulated surplus	Endowment funds (Capital)	Subtotal	Accumulated surplus	Endowment funds (Capital)	Subtotal	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 April 2022	424,982	11,777	436,759	57,223	263,559	320,782	757,541
Deficit for the year, representing total comprehensive income for the year	(29,284)	-	(29,284)	(16,453)	-	(16,453)	(45,737)
Transfer of net income from Ngee Ann Kongsi Endowment Fund to finance operations	16,872	-	16,872	(16,872)	-	(16,872)	-
Ministry of Education ("MOE") matching grant receivable/received	-	1,431	1,431	-	1,050	1,050	2,481
Donations received	-	-	-	-	8,438	8,438	8,438
Balance at 31 March 2023	412,570	13,208	425,778	23,898	273,047	296,945	722,723
Surplus for the year, representing total comprehensive income for the year	52,442	-	52,442	27,667	-	27,667	80,109
MOE matching grant receivable/received	-	1,164	1,164	-	-	-	1,164
Donations received	-	-	-	-	8,085	8,085	8,085
Balance at 31 March 2024	465,012	14,372	479,384	51,565	281,132	332,697	812,081

See accompanying notes to financial statements.

NGEE ANN POLYTECHNIC

STATEMENT OF CASH FLOWS
Year ended 31 March 2024

	Note	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Operating deficit before grants		(155,164)	(267,570)
Adjustments for:			
Depreciation of property, plant and equipment		16,393	21,286
Depreciation of right-of-use assets		2,084	2,084
Amortisation of intangible assets		1,119	1,006
(Gain)/Loss on disposal of property, plant and equipment		(6,012)	1,527
Loss on disposal of intangible assets		1	5
Bad debt written off		183	130
Interest income			
- Others		(3,984)	(1,886)
- Investments		(9,693)	(8,086)
Dividend income		(2,759)	(3,656)
Fair value (gain)/loss on financial assets at fair value through profit or loss and derivatives		(42,662)	42,557
Interest expense on lease liabilities		1	3
Operating deficit before working capital changes		(200,493)	(212,600)
Change in receivables		3,018	3,762
Change in payables		(8,022)	8,608
Cash used in operations		(205,497)	(200,230)
Grants received		213,315	224,825
Interest received from student loans		1	1
Loans to students and graduates		77	152
Net cash from operating activities		7,896	24,748
Cash flows from investing activities			
Purchase of financial assets at fair value through profit or loss		(418,251)	(524,323)
Proceeds from disposal of financial assets at fair value through profit or loss		399,988	529,831
Receivables from brokers		1,178	(4,968)
Payables to brokers		(2,535)	5,622
Purchase of property, plant and equipment	A	(28,007)	(12,259)
Acquisition of intangible assets		(1,071)	(267)
Capital grants received		21,600	21,651
Amounts due from subsidiary		152	73
Proceeds from disposal of property, plant and equipment		7,663	-
Dividends received		2,736	3,645
Interest received			
- Others		3,482	436
- Investments		9,612	7,803
Net cash (used in)/from investing activities		(3,453)	27,244

NGEE ANN POLYTECHNIC

STATEMENT OF CASH FLOWS (CONT'D)
Year ended 31 March 2024

	Note	2024 \$'000	2023 \$'000
Cash flows from financing activities			
Repayment of lease liabilities		(168)	(168)
Donations received for Endowment Funds		8,085	8,438
Net cash from financing activities	B	7,917	8,270
Net increase in cash and cash equivalents		12,360	60,262
Cash and cash equivalents at beginning of year		235,650	175,388
Cash and cash equivalents at end of year	15	248,010	235,650

Note A

During the current financial year ended 31 March 2024, the Polytechnic acquired property, plant and equipment with an aggregate cost of \$28,392,000 (2023 : \$11,096,000) of which \$416,000 (2023 : \$31,000) was accrued as at 31 March 2024. The cash outflow on acquisition of property, plant and equipment amounted to \$28,007,000 (2023 : \$12,259,000).

Note B - Reconciliation of liabilities arising from financing activity

The table below details changes in the Polytechnic's liabilities arising from financing activity, including both cash and non-cash changes. Liabilities arising from financing activity are those for which cash flows were, or future cash flows will be, classified in the Polytechnic's statement of cash flows as cash flows from financing activities.

	1 April 2023 \$'000	Repayment - cash flows \$'000	Non-cash changes \$'000	31 March 2024 \$'000
Lease liabilities (Note 18)	(198)	168	(1)	(31)

	1 April 2022 \$'000	Repayment - cash flows \$'000	Non-cash changes \$'000	31 March 2023 \$'000
Lease liabilities (Note 18)	(364)	168	(2)	(198)

See accompanying notes to financial statements.

NGEE ANN POLYTECHNIC

NOTES TO THE FINANCIAL STATEMENTS 31 March 2024

1 GENERAL INFORMATION

Ngee Ann Polytechnic (the "Polytechnic") was established under the Ngee Ann Polytechnic Act 1967 (the "NP Act") and is under the purview of the Ministry of Education ("MOE"). As a statutory board, the Polytechnic is subject to the directions of the Ministry of Education and is required to comply with policies and instructions issued from time to time by the supervising ministry and other government ministries and departments such as the Ministry of Finance ("MOF").

The Polytechnic is located at 535 Clementi Road, Singapore 599489.

The principal activity of the Polytechnic is to provide relevant diploma courses to meet the growing needs of industry and commerce in Singapore.

The number of employees as at 31 March 2024 was 1,318 (2023 : 1,387).

The financial statements of the Polytechnic for the year ended 31 March 2024 were authorised for issue by the Council on 18 July 2024.

2 MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Public Sector (Governance) Act 2018 (the "Public Sector (Governance) Act"), the Ngee Ann Polytechnic Act 1967 (the "NP Act"), the Charities Act 1994 (the "Charities Act") and Statutory Board Financial Reporting Standards ("SB-FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the material accounting policy information below.

The financial statements are presented in Singapore dollars which is the functional currency of the Polytechnic. All financial information presented in Singapore dollars ("S\$") has been rounded to the nearest thousand ("000"), except when otherwise indicated.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Polytechnic takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of SB-FRS 116 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in SB-FRS 36 *Impairment of Assets*.

NGEE ANN POLYTECHNIC

NOTES TO THE FINANCIAL STATEMENTS 31 March 2024

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

- (a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- (b) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- (c) Level 3 inputs are unobservable inputs for the asset or liability.

2.2 Adoption of new and revised standards

In the current year, the Polytechnic has applied all the new and revised SB-FRS that are mandatorily effective for an accounting period that begins on or after 1 April 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements except as described below.

Amendments to SB-FRS 1 and SB-FRS Practice Statement 2: Disclosure of Accounting Policies

The Polytechnic has adopted the amendments to SB-FRS 1 Presentation of Financial Statements for the first time in the current year. The amendments change the requirements in SB-FRS 1 with regard to disclosure of accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in SB-FRS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Polytechnic has applied materiality guidance in SB-FRS Practice Statement 2 in identifying its material accounting policies for disclosures in the related notes. The previous term 'significant accounting policies' used throughout the financial statements has been replaced with 'material accounting policy information'.

