

REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY  
(UEN No. T08GB0046G)

FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

## REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

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## REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

### Statement by Board of Governors

For the financial year ended 31 March 2023

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In our opinion,

- (a) the accompanying financial statements set out on pages 6 to 41 of Republic Polytechnic (the "Polytechnic") and its subsidiary (collectively the "Group") are drawn up so as to present fairly, in all material respects, the financial position of the Group and the Polytechnic as at 31 March 2023 and the consolidated performance, changes in accumulated funds and reserves and cash flows of the Group and the financial performance of the Polytechnic and changes in accumulated funds and reserves of the Polytechnic for the year then ended, in accordance with the provisions of the Charities Act 1994 (the "Charities Act"), the Public Sector (Governance) Act 2018 (the "Public Sector (Governance) Act"), the Republic Polytechnic Act 2002 (the "RP Act") and Statutory Board Financial Reporting Standards;
- (b) 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 RP Act and the requirements of any other written law applicable to moneys of or managed by the Polytechnic;
- (c) the use of donation moneys is in accordance with the objectives of the Republic Polytechnic Education Fund (the "Fund") as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations;
- (d) the Fund has complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations;
- (e) proper accounting and other records have been kept, including records of all assets of the Polytechnic, whether purchased, donated or otherwise; and
- (f) 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 Board of Governors



WONG CHEONG FOOK DAVID  
Chairman, Board of Governors



JEANNE LIEW  
Principal/Chief Executive Officer

6 July 2023

## INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF REPUBLIC POLYTECHNIC

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### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Republic Polytechnic (the "Polytechnic") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Polytechnic as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in accumulated funds and reserves and consolidated statement of cash flows of the Group and the statement of profit or loss and other comprehensive income and statement of changes in accumulated funds and reserves of the Polytechnic for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 41.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in accumulated funds and reserves of the Polytechnic are properly drawn up in accordance with the provisions of the Charities Act 1994 (the "Charities Act"), the Public Sector (Governance) Act 2018 (the "Public Sector (Governance) Act"), the Republic Polytechnic Act 2002 (the "RP Act"), and Statutory Board Financial Reporting Standards in Singapore ("SB-FRSs") so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Polytechnic as at 31 March 2023 and of the consolidated financial performance, consolidated changes in accumulated funds and reserves and consolidated cash flows of the Group and of the financial performance and changes in accumulated funds and reserves of the Polytechnic for the year then ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *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 Group and the Polytechnic for the year ended 31 March 2022 were audited by another firm of auditors which expressed an unmodified opinion on those financial statements in its report dated 12 July 2022.

## INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF REPUBLIC POLYTECHNIC

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### 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, but does not include the financial statements and our auditor's report thereon.

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

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

### Responsibilities of Management and Board of Governors for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the provisions of the Charities Act, the Public Sector (Governance) Act, the RP Act and SB-FRSs, 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to wind up the Group or for the Group to cease operations.

The Board of Governors are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- (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 Group's internal control.

## INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF REPUBLIC POLYTECHNIC

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- (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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (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.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Governors 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 RP 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 Republic Polytechnic Education 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 requirement of Regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

## INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF REPUBLIC POLYTECHNIC

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### 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 Group 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.

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



Public Accountants and  
Chartered Accountants  
Singapore

6 July 2023

# REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

## Statements of financial position As at 31 March 2023

		Group		Polytechnic	
	Note	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Funds and reserves</b>					
<b>Accumulated surplus</b>					
General Fund	3	280,895	289,476	280,689	289,303
Other Funds	2.4	9,095	7,974	9,095	7,974
		<b>289,990</b>	<b>297,450</b>	<b>289,784</b>	<b>297,277</b>
Endowment Fund	4	62,678	57,582	62,678	57,582
<b>Total funds and reserves</b>		<b>352,668</b>	<b>355,032</b>	<b>352,462</b>	<b>354,859</b>
Represented by:					
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	219,378	249,610	219,378	249,610
Subsidiary	6	—	—	60	60
Investments in securities and bonds	7	69,566	61,491	69,566	61,491
		<b>288,944</b>	<b>311,101</b>	<b>289,004</b>	<b>311,161</b>
<b>Current assets</b>					
Investments in securities and bonds	7	86,678	7,756	86,678	7,756
Trade and other receivables	8	38,322	29,580	38,323	29,583
Cash and bank balances	9	237,865	320,122	237,575	319,881
		<b>362,865</b>	<b>357,458</b>	<b>362,576</b>	<b>357,220</b>
<b>Current liabilities</b>					
Grants received in advance	10	1,842	1,481	1,842	1,481
Trade and other payables	11	24,280	19,043	24,266	19,038
Lease liabilities	19	170	1,049	170	1,049
Fees received in advance	12	3,373	3,624	3,364	3,624
		<b>29,665</b>	<b>25,197</b>	<b>29,642</b>	<b>25,192</b>
<b>Net current assets</b>		<b>333,200</b>	<b>332,261</b>	<b>332,934</b>	<b>332,028</b>
<b>Non-current liabilities</b>					
Lease liabilities	19	93	226	93	226
Fees received in advance	12	5,516	6,141	5,516	6,141
Deferred capital grants	13	263,867	281,963	263,867	281,963
		<b>269,476</b>	<b>288,330</b>	<b>269,476</b>	<b>288,330</b>
<b>Net assets</b>		<b>352,668</b>	<b>355,032</b>	<b>352,462</b>	<b>354,859</b>
<b>Funds managed on behalf of others</b>	14	<b>9,565</b>	<b>9,876</b>	<b>9,565</b>	<b>9,876</b>

See accompanying notes to financial statements.



# REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

## Statements of profit or loss and other comprehensive income For the financial year ended 31 March 2023

Group	Note	-----Other Funds-----							
		General Fund		Non-endowment Fund		Endowment Fund		Total	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Operating income									
Student fees		46,273	46,352	—	—	—	—	46,273	46,352
Consultancy fees		1,371	675	—	—	—	—	1,371	675
Donations		43	190	2,291	2,921	—	—	2,334	3,111
Rental income		2,584	2,087	—	—	—	—	2,584	2,087
Other operating income		1,620	829	—	—	—	—	1,620	829
		51,891	50,133	2,291	2,921	—	—	54,182	53,054
Operating expenditure									
Staff costs	15	191,383	188,305	—	—	—	—	191,383	188,305
Depreciation	5	34,374	38,277	—	—	—	—	34,374	38,277
Repairs, maintenance and utilities		47,032	44,040	—	—	—	—	47,032	44,040
Laboratory and other equipment		1,313	2,000	—	—	—	—	1,313	2,000
Computing resources		1,702	706	—	—	—	—	1,702	706
Travelling		487	180	—	—	—	—	487	180
Student related expenditure		7,529	6,673	2,525	2,424	1,238	1,324	11,292	10,421
Public relations and publicity		1,774	1,764	—	—	—	—	1,774	1,764
Insurance		195	133	—	—	—	—	195	133
Consultancy, legal and other services		7,622	8,133	—	—	—	—	7,622	8,133
Office supplies and stationery		193	138	—	—	—	—	193	138
Rental expense		295	370	—	—	—	—	295	370
Other expenditure		284	170	—	—	—	—	284	170
		294,183	290,889	2,525	2,424	1,238	1,324	297,946	294,637
Operating (deficit) surplus		(242,292)	(240,756)	(234)	497	(1,238)	(1,324)	(243,764)	(241,583)
Non-operating income (expenditure)									
Interest income		4,672	750	641	521	1,952	1,818	7,265	3,089
Fair value loss									
– Financial assets at fair value through profit or loss		(150)	—	—	—	—	—	(150)	—
Loss on foreign exchange		(29)	(21)	—	—	—	—	(29)	(21)
Loss on disposal of property, plant and equipment		(260)	(83)	—	—	—	—	(260)	(83)
Finance cost	19	(14)	(28)	—	—	—	—	(14)	(28)
(Deficit) surplus before grants		(238,073)	(240,138)	407	1,018	714	494	(236,952)	(238,626)
Grants									
Deferred capital grants amortised	13	29,510	33,635	—	—	—	—	29,510	33,635
Operating grants	16	199,982	203,040	—	—	—	—	199,982	203,040
		229,492	236,675	—	—	—	—	229,492	236,675
(Deficit) surplus after grants		(8,581)	(3,463)	407	1,018	714	494	(7,460)	(1,951)
Income tax	17	—	—	—	—	—	—	—	—
Net (deficit) surplus representing total comprehensive income for the year		(8,581)	(3,463)	407	1,018	714	494	(7,460)	(1,951)

# REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

## Statements of profit or loss and other comprehensive income For the financial year ended 31 March 2023

Note	Other Funds							
	General Fund		Non-endowment Fund		Endowment Fund		Total	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Polytechnic</b>								
<b>Operating income</b>								
Student fees	46,351	46,379	—	—	—	—	46,351	46,379
Consultancy fees	1,159	617	—	—	—	—	1,159	617
Donations	43	190	2,291	2,921	—	—	2,334	3,111
Rental income	2,584	2,087	—	—	—	—	2,584	2,087
Other operating income	1,673	876	—	—	—	—	1,673	876
	51,810	50,149	2,291	2,921	—	—	54,101	53,070
<b>Operating expenditure</b>								
Staff costs	15 191,380	188,301	—	—	—	—	191,380	188,301
Depreciation	5 34,374	38,277	—	—	—	—	34,374	38,277
Repairs, maintenance and utilities	47,032	44,040	—	—	—	—	47,032	44,040
Laboratory and other equipment	1,313	2,000	—	—	—	—	1,313	2,000
Computing resources	1702	706	—	—	—	—	1,702	706
Travelling	487	180	—	—	—	—	487	180
Student related expenditure	7,493	6,670	2,525	2,424	1,238	1,324	11,256	10,418
Public relations and publicity	1,774	1,764	—	—	—	—	1,774	1,764
Insurance	195	133	—	—	—	—	195	133
Consultancy, legal and other services	7,611	8,130	—	—	—	—	7,611	8,130
Office supplies and stationery	193	138	—	—	—	—	193	138
Rental expense	295	370	—	—	—	—	295	370
Other expenditure	284	170	—	—	—	—	284	170
	294,133	290,879	2,525	2,424	1,238	1,324	297,896	294,627
Operating (deficit) surplus	(242,323)	(240,730)	(234)	497	(1,238)	(1,324)	(243,795)	(241,557)
<b>Non-operating income (expenditure)</b>								
Interest income	4,671	750	641	521	1,952	1,818	7,264	3,089
Fair value loss – Financial assets at fair value through profit or loss	(150)	—	—	—	—	—	(150)	—
Loss on foreign exchange	(30)	(21)	—	—	—	—	(30)	(21)
Loss on disposal of property, plant and equipment	(260)	(83)	—	—	—	—	(260)	(83)
Finance cost	19 (14)	(28)	—	—	—	—	(14)	(28)
(Deficit) surplus before grants	(238,106)	(240,112)	407	1,018	714	494	(236,985)	(238,600)
<b>Grants</b>								
Deferred capital grants amortised	13 29,510	33,635	—	—	—	—	29,510	33,635
Operating grants	16 199,982	203,040	—	—	—	—	199,982	203,040
	229,492	236,675	—	—	—	—	229,492	236,675
<b>Net (deficit) surplus representing total comprehensive income for the year</b>								
	(8,614)	(3,437)	407	1,018	714	494	(7,493)	(1,925)

See accompanying notes to financial statements.

# REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

## Statements of changes in accumulated funds and reserves For the financial year ended 31 March 2023

	General Fund		Other Funds				Total	
	2023	2022	Non-endowment Fund		Endowment Fund		2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>								
Balance as at 1 April	<b>289,476</b>	292,939	<b>5,349</b>	4,331	<b>2,625</b>	2,131	<b>297,450</b>	299,401
Net (deficit) surplus representing total comprehensive income for the year	<b>(8,581)</b>	(3,463)	<b>407</b>	1,018	<b>714</b>	494	<b>(7,460)</b>	(1,951)
Balance as at 31 March	<b>280,895</b>	289,476	<b>5,756</b>	5,349	<b>3,339</b>	2,625	<b>289,990</b>	297,450
<b>Polytechnic</b>								
Balance as at 1 April	<b>289,303</b>	292,740	<b>5,349</b>	4,331	<b>2,625</b>	2,131	<b>297,277</b>	299,202
Net (deficit) surplus representing total comprehensive income for the year	<b>(8,614)</b>	(3,437)	<b>407</b>	1,018	<b>714</b>	494	<b>(7,493)</b>	(1,925)
Balance as at 31 March	<b>280,689</b>	289,303	<b>5,756</b>	5,349	<b>3,339</b>	2,625	<b>289,784</b>	297,277

See accompanying notes to financial statements.

# REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

## Consolidated statement of cash flows For the financial year ended 31 March 2023

	Note	2023 \$'000	2022 \$'000
<b>Operating Activities</b>			
Deficit before grants		(236,952)	(238,626)
Adjustments for:			
Donations in kind		(43)	(190)
Depreciation of property, plant and equipment	5	34,374	38,277
Impairment loss and bad debts		64	17
Interest income		(7,265)	(3,089)
Loss on disposal of property, plant and equipment		260	83
Fair value loss on financial assets, at fair value through profit or loss		150	–
Finance cost		14	28
Deficit before working capital changes		(209,398)	(203,500)
Changes in working capital:			
Trade and other receivables		(1,354)	(1,372)
Trade and other payables		6,573	(19,112)
Fees received in advance		(876)	43
Cash used in operations		(205,055)	(223,941)
Interest received		1,475	1,128
Net cash used in operating activities		(203,580)	(222,813)
<b>Investing Activities</b>			
Purchase of property, plant and equipment	5	(5,132)	(15,757)
Purchase of government and corporate bonds		(89,796)	(14,838)
Purchase of financial assets, at fair value through profit or loss		(10,000)	–
Proceeds from redemption of government and corporate bonds		12,750	4,750
Interest received from government and corporate bonds		2,395	2,061
Net cash used in investing activities		(89,783)	(23,784)
<b>Financing Activities</b>			
Grants received:			
- Operating and other grants		188,818	191,067
- Information technology and furniture and equipment ("IT and F&E") grants set aside from operating grants		18,887	18,878
- Matching grants		4,566	2,645
Grants refunded:			
- Research and other grants		(106)	(1,872)
Interest paid	19	(15)	(35)
Payment of principal portion of lease liabilities	19	(1,011)	(534)
Donations received for endowment fund	4	530	170
Net cash from financing activities		211,669	210,319
Net decrease in cash and cash equivalents		(81,694)	(36,278)
Cash and cash equivalents at beginning of the year		318,982	355,260
<b>Cash and cash equivalents at end of the year</b>	9	<b>237,288</b>	<b>318,982</b>

See accompanying notes to financial statements.

## REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

### Notes to the financial statements

For the financial year ended 31 March 2023

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#### 1. General information

Republic Polytechnic (the "Polytechnic") was established under the Republic Polytechnic Act 2002 (the "RP Act") and domiciled in the Republic of Singapore.

The Polytechnic is located at 9 Woodlands Avenue 9, Singapore 738964.

The principal activities of the Polytechnic are to provide diploma level education and training in preparation for career in domains associated with engineering, science and technology, sports and wellness management, creative arts and hospitality, and other subjects of learning. The principal activities of the subsidiary are disclosed in Note 6 to the financial statements.

The consolidated financial statements of the Group and the statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in accumulated funds and reserves of the Polytechnic for the year ended 31 March 2023 were authorised for issue by the Board of Governors on 6 July 2023.

#### 2. Summary of significant accounting policies

##### 2.1 Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Charities Act 1994 (the "Charities Act"), Public Sector (Governance) Act (the "Governance Act"), the RP Act and Statutory Board Financial Reporting Standards in Singapore ("SB-FRSs"). SB-FRSs include Statutory Board Financial Reporting Standards, Interpretations of SB-FRS ("INT SB-FRSs") and SB-FRS Guidance Notes as promulgated by the Accountant-General.

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

The financial statements are presented in Singapore dollars which is the functional currency of the Polytechnic. All financial information presented in Singapore dollars has been rounded to the nearest thousand, 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 Group 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 consolidated 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 (e.g. value in use in SB-FRS 36 *Impairment of Assets*).

## REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

### Notes to the financial statements For the financial year ended 31 March 2023

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In addition, for financial reporting purposes, 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:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Unobservable inputs for the asset or liability.

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

## 2.2 New and revised standards

### Accounting standards effective on 1 April 2022

On 1 April 2022, the Group adopted all the new and revised SB-FRSs and INT SB-FRSs that are effective from that date and are relevant to its operations. The adoption of these new/revised SB-FRSs and INT SB-FRSs does not result in changes to the Group's accounting policies and has no material effect on the disclosures or on the amounts reported for the current or prior years.

### Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to SB-FRS 1 <i>Presentation of Financial Statements</i>	1 January 2023
Amendments to SB-FRS <i>Practice Statement 2 Making Materiality Judgements</i>	1 January 2023
Amendments to SB-FRS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2023
Amendments to SB-FRS 12 <i>Deferred Tax related to Assets and Liabilities arising from Single Transaction</i>	1 January 2023
Amendments to SB-FRS 1 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024

Management expect that the adoption of the above SB-FRSs in future periods will not have a material impact on the financial statements of the Group and of the Polytechnic in the period of their initial adoption.

## 2.3 Significant accounting judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

### Judgements made in applying accounting policies

Management is of the opinion that any instances of application of judgments are not expected to have a significant effect on the amounts recognised in the financial statements other than those involving estimation (see below).

### Key sources of estimation uncertainty

Management is of the opinion that there are no 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, except as follows:

(i) *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.

(ii) *Fair value of quoted securities and allowance for expected credit losses of quoted investments in bonds*

The Group holds quoted securities managed by fund managers that are not traded in an active market. The fair value of the quoted securities managed by fund managers was determined by the Group's fund managers based on the evaluated prices provided by various pricing vendors who utilised observable market-based data in their proprietary pricing model. Details of the carrying value of the investment in securities at reporting date is disclosed in Note 7 to the financial statements.

The Group uses a general approach to calculate the 12-month expected credit losses ("ECL") for quoted investments in bonds, where key inputs and estimates include the probability of default and loss given default.

As the calculation of loss allowance using ECL is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of investments in bonds. Details of the carrying value of the investments in bonds at reporting date are disclosed in Note 7 to the financial statements respectively.

## REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

### Notes to the financial statements

For the financial year ended 31 March 2023

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#### 2.4 Funds

##### General Fund

Income and expenditure relating to the main activities of the Group are accounted for in the "General Fund" column in the statement of profit or loss and other comprehensive income.

##### Other Funds

Republic Polytechnic Education Fund ("RPEF") (UEN: T03CC1740J) is set up to receive both non-endowed and endowed donations. The objectives of RPEF are:

- (i) To provide bursaries, equipment loans, and other forms of financial assistance schemes to students, as well as scholarships/book prizes to students who excel academically and in co-curricular activities.
- (ii) To provide funding support for activities associated with student development, welfare and social activities.
- (iii) To support the setting up and upgrading of physical infrastructure for the students.

Income and expenditure relating to RPEF is accounted for in the "Other Funds" column in the statement of profit or loss and other comprehensive income. The income and expenditure relating to RPEF's non-endowed and endowed donations is represented by Other Funds - Non-endowment Fund and Other Funds - Endowment Fund respectively. The assets and liabilities of these funds are accounted for separately. For presentation purposes, the assets and liabilities of these funds are pooled together with those of the General Fund in the statement of financial position.

Additional information on RPEF is available on the Charity Portal ([www.charities.gov.sg](http://www.charities.gov.sg)).

#### 2.5 Endowment Fund

This fund consists of donations or contributions which are specifically designed to be kept intact to earn income. The principal sum is kept intact and presented separately in the statement of financial position. The income generated from the endowment fund and its subsequent expenditure is accounted for in the Other Funds - Endowment Fund.

