SINGAPORE INSTITUTE OF TECHNOLOGY

(Company Limited by Guarantee)

(Incorporated in Singapore. Registration Number: 200917667D)

AND ITS SUBSIDIARY

ANNUAL REPORT

For the financial year ended 31 March 2019

SINGAPORE INSTITUTE OF TECHNOLOGY
(Company Limited by Guarantee)
(Incorporated in Singapore)
AND ITS SUBSIDIARY

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For the financial year ended 31 March 2019

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TRUSTEES' STATEMENT
For the financial year ended 31 March 2019

The Board of Trustees present their statement to the members together with the audited financial statements of Singapore Institute of Technology ("SIT") and its subsidiary (referred to as the "Group") for the financial year ended 31 March 2019 and the balance sheet of SIT as at 31 March 2019.

In the opinion of the Trustees,

(a) the balance sheet of SIT and the consolidated financial statement of the Group as set out on pages 6 to 46 are drawn up so as to give a true and fair view of the financial position of SIT and of the Group as at 31 March 2019 and the financial performance, changes in funds and reserves and cash flows of the Group for the financial year covered by the consolidated 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)
Dr Chia Tai Tee	(Appointed on 16 September 2018)
Dr Richard Charles Helfer	
Professor Heng Chye Kiang	
Dr Benjamin Koh	(Appointed on 16 September 2018)
Mr Kwee Liong Keng	
Dr Lim Khiang Wee	
Mrs Margaret Lui	
Mr Abu Bakar Bin Mohd Nor	
Mr Ng Cher Pong	
Ms Gail Ong	(Appointed on 16 September 2018)
Mr Quek Gim Pew	(Appointed on 16 September 2018)
Mr Ravinder Singh	(Appointed on 16 September 2018)
Mr Nagaraj Sivaram	
Mr Soon Sze Meng	(Appointed on 16 September 2018)
Professor Tan Thiam Soon	
Ms Tammie Tham	(Appointed on 16 September 2018)
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' STATEMENT
For the financial year ended 31 March 2019

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.

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 27 to the financial statements.

Independent auditor

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

On behalf of the Trustees

Mr Ng Yat Chung
Trustee

Professor Tan Thiam Soon
Trustee

15 August 2019

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 consolidated financial statements of Singapore Institute of Technology ("SIT") and its subsidiary (the "Group") and the balance sheet of 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 consolidated financial position of the Group and the financial position of SIT as at 31 March 2019 and of the consolidated financial performance, consolidated changes in funds and reserves and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of SIT and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the financial year ended 31 March 2019;
- the balance sheet of the Group as at 31 March 2019;
- the balance sheet of SIT as at 31 March 2019;
- the consolidated statement of changes in funds and reserves of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial 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 the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

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.

Other Information (continued)

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

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

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 the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required to be kept by SIT and by its subsidiary incorporated in Singapore of which we are the auditors 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, 15 August 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2019

	Note	General funds		Endowment and term funds		Total	
		2019	2018	**2019**	2018	**2019**	2018
		$'000	$'000	**$'000**	$'000	**$'000**	$'000
Revenue	4(a)	**73,409**	66,424	**-**	-	**73,409**	66,424
Other income	4(a)	**737**	1,315	**2,176**	3,284	**2,913**	4,599
Operating expenditure							
Staff and related expenses	5	**(97,779)**	(85,477)	**(377)**	-	**(98,156)**	(85,477)
Depreciation and amortisation expenses	14,15	**(29,771)**	(35,971)	**-**	-	**(29,771)**	(35,971)
Programme and student- related expenses		**(64,111)**	(62,052)	**(3,221)**	(1,589)	**(67,332)**	(63,641)
Rental and other facilities expenses		**(22,372)**	(21,096)	**-**	-	**(22,372)**	(21,096)
Other operating expenses		**(24,376)**	(20,460)	**(304)**	(471)	**(24,680)**	(20,931)
Total operating expenditure		**(238,409)**	(225,056)	**(3,902)**	(2,060)	**(242,311)**	(227,116)
(Deficit)/surplus before investment income and government grants		**(164,263)**	(157,317)	**(1,726)**	1,224	**(165,989)**	(156,093)
Net investment income	6	**1,238**	891	**25,835**	19,590	**27,073**	20,481
(Deficit)/surplus before government grants		**(163,025)**	(156,426)	**24,109**	20,814	**(138,916)**	(135,612)
Government grants	7	**187,377**	190,212	**-**	-	**187,377**	190,212
Net surplus and total comprehensive income		**24,352**	33,786	**24,109**	20,814	**48,461**	54,600