Standards issued but not yet effective

At the date of authorisation of these financial statements, the Polytechnic has not applied the following SB-FRS pronouncements that have been issued but not yet effective:

Effective for annual periods beginning on or after 1 January 2024

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

Management expect that the adoption of the above amendments to SB-FRS in future periods will not have a material impact on the financial statements in the period of its initial adoption.

NGEE ANN POLYTECHNIC

NOTES TO THE FINANCIAL STATEMENTS 31 March 2024

2.3 **Critical accounting judgements and key sources of estimation uncertainty**

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 income, expenses, assets and liabilities, and the disclosure of contingent assets and liabilities at the end of each reporting period. 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 periods.

Critical judgements in applying material accounting policies

Management is of the opinion that there are no applications of judgment expected to have a significant effect on the amounts recognised in the financial statements.

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 amount of assets and liabilities within the next financial year, are disclosed below.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. 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. The carrying amounts of property, plant and equipment are disclosed in Note 5 to the financial statements.

2.4 **Fund accounting**

Unrestricted Funds

Funds that are expendable at the discretion of the Polytechnic are accounted for under unrestricted funds.

Restricted Funds

Funds that are set up for specific purposes which may be declared by the donor(s) or created through legal process or have specific restriction on the management's discretion regarding the treatment of the funds dissolution are accounted for under restricted funds.

The operating results of both the unrestricted funds and restricted funds maintained by the Polytechnic are included in the statement of comprehensive income of the Polytechnic.

Donations from external sources to set up or augment the capital of the endowment funds are taken directly to these funds. Income derived from the endowment funds and the related expenditure are included in the statement of comprehensive income of the Polytechnic under the "restricted funds" caption.

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

NGEE ANN POLYTECHNIC

NOTES TO THE FINANCIAL STATEMENTS 31 March 2024

Trust Funds

Funds that are held by the Polytechnic as the appointed trustee are accounted for as trust funds. The income and expenditure relating to trust funds are accounted for directly in the funds. The net assets of the trust funds are disclosed as a separate item in the statement of financial position.

Allocation of income and expenses to funds

The money from various funds is co-mingled for investment purposes. Investment income and expenses are apportioned to the funds based on the percentage of investment units held by the funds at the end of each month.

2.5 Property, plant and equipment

(a) Measurement

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment.

Purchases of property, plant and equipment costing less than \$5,000 and building renovations below \$200,000 are charged to surplus or deficit in the year of purchase.

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.

(b) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction are not depreciated as these assets are not yet available for use.

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

Buildings on freehold land	50 years
Buildings on leasehold land	Lower of lease period or 30 years
Building improvements	5 years
Furniture, equipment and machinery	3 to 10 years

Depreciation is provided from the month of acquisition to the month before the disposal of assets.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

NGEE ANN POLYTECHNIC

NOTES TO THE FINANCIAL STATEMENTS 31 March 2024

2.6 Intangible assets

Computer software including software development costs are capitalised on the basis of the cost incurred to acquire or develop the software for its intended use.

Computer software is stated at cost less accumulated amortisation and impairment loss, if any. These costs are amortised using the straight-line method over their estimated useful life of 5 years. Computer software costing less than \$5,000 is charged to surplus or deficit in the year of purchase.

2.7 Impairment of non-financial assets

The Polytechnic 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 Polytechnic makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Polytechnic bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Polytechnic's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in surplus or deficit.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Polytechnic estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot result in an excess of 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.

2.8 Consolidation

The financial statements of the subsidiary have not been consolidated with the Polytechnic's financial statements as the Polytechnic is of the view that they are not material to the Polytechnic's financial statements. The balances and transactions of the Polytechnic are not materially affected by the non-consolidation.

NGEE ANN POLYTECHNIC

NOTES TO THE FINANCIAL STATEMENTS 31 March 2024

2.9 Subsidiaries

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

Investment in the subsidiary is carried at cost less any impairment in net recoverable value that has been recognised in surplus or deficit.

2.10 Financial instruments

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

(a) Financial assets

Classification of financial assets

Debt instruments mainly comprise cash and cash equivalents, trade and other receivables that meet the following conditions and are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Amortised cost and effective interest method

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

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

Financial assets at FVTPL

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

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in surplus or deficit to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in surplus or deficit includes any dividend or interest earned on the financial asset and is included in the "Investment income/(loss), net" line item (Note 24.1).

NGEE ANN POLYTECHNIC

NOTES TO THE FINANCIAL STATEMENTS 31 March 2024

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

(b) Financial liabilities

All financial liabilities are initially recognised at fair value plus, in the case of a financial liability not at FVTPL, transaction costs that are directly attributable to the issue of the financial liability and are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Derecognition

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

NGEE ANN POLYTECHNIC

NOTES TO THE FINANCIAL STATEMENTS 31 March 2024

(c) Offsetting arrangements

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

2.11 Derivative financial instruments

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently remeasured to their fair value at the end of each reporting period. The Polytechnic does not apply hedge accounting. Changes in the fair value of derivative instruments are recognised in surplus or deficit in the financial year in which the changes arise.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and bank deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value.

2.13 Leases

The Polytechnic as a lessee

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

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

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

Lease payments included in the measurement of the lease liability comprise mainly of fixed lease payments (including in-substance fixed payments), less any lease incentives.

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

NGEE ANN POLYTECHNIC

NOTES TO THE FINANCIAL STATEMENTS 31 March 2024

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

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

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

The Polytechnic as a lessor

The Polytechnic enters into lease agreements as a lessor with respect to its premises and a plot of freehold land.

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

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

2.14 Income recognition

The Polytechnic recognises revenue from the following major sources:

- Rendering of services.
- Contributions and donations.
- Dividend income.
- Rental income.
- Service fee income.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Polytechnic recognises revenue when it transfers control of a service to a customer.

NGEE ANN POLYTECHNIC

NOTES TO THE FINANCIAL STATEMENTS 31 March 2024

Rendering of services

Income from tuition and other services is earned from the provision of tuition services to students. Income from tuition and other services are recognised as a performance obligation and is satisfied over time. It includes the provision of course and conference fees rendered to the students over the academic period. Tuition and other related fees are recognised as the courses are rendered and satisfied over time. Payments received from students for tuition and other related fees in which the courses have not been rendered is recognised as deferred income, under contract liabilities, until the courses have been rendered to the students.

Contributions and donations

Contributions from Ngee Ann Kongsi and other donations are recognised at a point in time, when received.

Interest income

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

Dividend income

Dividend income is recognised at a point in time when the right to receive payment is established.

Rental income

Rental income from operating leases on property, plant and equipment is recognised on a straight-line basis over the lease term.

Service fee income

Income from provision of administrative services supporting courses conducted by the service provider on the Polytechnic's premises is recognised over time on a straight-line basis over the period of service.