#### 2.6 Consolidation

The consolidated financial statements comprise the financial statements of the Polytechnic and its subsidiary as at the end of the reporting period. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Polytechnic.

The consolidated financial statements incorporate the financial statements of the Polytechnic and entity (including structured entity) controlled by the Polytechnic and its subsidiary. Control is achieved when the Polytechnic:

- 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.



## REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

### Notes to the financial statements

For the financial year ended 31 March 2023

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The Polytechnic reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Polytechnic has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Polytechnic considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- The size of the Polytechnic's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Polytechnic, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Polytechnic has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Polytechnic obtains control over the subsidiary and ceases when the Polytechnic loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Polytechnic gains control until the date when the Polytechnic ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of the subsidiary to bring its accounting policies in line with the Group's accounting policies. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

In the Polytechnic's separate financial statements, investment in subsidiary is carried at cost less any impairment in net recoverable value that has been recognised in the statement of profit or loss and other comprehensive income.

## 2.7 Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Polytechnic and its subsidiary at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in the statement of profit or loss and other comprehensive income.

## REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

### Notes to the financial statements For the financial year ended 31 March 2023

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#### 2.8 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Donated assets are stated at valuation at initial recognition.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Property, plant and equipment costing less than \$5,000 each, building renovations below \$200,000 and library books are expensed as incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method over their estimated useful lives as follows:

Buildings and leasehold land	11 to 30 years
Building improvements	5 years
Building systems	10 to 20 years
Computer systems	3 to 5 years
Computer software	3 to 5 years
Furniture, fittings and equipment	5 to 10 years

No depreciation is computed on capital work-in-progress. Depreciation will commence when the asset is completed and ready for its intended use.

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

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

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

The gain or loss arising from disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss and other comprehensive income.

#### 2.9 Leases

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

##### Group as a lessee

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

## REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

### Notes to the financial statements

For the financial year ended 31 March 2023

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#### Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SB-FRS 116. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group 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 Group's right-of-use assets are presented within property, plant and equipment (Note 5).

The right-of-use assets are also subject to impairment. The accounting policy for impairment of non-financial assets is disclosed in Note 2.10.

As a practical expedient, SB-FRS 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The group has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

#### Lease liabilities

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

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

The Group's lease liabilities are disclosed in Note 19 *Leases*.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**Group as a lessor**

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

**2.10 Impairment of non-financial assets**

The carrying amounts of non-financial assets subject to impairment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal discounted cash flow evaluation. Impairment loss is charged pro rata to other assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the statement of profit or loss and other comprehensive income.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

## REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

### Notes to the financial statements

For the financial year ended 31 March 2023

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#### 2.11 Financial instruments

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

##### Effective interest method

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

##### **Financial assets**

##### Initial recognition

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

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

##### Subsequent measurement

The subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The measurement categories for classification of the Group's debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the assets are de-recognised or impaired, and through amortisation process.

(ii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. Gain or loss on a debt instrument is recognised in the statement of profit or loss and other comprehensive income in the period in which it arises.

##### Derecognition

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

## REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

### Notes to the financial statements

For the financial year ended 31 March 2023

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#### Financial liabilities

All financial liabilities are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

#### Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in the statement of profit or loss and other comprehensive income.

#### Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Polytechnic and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset 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.

### 2.12 Impairment of financial assets

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

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

For investments in securities and bonds, the Group uses a general approach to calculate the 12-month ECL, where key inputs and estimates include the probability of default and loss given default.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix based on its historical credit loss experience and adjusted as appropriate for current conditions and forward-looking information.

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

## REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

### Notes to the financial statements For the financial year ended 31 March 2023

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#### 2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits and other short-term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value.

#### 2.14 Grants

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

Grants related to assets in which the Polytechnic has discretionary management power are taken to the deferred capital grants account, or to the statement of profit or loss and other comprehensive income for purchase of assets which are written off in the year of purchase.

Other grants and contributions from other organisations for the purchase of depreciable assets or to finance research or capital projects are taken to the grants received in advance account in the first instance. They are taken to the deferred capital grants account upon the utilisation of the grants for purchase of assets, which are capitalised, or to the statement of profit or loss and other comprehensive income for purchase of assets which are written off in the year of purchase.

Deferred capital grants are recognised in the statement of profit or loss and other 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 the disposal of property, plant and equipment, the balance of the related deferred capital grants is recognised in the statement of profit or loss and other comprehensive income to match the carrying amount of the property, plant and equipment 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.

#### 2.15 Provisions

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

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

## REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

### Notes to the financial statements For the financial year ended 31 March 2023

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

#### 2.16 Employee benefits

##### *Defined contribution plans*

Contributions on the employees' salaries are made to the Central Provident Fund ("CPF") as required by law. The CPF contributions are recognised as expenses in the period when the employees rendered their services.

##### *Short term employee benefits*

All short term employee benefits, including entitlement to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability.

#### 2.17 Key management personnel

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

#### 2.18 Revenue recognition

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

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

- (i) Student fees and other fees for the academic year are recognised over the period when such courses are conducted.
- (ii) Donations are recognised upon receipt.
- (iii) Rental income is recognised on a straight-line basis over the lease term.
- (iv) Revenue from workshops are recognised when conducted.
- (v) Interest income is recognised on a time proportionate basis using the effective interest method.
- (vi) Income from consultancy projects is recognised when the project is completed.

Fees received in advance primarily relates to the Group's obligations to transfer services to customers for which the Group received advances from customers. Fees received in advance are recognised as revenue when the Group performs its obligations.



## REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

### Notes to the financial statements

For the financial year ended 31 March 2023

#### 2.19 Income tax

The Polytechnic is a tax-exempted institution under the provisions of the Income Tax Act 1947.

The subsidiary of the Polytechnic is subject to tax under Singapore income tax legislation.

Income tax for the financial year comprises current tax and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates (and tax laws) enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable income will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at the end of the reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current and deferred tax are recognised in the statement of profit or loss and other comprehensive income.

#### 3. General fund

The Polytechnic may use its reserves to fund the purchase of property, plant and equipment. Such funds for the purchase of property, plant and equipment which are not directly funded by grants are set aside as capital reserves in the year of purchase and transferred back to general reserves to match the amounts taken to the statement of profit or loss and other comprehensive income when the property, plant and equipment are depreciated over their useful lives or upon their disposal or retirement.