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

SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARY

BALANCE SHEETS
As at 31 March 2019

	Note	Group 2019 $'000	Group 2018 $'000	SIT 2019 $'000	SIT 2018 $'000
ASSETS					
Current assets					
Cash and cash equivalents	8	**179,796**	120,782	**179,796**	120,782
Financial assets, at fair value through profit or loss	9	**439,823**	226,854	**439,823**	226,854
Deposits for investments	9	**33,698**	199,449	**33,698**	199,449
Fees and other receivables	10	**77,172**	102,170	**77,219**	102,170
Student loans	11	**165**	158	**165**	158
Other current assets	12	**10,277**	7,736	**10,277**	7,736
		740,931	657,149	**740,978**	657,149
Non-current assets					
Investment in a subsidiary	13	**-**	-	**-**[(a)]	-
Property, plant and equipment	14	**204,444**	197,347	**204,444**	197,347
Intangible assets	15	**7,394**	6,540	**7,394**	6,540
Student loans	11	**756**	680	**756**	680
Other non-current assets	16	**73,690**	77,099	**73,690**	77,099
		286,284	281,666	**286,284**	281,666
Total assets		**1,027,215**	938,815	**1,027,262**	938,815
LIABILITIES					
Current liabilities					
Trade and other payables	17	**39,788**	37,191	**39,768**	37,191
Deferred tuition fee income	4(b)	**8,878**	9,039	**8,878**	9,039
Grants received in advance	18	**39,658**	44,442	**39,658**	44,442
		88,324	90,672	**88,304**	90,672
Non-current liabilities					
Deferred capital grants	19	**211,493**	203,629	**211,493**	203,629
Other deferred grants	20	**76,828**	80,155	**76,828**	80,155
		288,321	283,784	**288,321**	283,784
Total liabilities		**376,645**	374,456	**376,625**	374,456
NET ASSETS		**650,570**	564,359	**650,637**	564,359
FUNDS AND RESERVES					
General funds					
- Accumulated surplus		**140,930**	116,578	**140,997**	116,578
Endowment and term funds					
- Capital	21	**431,761**	394,011	**431,761**	394,011
- Accumulated surplus	21	**77,879**	53,770	**77,879**	53,770
		509,640	447,781	**509,640**	447,781
		650,570	564,359	**650,637**	564,359

[(a)] Less than $1,000

See Note 22 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
AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS AND RESERVES

For the financial year ended 31 March 2019

	Note	Accumulated surplus – General funds $'000	Endowment and term funds $'000	Total $'000
2019				
Beginning of financial year		**116,578**	**447,781**	**564,359**
Total comprehensive income		24,352	24,109	48,461
Government grants and donations	21(b)	-	37,750	37,750
End of financial year		**140,930**	**509,640**	**650,570**
2018				
Beginning of financial year		82,792	419,250	502,042
Total comprehensive income		33,786	20,814	54,600
Government grants and donations	21(b)	-	7,717	7,717
End of financial year		**116,578**	**447,781**	**564,359**

