

# SINGAPORE INSTITUTE OF TECHNOLOGY

(Company Limited by Guarantee)

*(Incorporated in Singapore. Registration Number: 200917667D)*

## ANNUAL REPORT

*For the financial year ended 31 March 2018*

# **SINGAPORE INSTITUTE OF TECHNOLOGY**

(Company Limited by Guarantee)  
(Incorporated in Singapore)

## **ANNUAL REPORT**

*For the financial year ended 31 March 2018*

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# SINGAPORE INSTITUTE OF TECHNOLOGY

## TRUSTEES' STATEMENT

*For the financial year ended 31 March 2018*

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The Board of Trustees present their statement to the members together with the audited financial statements of Singapore Institute of Technology ("SIT") for the financial year ended 31 March 2018.

In the opinion of the Trustees,

- (a) the financial statements of SIT as set out on pages 6 to 39 are drawn up so as to give a true and fair view of the financial position of SIT as at 31 March 2018 and of the financial performance, changes in funds and reserves and cash flows of SIT for the financial year covered by the financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that SIT will be able to pay its debts as and when they fall due.

### Trustees

The Trustees of SIT in office at the date of this statement are as follows:

Mr Ng Yat Chung	(Chairman)
Professor Tan Thiam Soon	
Mr Abu Bakar Bin Mohd Nor	
Ms Rachel Eng Yaag Ngee	
Dr Richard Charles Helfer	
Professor Heng Chye Kiang	
Mr Kwee Liong Keng	(appointed on 1 November 2017)
Dr Lim Khiang Wee	
Mrs Margaret Lui	
Mr Ng Cher Pong	(appointed on 1 November 2017)
Mr Nagaraj Sivaram	
Ms Teoh Zsin Woon	
Mr T K Udairam	
Mr Wen Khai Meng	

### Arrangements to enable Trustees to acquire shares and debentures

Neither at the end of nor at any time during the financial year was SIT a party to any arrangement whose object was to enable the Trustees of SIT to acquire benefits by means of the acquisition of shares in, or debentures of, SIT or any other body corporate.

### Trustees' interests in shares or debentures

SIT is a company limited by guarantee and has no share capital or debentures. Therefore, there are no matters to be disclosed under Section 9, Twelfth Schedule of the Companies Act, Cap 50.

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# SINGAPORE INSTITUTE OF TECHNOLOGY

## TRUSTEES' STATEMENT

*For the financial year ended 31 March 2018*

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### Trustees' contractual benefits

Since the end of the previous financial year, no trustee has received or become entitled to receive a benefit, which is required to be disclosed under Section 164(1) of the Singapore Companies Act, by reason of a contract made by SIT or a related corporation with the Trustee or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in Note 26 to the financial statements.

### Independent auditor

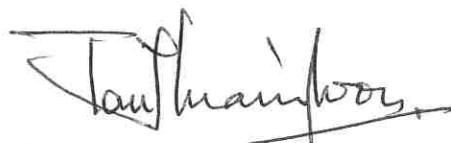
The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the Trustees



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Mr Ng Yat Chung  
Trustee



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Professor Tan Thiam Soon  
Trustee

5 September 2018

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE INSTITUTE OF TECHNOLOGY

## Report on the Audit of the Financial Statements

### Our opinion

In our opinion, the accompanying financial statements of Singapore Institute of Technology ("SIT") are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Companies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of SIT as at 31 March 2018 and of the financial performance, changes in funds and reserves and cash flows of SIT for the year ended on that date.

### *What we have audited*

The financial statements of SIT comprise:

- the statement of comprehensive income for the year ended 31 March 2018;
- the balance sheet as at 31 March 2018;
- the statement of changes in funds and reserves for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We are independent of SIT 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.

### Other Information

Management is responsible for the other information. The other information comprises all the sections of 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 and will 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE INSTITUTE OF TECHNOLOGY (continued)**

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, the Charities Act and Regulations and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing SIT'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 management either intends to liquidate SIT or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing SIT's financial reporting process.

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
SINGAPORE INSTITUTE OF TECHNOLOGY (continued)**

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

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

**Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required to be kept by SIT have been properly kept in accordance with the provisions of the Companies Act, and the Charities Act and Regulations.

During the course of our audit, nothing has come to our attention that causes us to believe that during the year:

- (a) SIT has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) SIT has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.



PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants  
Singapore, 5 September 2018

# SINGAPORE INSTITUTE OF TECHNOLOGY

## STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2018

	Note	General funds		Endowment and term funds		Total	
		2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
Revenue	4	66,388,569	55,180,058	-	-	66,388,569	55,180,058
Other income	4	1,350,772	936,093	3,283,821	1,200,892	4,634,593	2,136,985
<b>Operating expenditure</b>							
Staff and related expenses	5	(85,477,377)	(66,033,714)	-	-	(85,477,377)	(66,033,714)
Depreciation and amortisation expenses		(35,970,801)	(37,264,513)	-	-	(35,970,801)	(37,264,513)
Programme and student-related expenses		(62,051,788)	(61,851,195)	(1,588,631)	(1,505,450)	(63,640,419)	(63,356,645)
Rental and other facilities expenses		(21,096,539)	(20,209,264)	-	-	(21,096,539)	(20,209,264)
Other operating expenses		(20,460,517)	(16,738,881)	(470,905)	(594,257)	(20,931,422)	(17,333,138)
<b>Total operating expenditure</b>		<b>(225,057,022)</b>	<b>(202,097,567)</b>	<b>(2,059,536)</b>	<b>(2,099,707)</b>	<b>(227,116,558)</b>	<b>(204,197,274)</b>
<b>(Deficit)/surplus before investment income and government grants</b>		<b>(157,317,681)</b>	<b>(145,981,416)</b>	<b>1,224,285</b>	<b>(898,815)</b>	<b>(156,093,396)</b>	<b>(146,880,231)</b>
Net investment income	6	891,337	1,066,527	19,590,267	44,834,456	20,481,604	45,900,983
<b>(Deficit)/surplus before government grants</b>		<b>(156,426,344)</b>	<b>(144,914,889)</b>	<b>20,814,552</b>	<b>43,935,641</b>	<b>(135,611,792)</b>	<b>(100,979,248)</b>
Government grants	7	190,211,947	176,434,443	-	-	190,211,947	176,434,443
<b>Net surplus and total comprehensive income</b>		<b>33,785,603</b>	<b>31,519,554</b>	<b>20,814,552</b>	<b>43,935,641</b>	<b>54,600,155</b>	<b>75,455,195</b>

The accompanying notes form an integral part of these financial statements.



