

# SINGAPORE INSTITUTE OF TECHNOLOGY

(Company Limited by Guarantee)

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

## ANNUAL REPORT

*For the financial year ended 31 March 2012*

**SINGAPORE INSTITUTE OF TECHNOLOGY**  
(Company Limited by Guarantee)  
(Incorporated in Singapore)

**ANNUAL REPORT**

*For the financial year ended 31 March 2012*

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# **SINGAPORE INSTITUTE OF TECHNOLOGY**

## **REPORT OF THE TRUSTEES**

*For the financial year ended 31 March 2012*

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The Board of Trustees present their report to the members together with the audited financial statements of Singapore Institute of Technology ("SIT") for the financial year ended 31 March 2012.

### **Trustees**

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

|                            |                 |
|----------------------------|-----------------|
| Mr Ng Yat Chung            | Chairman        |
| Mr Ng Cher Pong            | Deputy Chairman |
| Dr Abdul Razakjr Bin Omar  |                 |
| Dr Beh Swan Gin            |                 |
| Ms Rachel Eng Yaag Ngee    |                 |
| Professor Hang Chang Chieh |                 |
| Dr Richard Charles Helfer  |                 |
| Mr Allen Lew Yoong Keong   |                 |
| Dr Lim Kiang Wee           |                 |
| Mr Pek Hak Bin             |                 |
| Mr Roy Quek Hong Sheng     |                 |
| Mr Michael Yap Kiam Siew   |                 |
| Ms Mary Yeo Chor Gek       |                 |
| Professor Tan Chin Tiong   |                 |

### **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 201(6)(f) and (g), Section 201(6A)(g) and (h), Section 201(11) and Section 201(12) of the Companies Act, Cap 50.

**SINGAPORE INSTITUTE OF TECHNOLOGY**

**REPORT OF THE TRUSTEES**

*For the financial year ended 31 March 2012*

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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 201(8) 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 22 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 Chin Tiong  
Trustee

30 July 2012

**SINGAPORE INSTITUTE OF TECHNOLOGY**

**STATEMENT BY TRUSTEES**

*For the financial year ended 31 March 2012*

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In the opinion of the Trustees,

- (a) the financial statements of SIT as set out on pages 5 to 27 are drawn up so as to give a true and fair view of the state of affairs of SIT at 31 March 2012 and of the income and expenditure of the business, changes in funds and reserves and cash flows of SIT for the financial year then ended; 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.

On behalf of the Trustees



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Mr Ng Yat Chung  
Trustee



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Professor Tan Chin Tiong  
Trustee

30 July 2012

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

## Report on the Financial Statements

We have audited the accompanying financial statements of Singapore Institute of Technology ("SIT") set out on pages 5 to 27, which comprise the balance sheet as at 31 March 2012, the statement of comprehensive income, the statement of changes in funds and reserves and the statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act"), the Singapore Charities Act, Chapter 37 (the "Charities Act") and Singapore Financial Reporting Standards, 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 of the statement of comprehensive income and balance sheets and to maintain accountability of assets.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements of SIT are properly drawn up in accordance with the provisions of the Act, the Charities Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of SIT as at 31 March 2012, and of the results, changes in funds and reserves and cash flows of SIT for the financial year ended on that date.

## Report on Other Legal and Regulatory Requirements

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

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

- a) The use of the donation moneys was not in accordance with the objectives of SIT as required under regulation 16 of the Charities (Institutions of a Public Character) Regulations; and
- b) SIT has not complied with the requirements of regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.