2.15 **Employee benefits**

Defined contribution plan

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

NGEE ANN POLYTECHNIC

NOTES TO THE FINANCIAL STATEMENTS 31 March 2024

Employee leave entitlements

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

Key management personnel

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

2.16 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Singapore Dollar at the rate of exchange ruling at the end of the reporting period. Transactions in foreign currencies are recorded on initial recognition in Singapore Dollar at exchange rates approximating those ruling at the transaction dates. Exchange differences arising from such transactions are recognised in surplus or deficit in the period in which they arise.

2.17 Income tax

All registered and exempt charities will enjoy automatic income tax exemption. There is, hence, no income tax payable by the Polytechnic.

2.18 Grants

Grants are recognised when there is reasonable assurance that the grant will be received and the Polytechnic will comply with all attached conditions.

Grants for the purchase of depreciable assets are taken to the grants received in advance account in the first instance. They are transferred to the deferred capital grants account upon the utilisation of the grants for purchase of assets, which are capitalised, or to the statement of comprehensive income for purchase of assets which are expensed in the year of purchase.

Deferred capital grants are recognised in the statement of comprehensive income over the periods necessary to match the depreciation, write off and/or impairment loss of the assets purchased with the related grants. Upon disposal of the assets, the balance of the related deferred capital grants is recognised in the statement of comprehensive income to match the carrying amount of the assets written off.

Grants to meet the current year's operating expenses are recognised as income in the same year. Grants are accounted for on an accrual basis.

NGEE ANN POLYTECHNIC

NOTES TO THE FINANCIAL STATEMENTS 31 March 2024

3 UNRESTRICTED FUNDS

The unrestricted funds of \$479,384,000 (2023 : \$425,778,000) include \$42,289,000 (2023 : \$39,701,000) of Ngee Ann Polytechnic - Education Fund, \$2,256,000 (2023 : \$2,201,000) of sinking funds and \$34,595,000 (2023 : \$31,855,000) of scholarship and bursary funds.

4 RESTRICTED FUNDS - NGEEN ANN POLYTECHNIC FUND

The Ministry of Education has an Education Central Fund, which has been designated as an Institution of Public Character ("IPC"). NP Fund was established on 1 April 2003 as a member of this Education Central Fund. Under this membership, the Fund is allowed to issue tax-deductible receipts to donors. Donations received by the Polytechnic are channelled to the Fund.

The Fund has several sub-funds and the total fund balance comprised mainly accumulated surpluses of the sub-funds and the capital of endowment funds. A separate set of audited financial statements is prepared for the Fund.

The Fund is managed by a Management Committee which is also the Council Committee of the Polytechnic. Under the rules and regulations of the Fund, the Fund shall not be dissolved unless so decided by the Polytechnic's Council and the Commissioner of Charities is notified. In the event that the Fund is dissolved, the balance in the Fund shall be donated to another fund for the advancement of education in a Polytechnic which has IPC status or in the absence of such a fund, to the Education Fund of the Ministry of Education.

NGEE ANN POLYTECHNIC

NOTES TO THE FINANCIAL STATEMENTS
31 March 2024

5 PROPERTY, PLANT AND EQUIPMENT

	Freehold land ^(a)	Buildings ^(b)	Building improvements	Furniture, equipment and machinery	Assets under construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:						
At 1 April 2022	41,826	375,136	210,458	159,773	2,707	789,900
Additions	-	-	710	914	9,472	11,096
Reclassification	-	-	1,160	4,884	(6,044)	-
Transfer to intangible assets (Note 7)	-	-	-	-	(466)	(466)
Disposals	-	(7,221)	(1,949)	(11,654)	-	(20,824)
At 31 March 2023	41,826	367,915	210,379	153,917	5,669	779,706
Additions	-	-	1,104	1,741	25,547	28,392
Reclassification	-	3,413	2,524	5,179	(11,116)	-
Transfer to intangible assets (Note 7)	-	-	-	-	(1,714)	(1,714)
Disposals	-	(3,312)	(7,018)	(10,860)	-	(21,190)
At 31 March 2024	41,826	368,016	206,989	149,977	18,386	785,194
Accumulated depreciation:						
At 1 April 2022	-	198,456	200,719	136,166	-	535,341
Depreciation for the year	-	6,514	6,182	8,590	-	21,286
Adjustment	-	15	-	-	-	15
Eliminated on disposals	-	(5,698)	(1,949)	(11,650)	-	(19,297)
At 31 March 2023	-	199,287	204,952	133,106	-	537,345
Depreciation for the year	-	6,429	2,849	7,115	-	16,393
Eliminated on disposals	-	(1,700)	(7,018)	(10,821)	-	(19,539)
At 31 March 2024	-	204,016	200,783	129,400	-	534,199
Carrying amount:						
At 31 March 2024	41,826	164,000	6,206	20,577	18,386	250,995
At 31 March 2023	41,826	168,628	5,427	20,811	5,669	242,361

(a) Freehold land comprise two plots of freehold land contributed by Ngee Ann Kongsi in previous years.

(b) Buildings comprise buildings on freehold and leasehold land with carrying amounts of \$158,802,000 and \$5,198,000 (2023 : \$166,737,000 and \$1,891,000), respectively.

NGEE ANN POLYTECHNIC

NOTES TO THE FINANCIAL STATEMENTS
31 March 2024

6 RIGHT-OF-USE ASSETS

The Polytechnic leases certain leasehold land, office premises, furniture, fittings and equipment. The lease terms are 99 years and 3 years for leasehold land and office premises, respectively. The lease term ranges from 2 to 5 years for furniture, fittings and equipment.

	Leasehold land \$'000	Office premises \$'000	Furniture, fittings and equipment \$'000	Total \$'000
Cost:				
At 1 April 2022	57,549	875	35	58,459
End of lease	-	(26)	(8)	(34)
At 31 March 2023	57,549	849	27	58,425
End of lease	-	(358)	(17)	(375)
At 31 March 2024	57,549	491	10	58,050
Accumulated depreciation:				
At 1 April 2022	17,210	520	27	17,757
Depreciation for the year	1,918	164	2	2,084
End of lease	-	(26)	(8)	(34)
At 31 March 2023	19,128	658	21	19,807
Depreciation for the year	1,918	164	2	2,084
End of lease	-	(358)	(17)	(375)
At 31 March 2024	21,046	464	6	21,516
Carrying amount:				
At 31 March 2024	36,503	27	4	36,534
At 31 March 2023	38,421	191	6	38,618

NGEE ANN POLYTECHNIC

NOTES TO THE FINANCIAL STATEMENTS
31 March 2024

7 INTANGIBLE ASSETS

	<u>Computer software</u> \$'000
Cost:	
At 1 April 2022	25,860
Additions	267
Transfer from property, plant and equipment (Note 5)	466
Disposals	<u>(9,034)</u>
At 31 March 2023	17,559
Additions	1,071
Transfer from property, plant and equipment (Note 5)	1,714
Disposals	<u>(412)</u>
At 31 March 2024	<u>19,932</u>
Accumulated amortisation:	
At 1 April 2022	23,541
Amortisation for the year	1,006
Eliminated on disposals	<u>(9,029)</u>
At 31 March 2023	15,518
Amortisation for the year	1,119
Eliminated on disposals	<u>(411)</u>
At 31 March 2024	<u>16,226</u>
Carrying amount:	
At 31 March 2024	<u><u>3,706</u></u>
At 31 March 2023	<u><u>2,041</u></u>