# SINGAPORE INSTITUTE OF TECHNOLOGY

## BALANCE SHEET

As at 31 March 2018

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	120,782,115	147,993,484
Financial assets, at fair value through profit or loss	9	226,853,772	389,923,422
Deposits for investments	9	199,448,729	-
Fees and other receivables	10	102,169,728	48,350,239
Student loans	11	158,708	142,551
Other current assets	12	7,735,630	6,305,529
		<b>657,148,682</b>	<b>592,715,225</b>
<b>Non-current assets</b>			
Property, plant and equipment	13	197,346,935	211,208,679
Intangible assets	14	6,540,487	6,478,647
Student loans	11	679,564	563,166
Other non-current assets	15	77,098,777	80,618,645
		<b>281,665,763</b>	<b>298,869,137</b>
<b>Total assets</b>		<b>938,814,445</b>	<b>891,584,362</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	16	37,190,678	31,712,152
Deferred tuition fee income		9,038,746	9,021,139
Grants received in advance	17	44,441,566	47,698,383
		<b>90,670,990</b>	<b>88,431,674</b>
<b>Non-current liabilities</b>			
Deferred capital grants	18	203,628,710	217,628,279
Other deferred grants	19	80,155,249	83,482,328
		<b>283,783,959</b>	<b>301,110,607</b>
<b>Total liabilities</b>		<b>374,454,949</b>	<b>389,542,281</b>
<b>NET ASSETS</b>		<b>564,359,496</b>	<b>502,042,081</b>
<b>FUNDS AND RESERVES</b>			
General funds			
- Accumulated surplus		116,577,818	82,792,215
Endowment and term funds			
- Capital	20	394,010,892	386,293,632
- Accumulated surplus	20	53,770,786	32,956,234
		<b>447,781,678</b>	<b>419,249,866</b>
		<b>564,359,496</b>	<b>502,042,081</b>

See Note 21 for funds managed on behalf of Ministry of Education ("MOE")

The accompanying notes form an integral part of these financial statements.

## SINGAPORE INSTITUTE OF TECHNOLOGY

### STATEMENT OF CHANGES IN FUNDS AND RESERVES

For the financial year ended 31 March 2018

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	Note	Accumulated surplus - General funds \$	Endowment and term funds \$	Total \$
<b>2018</b>				
Beginning of financial year		82,792,215	419,249,866	502,042,081
Total comprehensive income		33,785,603	20,814,552	54,600,155
Government grants and donations	20(b)	-	7,717,260	7,717,260
<b>End of financial year</b>		<b>116,577,818</b>	<b>447,781,678</b>	<b>564,359,496</b>
<b>2017</b>				
Beginning of financial year		51,272,661	363,552,445	414,825,106
Total comprehensive income		31,519,554	43,935,641	75,455,195
Government grants and donations	20(b)	-	11,761,780	11,761,780
<b>End of financial year</b>		<b>82,792,215</b>	<b>419,249,866</b>	<b>502,042,081</b>

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The accompanying notes form an integral part of these financial statements.

# SINGAPORE INSTITUTE OF TECHNOLOGY

## STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2018

	Note	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Deficit before government grants		(135,611,792)	(100,979,248)
Adjustments for:			
- Depreciation and amortisation	13,14	35,970,801	37,264,513
- Donations	4	(3,283,821)	(1,200,892)
- Net loss on disposal of property, plant and equipment		31,143	620
- Interest income	6	(1,843,488)	(1,604,234)
- Currency exchange loss	6	570,793	726,396
- Financial assets designated as fair value through profit or loss			
• Fair value gain	6	(5,167,604)	(42,584,689)
• Net gain on sale of financial assets	6	(14,041,305)	(2,438,456)
		<u>(123,375,273)</u>	<u>(110,815,990)</u>
Change in operating assets and liabilities			
- Fees and other receivables		(17,519,327)	(2,331,320)
- Student loans and other assets		1,957,210	906,229
- Trade and other payables		2,494,793	11,305,914
<b>Net cash used in operating activities</b>		<u>(136,442,597)</u>	<u>(100,935,167)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and intangible assets		(19,504,385)	(23,305,274)
Proceeds from disposal of property, plant and equipment		1,144	16,701
Purchase of financial assets, at fair value through profit or loss		(27,905,922)	(19,877,597)
Proceeds from sale of financial assets, at fair value through profit or loss		209,916,232	20,475,709
Interest received		1,895,682	1,223,842
Deposits for investments	9	(199,448,729)	-
<b>Net cash used in investing activities</b>		<u>(35,045,978)</u>	<u>(21,466,619)</u>
<b>Cash flows from financing activities</b>			
Operating grants received		119,679,898	110,660,227
Development grants received		7,894,698	11,117,430
Other government grants received		5,701,529	5,373,049
Endowment funds received		7,717,260	11,761,780
Donations received		3,283,821	1,200,892
<b>Cash provided by financing activities</b>		<u>144,277,206</u>	<u>140,113,378</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(27,211,369)</u>	<u>17,711,592</u>
Cash and cash equivalents at beginning of financial year		147,993,484	130,281,892
<b>Cash and cash equivalents at end of financial year</b>	8	<u>120,782,115</u>	<u>147,993,484</u>

The accompanying notes form an integral part of these financial statements.

# SINGAPORE INSTITUTE OF TECHNOLOGY

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

### 1. General information

Singapore Institute of Technology ("SIT") is incorporated and domiciled in Singapore as a company limited by guarantee under the provisions of the Companies Act, Chapter 50. The address of its registered office is 10 Dover Drive Singapore 138683.

The principal activities of SIT are to promote and undertake the advancement of education by providing educational facilities and courses of study in all fields of knowledge; to advance and disseminate knowledge and promote and engage in research and scholarship; to establish, operate, maintain and promote SIT as a going concern; and to conduct any activity necessary or ancillary to achieve the matters mentioned above.

Under Clause 9 of the Memorandum of Association of SIT, each member of SIT undertakes to contribute a sum not exceeding \$1 to the assets of SIT in the event of it being wound up. The number of members at the balance sheet date is 2 (2017: 2).

### 2. Significant accounting policies

#### 2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying SIT's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The area involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to the financial statements, is disclosed in Note 3.