PricewaterhouseCoopers LLP  
Public Accountants and Certified Public Accountants  
Singapore, 30 July 2012

**SINGAPORE INSTITUTE OF TECHNOLOGY**

**STATEMENT OF COMPREHENSIVE INCOME**

*For the financial year ended 31 March 2012*

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|   | Note | 2012<br>\$              | 2011<br>\$          |
|---|------|-------------------------|---------------------|
| <b>Revenue</b>                                    | 3    | <b>14,226,885</b>       | 3,730,979           |
| <b>Other income</b>                               | 3    | <b>500,488</b>          | 15,931              |
| <b>Operating expenditure</b>                      |      |                         |                     |
| Staff and related expenses                        | 4    | (10,830,401)            | (7,401,531)         |
| Depreciation and amortisation expenses            |      | (278,831)               | (137,677)           |
| Programme-related expenses                        |      | (26,443,907)            | (7,505,513)         |
| Rental and other facilities expenses              |      | (1,100,083)             | (1,082,108)         |
| Other operating expenses                          |      | (3,688,939)             | (2,380,734)         |
|   |      | <u>(42,342,161)</u>     | <u>(18,507,563)</u> |
| <b>Deficit before government grants</b>           |      | <b>(27,614,788)</b>     | (14,760,653)        |
| Government grants                                 | 5    | <b>33,366,684</b>       | 21,823,361          |
| <b>Net surplus and total comprehensive income</b> |      | <u><b>5,751,896</b></u> | <u>7,062,708</u>    |

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

**SINGAPORE INSTITUTE OF TECHNOLOGY**

**BALANCE SHEET**

*As at 31 March 2012*

|   | Note | 2012<br>\$        | 2011<br>\$        |
|---|------|-------------------|-------------------|
| <b>ASSETS</b>   |      |                   |                   |
| <b>Current assets</b>   |      |                   |                   |
| Cash and cash equivalents   | 6    | 35,357,174        | 13,643,366        |
| Fees and other receivables  | 7    | 4,342,027         | 6,543,819         |
| Other current assets  | 8    | 3,487,084         | 2,417,365         |
|   |      | <u>43,186,285</u> | <u>22,604,550</u> |
| <b>Non-current assets</b>   |      |                   |                   |
| Property, plant and equipment   | 9    | 6,877,204         | 557,692           |
| Intangible assets   | 10   | 439,977           | 70,006            |
| Student loans   | 11   | 26,459            | -                 |
| Other non-current assets  | 12   | 4,108             | 9,940             |
|   |      | <u>7,347,748</u>  | <u>637,638</u>    |
| <b>Total assets</b>   |      | <u>50,534,033</u> | <u>23,242,188</u> |
| <b>LIABILITIES</b>  |      |                   |                   |
| <b>Current liabilities</b>  |      |                   |                   |
| Trade and other payables  | 13   | 10,696,264        | 3,983,461         |
| Grants received in advance  | 14   | 18,560,168        | 11,217,225        |
|   |      | <u>29,256,432</u> | <u>15,200,686</u> |
| <b>Non-current liabilities</b>  |      |                   |                   |
| Deferred capital grants   | 15   | 7,317,181         | 627,698           |
|   |      | <u>7,317,181</u>  | <u>627,698</u>    |
| <b>Total liabilities</b>  |      | <u>36,573,613</u> | <u>15,828,384</u> |
| <b>NET ASSETS</b>   |      | <u>13,960,420</u> | <u>7,413,804</u>  |
| <b>FUNDS AND RESERVES</b>   |      |                   |                   |
| Endowment funds   | 16   | 794,720           | -                 |
| Accumulated surplus   |      |                   |                   |
| - General funds   |      | 13,165,700        | 7,413,804         |
|   |      | <u>13,960,420</u> | <u>7,413,804</u>  |
| <b>Funds' net assets managed on behalf of<br/>Ministry of Education</b> | 17   | <u>2,768,329</u>  | <u>670,265</u>    |

*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 2012*

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|  | Note | Total<br>funds<br>\$     |
|--|------|--------------------------|
| <b>2012</b>                                |      |                          |
| <b>Beginning of financial year</b>         |      | 7,413,804                |
| Net surplus and total comprehensive income |      | 5,751,896                |
| Endowment funds                            | 16   | 794,720                  |
| <b>End of financial year</b>               |      | <u><b>13,960,420</b></u> |
| <b>2011</b>                                |      |                          |
| <b>Beginning of financial year</b>         |      | 351,096                  |
| Net surplus and total comprehensive income |      | 7,062,708                |
| <b>End of financial year</b>               |      | <u><b>7,413,804</b></u>  |