NGEE ANN POLYTECHNIC

NOTES TO THE FINANCIAL STATEMENTS
31 March 2024

8 SUBSIDIARY

	2024	2023
	\$'000	\$'000
Unquoted equity shares, at cost	258	258

Details of the subsidiary are as follows:

Name	Country of incorporation/ principal place of business	Proportion of ownership interest and voting power held		Principal activities
		2024	2023	
		%	%	
Ngee Ann Polytechnic Global Pte Ltd	Singapore	100	100	Provision of consultancy, training and global educational services

The financial statements of the subsidiary have not been consolidated with the Polytechnic's financial statements as the Polytechnic is of the view that the subsidiary's financial statements is not material to the Polytechnic's financial statements. The balances and transactions of the Polytechnic are not materially affected by the non-consolidation.

The Polytechnic is the sole member of the School of Science and Technology, Singapore ("SST"), a company limited by guarantee. The principal activities of SST are to provide a holistic and balanced secondary school education with a focus on applied learning, innovation and entrepreneurship in science and technology. Upon the winding up or dissolution of SST, all its assets and liabilities shall not be paid or distributed among its members but shall be dealt in accordance with Articles of Association of SST and the Charities Act 1994 (the "Charities Act"), and shall be given or transferred to other institutions registered under the Charities Act. As the Polytechnic does not have the ability to exercise control over SST and does not have rights to variable returns from its involvement with SST, SST is not accounted for as a subsidiary of the Polytechnic.

NGEE ANN POLYTECHNIC

NOTES TO THE FINANCIAL STATEMENTS
31 March 2024

9 LOANS TO STUDENTS AND GRADUATES

	2024	2023
	\$'000	\$'000
Overseas student programs loans	-	2
Study loans	5	14
Computer loans	443	509
	<u>448</u>	<u>525</u>
Represented by:		
Amounts receivable within one year	322	441
Amounts receivable after one year	126	84
	<u>448</u>	<u>525</u>

Overseas student programs loans, study loans and computer loans are unsecured during the course of study and are repayable by monthly instalments over periods ranging from 2 to 10 years after the borrowers' graduation. Interest is charged based on the average of the prevailing prime rates of the 3 local banks. The interest rate for these loans at the end of the reporting period is 5.25% (2023 : 5.25%) per annum.

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

In determining the ECL, the Polytechnic has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors.

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

10 AMOUNTS DUE FROM SUBSIDIARY

	2024	2023
	\$'000	\$'000
Amount due from subsidiary (trade)	48	-
Amounts due from subsidiary (non-trade)	100	300
	<u>148</u>	<u>300</u>
Represented by:		
Amounts receivable within one year	48	-
Amounts receivable after one year	100	300
	<u>148</u>	<u>300</u>

The amounts due from subsidiary include payments made on behalf of and a loan of \$100,000 (2023 : \$300,000) granted to the subsidiary. The payments made on behalf are unsecured, interest-free and are repayable on demand. The loan bears interest of 2.39% (2023 : 2.39%) per annum and is repayable by 30 June 2026.

NGEE ANN POLYTECHNIC

NOTES TO THE FINANCIAL STATEMENTS
31 March 2024

11 SUNDRY RECEIVABLES	2024	2023
	\$'000	\$'000
Accrued dividends	225	202
Accrued interest	4,318	3,736
Sundry receivables	252	412
Student receivables	263	9
Non-student receivables	783	833
Amount due from Trust funds (Note 20)	282	254
Receivables from brokers	4,044	5,222
	<u>10,167</u>	<u>10,668</u>

The Polytechnic wrote off student receivables amounting to \$183,000 (2023 : \$130,000) for the year ended 31 March 2024.

Receivables from brokers refers to the amount of money owed from brokers resulting from trading and settlement of financial securities in the market.

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

In determining the ECL, the Polytechnic has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

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

NGEE ANN POLYTECHNIC

NOTES TO THE FINANCIAL STATEMENTS
31 March 2024

12 GRANTS RECEIVABLES

These are grants from Ministry of Education ("MOE") and other government agencies to finance the operations of the Polytechnic.

	MOE		Others		Total	
	2024	2023	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April	1,119	6,509	15,089	34,026	16,208	40,535
Grants received	(173,010)	(147,854)	(18,630)	(52,893)	(191,640)	(200,747)
Grants utilised and recognised in surplus or deficit (Note 25)	174,213	147,582	27,568	33,297	201,781	180,879
MOE matching grants received/receivable	(57)	(4,081)	-	-	(57)	(4,081)
MOE development grant received/receivable	(8,208)	(3,502)	-	-	(8,208)	(3,502)
Development/ Other grants utilised and transferred to deferred capital grants (Note 19)	8,774	2,443	280	792	9,054	3,235
Reclassification (to)/from grant received in advance (Note 16)	(22)	22	(10,444)	184	(10,466)	206
Others	2,303	-	429	(317)	2,732	(317)
Balance at 31 March	5,112	1,119	14,292	15,089	19,404	16,208

Others relate to grants to the Polytechnic from government agencies, other than MOE, on a reimbursement basis to fund the Polytechnic's activities.

NGEE ANN POLYTECHNIC

NOTES TO THE FINANCIAL STATEMENTS
31 March 2024

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2024</u>	<u>2023</u>
	\$'000	\$'000
Bonds	362,868	350,255
Quoted equity investments	221,121	172,187
	<u>583,989</u>	<u>522,442</u>

The Polytechnic's investments are mainly managed by external fund managers. The fund managers are given discretionary powers within certain guidelines to invest the funds.

Bonds include investments in fixed income instruments via segregated accounts and pooled vehicles. The interest rate on bonds ranges from 0% to 6.75% (2023 : 0% to 7.40%) per annum. The maturity dates of bonds range from 2 April 2024 to 25 March 2073 (2023 : 5 April 2023 to 20 March 2060).

Quoted equity investments represent investments in quoted equities via segregated accounts and pooled vehicles. The fair values of the financial instruments traded in active markets are based on quoted market prices available at the end of the reporting period.

14 DERIVATIVE FINANCIAL INSTRUMENTS

	Contract/ notional amount	Assets	Liabilities
	\$'000	\$'000	\$'000
31 March 2024			
Forward currency contracts	264,013	1,064	(1,399)
	<u>264,013</u>	<u>1,064</u>	<u>(1,399)</u>
31 March 2023			
Forward currency contracts	274,355	1,262	(975)
	<u>274,355</u>	<u>1,262</u>	<u>(975)</u>

The forward currency contracts are used in the currency hedging programs which aim to reduce the foreign currency risks of the investment portfolio. The Polytechnic does not apply hedge accounting.