#### ***Interpretations and amendments to published standards***

On 1 April 2017, SIT adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to SIT's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to SIT's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

## SINGAPORE INSTITUTE OF TECHNOLOGY

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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#### 2. Significant accounting policies (continued)

##### 2.2 Funds

###### (a) *General funds*

Income and expenditure are accounted for under the general funds unless they relate to funds separately accounted under specific self-financing activities.

###### (b) *Endowment funds*

Grants from government and endowed donations from external sources whereby only income generated from the investment of such grants/donations can be used, are taken directly to funds and reserves in the year in which such grants and donations are granted or received.

Income and expenditure from the management of the endowment funds are taken to Endowment funds.

###### (c) *Term funds*

Donations received which can be put to immediate use for specific programmes, capital projects or other purposes as specified by the donors for the advancement of education are taken to Term funds.

Expenditure relating to term funds are taken to Term funds when incurred.

##### 2.3 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for rendering of services net of goods and services tax in the ordinary course of SIT's activities. Revenue is recognised as follows:

###### (a) *Tuition and other student-related services*

Revenue from tuition and other student-related services are recognised in the period in which the services are rendered.

###### (b) *Service fees*

Revenue from service fees are recognised in the period in which the services are rendered.

###### (c) *Sponsorships and donations*

Sponsorships and donations are recognised in the financial year they are received.

## SINGAPORE INSTITUTE OF TECHNOLOGY

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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#### 2. Significant accounting policies (continued)

##### 2.3 Revenue recognition (continued)

(d) *Interest income*

Interest income is recognised using the effective interest method.

(e) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

(f) *Rental income*

Rental income from operating leases is recognised on a straight-line basis over the lease term.

##### 2.4 Employee compensation

(a) *Defined contribution plans*

SIT's contributions to defined contribution plans are recognised as employee compensation expense when the contributions are due, unless they can be capitalised as an asset.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

##### 2.5 Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to SIT and the cost of the item can be measured reliably.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The assets under construction comprise construction costs and associated costs used in the construction.

## SINGAPORE INSTITUTE OF TECHNOLOGY

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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#### 2. Significant accounting policies (continued)

##### 2.5 Property, plant and equipment (continued)

Property, plant and equipment costing less than \$2,000 each, which are insignificant, are taken to income and expenditure when purchased.

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Useful lives</u>
Buildings and infrastructure	5 to 30 years or the period of lease, whichever is shorter
Furniture, office and sports equipment	3 to 5 years
IT, AV and network equipment	3 to 5 years
Machinery, laboratory and workshop equipment	6 years
Motor vehicles	8 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in income and expenditure when the changes arise.

No depreciation is provided for assets under construction until construction is completed and the asset is transferred to its appropriate category.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is included in income and expenditure.

##### 2.6 Intangible assets

###### *Computer software licences costs*

Acquired computer software licences are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure, including employee costs, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is recognised as a capital improvement and is added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense when incurred.

Capitalised computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to income and expenditure using the straight-line method over their estimated useful lives of three years.

## SINGAPORE INSTITUTE OF TECHNOLOGY

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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#### 2. Significant accounting policies (continued)

##### 2.6 Intangible assets (continued)

###### *Computer software licences costs* (continued)

The amortisation period and amortisation method of intangible assets are reviewed at least at each balance sheet date. The effects of any revision are recognised in income and expenditure when the changes arise.

##### 2.7 Trade and other payables

Trade and other payables represent unpaid liabilities for goods and services provided to SIT prior to the end of financial year. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

##### 2.8 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash at bank and short-term bank deposits, which are subject to an insignificant risk of change in value.

##### 2.9 Financial assets

###### (a) *Classification*

SIT classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at each balance sheet date.

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

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented investment strategy. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.



## SINGAPORE INSTITUTE OF TECHNOLOGY

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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#### 2. Significant accounting policies (continued)

##### 2.9 Financial assets (continued)

###### (a) *Classification* (continued)

###### (ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are presented as "cash and cash equivalents", "fees and other receivables", "student loans" and "deposits" in other current assets on the balance sheet.

They are presented as current assets, except for those that are expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets.

###### (b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date - the date on which SIT commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and SIT has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the sale proceeds and the carrying amount is recognised in income and expenditure. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to income and expenditure.

###### (c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

###### (d) *Subsequent measurement*

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in income and expenditure when the changes arise.

## SINGAPORE INSTITUTE OF TECHNOLOGY

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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#### 2. Significant accounting policies (continued)

##### 2.9 Financial assets (continued)

###### (e) *Impairment*

SIT assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired and recognises an allowance for impairment when such evidence exists.

###### *Loans and receivables*

Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in income and expenditure.

The impairment allowance is reduced through income and expenditure in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

##### 2.10 Currency translation

The financial statements are presented in Singapore Dollar, which is the functional currency of SIT.

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in income and expenditure.

##### 2.11 Government grants

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and SIT will comply with all the attached conditions.

## SINGAPORE INSTITUTE OF TECHNOLOGY

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2018*

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#### **2. Significant accounting policies** (continued)

##### 2.11 Government grants (continued)

Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants to meet the current year's operating expenses are recognised as income in the same financial year. Grants which are received but not utilised are included in the grants received in advance account.

Government grants received/receivable to finance capital projects such as purchase of property, plant and equipment, intangible assets and building construction are taken immediately to operating or development grants received in advance account. Upon the utilisation of the grants for the purchase of assets, they are transferred to deferred capital grants for the assets which are being capitalised, or to income and expenditure for the assets costing less than \$2,000 which are written off as they are insignificant.

Debt grants received/receivable is recognised for the purchase of property, plant and equipment when there is reasonable assurance that SIT will comply with the government's debt grant framework conditions and that the grants will be received.

Deferred capital grants are recognised in income and expenditure over the periods necessary to match the depreciation or amortisation of the related assets purchased with the grants. Upon the disposal of the assets, the balance of the related deferred capital grants is recognised in income and expenditure to match the net book value of the assets written off.

Grants from other government agencies are recognised as income over the periods necessary to match them with related costs or over the period the intended activities are carried out, based on the attached conditions. Grants which are received but not utilised are included in the grants received in advance account.

##### 2.12 Impairment of non-financial assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever there is any indication that these assets may be impaired.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in income and expenditure.

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2018*

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**2. Significant accounting policies** (continued)

2.12 Impairment of non-financial assets (continued)

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation and amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in income and expenditure.

2.13 Lessee - Operating lease payments

Payments made under operating leases (net of any incentives received from the lessors) are recognised in income and expenditure on a straight-line basis over the period of the lease.