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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 2012*

|   | Note | 2012<br>\$               | 2011<br>\$          |
|---|------|--------------------------|---------------------|
| <b>Cash flows from operating activities</b>               |      |                          |                     |
| Deficit before government grants                          |      | (27,614,788)             | (14,760,653)        |
| Adjustments for:  |      |                          |                     |
| - Depreciation and amortisation                           |      | 278,831                  | 137,677             |
| - Interest income   |      | (46,842)                 | (5,487)             |
| - Donations   |      | (450,000)                | (10,000)            |
| - Loss on disposal of property, plant and equipment       |      | 1,291                    | -                   |
| - Allowance for impairment of receivables                 |      | 17,274                   | -                   |
|   |      | <u>(27,814,234)</u>      | <u>(14,638,463)</u> |
| Change in operating assets and liabilities                |      |                          |                     |
| - Fees and other receivables                              |      | (970,411)                | (2,127,787)         |
| - Other current assets                                    |      | (1,069,719)              | (2,348,852)         |
| - Trade and other payables                                |      | 6,712,803                | 3,065,976           |
| - Other non-current assets                                |      | 5,832                    | 124,433             |
| - Student loans   |      | (26,459)                 | -                   |
| Cash used in operations                                   |      | <u>(23,162,188)</u>      | <u>(15,924,693)</u> |
| Donations   |      | 450,000                  | 10,000              |
| <b>Net cash used in operating activities</b>              |      | <u>(22,712,188)</u>      | <u>(15,914,693)</u> |
| <b>Cash flows from investing activities</b>               |      |                          |                     |
| Purchase of property, plant and equipment                 |      | (6,526,666)              | (350,955)           |
| Purchase of intangible assets                             |      | (442,939)                | (37,156)            |
| Interest received   |      | 46,842                   | 5,487               |
| <b>Net cash used in investing activities</b>              |      | <u>(6,922,763)</u>       | <u>(382,624)</u>    |
| <b>Cash flows from financing activities</b>               |      |                          |                     |
| Operating grants received                                 |      | 47,150,212               | 28,119,296          |
| Development grants received                               |      | 4,040,638                | 1,132,956           |
| Other grants and funds received                           |      | 157,909                  | -                   |
| <b>Net cash provided by financing activities</b>          |      | <u>51,348,759</u>        | <u>29,252,252</u>   |
| <b>Net increase in cash and cash equivalents</b>          |      | <b>21,713,808</b>        | <b>12,954,935</b>   |
| Cash and cash equivalents at beginning of financial year  |      | <u>13,643,366</u>        | <u>688,431</u>      |
| <b>Cash and cash equivalents at end of financial year</b> | 6    | <u><b>35,357,174</b></u> | <u>13,643,366</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 2012*

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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 25 North Bridge Road, #02-00, Singapore 179104.

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 (2011: 2).

### 2. Significant accounting policies

#### 2.1 Basis of preparation

These 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. There are no areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements.

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

On 1 April 2011, 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 2012*

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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 in income and expenditure unless they relate to funds separately accounted under specific self-financing activities.

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

Donations and government grants, which are kept intact as capital, are directly taken to the funds in the year in which such donations and government grants are granted.

Income and expenditure from the management of the endowment funds are taken to income and expenditure as and when they arise.

#### 2.3 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for rendering of services 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) *Services fees*

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

##### (c) *Interest income*

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

##### (d) *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 2012

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### 2. Significant accounting policies (continued)

#### 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 initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

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> |
|--|---------------------|
| Furniture and office equipment               | 3 years             |
| IT equipment                                 | 3 to 5 years        |
| Machinery, laboratory and workshop equipment | 6 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.

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. All other repair and maintenance expenses are recognised in income and expenditure when incurred.

# SINGAPORE INSTITUTE OF TECHNOLOGY

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

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### 2. Significant accounting policies (continued)

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

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised 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.

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 Loans and receivables

Bank balances

Fees and other receivables

Student loans

Deposits

Bank balances, fees and other receivables, student loans and deposits are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

SIT assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

# SINGAPORE INSTITUTE OF TECHNOLOGY

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2012*

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### 2. Significant accounting policies (continued)

#### 2.7 Loans and receivables (continued)

Bank balances  
Fees and other receivables  
Student loans  
Deposits

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.