NGEE ANN POLYTECHNIC**NOTES TO THE FINANCIAL STATEMENTS
31 March 2024**

15 CASH AND CASH EQUIVALENTS

	2024	2023
	\$'000	\$'000
Cash managed by fund managers	94,167	103,119
Cash with Accountant-General's Department	153,843	132,531
Cash and cash equivalents	<u>248,010</u>	<u>235,650</u>

The Centralised Liquidity Management ("CLM") scheme involves placing funds directly with the Accountant-General's Department ("AGD") and allows for better credit risk management by the government. Under this scheme, the Polytechnic's cash at bank in excess of a certain threshold is transferred to the AGD. Cash placed with AGD is interest-bearing. Interest is computed on the basis as set out in the Accountant-General's Department Circular No. 4/2009. The interest rate for cash placed with AGD at the reporting date is 3.38% (2023 : 1.56%) per annum.

Management considered that the ECL on cash and cash equivalents is insignificant as at 31 March 2024 and 2023.

16 PAYABLES AND ACCRUALS

	2024	2023
	\$'000	\$'000
Accruals	16,484	22,952
Property, plant and equipment vendors	416	31
CPF payable	390	397
Refundable deposits	728	798
Accrual for unconsumed leave	8,853	8,538
Sundry payables	22,723	19,390
Good and services tax payable	9,499	8,482
Payables to brokers	6,059	8,594
Grants received in advance	6,631	7,083
	<u>71,783</u>	<u>76,265</u>

Payable to brokers refers to the amount of money owed to brokers resulting from trading and settlement of financial securities in the market.

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NOTES TO THE FINANCIAL STATEMENTS
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Grants received in advance represent amounts received by the Polytechnic from MOE and other government agencies.

	MOE		Others		Total	
	2024	2023	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Grants received in advance						
Balance at 1 April	3,497	2,776	3,586	1,559	7,083	4,335
Grants received	332	1,487	10,749	12,526	11,081	14,013
Development grants utilised and transferred to deferred capital grants (Note 19)	(65)	(133)	-	-	(65)	(133)
Grants utilised and recognised in surplus or deficit (Note 25)	(323)	(655)	(679)	(10,683)	(1,002)	(11,338)
Reclassification (to)/from grant receivables (Note 12)	(22)	22	(10,444)	184	(10,466)	206
Balance as at 31 March	3,419	3,497	3,212	3,586	6,631	7,083

17 CONTRACT LIABILITIES

	2024	2023
	\$'000	\$'000
Student fees received in advance	6,581	3,977
Service fees received in advance	11,501	12,073
	<u>18,082</u>	<u>16,050</u>
Represented by:		
- Current	7,153	4,549
- Non-current	10,929	11,501
	<u>18,082</u>	<u>16,050</u>

As at 1 April 2022, the Polytechnic's contract liabilities amounted to \$16,586,000.

Service fees received in advance from Singapore Institute of Technology ("SIT") for the usage of the Polytechnic's facilities by SIT students are amortised over a 30-year period commencing from 9 May 2014 in accordance with the service agreement between the Polytechnic and SIT.

The Polytechnic's revenue recognised that was included in the contract liabilities balance at the beginning of the period:

	2024	2023
	\$'000	\$'000
Student fees received in advance	3,977	3,941
Service fees received in advance	572	572
	<u>4,549</u>	<u>4,513</u>

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NOTES TO THE FINANCIAL STATEMENTS
31 March 2024

18 LEASE LIABILITIES

	2024	2023
	\$'000	\$'000
<u>Maturity analysis</u>		
Year 1	30	168
Year 2	1	30
Year 3	-	1
	31	199
Less: unearned interest	-	(1)
	31	198
Analysed as:		
- Current	30	167
- Non-current	1	31
	31	198

Interest expense on lease liabilities of \$1,100 (2023 : \$3,000) is recognised within "Other expenditure" in profit or loss.

Total cash outflows related to lease payments in the year amount to \$400,000 (2023 : \$422,000).

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

Rental expenses not capitalised in lease liabilities but recognised within "operating expenditure" in profit or loss are set out below:

	2024	2023
	\$'000	\$'000
Short term leases	118	163
Low value assets	101	131
	219	294

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NOTES TO THE FINANCIAL STATEMENTS
31 March 2024

19 DEFERRED CAPITAL GRANTS

	MOE		Others		Total	
	2024	2023	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April	249,696	254,408	5,278	5,163	254,974	259,571
Grants recognised as deferred income:						
Grants received from MOE	21,600	21,651	-	-	21,600	21,651
Transfer from grant receivables (Note 12)	8,774	2,443	280	792	9,054	3,235
Transfer from grants received in advance (Note 16)	65	133	-	-	65	133
	<u>280,135</u>	<u>278,635</u>	<u>5,558</u>	<u>5,955</u>	<u>285,693</u>	<u>284,590</u>
Grants taken to surplus or deficit:						
Purchase of non-capitalised assets using Information Technology ("IT") and Furniture and equipment ("F&E") grants (Note 25)	(16,883)	(12,149)	-	-	(16,883)	(12,149)
Amortisation of deferred capital grants	(15,004)	(16,790)	(603)	(677)	(15,607)	(17,467)
	<u>(31,887)</u>	<u>(28,939)</u>	<u>(603)</u>	<u>(677)</u>	<u>(32,490)</u>	<u>(29,616)</u>
Balance at 31 March	<u>248,248</u>	<u>249,696</u>	<u>4,955</u>	<u>5,278</u>	<u>253,203</u>	<u>254,974</u>
Represented by:						
Grants utilised	189,102	189,174	4,955	5,278	194,057	194,452
Grants unutilised	59,146	60,522	-	-	59,146	60,522
	<u>248,248</u>	<u>249,696</u>	<u>4,955</u>	<u>5,278</u>	<u>253,203</u>	<u>254,974</u>

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NOTES TO THE FINANCIAL STATEMENTS
31 March 2024

20 TRUST FUNDS

	Liu Yin Soon Scholarship Trust Fund		Ngee Ann Polytechnic Students' Union Trust Fund		Funds held on behalf of MOE				Total	
					Tuition fee loan, Study Loan and Overseas Student Programme		Opportunity Fund			
	2024	2023	2024	2023	Loans		2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trust Funds (capital)										
Balance at 1 April	2,280	2,280	-	2,587	4,439	4,386	997	895	7,716	10,148
Received during the year	-	-	-	-	1,158	989	-	102	1,158	1,091
Refunded during the year	-	-	-	-	(852)	(936)	(36)	-	(888)	(936)
Write-off during the year	-	-	-	-	(13)	-	-	-	(13)	-
Return of funds to the Ngee Ann Polytechnic Students Union	-	-	-	(2,587)	-	-	-	-	-	(2,587)
Balance at 31 March	2,280	2,280	-	-	4,732	4,439	961	997	7,973	7,716
Accumulated surplus										
Balance at 1 April	608	809	-	356	36	36	(182)	(70)	462	1,131
(Deficit)/Surplus for the year	194	(201)	-	(261)	(1)	-	(300)	(112)	(107)	(574)
Return of funds to the Ngee Ann Polytechnic Students Union	-	-	-	(95)	-	-	-	-	-	(95)
Balance at 31 March	802	608	-	-	35	36	(482)	(182)	355	462
Total funds as at 31 March	3,082	2,888	-	-	4,767	4,475	479	815	8,328	8,178
Income										
Interest income	44	37	-	18	(1)	-	-	-	43	55
Dividend income	13	17	-	10	-	-	-	-	13	27
Other income/(expense)	235	36	-	(196)	-	-	-	-	235	(160)
	292	90	-	(168)	(1)	-	-	-	291	(78)