	General Fund				Total	
	General Reserves		Capital Reserves			
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>						
At 1 April	260,518	263,913	28,958	29,026	289,476	292,939
Net deficit representing total comprehensive income for the year	(8,581)	(3,463)	—	—	(8,581)	(3,463)
Transfer to capital reserves	(15)	(3,361)	15	3,361	—	—
Transfer to general reserves	3,941	3,429	(3,941)	(3,429)	—	—
At 31 March	255,863	260,518	25,032	28,958	280,895	289,476

# REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

## Notes to the financial statements For the financial year ended 31 March 2023

	General Fund				Total	
	General Reserves		Capital Reserves		2023	2022
	2023	2022	2023	2022		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Polytechnic</b>						
At 1 April	260,345	263,714	28,958	29,026	289,303	292,740
Net deficit representing total comprehensive income for the year	(8,614)	(3,437)	–	–	(8,614)	(3,437)
Transfer to capital reserves	(15)	(3,361)	15	3,361	–	–
Transfer to general reserves	3,941	3,429	(3,941)	(3,429)	–	–
At 31 March	255,657	260,345	25,032	28,958	280,689	289,303

### 4. Endowment fund

	Group and Polytechnic	
	2023	2022
	\$'000	\$'000
At 1 April	57,582	54,767
Endowed donation received	530	170
Matching grant from Ministry of Education ("MOE")	4,566	2,645
At 31 March	62,678	57,582
Represented by:		
Cash placed with Accountant-General's Department	4,616	2,645
Bonds (at amortised cost)	58,062	54,937
	62,678	57,582

# REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

## Notes to the financial statements For the financial year ended 31 March 2023

### 5. Property, plant and equipment

	Buildings and leasehold land \$'000	Building improvements \$'000	Building systems \$'000	Computer systems \$'000	Computer software \$'000	Furniture, fittings and equipment \$'000	Capital work- in-progress \$'000	Total \$'000
<b>Group and Polytechnic</b>								
<b>Cost</b>								
<b>At 1 April 2021</b>	453,832	12,095	138,341	40,696	58,672	102,266	16,876	822,778
Additions	679	—	—	569	373	2,777	8,571	12,969
Adjustment <sup>(a)</sup>	—	(37)	(11)	—	—	—	—	(48)
Transfers	10,009	—	10,092	563	—	4,669	(25,333)	—
Disposals	(8)	(24)	(1,954)	(529)	(6,428)	(7,214)	—	(16,157)
<b>At 31 March 2022</b>	<b>464,512</b>	<b>12,034</b>	<b>146,468</b>	<b>41,299</b>	<b>52,617</b>	<b>102,498</b>	<b>114</b>	<b>819,542</b>
Additions	—	—	—	593	138	2,637	1,030	4,398
Adjustment <sup>(a)</sup>	(1)	—	5	—	—	—	—	4
Transfers	—	—	—	—	—	170	(170)	—
Disposals	(789)	(344)	(2,597)	(792)	(6,496)	(3,769)	—	(14,787)
<b>At 31 March 2023</b>	<b>463,722</b>	<b>11,690</b>	<b>143,876</b>	<b>41,100</b>	<b>46,259</b>	<b>101,536</b>	<b>974</b>	<b>809,157</b>
<b>Accumulated depreciation</b>								
<b>At 1 April 2021</b>	251,777	8,786	115,275	29,593	51,084	91,214	—	547,729
Additions	17,814	1,175	5,864	4,389	4,251	4,784	—	38,277
Disposals	(3)	(24)	(1,955)	(529)	(6,364)	(7,199)	—	(16,074)
<b>At 31 March 2022</b>	<b>269,588</b>	<b>9,937</b>	<b>119,184</b>	<b>33,453</b>	<b>48,971</b>	<b>88,799</b>	<b>—</b>	<b>569,932</b>
Additions	18,161	866	5,115	3,492	1,965	4,775	—	34,374
Disposals	(769)	(344)	(2,597)	(792)	(6,256)	(3,769)	—	(14,527)
<b>At 31 March 2023</b>	<b>286,980</b>	<b>10,459</b>	<b>121,702</b>	<b>36,153</b>	<b>44,680</b>	<b>89,805</b>	<b>—</b>	<b>589,779</b>
<b>Carrying amount</b>								
<b>At 31 March 2023</b>	<b>176,742</b>	<b>1,231</b>	<b>22,174</b>	<b>4,947</b>	<b>1,579</b>	<b>11,731</b>	<b>974</b>	<b>219,378</b>
At 31 March 2022	194,924	2,097	27,284	7,846	3,646	13,699	114	249,610

During the year, the Group and the Polytechnic accrued for the acquisition of property, plant and equipment with an aggregate cost of \$576,000 (2022: \$1,349,000). The cash outflow on acquisition of property, plant and equipment amounted to \$5,132,000 (2022: \$15,757,000).

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 19. In the financial year ended 31 March 2023, the lease for a building amounting to \$748,000 has expired.

<sup>(a)</sup> The amount represents current year adjustments on accruals of capital expenditure in prior years.

## REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

### Notes to the financial statements For the financial year ended 31 March 2023

#### 6. Subsidiary

	Polytechnic	
	2023 \$'000	2022 \$'000
Investment, at cost	60	60

<u>Name</u>	<u>Principal place of business</u>	<u>Principal activities</u>	<u>Effective equity interest held</u>	
			2023 %	2022 %
Republic Polytechnic International Pte. Ltd.	Singapore	Provision of international education training and consultancy services to support Republic Polytechnic's objectives	100	100

#### 7. Investments in securities and bonds

	Group and Polytechnic	
	2023 \$'000	2022 \$'000
<u>Non-current</u>		
Quoted securities managed by a fund manager – unit trusts	9,850	–
Government and corporate bonds	59,716	61,491
	69,566	61,491
<u>Current</u>		
Government and corporate bonds	86,678	7,756

The categories of these investments in securities and bonds and their carrying amounts are as follows:

	Group and Polytechnic	
	2023 \$'000	2022 \$'000
Financial assets at fair value through profit and loss:		
Quoted securities managed by a fund manager – unit trusts	9,850	–
Financial assets at amortised cost:		
Government and corporate bonds	146,394	69,247

The bonds bear interest ranging from 1.73% to 4.49% (2022: 1.73% to 4.25%) per annum. The effective interest rate ranges from 1.73% to 4.49% (2022: 1.73% to 4.15%) per annum. The maturity period of the bonds ranges from April 2023 to June 2031 (2022: August 2022 to June 2031).

# REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

## Notes to the financial statements

For the financial year ended 31 March 2023

### 8. Trade and other receivables

	Group		Polytechnic	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Financial assets</b>				
Trade receivables				
Subsidiary	–	–	71	8
Third parties	2,673	1,912	2,595	1,907
	2,673	1,912	2,666	1,915
Allowance for expected credit losses	(198)	(188)	(198)	(188)
	2,475	1,724	2,468	1,727
Other receivables	3,454	1,933	3,462	1,933
Interest receivable	4,379	1,085	4,379	1,085
Grant receivables	25,139	20,981	25,139	20,981
Cash advances to staff	8	6	8	6
	35,455	25,729	35,456	25,732
<b>Non-financial assets</b>				
Goods and services tax receivable	–	1,180	–	1,180
Prepayments	2,867	2,571	2,867	2,571
Deposits	–	100	–	100
	38,322	29,580	38,323	29,583

Trade receivables are non-interest bearing and are generally on 30 days' (2022: 30 days') terms. The Group and Polytechnic provide for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the historical observed default rates and analysed in accordance to days past due.