2.14 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. SIT uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of financial assets and liabilities carried at amortised cost approximate their carrying amounts.

**3. Critical accounting estimates, assumptions and judgements**

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

# SINGAPORE INSTITUTE OF TECHNOLOGY

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 3. Critical accounting estimates, assumptions and judgements (continued)

#### Useful lives of property, plant and equipment

The costs of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives or the period of the land and premise leases, if shorter. Management estimates the useful lives of these assets to be 3 to 30 years, based on the expected useful lives for similar assets, or the period of the land and premise leases, if shorter. Changes in the expected level of usage or in the terms of the land and premises leases would impact the estimated useful lives, leading to potential changes in future depreciation charges and/or write-offs.

#### Fair value estimation of unquoted financial instruments

SIT invests in unquoted securities that are not traded in an active market with a carrying amount of \$91,133,990 (2017: \$103,579,073). The fair values of these investments are based on valuations obtained from third party fund managers. The valuations are determined using market-observable data to the extent it is available. Where quoted prices are not available, the fund managers establish the fair values of these investments based on the net asset value which would approximate the fair value of the investments at the balance sheet date. Changes in the key assumptions used in the third party fund managers' valuation methods would impact the financial assets at fair value through profit or loss and net surplus in the financial statements.

### 4. Revenue and other income

	General funds		Endowment and term funds		Total	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
<b>Revenue:</b>						
Tuition and other student-related fees	64,619,566	52,943,429	-	-	64,619,566	52,943,429
Service fees	1,769,003	2,236,629	-	-	1,769,003	2,236,629
	<b>66,388,569</b>	<b>55,180,058</b>	-	-	<b>66,388,569</b>	<b>55,180,058</b>
<b>Other income:</b>						
Donations	-	-	3,283,821	1,200,892	3,283,821	1,200,892
Rental income	267,710	309,145	-	-	267,710	309,145
Wage credit income	593,811	474,610	-	-	593,811	474,610
Others	489,251	152,338	-	-	489,251	152,338
	<b>1,350,772</b>	<b>936,093</b>	<b>3,283,821</b>	<b>1,200,892</b>	<b>4,634,593</b>	<b>2,136,985</b>
Total revenue and other income	<b>67,739,341</b>	<b>56,116,151</b>	<b>3,283,821</b>	<b>1,200,892</b>	<b>71,023,162</b>	<b>57,317,043</b>

In Budget 2018, it was announced that the Wage Credit Scheme (WCS) will be extended to year 2020 to support business embarking on transformation efforts and encourage sharing of productivity gains with workers. Government co-funding is 20% from 2016 to 2018 and stepped down to 15% in 2019 and 10% in 2020. The co-funding is only given to Singapore Citizen employees up to a gross monthly wage of \$4,000.

**SINGAPORE INSTITUTE OF TECHNOLOGY**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2018*

**5. Staff and related expenses**

	2018 \$	2017 \$
Wages and salaries	71,144,579	54,880,913
Employer's contribution to defined contribution plans including Central Provident Fund	8,168,706	6,301,674
Other employee benefits	6,164,092	4,851,127
	<b>85,477,377</b>	<b>66,033,714</b>

**6. Net investment income**

	General funds		Endowment and term funds		Total	
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
Interest income	891,337	1,066,527	952,151	537,707	1,843,488	1,604,234
Currency exchange loss	-	-	(570,793)	(726,396)	(570,793)	(726,396)
Financial assets designated as fair value through profit or loss						
• Fair value gain	-	-	5,167,604	42,584,689	5,167,604	42,584,689
• Net gain on sale of financial assets	-	-	14,041,305	2,438,456	14,041,305	2,438,456
	-	-	18,638,116	44,296,749	18,638,116	44,296,749
	<b>891,337</b>	<b>1,066,527</b>	<b>19,590,267</b>	<b>44,834,456</b>	<b>20,481,604</b>	<b>45,900,983</b>

**7. Government grants**

	2018 \$	2017 \$
Operating and other grants utilised (Note 17)	150,857,713	135,828,908
Deferred capital grants amortised (Note 18)	36,024,168	37,261,135
Other deferred grants amortised (Note 19)	3,327,079	3,327,079
Transfer from deferred capital grants for asset disposal (Note 18)	2,987	17,321
	<b>190,211,947</b>	<b>176,434,443</b>

**8. Cash and cash equivalents**

	2018 \$	2017 \$
Cash at bank	15,493,453	49,655,841
Short-term bank deposits	105,288,662	98,337,643
	<b>120,782,115</b>	<b>147,993,484</b>

**SINGAPORE INSTITUTE OF TECHNOLOGY**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2018*

**8. Cash and cash equivalents (continued)**

The short-term bank deposits at balance sheet date have an average maturity of 144 days (2017: 136 days) from the end of the financial year with a weighted average effective interest rate of 1.279% (2017: 1.140%) per annum.

**9. Financial assets, at fair value through profit or loss**

	2018 \$	2017 \$
<i>Designated at fair value on initial recognition</i>		
<u>Quoted securities</u>		
- Fixed income securities	85,822,936	124,890,739
- Equity securities	49,896,846	161,453,610
	<u>135,719,782</u>	<u>286,344,349</u>
<u>Unquoted securities</u>		
- Fixed income securities	14,107,429	14,330,564
- Other unquoted securities	77,026,561	89,248,509
	<u>91,133,990</u>	<u>103,579,073</u>
Total financial assets, at fair value through profit or loss	<u>226,853,772</u>	<u>389,923,422</u>

The weighted average yield to maturity for the fixed income securities is 5.19% (2017: 4.33%) per annum.

As at 31 March 2018, SIT has placed \$199,448,729 as deposits for investments, which were subsequently acquired in April 2018.

As at 31 March 2018, SIT has made total commitment of \$11,620,234 (2017: \$17,195,855) for investments in other unquoted securities, which have not been drawn down as at balance sheet date.