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NOTES TO THE FINANCIAL STATEMENTS
31 March 2024

	Funds held on behalf of MOE									
	Liu Yin Soon Scholarship Trust Fund		Ngee Ann Polytechnic Students' Union Trust Fund		Tuition fee loan, Study Loan and Overseas Student Programme Loans		Opportunity Fund		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Less: Expenditure										
Disbursement of scholarship awards	73	69	-	80	-	-	254	76	327	225
Depreciation	11	11	-	-	-	-	-	-	11	11
Other expenditure	14	211	-	13	-	-	46	36	60	260
	98	291	-	93	-	-	300	112	398	496
(Deficit)/Surplus for the year	194	(201)	-	(261)	(1)	-	(300)	(112)	(107)	(574)
Represented by:										
Right-of-use assets	224	235	-	-	-	-	-	-	224	235
Sundry receivables and Deposits	30	35	-	-	91	93	-	-	121	128
Financial assets at fair value through profit or loss	3,103	2,865	-	-	-	-	-	-	3,103	2,865
Cash and cash equivalents	-	-	-	-	-	-	479	815	479	815
Payables	(32)	(46)	-	-	-	-	-	-	(32)	(46)
Loans to students	-	-	-	-	4,715	4,435	-	-	4,715	4,435
Amount due to Ngee Ann Polytechnic (Note 11)	(243)	(201)	-	-	(39)	(53)	-	-	(282)	(254)
Net assets as at 31 March	3,082	2,888	-	-	4,767	4,475	479	815	8,328	8,178

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NOTES TO THE FINANCIAL STATEMENTS 31 March 2024

Trust funds includes:

(i) Liu Yin Soon Scholarship Trust Fund

The Liu Yin Soon Scholarship Trust Fund (Registration No. 0657) was registered as a charity under the Charities Act 1994 on 27 May 1989. The trustee of the fund is Ngee Ann Polytechnic. The objective of the fund is to award scholarships to students of the Polytechnic, who in the view of the trustee of the fund, have excelled in their performance.

There are no fund-raising activities for Liu Yin Soon Scholarship Trust Fund during the year.

The capital sum in the Liu Yin Soon Scholarship Trust Fund was from the sale proceeds of two pieces of bequeathed properties.

(ii) Ngee Ann Polytechnic Students' Union Trust Fund

The Ngee Ann Polytechnic Students' Union Trust Fund comprises monies held in trust by the Polytechnic for the students' union. The monies were co-mingled with the Polytechnic's investible funds which is placed with fund managers for investment returns. In FY2022/23, after a review of the investment strategy, the Polytechnic liquidated the students' union's investment and returned the funds to the students' union.

(iii) Tuition Fee, Study and Overseas Student Programme Loans held on behalf of the Ministry of Education ("MOE")

The Tuition Fee, Study and Overseas Student Programme Loans are managed on behalf of the Ministry of Education ("MOE"). The Funds are set up via advances from the MOE for the purpose of providing those loans to students.

The loans are interest-free and unsecured during the course of study. They are repayable by monthly instalments for a period of up to 10 years after the borrowers' graduation. Interest is charged based on the average prevailing prime rates of the 3 local banks. The interest rate at the end of the reporting period for those loans are 4.75% (2023 : 4.75%) per annum. Repayments (including interests) received from the borrowers will need to be refunded to MOE.

(iv) Opportunity Fund held on behalf of MOE

Opportunity Fund is set up by MOE to provide financial assistance for student overseas trips and purchase of computer devices to meet learning needs. The Polytechnic taps on the Fund to subsidise needy students' overseas trips and purchase of computer devices. The Fund is disbursed in advance by MOE and any unutilised balance will be offset against subsequent disbursement from MOE.

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NOTES TO THE FINANCIAL STATEMENTS
31 March 2024

21 OTHER INCOME

	Unrestricted Funds		Restricted Funds		Total	
	2024	2023	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Rental income (Note 27(b))	3,184	3,121	-	-	3,184	3,121
Service fee income	17,993	18,359	-	-	17,993	18,359
Recoveries for expenses	1,570	1,750	2	2	1,572	1,752
Sundry income	1,686	1,584	93	-	1,779	1,584
Others	(13)	1,016	1,680	6	1,667	1,022
	24,420	25,830	1,775	8	26,195	25,838

22 STAFF COSTS

	2024	2023
	\$'000	\$'000
Key management personnel:		
- Salaries and related costs	8,759	8,317
- CPF contributions and Skills Development Levy	558	548
	9,317	8,865
Other than key management personnel:		
- Salaries and related costs	172,942	172,738
- CPF contributions and Skills Development Levy	22,308	23,157
	195,250	195,895
	204,567	204,760

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NOTES TO THE FINANCIAL STATEMENTS
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23 OTHER EXPENDITURE

	Unrestricted		Restricted Funds		Total	
	Funds					
	2024	2023	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consultancy fees	506	1,106	-	-	506	1,106
GeBIZ fees	320	269	-	-	320	269
Guard services	1,118	1,075	-	-	1,118	1,075
Legal and professional fees	164	227	-	-	164	227
Audit fees paid to the auditors of the Polytechnic	120	65	-	-	120	65
Short-term rental expenses (Note 18)	219	294	-	-	219	294
Royalty expenses	2,173	13,814	-	-	2,173	13,814
Outsourced services	1,255	460	-	-	1,255	460
Consumables and materials for R&D	57	41	-	-	57	41
Copyright and licensing fees	271	349	-	-	271	349
Computer services	12,612	9,970	-	-	12,612	9,970
Property tax	408	407	-	-	408	407
Printing and office supplies	409	526	-	2	409	528
Advertising expenses	1,848	2,095	-	-	1,848	2,095
Bad debt written off	183	130	-	-	183	130
Bank charges	102	81	-	-	102	81
Others	1,504	1,210	254	15	1,758	1,225
	23,269	32,119	254	17	23,523	32,136

There are no non-audit fees paid or payables to the auditors of the Polytechnic for the year ended 31 March 2024 and 2023.