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

#### 2.8 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.

#### 2.9 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions, which are subject to an insignificant risk of change in value.

#### 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 Singapore dollar ("foreign currency") are translated into Singapore dollar using the exchange rates prevailing at the dates of the transactions. Currency translation 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. Significant accounting policies (continued)**

**2.11 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.

Government grants are recognised 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 and are on an accrual basis.

Government grants received/receivable to finance capital projects are taken immediately to development grants received in advance. Upon the utilisation of the grants for the purchase of assets, they are taken to the deferred capital grants for the assets which are being capitalised, or to income and expenditure for the assets which are written off.

Deferred capital grants are recognised in income and expenditure over the periods necessary to match the depreciation/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 the statement of income and expenditure to match the net book value of the assets written off.

**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.

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.



# SINGAPORE INSTITUTE OF TECHNOLOGY

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

### 2. Significant accounting policies (continued)

#### 2.13 Fair value estimation of financial assets and liabilities

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

#### 2.14 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.

### 3. Revenue and other income

|  | 2012<br>\$        | 2011<br>\$       |
|--|-------------------|------------------|
| <b>Revenue:</b>                        |                   |                  |
| Tuition and other student-related fees | 13,342,220        | 3,630,541        |
| Service fees                           | 884,665           | 100,438          |
|  | <u>14,226,885</u> | <u>3,730,979</u> |
| <b>Other income:</b>                   |                   |                  |
| Donations                              | 450,000           | 10,000           |
| Interest income                        | 46,842            | 5,487            |
| Others                                 | 3,646             | 444              |
|  | <u>500,488</u>    | <u>15,931</u>    |
|  | <u>14,727,373</u> | <u>3,746,910</u> |

### 4. Staff and related expenses

|   | 2012<br>\$        | 2011<br>\$       |
|---|-------------------|------------------|
| Wages and salaries  | 9,552,771         | 6,588,573        |
| Employer's contribution to defined contribution plans<br>including Central Provident Fund | 845,259           | 519,258          |
| Other employee benefits   | 432,371           | 319,070          |
| Less: Government grant – Jobs Credit Scheme   | -                 | (25,370)         |
|   | <u>10,830,401</u> | <u>7,401,531</u> |

The Jobs Credit Scheme is a cash grant introduced in the Singapore Budget 2009 to help businesses preserve jobs in the economic downturn. The Jobs Credit was paid to eligible employees in calendar year 2009 in four payments and the amount an employer can receive would depend on the fulfilment of the conditions as stated in the scheme.

# SINGAPORE INSTITUTE OF TECHNOLOGY

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

### 4. Staff and related expenses (continued)

In October 2009, the Government extended the Jobs Credit Scheme for half a year with another two payments at stepped-down rates in March 2010 (6% of wages) and June 2010 (3% of wages), following the Scheme ended.

### 5. Government grants

|  | 2012<br>\$        | 2011<br>\$        |
|--|-------------------|-------------------|
| Operating and other grants utilised (Note 14)                      | 33,086,562        | 21,646,223        |
| Deferred capital grants amortised (Note 15)                        | 278,831           | 177,138           |
| Transfer from deferred capital grants for asset disposal (Note 15) | 1,291             | -                 |
|  | <u>33,366,684</u> | <u>21,823,361</u> |

### 6. Cash and cash equivalents

|                          | 2012<br>\$        | 2011<br>\$        |
|--------------------------|-------------------|-------------------|
| Cash at bank and on hand | 5,357,174         | 3,643,366         |
| Short-term bank deposits | 30,000,000        | 10,000,000        |
|                          | <u>35,357,174</u> | <u>13,643,366</u> |

The short-term bank deposits at balance sheet date have a maturity ranging from 0.25 to 12 months (2011: 3 to 6 months) from the end of the financial year and have a weighted average effective interest rate of 0.398% (2011: 0.324%) per annum.