**10. Fees and other receivables**

	2018 \$	2017 \$
Fees receivables	6,178,293	6,971,308
Less: Allowance for impairment of receivables (Note 25(b)(ii))	<u>(226,461)</u>	<u>(215,011)</u>
Fees receivables - net	5,951,832	6,756,297
Grant receivables from MOE	69,798,034	33,287,943
Other receivables from MOE	25,018,368	7,412,631
Other receivables	1,401,494	893,368
	<u>102,169,728</u>	<u>48,350,239</u>

## SINGAPORE INSTITUTE OF TECHNOLOGY

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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#### 11. Student loans

	2018 \$	2017 \$
Current	158,708	142,551
Non-current	679,564	563,166
	<u>838,272</u>	<u>705,717</u>

These are the Overseas Immersion Programme loans which are unsecured, interest-free during the course of study and are repayable by monthly instalments over periods of up to 5 years after the students' graduation. Interest is charged based on the average of the prevailing prime rates of the 3 local banks. The interest rate as at balance sheet date is 4.75% (2017: 4.75%) per annum.

The carrying amount of non-current student loans approximate their fair values.

#### 12. Other current assets

	2018 \$	2017 \$
Deposits	43,558	68,541
Prepayments		
- Polytechnics	3,327,079	3,327,079
- Programme and student-related expenses	2,235,250	1,345,717
- Others	2,129,743	1,564,192
	<u>7,735,630</u>	<u>6,305,529</u>

Prepayments to the Polytechnics relate to service fees paid in advance to the Polytechnics for the use of the Polytechnics' facilities.



# SINGAPORE INSTITUTE OF TECHNOLOGY

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 13. Property, plant and equipment

	Buildings and infrastructure	Furniture, office and sports equipment	IT, AV and network equipment	Machinery, laboratory and workshop equipment	Motor vehicles	Assets under construction	Total
	\$	\$	\$	\$	\$	\$	\$
<b>2018</b>							
<b>Cost</b>							
Beginning of financial year	222,979,108	18,559,111	32,428,264	13,412,908	514,477	3,689,759	291,583,627
Additions	1,243,261	853,074	4,574,994	7,635,682	131,990	3,962,503	18,401,504
Transfers between categories	26,596	-	124,918	418,622	-	(570,136)	-
Transfers to intangible assets (Note 14)	-	-	-	-	-	(14,100)	(14,100)
Disposals	(54,599)	(80,293)	(147,440)	(2,569)	-	-	(284,901)
End of financial year	224,194,366	19,331,892	36,980,736	21,464,643	646,467	7,068,026	309,686,130
<b>Accumulated depreciation</b>							
Beginning of financial year	44,392,867	14,147,845	18,874,260	2,764,231	195,745	-	80,374,948
Depreciation charge	17,310,163	3,537,593	8,223,605	3,074,317	71,183	-	32,216,861
Disposals	(25,298)	(79,713)	(147,053)	(550)	-	-	(252,614)
End of financial year	61,677,732	17,605,725	26,950,812	5,837,998	266,928	-	112,339,195
<b>Net book value</b>							
End of financial year	162,516,634	1,726,167	10,029,924	15,626,645	379,539	7,068,026	197,346,935
<b>2017</b>							
<b>Cost</b>							
Beginning of financial year	218,991,012	18,094,509	30,005,271	7,281,569	514,477	3,097,310	277,984,148
Additions	4,190,876	474,312	2,169,489	5,877,010	-	2,091,206	14,802,893
Cost adjustment	(259,730)	-	-	-	-	-	(259,730)
Transfers between categories	56,950	33,126	286,739	272,512	-	(649,327)	-
Transfers to intangible assets (Note 14)	-	-	-	-	-	(849,430)	(849,430)
Disposals	-	(42,836)	(33,235)	(18,183)	-	-	(94,254)
End of financial year	222,979,108	18,559,111	32,428,264	13,412,908	514,477	3,689,759	291,583,627
<b>Accumulated depreciation</b>							
Beginning of financial year	25,596,113	8,248,823	10,567,454	1,075,743	131,435	-	45,619,568
Depreciation charge	18,796,754	5,932,366	8,340,041	1,698,842	64,310	-	34,832,313
Disposals	-	(33,344)	(33,235)	(10,354)	-	-	(76,933)
End of financial year	44,392,867	14,147,845	18,874,260	2,764,231	195,745	-	80,374,948
<b>Net book value</b>							
End of financial year	178,586,241	4,411,266	13,554,004	10,648,677	318,732	3,689,759	211,208,679

**SINGAPORE INSTITUTE OF TECHNOLOGY**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2018*

**14. Intangible assets**

*Computer software licences costs*

	2018 \$	2017 \$
<u>Cost</u>		
Beginning of financial year	11,548,156	4,782,454
Additions	3,801,680	5,927,729
Transfer from assets under construction (Note 13)	14,100	849,430
Disposals	(136,693)	(11,457)
End of financial year	<u>15,227,243</u>	<u>11,548,156</u>
<u>Accumulated amortisation</u>		
Beginning of financial year	5,069,509	2,648,766
Amortisation charge	3,753,940	2,432,200
Disposals	(136,693)	(11,457)
End of financial year	<u>8,686,756</u>	<u>5,069,509</u>
<b>Net book value</b>		
<b>End of financial year</b>	<b><u>6,540,487</u></b>	<b><u>6,478,647</u></b>

**15. Other non-current assets**

	2018 \$	2017 \$
Deposits	58,098	295,760
Prepayments		
- Polytechnics	76,828,171	80,155,250
- Others	212,508	167,635
	<u>77,098,777</u>	<u>80,618,645</u>

Prepayments to the Polytechnics relate to service fees paid in advance to the Polytechnics for the use of the Polytechnics' facilities.

**16. Trade and other payables**

	2018 \$	2017 \$
Trade payables	9,962,657	7,022,526
Payables for property, plant and equipment	4,594,032	1,895,233
Accrued operating expenses	13,156,621	14,841,158
Provision for unutilised leave	4,358,195	3,451,727
Other payables	5,119,173	4,501,508
	<u>37,190,678</u>	<u>31,712,152</u>

**SINGAPORE INSTITUTE OF TECHNOLOGY**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2018*

**17. Grants received in advance**

	Government Operating \$	Government- Development \$	Other government grants \$	Total \$
<b>2018</b>				
Beginning of financial year	31,968,880	13,449,997	2,279,506	47,698,383
Grants received/receivable	147,501,703	7,941,291	5,543,795	160,986,789
Debt grants received/receivable	-	8,641,693	-	8,641,693
Transfer to statement of comprehensive income (Note 7)	(143,936,543)	(2,345,294)	(4,575,876)	(150,857,713)
Transfer to deferred capital grants (Note 18)	(5,747,242)	(15,904,101)	(376,243)	(22,027,586)
<b>End of financial year</b>	<b>29,786,798</b>	<b>11,783,586</b>	<b>2,871,182</b>	<b>44,441,566</b>
<b>2017</b>				
Beginning of financial year	55,434,642	5,936,940	196,721	61,568,303
Grants received/receivable	110,660,227	7,759,419	5,996,902	124,416,548
Debt grants received/receivable	-	18,249,738	-	18,249,738
Transfer to statement of comprehensive income (Note 7)	(129,218,567)	(3,330,204)	(3,280,137)	(135,828,908)
Transfer to other deferred grants (Note 19)	-	(29,344)	-	(29,344)
Transfer to deferred capital grants (Note 18)	(4,907,422)	(15,136,552)	(633,980)	(20,677,954)
<b>End of financial year</b>	<b>31,968,880</b>	<b>13,449,997</b>	<b>2,279,506</b>	<b>47,698,383</b>

These are operating, development and other grants received/receivable from MOE and other government agencies to fund SIT's operations, development projects and educational programmes.