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

SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Deficit before government grants		**(138,916)**	(135,612)
Adjustments for:			
- Depreciation and amortisation	14,15	**29,771**	35,971
- Donations	4(a)	**(2,176)**	(3,284)
- Net loss on disposal of property, plant and equipment		**16**	31
- Interest income	6	**(2,540)**	(1,843)
- Currency exchange (gain)/ loss	6	**(55)**	571
- Financial assets, at fair value through profit or loss			
• Fair value gain	6	**(21,962)**	(5,168)
• Net gain on sale of financial assets	6	**(2,516)**	(14,041)
		(138,378)	(123,375)
Change in operating assets and liabilities			
- Fees and other receivables		**12,980**	(17,519)
- Student loans and other assets		**783**	1,957
- Trade and other payables		**1,328**	2,494
Net cash used in operating activities		**(123,287)**	(136,443)
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		**(35,663)**	(19,504)
Proceeds from disposal of property, plant and equipment		**94**	1
Purchase of financial assets, at fair value through profit or loss		**(50,679)**	(27,906)
Proceeds from sale of financial assets, at fair value through profit or loss		**59,002**	209,916
Interest received		**2,442**	1,896
Deposits for investments	9	**(33,698)**	(199,449)
Net cash used in investing activities		**(58,502)**	(35,046)
Cash flows from financing activities			
Operating grants received		**158,053**	119,680
Development grants received		**33,487**	7,895
Other government grants received		**9,337**	5,702
Endowment funds received		**37,750**	7,717
Donations received		**2,176**	3,284
Cash provided by financing activities		**240,803**	144,278
Net increase/(decrease) in cash and cash equivalents		**59,014**	(27,211)
Cash and cash equivalents at beginning of financial year		**120,782**	147,993
Cash and cash equivalents at end of financial year	8	**179,796**	120,782

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

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 (2018: 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. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated. The notes to the balance sheet of SIT are the same as the notes to the balance sheet of the Group except for transactions or balances that have been eliminated on consolidation and balances of its wholly-owned subsidiary, Verbosecurity Pte Ltd, which will be disclosed under the relevant notes.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group'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.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards

On 1 April 2018, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. The new standards FRS 115 *Revenue from Contracts with Customers* and FRS109 *Financial instruments are adopted* using the modified retrospective approach which permits the cumulative impact of the adoption recognised in the opening retained earnings at 1 April 2018. Comparative information for 2018 are not restated.

Changes to the Group'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 the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

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. Significant accounting policies (continued)

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 the Group's activities. Under FRS 115, revenue is recognised when an entity satisfies a performance obligation by transferring a promised good or service to a customer.

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

Revenue from tuition and other student-related services are recognised over the duration of the courses, except application fees, matriculation fees, certification fees and fees for student activities that are recognised when payment are received.

(b) *Service fees*

Revenue from service fees are recognised over the period in which the services are rendered except administrative charge that is recognised upon billing.

(c) *Donations*

Donations are recognised in the financial year they are received.

(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*

The Group'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.

2. Significant accounting policies (continued)

2.4 Employee compensation (continued)

(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 Group accounting

Subsidiaries

(a) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

They are deconsolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of SIT. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(b) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

2. Significant accounting policies (continued)

2.5 Group accounting (continued)

Subsidiaries (continued)

(b) Disposals (continued)

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to paragraph 2.12 "SIT's investment in a subsidiary" for the accounting policy on investment in a subsidiary.

2.6 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 the Group 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.

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:

	Useful lives
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

2. Significant accounting policies (continued)

2.6 Property, plant and equipment (continued)

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.

2.7 Intangible assets

Computer software licence 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.

2.8 Trade and other payables

Trade and other payables represent unpaid liabilities for goods and services provided to the Group 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. Significant accounting policies (continued)

2.9 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.

2.10 Financial assets

The accounting for financial assets before 1 April 2018 under FRS 39 are as follows:

(a) *Classification*

The Group 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*

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. 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.

(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.

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

The accounting for financial assets before 1 April 2018 under FRS 39 are as follows: (continued)

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date - the date on which the Group 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 the Group 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.

(e) *Impairment*

The Group 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.

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

2.10 Financial assets (continued)

The accounting for financial assets before 1 April 2018 under FRS 39 are as follows: (continued)

(e) *Impairment* (continued)

Loans and receivables (continued)

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.

The accounting for financial assets from 1 April 2018 under FRS 109 are as follows:

The Group classifies its financial assets into the following measurement categories:

- Amortised cost;
- Fair value through profit or loss (FVPL)

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of cash flows of the financial assets.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(a) *At initial recognition*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

The accounting for financial assets from 1 April 2018 under FRS 109 are as follows: (continued)

(b) *At subsequent measurement*

Debt instruments

Debt instruments of the Group mainly comprise of cash and cash equivalents, fees and other receivables, financial assets at fair value through profit or loss and student loans.