### 7. Fees and other receivables

|  | 2012<br>\$       | 2011<br>\$       |
|--|------------------|------------------|
| Fees receivables   | 1,538,242        | 504,655          |
| Less: Allowance for impairment of receivables (Note 21(b)(ii)) | (17,274)         | -                |
| Fees receivables- net  | <u>1,520,968</u> | <u>504,655</u>   |
| Grant receivables from MOE                                     | 1,820,837        | 4,416,032        |
| Other receivables from MOE                                     | 650,282          | 1,612,819        |
| Others   | 349,940          | 10,313           |
|  | <u>4,342,027</u> | <u>6,543,819</u> |

SINGAPORE INSTITUTE OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

8. Other current assets

|             | 2012<br>\$       | 2011<br>\$       |
|-------------|------------------|------------------|
| Deposits    | 1,080            | 500              |
| Prepayments | 3,486,004        | 2,416,865        |
|             | <u>3,487,084</u> | <u>2,417,365</u> |

9. Property, plant and equipment

|                                 | <u>Furniture and<br/>office<br/>equipment</u><br>\$ | <u>IT<br/>equipment</u><br>\$ | <u>Machinery,<br/>laboratory and<br/>workshop<br/>equipment</u><br>\$ | <u>Assets under<br/>construction</u><br>\$ | <u>Total</u><br>\$ |
|---------------------------------|---|-------------------------------|---|--|--------------------|
| <b>2012</b>                     |   |                               |   |  |                    |
| <u>Cost</u>                     |   |                               |   |  |                    |
| Beginning of financial year     | 41,351  | 431,444                       | -   | 230,322                                    | 703,117            |
| Additions                       | 148,097   | 674,251                       | 137,962   | 5,566,356                                  | 6,526,666          |
| Disposals                       | -   | (3,159)                       | -   | -  | (3,159)            |
| End of financial year           | <u>189,448</u>                                      | <u>1,102,536</u>              | <u>137,962</u>  | <u>5,796,678</u>                           | <u>7,226,624</u>   |
| <u>Accumulated depreciation</u> |   |                               |   |  |                    |
| Beginning of financial year     | 10,417  | 135,008                       | -   | -  | 145,425            |
| Depreciation charge             | 31,850  | 166,728                       | 7,285   | -  | 205,863            |
| Disposals                       | -   | (1,868)                       | -   | -  | (1,868)            |
| End of financial year           | <u>42,267</u>                                       | <u>299,868</u>                | <u>7,285</u>  | <u>-</u>                                   | <u>349,420</u>     |
| <b>Net book value</b>           |   |                               |   |  |                    |
| End of financial year           | <u>147,181</u>                                      | <u>802,668</u>                | <u>130,677</u>  | <u>5,796,678</u>                           | <u>6,877,204</u>   |
| <br>                            |   |                               |   |  |                    |
|                                 | <u>Furniture and office<br/>equipment</u>           | <u>IT<br/>equipment</u>       | <u>Assets<br/>under<br/>construction</u>                              | <u>Total</u>                               |                    |
| <b>2011</b>                     |   |                               |   |  |                    |
| <u>Cost</u>                     |   |                               |   |  |                    |
| Beginning of financial year     |   | 2,804                         | 349,358   | -  | 352,162            |
| Additions                       |   | 38,547                        | 82,086  | 230,322                                    | 350,955            |
| End of financial year           |   | <u>41,351</u>                 | <u>431,444</u>  | <u>230,322</u>                             | <u>703,117</u>     |
| <u>Accumulated depreciation</u> |   |                               |   |  |                    |
| Beginning of financial year     |   | 390                           | 35,506  | -  | 35,896             |
| Depreciation charge             |   | 10,027                        | 99,502  | -  | 109,529            |
| End of financial year           |   | <u>10,417</u>                 | <u>135,008</u>  | <u>-</u>                                   | <u>145,425</u>     |
| <b>Net book value</b>           |   |                               |   |  |                    |
| End of financial year           |   | <u>30,934</u>                 | <u>296,436</u>  | <u>230,322</u>                             | <u>557,692</u>     |