24 INTEREST INCOME

	Unrestricted		Restricted Funds		Total	
	Funds					
	2024	2023	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash with Accountant- General's Department	3,977	1,878	-	-	3,977	1,878
Student loans	1	1	-	-	1	1
Loan to subsidiary	6	7	-	-	6	7
	3,984	1,886	-	-	3,984	1,886

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31 March 2024

24.1 INVESTMENT INCOME/(LOSS), NET

	Unrestricted Funds		Restricted Funds		Total	
	2024	2023	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest income from investments	4,677	4,000	5,016	4,086	9,693	8,086
Dividend income	1,331	1,813	1,428	1,843	2,759	3,656
Fair value gain/(loss) on financial assets at fair value through profit or loss and derivatives	20,143	(21,448)	22,519	(21,109)	42,662	(42,557)
Fund management expenses	(418)	(471)	(449)	(489)	(867)	(960)
Custodian fees	(287)	(393)	(308)	(401)	(595)	(794)
Miscellaneous charges	(105)	(121)	(112)	(122)	(217)	(243)
	<u>25,341</u>	<u>(16,620)</u>	<u>28,094</u>	<u>(16,192)</u>	<u>53,435</u>	<u>(32,812)</u>

25 OPERATING GRANTS

	MOE		Others		Total	
	2024	2023	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating grants (Notes 12 and 16)	174,536	148,237	28,247	43,980	202,783	192,217
Transferred from deferred capital grants (Note 19)	16,883	12,149	-	-	16,883	12,149
	<u>191,419</u>	<u>160,386</u>	<u>28,247</u>	<u>43,980</u>	<u>219,666</u>	<u>204,366</u>

26 RELATED PARTY TRANSACTIONS

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

Other than disclosed elsewhere in the financial statements, the Polytechnic entered into the following significant transactions with its parent Ministry, MOE, and other related parties during the financial year:

	2024	2023
	\$'000	\$'000
MOE		
Funds received/receivable	234,390	202,783
Subsidiary		
Administrative support and trainers fee income	99	90
Rental income	30	13
Interest income	6	7
Other income	29	23
Administrative expense	<u>1</u>	<u>2</u>

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NOTES TO THE FINANCIAL STATEMENTS 31 March 2024

27 COMMITMENTS

(a) Capital commitment

	2024	2023
	\$'000	\$'000
Amount approved and contracted for		
- property, plant and equipment	5,273	29,719
- intangible assets	696	1,596
	<u>5,969</u>	<u>31,315</u>
Amount approved but not contracted for	<u>8,693</u>	<u>41,420</u>

(b) Operating lease commitment (non-cancellable)

Where the Polytechnic is the lessor

During the year ended 31 March 2024, the Polytechnic recognised rental income of \$3,184,000 (2023 : \$3,121,000) (Note 21). Leases are with lease term up to 30 years.

Maturity analysis of operating lease payments:

	2024	2023
	\$'000	\$'000
Year 1	2,730	1,767
Year 2	2,063	1,025
Year 3	769	544
Year 4	452	516
Year 5	452	516
Year 6 and onwards	6,778	7,772
	<u>13,244</u>	<u>12,140</u>

Where the Polytechnic is the lessee

At 31 March 2024, the Polytechnic is committed to approximately \$199,000 (2023 : \$174,000) for low-value leases in respect of laptops and equipment.

28 NGEEN ANN KONGSI'S CONTRIBUTION

- (a) Following Section 20A of the Ngee Ann Kongsi (Incorporation) Ordinance 1933, the Ngee Ann Kongsi donates 25% of its net income to the Polytechnic. The monies received will be partially channelled to an education fund that will support the Polytechnic's students through bursaries, scholarships and student aid grants, and bolster student development programs. The remaining will be placed in an endowment fund. The investment income from the endowment fund will be channelled to the education fund and to fund the operations of the Polytechnic.

During the financial year, the Polytechnic received \$10,085,000 (2023 : \$9,738,000) from Ngee Ann Kongsi.

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NOTES TO THE FINANCIAL STATEMENTS 31 March 2024

- (b) In accordance with the agreed arrangement with MOE, when the funds management contracts with the Polytechnic's fund managers expire, the gain or loss of the contracts would be taken as realised. In 2023, \$16,872,000, representing 75% of the Ngee Ann Kongsii Endowment Fund's share of the gains of the expired fund management contracts, was transferred to unrestricted fund to finance the operations of the Polytechnic. MOE reduced the operating grant to the Polytechnic by the same amount accordingly in 2023. There is no gain in expired fund management contracts in current financial year.
- (c) As disclosed in Note 5 to the financial statements, Ngee Ann Kongsii had also donated freehold lands to the Polytechnic.

29 IPC REGULATIONS

The Ngee Ann Polytechnic Fund (the "Fund") has complied with the requirement that the total fund-raising and sponsorship expenses have not exceeded 30% of the total gross receipts from the fund raising and sponsorships for the financial year.

The donation monies received are used in accordance with the objective of the fund.

To promote greater disclosure and accountability to the public, the Governance Evaluation Checklist of all IPCs will be published on the Charity Portal (www.charities.gov.sg) from 1 April 2009. In line with the requirement, the Polytechnic's checklist can be found on the above website.

30 TAXATION

All registered and exempt charities will enjoy automatic income tax exemption. There is, hence, no income tax payable by the Polytechnic.

31 FINANCIAL RISK MANAGEMENT

The Polytechnic's management monitors and manages the financial risks relating to the operations of the Polytechnic to ensure appropriate measures are implemented in a timely and effective manner. These risks include market risk (including interest rate risk), credit risk and liquidity risk.

The Polytechnic has written guidelines relating to financial assets at fair value through profit or loss for fund managers.

The Polytechnic, other than for financial assets at fair value through profit or loss managed by its fund managers, does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

31.1 Interest rate risk management

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

Surplus funds arising from the Polytechnic's operations are placed with reputable banks and financial assets at fair value through profit or loss with fund managers. The Polytechnic's earnings are affected by changes in interest rates due to the impact those changes have on its interest income from bank deposits and interest-bearing non-equity investments.

NGEE ANN POLYTECHNIC

NOTES TO THE FINANCIAL STATEMENTS 31 March 2024

Cash flow sensitivity analysis for variable-rate instruments

The Polytechnic's exposure to movements in market interest rates relates primarily to its floating interest rate financial assets at fair value through profit or loss, including financial assets at fair value through profit or loss with fund managers. A 100 basis point increase or decrease is used when reporting interest rate risk internally to the Polytechnic's management and represents the Polytechnic's management's assessment of the reasonably possible change in interest rates.

The carrying values of these assets as at the end of the reporting period are as follows:

	2024	2023
	\$'000	\$'000
Financial assets at fair value through profit or loss	2,175	5,268

With all other variables held constant, a 100 (2023 : 100) basis points increase/decrease in interest rates will result in a \$22,000 (2023 : \$53,000) increase/decrease in the Polytechnic's profit/loss for the year.

Fair value sensitivity analysis for fixed-rate instruments

Fair value interest rate risk is the risk that the value of a financial asset at fair value through profit or loss will fluctuate because of changes in market interest rates. The Polytechnic monitors interest rates regularly to ensure funds are invested at competitive rates. Both market and interest rate movements will affect the target weights of asset class in the asset allocation policy.