There are three prescribed subsequent measurement categories, depending on the Group's business model in managing the assets and the cash flow characteristic of the assets.

- Amortised cost: The Group managed these group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

  The Group's major classes of financial assets at amortised cost are cash and cash equivalents, fees and other receivables and deposits for investments.

  A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

  These financial assets are subject to the expected credit loss impairment model under FRS 109. The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost.

  For fees receivable, the Group applies the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

The accounting for financial assets from 1 April 2018 under FRS 109 are as follows: (continued)

(b) At subsequent measurement (continued)

For the other financial assets, the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in the income statement in the period in which it arises and presented in "Net investment income".

  The debt instruments classified at FVPL relates to an investment portfolio comprising of quoted securities and unquoted securities. The portolio of financial assets is managed and performance is evaluated on a fair value basis. These financial assets are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale.

  The Group is primarily focused on fair value information to evaluate assets' performance and to make decisions. The collection of contractual cashflows debt instrument is only incidental to achieving the business model's objective.

  Regular way purchases and sales of these financial assets are recognised on trade date – the date on which the Group 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 the Group has transferred substantially all risks and rewards of ownership. On disposal, the differences between the carrying amount and sales proceed is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to the income statement.

2. Significant accounting policies (continued)

2.11 Currency translation

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

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.

2.12 SIT's investment in a subsidiary

Investment in subsidiary is carried at cost less accumulated impairment losses in SIT's balance sheet. On disposal of such investment, the difference between disposal proceeds and the carrying amount of the investment are recognised in profit or loss.

2.13 Government grants

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

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 the Group will comply with the government's debt grant framework conditions and that the grants will be received.

2. Significant accounting policies (continued)

2.13 Government grants (continued)

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.

2.14 Impairment of non-financial assets

Property, plant and equipment, intangible assets and investment in a subsidiary 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.

2.15 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.

2.16 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.

2. Significant accounting policies (continued)

2.16 Fair value estimation of financial assets and liabilities (continued)

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group 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.

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

The Group invests in unquoted securities that are not traded in an active market with a carrying amount of $252,940,000 (2018: $91,134,000). 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

(a) In total comprehensive income

	General funds		Endowment and term funds		Total	
	2019	2018	**2019**	2018	**2019**	2018
	$'000	**$'000**	$'000	$'000	**$'000**	$'000
Revenue:						
Tuition and other student-related fees	**72,400**	64,655	-	-	**72,400**	64,655
Service fees	**1,009**	1,769	-	-	**1,009**	1,769
	73,409	66,424	-	-	**73,409**	66,424
Timing of revenue recognition:						
At a point in time	**572**	526	-	-	**572**	526
Over time	**72,837**	65,898	-	-	**72,837**	65,898
	73,409	66,424	-	-	**73,409**	66,424

	General funds		Endowment and term funds		Total	
	2019	2018	**2019**	2018	**2019**	2018
	$'000	**$'000**	$'000	$'000	**$'000**	$'000
Other income:						
Donations	-	-	**2,176**	3,284	**2,176**	3,284
Rental income	**179**	268	-	-	**179**	268
Wage credit income	**369**	594	-	-	**369**	594
Others	**189**	453	-	-	**189**	453
	737	1,315	**2,176**	3,284	**2,913**	4,599
Total revenue and other income	**74,146**	67,739	**2,176**	3,284	**76,322**	71,023

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.

(b) In balance sheet

	31 March 2019	1 April 2018
	$'000	$'000
Deferred Tuition Fee Income	**8,878**	9,039

Deferred tuition fee income mainly relates to fees received from students for tuition and other student-related fees in which the courses have not been delivered. Revenue will be recognised over the time when the courses are delivered to the students. The deferred tuition fee income of $9,039,000 in 2018 was fully recognised as revenue during the financial year ended 31 March 2019 upon delivery of the services. Services relating to the deferred tuition fee income as at 31 March 2019 will be delivered within one year from balance sheet date.