# SINGAPORE INSTITUTE OF TECHNOLOGY

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

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### 10. Intangible assets

#### Computer software licences costs

|                                 | 2012           | 2011           |
|---------------------------------|----------------|----------------|
|                                 | \$             | \$             |
| <u>Cost</u>                     |                |                |
| Beginning of financial year     | 101,719        | 64,563         |
| Additions                       | 442,939        | 37,156         |
| End of financial year           | <u>544,658</u> | <u>101,719</u> |
| <u>Accumulated amortisation</u> |                |                |
| Beginning of financial year     | 31,713         | 3,565          |
| Amortisation charge             | 72,968         | 28,148         |
| End of financial year           | <u>104,681</u> | <u>31,713</u>  |
| <b>Net book value</b>           |                |                |
| End of financial year           | <u>439,977</u> | <u>70,006</u>  |

### 11. Student loans

|               | 2012          | 2011 |
|---------------|---------------|------|
|               | \$            | \$   |
| Student loans | <u>26,459</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. No interest rate is applicable as at balance sheet date as no student has graduated.

### 12. Other non-current assets

|             | 2012         | 2011         |
|-------------|--------------|--------------|
|             | \$           | \$           |
| Prepayments | <u>4,108</u> | <u>9,940</u> |

**SINGAPORE INSTITUTE OF TECHNOLOGY**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2012*

**13. Trade and other payables**

|                                  | 2012<br>\$        | 2011<br>\$       |
|----------------------------------|-------------------|------------------|
| Accounts payable                 | 4,248,983         | 803,417          |
| Accrued operating expenses       | 2,136,278         | 1,202,989        |
| Provision for unutilised leave   | 368,027           | 227,468          |
| Tuition fees received in advance | 2,717,687         | 1,457,778        |
| Other payables                   | 1,225,289         | 291,809          |
|                                  | <u>10,696,264</u> | <u>3,983,461</u> |

**14. Grants received in advance**

|  | <u>Operating</u><br>\$ | <u>Development</u><br>\$ | <u>Total</u><br>\$ |
|--|------------------------|--------------------------|--------------------|
| <b>2012</b>  |                        |                          |                    |
| Beginning of financial year                              | 10,314,591             | 902,634                  | 11,217,225         |
| Grants received/receivables                              | 42,796,493             | 4,602,617                | 47,399,110         |
| Transfer to statement of income and expenditure (Note 5) | (33,086,562)           | -                        | (33,086,562)       |
| Transfer to deferred capital grants (Note 15)            | (1,464,354)            | (5,505,251)              | (6,969,605)        |
| <b>End of financial year</b>                             | <u>18,560,168</u>      | <u>-</u>                 | <u>18,560,168</u>  |
| <b>2011</b>  |                        |                          |                    |
| Beginning of financial year                              | -                      | -                        | -                  |
| Grants received/receivables                              | 32,535,328             | 1,132,956                | 33,668,284         |
| Transfer to statement of income and expenditure (Note 5) | (21,646,223)           | -                        | (21,646,223)       |
| Transfer to deferred capital grants (Note 15)            | (574,514)              | (230,322)                | (804,836)          |
| <b>End of financial year</b>                             | <u>10,314,591</u>      | <u>902,634</u>           | <u>11,217,225</u>  |

Operating and other grants and development grants received/receivable from the government are for SIT's operations and development projects respectively. The balance in this account represents grants received/receivables but not recognised as income at the end of the financial year.

This amount includes the provision for student attrition of \$4,081,294 (2011: \$4,324,773) in the event SIT achieves fewer graduates than MOE's output target in FY2012 and FY2013. The provision is based on SIT's projected attrition rate.