With all other variables held constant, a 100 (2023 : 100) basis points increase/decrease in interest rates will result in a \$3,607,000 (2023 : \$3,450,000) increase/decrease in surplus or deficit for the year.

31.2 Price risk management

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The financial assets at fair value through profit or loss that are subject to price risks total \$583,989,000 (2023 : \$522,442,000) as disclosed in Note 13. The market risk associated with these financial assets at fair value through profit or loss is the potential loss in fair value resulting from the decrease in market prices of these financial assets at fair value through profit or loss. The Polytechnic's strategies and policies relating to financial assets at fair value through profit or loss are determined by its Investment Committee. 10% is the sensitivity rate used when reporting market risk internally to the Investment Committee and represents management's assessment of the reasonably possible change in market risk that the Polytechnic is exposed to.

With all other variables held constant, a 10% (2023 : 10%) increase/decrease in market values of financial assets at fair value through profit or loss will result in a \$58,399,000 (2023 : \$52,244,000) increase/decrease in the Polytechnic's profit/loss for the year.

31.3 Credit risk management

Credit risk is the risk of loss that may arise on outstanding financial instrument should a counterparty default on its obligations.

The Polytechnic has no significant concentration of credit risk. Cash and cash equivalents and investments are placed with reputable banks, Accountant-General's Department and fund managers.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those financial assets stated in the statement of financial position. The Polytechnic develops and maintains its credit risk categorisation according to the degree of risk of default.

The Polytechnic's current credit risk categorisation is as follows:

Category	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Polytechnic has no realistic prospect of recovery.	Amount is written off

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

	Note	Internal credit rating	12-month or Lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
2024						
Loan to students and graduates	9	Performing	12-month ECL	448	-	448
Amounts due from subsidiary	10	Performing	12-month ECL	148	-	148
Sundry receivables	11	Performing	12-month ECL	10,167	-	10,167
2023						
Loan to students and graduates	9	Performing	12-month ECL	525	-	525
Amount due from subsidiary	10	Performing	12-month ECL	300	-	300
Sundry receivables	11	Performing	12-month ECL	10,668	-	10,668

31.4 Liquidity risk management

Liquidity risk is the risk that the Polytechnic will encounter difficulty in meeting its financial obligations due to shortage of funds.

The Polytechnic maintains an adequate level of highly liquid assets in the form of cash.

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Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Polytechnic's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	More than 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000
2024					
Financial assets:					
Financial assets at amortised cost	258,773	258,773	258,547	226	-
Financial assets at fair value through profit or loss	583,989	340,500	35,398	154,599	150,503
Derivative financial instruments	1,064	1,064	1,064	-	-
Total undiscounted financial assets	<u>843,826</u>	<u>600,337</u>	<u>295,009</u>	<u>154,825</u>	<u>150,503</u>
Financial liabilities:					
Financial liabilities at amortised cost [#]	46,800	46,800	46,800	-	-
Derivative financial instruments	1,399	1,399	1,399	-	-
Lease liabilities	31	31	30	1	-
Total undiscounted financial liabilities	<u>48,230</u>	<u>48,230</u>	<u>48,229</u>	<u>1</u>	<u>-</u>
Total net undiscounted financial assets	<u>795,596</u>	<u>552,107</u>	<u>246,780</u>	<u>154,824</u>	<u>150,503</u>

[#] Excluding grants received in advance, accrual for unconsumed leave and goods and services tax payable

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	Carrying amount \$'000	Contractual cash flows \$'000	Less than 1 year \$'000	Between 1 and 5 years \$'000	More than 5 years \$'000
2023					
Financial assets:					
Financial assets at amortised cost	247,143	247,143	246,759	384	-
Financial assets at fair value through profit or loss	522,442	342,412	41,725	149,676	151,011
Derivative financial instruments	1,262	1,262	1,262	-	-
Total undiscounted financial assets	770,847	590,817	289,746	150,060	151,011
Financial liabilities:					
Financial liabilities at amortised cost [#]	52,162	52,162	52,162	-	-
Derivative financial instruments	975	975	975	-	-
Lease liabilities	198	198	167	31	-
Total undiscounted financial liabilities	53,335	53,335	53,304	31	-
Total net undiscounted financial assets	717,512	537,482	236,442	150,029	151,011

[#] Excluding grants received in advance, accrual for unconsumed leave and goods and services tax payable

31.5 Amounts under fund management

The carrying amounts of funds under fund management by professional managers and held in trust by a custodian can be analysed as follows:

	Note	2024 \$'000	2023 \$'000
Receivables from brokers	11	4,044	5,222
Financial assets at fair value through profit or loss	13	583,989	522,442
Derivative financial instruments, net	14	(335)	287
Cash and cash equivalents	15	94,167	103,119
Payables to brokers	16	(6,059)	(8,594)
		675,806	622,476

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31.6 Fair value measurements

The following presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

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

The Polytechnic has no financial assets and financial liabilities measured at fair value Level 3 as at 31 March 2024 and 2023.

	Note	Level 1 \$'000	Level 2 \$'000	Total \$'000
At 31 March 2024				
Financial assets:				
Financial assets at fair value through profit or loss	13	226,185	357,804	583,989
Derivative financial instruments	14	-	1,064	1,064
		<u>226,185</u>	<u>358,868</u>	<u>585,053</u>
Financial liabilities:				
Derivative financial instruments	14	-	(1,399)	(1,399)
At 31 March 2023				
Financial assets:				
Financial assets at fair value through profit or loss	13	171,206	351,236	522,442
Derivative financial instruments	14	-	1,262	1,262
		<u>171,206</u>	<u>352,498</u>	<u>523,704</u>
Financial liabilities:				
Derivative financial instruments	14	-	(975)	(975)

Determination of fair values

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair values of quoted securities, if traded in active markets such as over-the-counter securities, are based on quoted market prices at the end of the reporting period. Bonds classified within Level 2 hierarchy are valued based on assessments by pricing vendors using observable market-based data. Derivative financial instruments are valued using widely accepted pricing models, with market observable inputs including volatilities, yield curves, foreign exchange spot and forward rates.

(a) 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 carrying amounts of loans to students and graduates, amounts due from subsidiary, sundry receivables, cash and cash equivalents, and payables and accruals (excluding grants received in advance, accrual for unconsumed leave and goods and services tax payable) are reasonable approximation of fair values due to the short period to maturity.

Loans to students and graduates and amounts due from subsidiary (non-current)

The carrying amounts of loans to students and graduates and amounts due from subsidiary classified as non-current assets are not materially different from the fair values determined using discounted estimated cash flows.

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

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

32 CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

The Polytechnic's main objective when managing capital is to safeguard the Polytechnic's ability to continue as a going concern. The Polytechnic considers the future capital requirements, prevailing and projected operating cash flows, projected capital expenditure and projected strategic investment opportunities as part of its capital management process.

The capital structure of the Polytechnic comprises total funds as presented in the statement of financial position. The Polytechnic is not subject to externally imposed capital requirements. The Polytechnic's overall strategy remains unchanged from prior year.