(a) Credit risk exposure on the trade receivables using the provision matrix:

Group	Trade receivables					Total \$'000
	Not past due \$'000	≤30 days \$'000	Days past due 31-60 days \$'000	61-90 days \$'000	>90 days \$'000	
<b>2023</b>						
Gross carrying amount	1,101	118	1,153	85	216	2,673
Loss allowance provision	(98)	–	–	–	(100)	(198)
	1,003	118	1,153	85	116	2,475
<b>2022</b>						
Gross carrying amount	725	189	580	87	331	1,912
Loss allowance provision	(98)	–	–	–	(90)	(188)
	627	189	580	87	241	1,724

# REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

## Notes to the financial statements

For the financial year ended 31 March 2023

<u>Polytechnic</u>	Not past due \$'000	≤30 days \$'000	Trade receivables Days past due			Total \$'000
			31-60 days \$'000	61-90 days \$'000	>90 days \$'000	
<b>2023</b>						
Gross carrying amount	1,101	115	1,149	85	216	2,666
Loss allowance provision	(98)	–	–	–	(100)	(198)
	<b>1,003</b>	<b>115</b>	<b>1,149</b>	<b>85</b>	<b>116</b>	<b>2,468</b>
<b>2022</b>						
Gross carrying amount	730	187	580	87	331	1,915
Loss allowance provision	(98)	–	–	–	(90)	(188)
	<b>632</b>	<b>187</b>	<b>580</b>	<b>87</b>	<b>241</b>	<b>1,727</b>

- (b) Movements in allowance for expected credit losses of trade receivables computed based on lifetime expected credit losses:

	<u>Group and Polytechnic</u>	
	2023 \$'000	2022 \$'000
At 1 April	188	203
Amounts written off during the year	(54)	(40)
Amounts recovered during the year	(134)	(166)
Increase in allowance recognised in the statement of profit or loss and other comprehensive income	198	191
Impairment loss	64	25
At 31 March	198	188

# REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

## Notes to the financial statements

For the financial year ended 31 March 2023

### 9. Cash and bank balances

	<b>Group</b>		<b>Polytechnic</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash at bank	350	70	129	28
Cash placed with Accountant-General's Department	237,446	319,853	237,446	319,853
Fixed deposits	69	199	–	–
	<b>237,865</b>	<b>320,122</b>	<b>237,575</b>	<b>319,881</b>
Less: Cash held in trust (Note 14 (b))	(577)	(1,140)	(577)	(1,140)
Net cash and cash equivalents in consolidated statement of cash flows	<b>237,288</b>	<b>318,982</b>	<b>236,998</b>	<b>318,741</b>

The effective interest rate for cash placed with Accountant-General's Department at the reporting date is 2.85% (2022: 0.41%) per annum. Interest rates are repriced within 12 months.

As at the end of the reporting period, the Group's fixed deposits bear effective interest of 0.05% (2022: 0.05% to 0.15%) per annum and for a tenure of 1 month (2022: 1 month to 13 months).

### 10. Grants received in advance

	<b>Group and Polytechnic</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
At 1 April	1,481	2,909
<b>Grants received/ receivable during the year</b>		
IT and F&E grants set aside from operating grants (Note 16)	18,887	18,878
Research and other grants	4,261	5,017
<b>Grants refunded during the year</b>		
Research and other grants	(106)	(1,872)
Amount taken to the statement of profit or loss and other comprehensive income	(11,267)	(10,534)
Amounts transferred to deferred capital grants (Note 13)	(11,414)	(12,917)
At 31 March	<b>1,842</b>	<b>1,481</b>

# REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

## Notes to the financial statements For the financial year ended 31 March 2023

### 11. Trade and other payables

	Group		Polytechnic	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Financial liabilities</b>				
Trade payables <sup>(a)</sup>				
Subsidiary	—	—	3	2
Third parties	2,724	1,945	2,718	1,945
	2,724	1,945	2,721	1,947
Accrued expenses	9,481	10,550	9,470	10,543
Accrued capital expenditure	576	1,349	576	1,349
CPF payable	128	166	128	166
Other payables and deposits	1,285	894	1,285	894
MOE (Tuition Fee and Study Loan Scheme (Note 14 (a)))	128	163	128	163
Opportunity Fund Scheme (Note 14(b))	577	1,140	577	1,140
	14,899	16,207	14,885	16,202
<b>Non-financial liabilities</b>				
Goods and service tax payable	7,594	—	7,594	—
Provision for unconsumed leave	968	777	968	777
Advance payments received <sup>(b)</sup>	819	2,059	819	2,059
	24,280	19,043	24,266	19,038

(a) Trade payables are non-interest bearing and are generally on 30 days' (2022: 30 days') terms.

(b) Included in advance payments received are advances received from a government agency amounting to \$504,000 (2022: \$1,886,000).

### 12. Fees received in advance

	Group		Polytechnic	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<u>Current</u>				
Student and other fees <sup>(a)</sup>	2,748	2,999	2,739	2,999
Service fees <sup>(b)</sup>	625	625	625	625
	3,373	3,624	3,364	3,624
<u>Non-current</u>				
Service fees <sup>(b)</sup>	5,516	6,141	5,516	6,141
	8,889	9,765	8,880	9,765
Revenue recognised that was included in fees received in advance balance as at 1 April	3,624	2,956	3,624	2,956



## REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

### Notes to the financial statements

For the financial year ended 31 March 2023

- (a) The fees received in advance are mainly Academic Year 2023/2024 (2022: Academic Year 2022/2023) Semester 1 advance fees required only for international students and enrolment fees. These payments will be used to offset the tuition and supplementary fees chargeable for the new academic year starting April 2023 (2022: April 2022).
- (b) The Polytechnic received service fees in advance from Singapore Institute of Technology ("SIT") for the usage of the Polytechnic's facilities by SIT students. The fees received in advance will only be recognised as revenue when services are rendered by the Polytechnic in accordance to the service agreement between the Polytechnic and SIT.