**18. Deferred capital grants**

	2018 \$	2017 \$
Beginning of financial year	217,628,279	234,488,511
Additions		
- Operating grants (Note 17)	5,747,242	4,907,422
- Development grants (Note 17)	15,904,101	15,136,552
- Other government grants (Note 17)	376,243	633,980
Deferred capital grants amortised (Note 7)	(36,024,168)	(37,261,135)
Transfer to income and expenditure for asset disposal (Note 7)	(2,987)	(17,321)
Asset cost adjustment (Note 13)	-	(259,730)
<b>End of financial year</b>	<b>203,628,710</b>	<b>217,628,279</b>

**SINGAPORE INSTITUTE OF TECHNOLOGY**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2018*

**19. Other deferred grants**

	2018 \$	2017 \$
Beginning of financial year	83,482,328	86,780,063
Transfer from development grants received in advance (Note 17)	-	29,344
Deferred grants amortised (Note 7)	<b>(3,327,079)</b>	<b>(3,327,079)</b>
End of financial year	<b>80,155,249</b>	<b>83,482,328</b>

Other deferred grants relate to grants received from MOE paid or payable to the Polytechnics as service fees in advance for the future use of the Polytechnics' premises.

**20. Endowment and term funds**

(a) Composition:

	Endowment funds		Term funds		Total	
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
Capital:						
- Government grants	379,566,984	373,798,058	-	-	379,566,984	373,798,058
- Donations	14,443,908	12,495,574	-	-	14,443,908	12,495,574
	<b>394,010,892</b>	<b>386,293,632</b>	<b>-</b>	<b>-</b>	<b>394,010,892</b>	<b>386,293,632</b>
Accumulated surplus	50,907,119	31,750,007	2,863,667	1,206,227	53,770,786	32,956,234
	<b>444,918,011</b>	<b>418,043,639</b>	<b>2,863,667</b>	<b>1,206,227</b>	<b>447,781,678</b>	<b>419,249,866</b>
<u>Represented by:</u>						
Cash and cash equivalents	18,432,668	28,074,646	2,895,067	1,239,677	21,327,735	29,314,323
Financial assets at fair value through profit or loss	226,853,772	389,923,422	-	-	226,853,772	389,923,422
Deposits for investments	199,448,729	-	-	-	199,448,729	-
Interest receivable	270,973	216,688	-	-	270,973	216,688
Other receivable	30,455	6,786	-	-	30,455	6,786
Other payables	<b>(118,586)</b>	<b>(177,903)</b>	<b>(31,400)</b>	<b>(33,450)</b>	<b>(149,986)</b>	<b>(211,353)</b>
	<b>444,918,011</b>	<b>418,043,639</b>	<b>2,863,667</b>	<b>1,206,227</b>	<b>447,781,678</b>	<b>419,249,866</b>

# SINGAPORE INSTITUTE OF TECHNOLOGY

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 20. Endowment and term funds (continued)

#### (b) Movements:

	Endowment funds		Term funds		Total	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Beginning of financial year	418,043,639	362,041,660	1,206,227	1,510,785	419,249,866	363,552,445
Government grants	5,768,926	7,373,427	-	-	5,768,926	7,373,427
Donations	1,948,334	4,388,353	-	-	1,948,334	4,388,353
Government grants and donations	7,717,260	11,761,780	-	-	7,717,260	11,761,780
<u>Income</u>						
- Donations	-	-	3,283,821	1,200,892	3,283,821	1,200,892
- Interest income	945,301	537,707	6,850	-	952,151	537,707
- Currency exchange loss	(570,793)	(726,396)	-	-	(570,793)	(726,396)
- Financial assets designated as fair value through profit or loss						
• Fair value gain	5,167,604	42,584,689	-	-	5,167,604	42,584,689
• Net gain on sale of financial assets	14,041,305	2,438,456	-	-	14,041,305	2,438,456
	19,583,417	44,834,456	3,290,671	1,200,892	22,874,088	46,035,348
<u>Operating expenditure</u>						
- Programme and student-related expenses	-	-	(1,588,631)	(1,505,450)	(1,588,631)	(1,505,450)
- Other operating expenses	(426,305)	(594,257)	(44,600)	-	(470,905)	(594,257)
	(426,305)	(594,257)	(1,633,231)	(1,505,450)	(2,059,536)	(2,099,707)
Net surplus/(deficit) for the year	19,157,112	44,240,199	1,657,440	(304,558)	20,814,552	43,935,641
End of financial year	444,918,011	418,043,639	2,863,667	1,206,227	447,781,678	419,249,866

#### Endowment funds

Endowment funds comprising government grants and donations are invested for long term purpose and income generated will be used for the advancement of education.

#### Term funds

Term funds comprise donations which are used for scholarships, bursaries and other programmes for the advancement of education.

### 21. Funds managed on behalf of MOE

SIT acts as an agent for the student loans and the government as the financier providing the advances. Student loans comprise principally student tuition fee loans, study loans and overseas study loans.

**SINGAPORE INSTITUTE OF TECHNOLOGY**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2018*

**21. Funds managed on behalf of MOE (continued)**

	2018 \$	2017 \$
Beginning of financial year	20,339,797	15,262,581
Funds received from MOE	10,613,818	8,900,110
Repayments received from students	(4,859,599)	(3,822,894)
End of financial year	<u>26,094,016</u>	<u>20,339,797</u>
<i>Represented by:</i>		
Student loans receivable	26,300,889	20,626,374
Less: Amount receivables from MOE	(206,873)	(286,577)
	<u>26,094,016</u>	<u>20,339,797</u>

Student tuition fee and study loans are unsecured, interest-free during the course of study and are repayable by monthly instalments over periods of up to 20 years after the students' graduation. Interest is charged by MOE based on the average of the prevailing prime rates of the 3 local banks. The interest rate as at balance sheet date is 4.75% (2017: 4.75%) per annum.