**SINGAPORE INSTITUTE OF TECHNOLOGY**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2012*

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**15. Deferred capital grants**

|   | 2012<br>\$       | 2011<br>\$     |
|---|------------------|----------------|
| Beginning of financial year   | 627,698          | -              |
| Transfer from operating grants in advance (Note 14)                         | 1,464,354        | 574,514        |
| Transfer from development grants received in advance (Note 14)              | 5,505,251        | 230,322        |
| Deferred capital grants amortised (Note 5)                                  | (278,831)        | (177,138)      |
| Transfer to statement of income and expenditure for asset disposal (Note 5) | (1,291)          | -              |
| End of financial year   | <u>7,317,181</u> | <u>627,698</u> |

**16. Endowment funds**

|                            | 2012<br>\$     | 2011<br>\$ |
|----------------------------|----------------|------------|
| Endowment funds (Capital)  |                |            |
| - Government grants        | 660,832        | -          |
| - Donations received       | 133,888        | -          |
|                            | <u>794,720</u> | <u>-</u>   |
| Represented by:            |                |            |
| Cash and cash equivalents  | 133,888        | -          |
| Other receivables from MOE | 660,832        | -          |
|                            | <u>794,720</u> | <u>-</u>   |

Income generated from the endowment funds will be used for the advancement of education.

**17. Funds managed on behalf of Ministry of Education**

Student loans comprise of principally student tuition fee loans, study loans and overseas study program loans.

# SINGAPORE INSTITUTE OF TECHNOLOGY

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

### 17. Funds managed on behalf of Ministry of Education (continued)

SIT acts as agent for the student loans and the government as the financier providing the advances.

|                                   | 2012<br>\$       | 2011<br>\$     |
|-----------------------------------|------------------|----------------|
| Beginning of financial year       | 670,265          | -              |
| Student loans granted to students | 2,152,154        | 675,015        |
| Repayments received from students | (54,090)         | (4,750)        |
| End of financial year             | <u>2,768,329</u> | <u>670,265</u> |
| Represented by:                   |                  |                |
| Student loans receivable          | 2,705,892        | 670,265        |
| Other receivables from MOE        | 62,437           | -              |
| Net assets                        | <u>2,768,329</u> | <u>670,265</u> |

### 18. Commitments

#### (a) Lessee - Operating lease commitments

SIT leases office and other equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

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:

|                            | 2012<br>\$       | 2011<br>\$       |
|----------------------------|------------------|------------------|
| Not later than one year    | 1,122,688        | 955,112          |
| Between one and five years | 1,383,077        | 380,296          |
| Later than five years      | -                | -                |
|                            | <u>2,505,765</u> | <u>1,335,408</u> |

# SINGAPORE INSTITUTE OF TECHNOLOGY

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

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### 18. Commitments (continued)

#### (b) Other commitments

##### (i) *SIT infrastructure at the Polytechnics*

SIT intends to build 5 campuses in each of the Polytechnics and its headquarters campus which would largely be financed by grants from MOE. The development works are estimated to be completed in 2014.

The main construction contracts have not been awarded as at balance sheet date. Estimation of the pre-development consultancy fees contracted for at the balance sheet date but not recognised in the financial statements are as follows:

|                | 2012<br>\$       | 2011<br>\$       |
|----------------|------------------|------------------|
| Infrastructure | <u>1,768,844</u> | <u>6,765,895</u> |

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

At balance sheet date, SIT has signed collaboration agreements with 10 (2011: 5) OUs to offer and manage industry focused degree programmes. Under the contractual agreements, SIT is required to make programme-related payments to the 10 OUs over a period of 10 years.

##### (iii) *Banker's guarantees*

|  | 2012<br>\$     | 2011<br>\$     |
|--|----------------|----------------|
| Banker's guarantees in lieu of security deposits | <u>247,634</u> | <u>262,634</u> |

### 19. 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.



# SINGAPORE INSTITUTE OF TECHNOLOGY

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

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### 20. 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 \$583,888 (2011: \$10,000) in the current financial year.

There is no fund-raising appeal conducted by SIT during the financial year.

### 21. Financial risk management

#### *Financial risk factors*

SIT's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Board of Trustees has constituted a Finance Committee comprising of three members from its Board of Trustees to assist the Board in the oversight and management of SIT's financial resources such as approving SIT's annual operating budgets and investment strategy of its retained cash surplus.

The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the management and the Board of Trustees.

#### (a) Market risk

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

SIT's business operations are not exposed to any significant foreign currency risks as its financial assets and liabilities are mainly denominated in Singapore Dollars.