### 13. Deferred capital grants

	<b>Total</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Group and Polytechnic</b>		
At 1 April	<b>281,963</b>	302,681
Grants received for capital expenditure transferred from grants received in advance (Note 10)	<b>11,414</b>	12,917
Amount taken to the statement of profit or loss and other comprehensive income	<b>(29,510)</b>	(33,635)
At 31 March	<b>263,867</b>	281,963
Represented by:		
Grants utilised	<b>188,547</b>	213,805
Grants unutilised	<b>75,320</b>	68,158
	<b>263,867</b>	281,963

### 14. Funds managed on behalf of others

	<b>Group and Polytechnic</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
(a) Tuition Fee and Study Loan Scheme	<b>8,988</b>	8,736
(b) Opportunity Fund Scheme	<b>577</b>	1,140
	<b>9,565</b>	9,876

## REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

### Notes to the financial statements

For the financial year ended 31 March 2023

#### (a) Tuition Fee and Study Loan Scheme

The Polytechnic acts as an agent for MOE to disburse student loans on behalf of MOE.

Tuition fee loans and study loans funds are provided by MOE to students and administered by financial institutions appointed by the Polytechnic. The interest rate policy for the tuition fee and study loans is governed by MOE. The Polytechnic draws down the loans from MOE for student tuition fees when the loans are approved. In accordance with student loan terms, students make loan repayment to financial institutions. The Polytechnic will return the funds back to MOE after receiving the loan repayments from the financial institutions.

	<b>Group and Polytechnic</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
At 1 April	<b>8,736</b>	9,198
Funds received from MOE	<b>1,993</b>	1,575
Funds repaid to MOE	<b>(1,613)</b>	(1,874)
Funds pending repayment to MOE (Note 11)	<b>(128)</b>	(163)
At 31 March	<b>8,988</b>	8,736

#### (b) Opportunity Fund Scheme

The Opportunity Fund ("OF") scheme was established in 2006 to level up enrichment opportunities for Singapore Citizen ("SC") students from lower income household groups from all schools, junior colleges and centralised institutes and the Institute of Technical Education. This scheme was extended to the polytechnics in 2013. This fund is managed by MOE and is disbursed to the Polytechnic for administration of application and awards processing on behalf of MOE. The fund is disbursed by MOE on a yearly basis to provide assistance to needy SC students for overseas trips and personal computer purchases. The unutilised amount will be net off against the funds allocated for the subsequent financial year.

	<b>Group and Polytechnic</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
At 1 April	<b>1,140</b>	1,304
Funds received (refunded) during the year	<b>152</b>	(60)
Funds utilised during the year	<b>(715)</b>	(104)
At 31 March (Note 11)	<b>577</b>	1,140
Represented by:		
Cash and bank balances (Note 9)	<b>577</b>	1,140

# REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

## Notes to the financial statements For the financial year ended 31 March 2023

### 15. Staff costs

	Group		Polytechnic	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Salaries and related costs	167,511	164,165	167,508	164,161
CPF contributions	23,872	24,140	23,872	24,140
	<b>191,383</b>	<b>188,305</b>	<b>191,380</b>	<b>188,301</b>

The above includes remuneration of key management personnel during the year as follows:

	Group and Polytechnic	
	2023 \$'000	2022 \$'000
Salaries and related costs	9,008	8,367
CPF contributions	588	581
	<b>9,596</b>	<b>8,948</b>

### 16. Operating grants

	Group and Polytechnic	
	2023 \$'000	2022 \$'000
Operating grants received / receivable during the year	207,602	211,384
Add Grants utilised during the year (Note 10)	11,267	10,534
Less IT and F&E grants set aside from operating grants (Note 10)	(18,887)	(18,878)
	<b>199,982</b>	<b>203,040</b>

MOE has reimbursed \$17,281,000 (2022: \$15,974,000) for the amount of output goods and services tax on the full tuition fees paid to the Inland Revenue Authority of Singapore. This amount is not included in the above operating grants received.

## REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

### Notes to the financial statements

For the financial year ended 31 March 2023

#### 17. Income tax

The Polytechnic is tax exempted under the provisions of the Income Tax Act 1947 whilst the subsidiary is subject to tax under Singapore income tax legislation.

The income tax expense for the year can be reconciled to the accounting loss as follows:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Deficit after grants	<b>(7,460)</b>	<b>(1,951)</b>
Income tax benefit calculated at tax rate of 17%	<b>(1,268)</b>	<b>(332)</b>
Effect of deficit exempted from tax	<b>1,274</b>	<b>328</b>
Tax effect of unused tax losses	<b>(6)</b>	<b>–</b>
Deferred tax assets on losses not recognised	<b>–</b>	<b>4</b>
Income tax	<b>–</b>	<b>–</b>

Subject to the agreement by the tax authority, at the end of reporting period, the Group's subsidiary has unutilised tax losses of \$39,000 (2022: \$71,000) available for offset against future profits. No deferred tax assets have been recognised due to the unpredictability of future profit streams.

#### 18. Capital commitments

	<b>Group and Polytechnic</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Property, plant and equipment	<b>1,192</b>	<b>1,087</b>

The capital commitments are mainly funded by grants.

# REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

## Notes to the financial statements For the financial year ended 31 March 2023

### 19. Leases

#### Group and Polytechnic as a lessee

The Group and Polytechnic have lease contracts for land, building and equipment.

#### (a) Carrying amounts of right-of-use assets classified within property, plant and equipment (Note 5)

Group and Polytechnic	Buildings and leasehold land \$'000	Furniture fittings and equipment \$'000	Total \$'000
<b>At 1 April 2021</b>	54,017	662	54,679
Additions	589	66	655
Depreciation	(4,782)	(175)	(4,957)
<b>At 31 March 2022</b>	<b>49,824</b>	<b>553</b>	<b>50,377</b>
Depreciation	(4,769)	(186)	(4,955)
<b>At 31 March 2023</b>	<b>45,055</b>	<b>367</b>	<b>45,422</b>

#### (b) Lease liabilities

	<b>Group and Polytechnic</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Current</u>		
Lease liabilities	170	1,049
<u>Non-current</u>		
Lease liabilities	93	226
	<b>263</b>	<b>1,275</b>

# REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

## Notes to the financial statements

For the financial year ended 31 March 2023

### Reconciliation of movements of lease liabilities to cash flows from financing activities

	Group and Polytechnic	
	2023 \$'000	2022 \$'000
At 1 April	1,275	1,164
Additions	—	655
Accretion of interest	14	28
Remeasurement	—	(3)
Changes from financing cash flows:		
Repayments	(1,011)	(534)
Interest paid	(15)	(35)
At 31 March	263	1,275

The maturity analysis of the lease liabilities and the future lease payments for these non-cancellable lease contracts are disclosed in Note 21.

### (c) Amounts recognised in the statement of profit or loss and other comprehensive income

	Group and Polytechnic	
	2023 \$'000	2022 \$'000
Depreciation of right-of-use assets	4,955	4,957
Interest expense on lease liabilities	14	28
Expense relating to leases of low-value assets (included in rental expense)	109	121
Remeasurement	—	(3)
	5,078	5,103

During the year, the cash outflows for leases amounted to \$1,135,000 (2022: \$690,000).

# REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

## Notes to the financial statements For the financial year ended 31 March 2023

### 20. Related parties

Some of the Group'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.