**22. Commitments**

(a) Lessee - Operating lease commitments

*Office equipment and land leases at the Polytechnics*

SIT leases office equipment and land under non-cancellable operating lease agreements.

The future minimum lease payable under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	2018 \$	2017 \$
Not later than one year	2,607,725	2,592,674
Between one and five years	10,059,731	10,109,909
Later than five years	48,072,132	50,584,012
	<u>60,739,588</u>	<u>63,286,595</u>

## SINGAPORE INSTITUTE OF TECHNOLOGY

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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#### 22. Commitments (continued)

##### (b) Other commitments

###### (i) *SIT infrastructure*

The campus development and infrastructure contracted for at the balance sheet date but not recognised in the financial statements are estimated as follows:

	2018	2017
	\$	\$
Infrastructure	<b>10,320,592</b>	5,865,507

###### (ii) *Contractual commitments to Overseas Universities (OUs) partners*

At balance sheet date, SIT has signed collaboration agreements with 10 (2017: 11) OUs to offer and manage industry focused degree programmes. The contractual periods for the collaboration agreements are for periods of 5 to 10 years. The committed fees under the collaboration agreements cover a period up to 2028 (2017: 2028).

#### 23. Income taxes

SIT obtained Charity and Institution of Public Character ("IPC") status on 16 September 2009 under the Charities Act and Charities (Institutions of a Public Character) Regulations 2007. With effect from the Year of Assessment 2008, all registered charities will enjoy automatic income tax exemption. SIT is exempted from filing income tax returns.

#### 24. Charity Act and Regulation

As required for disclosure under regulation 17 of the Charities (Institutions of Public Character) Regulations, SIT has received tax deductible donations of \$5,232,155 (2017: \$5,589,245) in the current financial year.

## SINGAPORE INSTITUTE OF TECHNOLOGY

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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#### 25. Financial risk management

##### *Financial risk factors*

SIT's activities are exposed to market risk (including currency, price and interest rate risks), credit risk and liquidity risk.

The Board of Trustee (the "Board") has constituted a Finance Committee comprising three Board members to oversee SIT's financial resource management. The Investment Committee comprising two Board members and one Co-opted member has also been constituted to oversee the management and investment of SIT's endowment and other surplus funds. The Investment Committee approves the asset allocations, selection of fund managers and all other investment activities. The Investment Office assists in the implementation and management of SIT investment portfolio within the prescribed investment guidelines and mandates.

#### (a) Market risk

##### (i) *Currency risk*

SIT's investments are exposed to significant currency risk as they are denominated in USD. SIT's currency exposure to the USD is as follows:

	2018	2017
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	6,698,389	19,032,100
Financial assets, at fair value through profit or loss	221,871,329	384,929,150
Fees and other receivables	221,748	131,025
Deposits for investments	199,448,729	-
	<u>428,240,195</u>	<u>404,092,275</u>
<b>Financial liabilities</b>		
Trade and other payables	(233,968)	(164,489)
	<u>428,006,227</u>	<u>403,927,786</u>
<b>Net financial assets</b>		
	<u>428,006,227</u>	<u>403,927,786</u>
<b>Net currency exposure</b>	<u>428,006,227</u>	<u>403,927,786</u>

At 31 March 2018, if the USD had strengthened/weakened by 5% (2017: 5%) against the SGD with all other variables held constant, the net surplus arising from the change would have increased/decreased by \$21,400,311 (2017: \$20,196,389) as a result of currency translation gains/losses on the USD-denominated financial instruments.



## SINGAPORE INSTITUTE OF TECHNOLOGY

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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#### 25. Financial risk management (continued)

##### (a) Market risk (continued)

###### (ii) *Price risk*

The information of the investment portfolio comprising quoted securities and unquoted securities provided to key management is as follows:

	Financial assets at fair value through profit or loss	
	2018	2017
	%	%
<u>By geographical area</u>		
Global	56	62
Asia (exclude Japan)	44	38
	<u>100</u>	<u>100</u>

###### (ii) *Price risk*

SIT is exposed to price risk arising from its investments. To manage this risk, SIT diversifies its investments across different markets and industries whenever appropriate. With all other variables held constant, if prices for securities increase/decrease by 5% (2017: 5%), this will result in an increase/decrease of \$11,342,689 (2017: \$19,496,171) in net surplus for the current financial year.

###### (iii) *Interest rate risk*

SIT invests in fixed income securities through externally managed funds, which are subject to interest rate risk, amongst other risks. Changes in interest will have impact on the fair value of the instruments. With all other variables held constant, 1% (2017: 1%) increase/decrease in interest rate will result in \$4,632,320 (2017: \$8,477,608) decrease/increase in the fair value of financial assets at fair values through profit or loss and net surplus.

Excess funds may be placed in short-term fixed deposits, which are subject to changes in market interest rates. If the interest rate has been higher/lower by 0.5% (2017: 0.5%) with all other variables held constant, the net surplus would have been higher/lower by \$526,443 (2017: \$491,688) as a result of higher/lower interest income.

## SINGAPORE INSTITUTE OF TECHNOLOGY

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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#### 25. Financial risk management (continued)

##### (b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to SIT.

Other than the fee receivables for students, SIT adopts the policy of dealing only with counterparties of appropriate reputation and history. For other financial assets, SIT adopts the policy of dealing with financial institutions and other counterparties with high credit ratings.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet. SIT's major classes of financial assets are bank deposits, and fees and other receivables. Grant receivables are mainly due from MOE. Other receivables include grant receivables from other government agencies. The credit risk exposure of other receivables from non-government agencies is insignificant.