SIT's currency exposure is as follows:

|                          | <u>SGD</u><br>\$ | <u>USD</u><br>\$ | <u>GBP</u><br>\$ | <u>Total</u><br>\$ |
|--------------------------|------------------|------------------|------------------|--------------------|
| <b>At 31 March 2012</b>  |                  |                  |                  |                    |
| Trade and other payables | <u>6,951,689</u> | <u>79,991</u>    | <u>578,870</u>   | <u>7,610,550</u>   |
| <b>At 31 March 2011</b>  |                  |                  |                  |                    |
| Trade and other payables | <u>1,648,349</u> | <u>649,866</u>   | -                | <u>2,298,215</u>   |

# SINGAPORE INSTITUTE OF TECHNOLOGY

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

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### 21. Financial risk management (continued)

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

##### (ii) *Interest rate risk*

SIT exposure to interest rate risk arises mainly from short-term bank deposits. The interest rates and terms of the short-term bank deposits are disclosed in Note 6 to the financial statements.

No sensitivity is prepared as SIT does not expect any material effect on the SIT's income and expenditure arising from the effects of reasonably possible changes to interest rates on the short-term bank deposits as the short-term bank deposits is on a fixed rate basis.

#### (b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to SIT. SIT places its cash and deposits with reputable financial institutions.

As SIT does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet. SIT has no significant concentration of credit risk.

##### (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 trade receivables amounting to \$908,431 (2011: \$201,278) 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:

|                   | 2012             | 2011           |
|-------------------|------------------|----------------|
|                   | \$               | \$             |
| Current           | 612,537          | 303,377        |
| 1 to 30 days      | 386,112          | 28,462         |
| 31 to 60 days     | 470,500          | 90,212         |
| 61 to 90 days     | 49,403           | 76,446         |
| More than 90 days | 2,416            | 6,158          |
|                   | <u>1,520,968</u> | <u>504,655</u> |

**SINGAPORE INSTITUTE OF TECHNOLOGY**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2012*

**21. 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:

|   | 2012<br>\$      | 2011<br>\$ |
|---|-----------------|------------|
| Gross amount  | 17,274          | -          |
| Less: Allowance for impairment of fees receivables (Note 7) | <u>(17,274)</u> | -          |
|   | -               | -          |
| Beginning of financial year                                 | -               | -          |
| Allowance made  | 17,274          | -          |
| End of financial year                                       | <u>17,274</u>   | -          |

(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 non-derivative 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<br>1 year<br>\$ | Between 2<br>to 20 years<br>\$ |
|--------------------------|---------------------------|--------------------------------|
| <b>At 31 March 2012</b>  |                           |                                |
| Trade and other payables | <u>7,610,550</u>          | -                              |
| <b>At 31 March 2011</b>  |                           |                                |
| Trade and other payables | <u>2,298,215</u>          | -                              |

# SINGAPORE INSTITUTE OF TECHNOLOGY

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

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### 21. Financial risk management (continued)

#### (d) Capital risk

SIT's objectives when managing capital are to ensure that SIT is adequately capitalised and to maintain an optimal capital structure.

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

#### (e) Fair value measurements

The carrying amount of current trade and other receivables, deposits and trade and other payables approximate their fair value.

#### (f) Financial instruments by category

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

|   | 2012<br>\$       | 2011<br>\$       |
|---|------------------|------------------|
| Loans and receivables                   | 39,726,740       | 20,187,685       |
| Financial liabilities at amortised cost | <u>7,610,550</u> | <u>2,298,215</u> |

### 22. Related party transactions

#### Key management personnel compensation

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

|  | 2012<br>\$       | 2011<br>\$       |
|--|------------------|------------------|
| Wages and salaries                             | 3,671,706        | 3,412,269        |
| Post-employment benefits - contribution to CPF | 78,450           | 75,950           |
|  | <u>3,750,156</u> | <u>3,488,219</u> |

## **SINGAPORE INSTITUTE OF TECHNOLOGY**

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2012*

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#### **23. New or revised accounting standards and interpretations**

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2012. SIT does not expect that adoption of these accounting standards or interpretations will have a material impact on SIT's financial statements.

#### **24. 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 30 July 2012.