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

	Group		Polytechnic	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>MOE</b>				
<u>Grants received/receivable</u>				
Operating grants	191,195	193,912	191,195	193,912
Development grants	—	576	—	576
Other grants	2,321	2,227	2,321	2,227
Matching grants	4,565	2,645	4,565	2,645
<u>Grants refunded</u>				
Other grants	52	1,752	52	1,752
Income	104	21	104	21
Expenditure	19	30	19	30
<b>Entities affiliated to Board of Governors and Key Management Personnel</b>				
Income	106	91	106	91
Expenditure	113	56	113	56
<b>Subsidiary</b>				
Income	—	—	135	79
Expenditure	—	—	3	3

### 21. Financial instruments, financial risks and capital management

#### (a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Polytechnic	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Financial assets</b>				
Financial assets (including cash and bank balances)	419,714	415,098	419,425	414,860
Financial assets managed by a fund manager at fair value through profit or loss	9,850	—	9,850	—

## REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

### Notes to the financial statements

For the financial year ended 31 March 2023

	Group		Polytechnic	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Financial liabilities</b>				
Trade and other payables	14,899	16,207	14,885	16,202
Lease liabilities	263	1,275	263	1,275
<b>Total</b>	<b>15,162</b>	<b>17,482</b>	<b>15,148</b>	<b>17,477</b>

#### (b) Financial risk management policies and objectives

The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

##### (i) Foreign currency risk management

The Group and Polytechnic are not exposed to significant foreign currency risk as its transactions, financial assets and liabilities are denominated in Singapore dollars.

##### (ii) Interest rate risk management

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

The interest rates for cash placed with Accountant-General's Department disclosed in Note 9 to the financial statements are based on deposit rates determined by financial institutions with which cash are deposited and are expected to move in tandem with market interest rate movements.

Reasonable changes in interest rates for cash placed with Accountant-General's Department would not have a material effect on the Group's income and expenditure and equity.

##### (iii) Credit risk management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations as and when they fall due.

At the reporting date, the Group and Polytechnic have no significant concentration of credit risk. Concentration of credit risk relating to trade receivables is limited due to the Group's varied customer base. Credit risk of grant receivables is remote as claims made are within funding guidelines and it is unlikely that the Government will default on payment. Only investment grade bonds are purchased and funds in unit trust are placed with a reputable fund manager.

Cash and cash equivalents are placed with banks and financial institutions which are regulated. The cash with Accountant-General's Department under Centralised Liquidity Management are placed with high credit quality financial institutions and are available upon request.

The Group's and Polytechnic's expected credit loss model for each significant class of financial asset is disclosed in Note 2.12 to the financial statements.



## REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

### Notes to the financial statements For the financial year ended 31 March 2023

The Group and Polytechnic determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtors
- There is a breach of contract, such as a default or past due event

Financial assets are written off when there is no reasonable expectation of recovery. Where trade receivables have been written off, the Group and Polytechnic continue to attempt to recover the receivables due. Where recoveries are made, these are recognised in the statement of profit or loss and other comprehensive income.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. Further details of credit risk on trade and other receivables are disclosed in Note 8 to the financial statements.

#### (iv) Liquidity risk management

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

The table below summarises the maturity profile of the Group's and Polytechnic's financial liabilities at the reporting date based on contractual undiscounted cash flows.

		Group			
		Carrying amount \$'000	Contractual cash flows \$'000	One year or less \$'000	One to five years \$'000
<b>2023</b>					
<b>Financial liabilities</b>					
Trade and other payables		14,899	14,899	14,899	–
Lease liabilities		263	270	175	95
<b>2022</b>					
<b>Financial liabilities</b>					
Trade and other payables		16,207	16,207	16,207	–
Lease liabilities		1,275	1,295	1,063	232
		Polytechnic			
		Carrying amount \$'000	Contractual cash flows \$'000	One year or less \$'000	One to five years \$'000
<b>2023</b>					
<b>Financial liabilities</b>					
Trade and other payables		14,885	14,885	14,885	–
Lease liabilities		263	270	175	95
<b>2022</b>					
<b>Financial liabilities</b>					
Trade and other payables		16,202	16,202	16,202	–
Lease liabilities		1,275	1,295	1,063	232

# REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

## Notes to the financial statements

For the financial year ended 31 March 2023

### (v) Fair value of financial assets and financial liabilities

#### Investment in fund managed by a fund manager

The fair value of the fund is determined by the Polytechnic's fund manager based on observable market prices of securities in the portfolio and other inputs at the end of the reporting period. The financial assets carried at fair value in the statement of financial position at 31 March are represented in the following table:

**Significant  
observable  
inputs (Level 2)  
2023  
\$'000**

#### Group and Polytechnic

##### **Financial assets**

Financial assets at fair value through profit or loss:

- Quoted securities managed by a fund manager – unit trusts	9,850
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#### *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 value of the Group's quoted financial assets was determined on the basis set out in Note 2.3.

#### Other financial assets and liabilities

The carrying amounts of the Group's and Polytechnic's other financial assets and liabilities approximate their fair values due to the relatively short-term maturity of these financial instruments. The aggregate net fair values of recognised financial assets which are not carried at fair value in the statement of financial position at 31 March are represented in the following table:

	<b>Group and Polytechnic</b>			
	<b>2023 \$'000</b>		<b>2022 \$'000</b>	
	<b>Carrying amount</b>	<b>Fair Value</b>	<b>Carrying amount</b>	<b>Fair Value</b>
<b>Financial assets</b>				
At amortised cost:				
Government and corporate bonds	<b>146,394</b>	<b>142,888</b>	69,247	68,217

The fair value of the government and corporate bonds are classified as level 1 in the fair value hierarchy as they are based on quoted bid prices in an active market.

## REPUBLIC POLYTECHNIC AND ITS SUBSIDIARY

### Notes to the financial statements For the financial year ended 31 March 2023

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#### (vi) **Market price risk**

The Group is exposed to market price risk arising from its investment in quoted instruments which are classified as financial assets at fair value through profit or loss.

##### Sensitivity analysis – market price risk

At the end of the reporting period, if the fair value of the quoted instruments had been 10% higher/lower with all other variables held constant, the Group's deficit for the year would have decreased/increased by \$985,000 (2022: \$Nil).

#### (c) **Capital management policies and objectives**

The Group regularly reviews and manages its capital structure to ensure that the Group will be able to continue as a going concern. The capital structure of the Group comprises only accumulated surplus and endowment fund. The Group's overall strategy remains unchanged from prior year.

## 22. **Charities Act and Regulations**

As required for disclosure under regulation 17 of the Charities (Institutions of a Public Character) Regulations, RPEF received tax deductible donations of \$1,764,000 (2022: \$1,678,000) during the year.