##### (i) *Financial assets that are past due but not impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. SIT has fee receivables amounting to \$5,377,830 (2017: \$1,603,544) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	2018	2017
	\$	\$
Current	<u>574,002</u>	5,152,753
<u>Past due but not impaired:</u>		
1 to 30 days	3,907,635	1,100,184
31 to 60 days	1,043,407	683,542
61 to 90 days	5,696	(13,337)
More than 90 days	421,092	(166,845)
Total past due but not impaired	<u>5,377,830</u>	1,603,544
Fees receivables	<u>5,951,832</u>	6,756,297

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**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2018*

**25. Financial risk management** (continued)

(b) Credit risk (continued)

(ii) *Financial assets that are past due and impaired*

There is no other class of financial assets that is past due and impaired except for fees receivables. The carrying amount of fees receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	<b>2018</b>	2017
	\$	\$
Gross amount	<b>226,461</b>	215,011
Less: Allowance for impairment of fees receivables (Note 10)	<b>(226,461)</b>	(215,011)
	<u>-</u>	<u>-</u>
Beginning of financial year	<b>215,011</b>	158,216
Allowance made	<b>178,414</b>	156,774
Allowance written back	<b>(166,964)</b>	(99,979)
End of financial year	<b>226,461</b>	215,011

(c) Liquidity risk

Liquidity risk is the risk that SIT will encounter difficulty in meeting financial obligations due to shortage of funds. SIT maintains an adequate level of highly liquid assets in the form of cash and short-term bank deposits.

The table below analyses SIT's financial liabilities based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than <u>1 year</u> \$
<b>At 31 March 2018</b>	
Trade and other payables	<u><b>37,190,678</b></u>
<b>At 31 March 2017</b>	
Trade and other payables	<u>31,712,152</u>

## SINGAPORE INSTITUTE OF TECHNOLOGY

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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#### 25. Financial risk management (continued)

##### (d) Capital risk

SIT's objectives when managing capital are to ensure that SIT is adequately capitalised and to maintain a sound capital base for future development.

SIT is funded by the grants received from government and is not subject to any externally imposed capital requirements.

##### (e) Fair value measurement

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

###### Level 1

Quoted prices (unadjusted) in active markets for identical assets or liabilities.

###### Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

###### Level 3

Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows an analysis of financial instruments measured at fair value and classified by level of fair value measurement hierarchy:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
	\$	\$	\$
<b>2018</b>			
<b>Financial Assets</b>			
Financial assets at fair value through profit or loss			
Quoted securities			
- Fixed income securities	85,822,936	-	85,822,936
- Equity securities	49,896,846	-	49,896,846
Unquoted securities			
- Fixed income securities	-	14,107,429	14,107,429
- Equity securities	-	-	-
- Other unquoted securities	-	77,026,561	77,026,561
At 31 March 2018	<b>135,719,782</b>	<b>91,133,990</b>	<b>226,853,772</b>

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SINGAPORE INSTITUTE OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

25. Financial risk management (continued)

(e) Fair value measurement (continued)

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
	\$	\$	\$
<b>2017</b>			
<b>Financial Assets</b>			
Financial assets at fair value through profit or loss			
Quoted securities			
- Fixed income securities	124,890,739	-	124,890,739
- Equity securities	161,453,610	-	161,453,610
Unquoted securities			
- Fixed income securities	-	14,330,564	14,330,564
- Equity securities	-	-	-
- Other unquoted securities	-	89,248,509	89,248,509
At 31 March 2018	<u>286,344,349</u>	<u>103,579,073</u>	<u>389,923,422</u>

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by SIT is the current bid price. These instruments are included in Level 1.

In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

The following table presents the changes in Level 3 instruments:

	<b>2018</b>	<b>2017</b>
	\$	\$
<u>Financial assets at fair value through profit or loss</u>		
Beginning of financial year	<b>103,579,073</b>	77,410,709
Purchases	<b>8,099,090</b>	19,737,687
Sales	<b>(19,107,050)</b>	-
Fair value (losses)/gains recognised in income and expenditure	<b>(1,437,123)</b>	6,430,677
End of financial year	<u><b>91,133,990</b></u>	<u>103,579,073</u>

## SINGAPORE INSTITUTE OF TECHNOLOGY

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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#### 25. Financial risk management (continued)

##### (f) Financial instruments by category

The carrying amounts of loans and receivables, financial assets at fair value through profit or loss and financial liabilities are as follows:

	2018 \$	2017 \$
Loans and receivables	423,340,500	197,413,741
Financial assets at fair value through profit or loss	226,853,772	389,923,422
Financial liabilities at amortised cost	<u>37,190,678</u>	<u>31,712,152</u>

#### 26. Related party transactions

During the year, SIT purchased certain investments of which a trustee is the director of the Issuer of the investments. As at 31 March 2018, these investments amounted to \$14,107,429 (2017: \$14,330,564). The trustee had abstained from making any decision in relation to these investments.

Key management personnel compensation for the financial year is as follows:

	2018 \$	2017 \$
Wages and salaries	10,096,391	9,050,161
Post-employment benefits - contribution to CPF	495,491	493,240
	<u>10,591,882</u>	<u>9,543,401</u>

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. SIT receives grants from MOE to fund its operations and is subject to certain controls set by MOE and considers MOE a related party.

In addition to the information disclosed elsewhere in the financial statements, the following transactions, that are either individually or collectively significant, took place between SIT and MOE during the year.

	2018 \$	2017 \$
Government fundings	<u>197,707,948</u>	<u>153,774,987</u>

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**27. New or revised accounting standards and interpretations**

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for SIT's accounting periods beginning on or after 1 April 2018 and which SIT has not early adopted:

- FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018)

This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

SIT does not expect significant impact on adoption of FRS 115.

- FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018)

The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI.

**27. New or revised accounting standards and interpretations (continued)**

- FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018) (continued)

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designed at fair value through profit or loss.

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from contracts with customers, lease receivables, loan commitments and certain financial guarantee contracts.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of SIT's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

SIT does not expect significant impact on adoption of FRS 109.

- FRS 116 *Leases* (effective for annual periods beginning on or after 1 January 2019)

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

The new standard also introduces expanded disclosure requirements and changes in presentation.

SIT plans to adopt the new standard retrospectively on 1 April 2019 and in line with the transition provisions permitted under the standard, the cumulative effect of initial application will be recognised as an adjustment to the opening retained profits as at 1 April 2019.



## SINGAPORE INSTITUTE OF TECHNOLOGY

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2018*

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#### **27. New or revised accounting standards and interpretations** (continued)

- FRS 116 *Leases* (effective for annual periods beginning on or after 1 January 2019) (continued)

SIT has yet to determine to what extent the commitments as at the reporting date will result in the recognition of an asset and a liability for future payments and how this will affect SIT's profit and classification of cash flows.

#### **28. Authorisation of financial statements**

These financial statements were authorised for issue in accordance with a resolution of the Board of Trustees of Singapore Institute of Technology on 5 September 2018.