5. Staff and related expenses

	2019	2018
	$'000	$'000
Wages and salaries	**82,182**	71,144
Employer's contribution to defined contribution plans including Central Provident Fund	**9,263**	8,169
Other employee benefits	**6,711**	6,164
	98,156	85,477

6. Net investment income

	General funds		Endowment and term funds		Total	
	2019	2018	**2019**	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Interest income	**1,238**	891	**1,302**	952	**2,540**	1,843
Currency exchange gain/(loss)	**-**	-	**55**	(571)	**55**	(571)
Financial assets, at fair value through profit or loss						
• Fair value gain	**-**	-	**21,962**	5,168	**21,962**	5,168
• Net gain on sale of financial assets	**-**	-	**2,516**	14,041	**2,516**	14,041
	-	-	**24,533**	18,638	**24,533**	18,638
	1,238	891	**25,835**	19,590	**27,073**	20,481

7. Government grants

	2019	2018
	$'000	$'000
Operating and other grants utilised (Note 18)	**154,338**	150,858
Deferred capital grants amortised (Note 19)	**29,600**	36,024
Other deferred grants amortised (Note 20)	**3,327**	3,327
Transfer from deferred capital grants for asset disposal (Note 19)	**112**	3
	187,377	190,212

8. Cash and cash equivalents

	2019 $'000	2018 $'000
Cash at bank	**13,934**	15,493
Short-term bank deposits	**165,862**	105,289
	179,796	120,782

The short-term bank deposits at balance sheet date have an average maturity of 101 days (2018: 144 days) from the end of the financial year with a weighted average effective interest rate of 1.698% (2018: 1.279%) per annum.

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

	2019 $'000	2018 $'000
Quoted fixed income investments	**90,620**	85,823
Quoted equity investments	**52,405**	49,897
Quoted other investment	**43,858**	-
Unquoted investments	**252,940**	91,134
	439,823	226,854

Quoted other investment and unquoted investments comprise mainly private equity and multi-asset funds.

The weighted average yield to maturity for the fixed income securities is 5.01% (2018: 5.19%) per annum.

As at 31 March 2019, the Group has placed $33,698,000 (2018: $199,449,000) as deposits for investments, which were subsequently acquired in April 2019.

As at 31 March 2019, the Group has outstanding commitment of $29,646,000 (2018: $11,620,000) for investments in other unquoted securities, which have not been drawn down as at balance sheet date.

10. Fees and other receivables

	2019	2018
	$'000	$'000
Fees receivable	**5,783**	6,178
Less: Allowance for impairment of receivable (Note 26(b))	**(16)**	(226)
Fees receivable - net	**5,767**	5,952
Grant receivables from MOE	**56,287**	69,798
Other receivables from MOE	**12,188**	25,018
Other receivables	**2,930**	1,402
	77,172	102,170

SIT has an amount due from its wholly-owned subsidiary, Verbosecurity Pte Ltd. of S$67,000 (2018: S$nil) which has been eliminated on consolidation. Consolidated within the Group's fees receivable is an amount of S$20,000 (2018: S$nil) of its wholly-owned subsidiary, Verbosecurity Pte Ltd.

11. Student loans

	2019	2018
	$'000	$'000
Current	**165**	158
Non-current	**756**	680
	921	838

These are the overseas student 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% (2018: 4.75%) per annum.

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

12. Other current assets

	2019	2018
	$'000	$'000
Deposits	**66**	44
Prepayments		
- Polytechnics	**3,327**	3,327
- Programme and student-related expenses	**4,081**	2,235
- Others	**2,803**	2,130
	10,277	7,736

12. Other current assets (continued)

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

13. Investment in a subsidiary

	SIT	
	2019	2018
	$	$
Equity investments at cost		
Beginning of financial year	**-**	-
Additions	**2**	-
End of financial year	**2**	-

At the balance sheet date, the details of the subsidiary is as follows:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group
			%
Verbosecurity Pte Ltd	Provision of information technology cybersecurity consultancy services	Singapore	100

14. Property, plant and equipment

	Buildings and infrastructure $'000	Furniture, office and sports equipment $'000	IT, AV and network equipment $'000	Machinery, laboratory and workshop equipment $'000	Motor vehicles $'000	Assets under construction $'000	Total $'000
2019							
Cost							
Beginning of financial year	224,194	19,332	36,981	21,464	646	7,069	309,686
Additions	3,683	783	3,186	3,317	204	21,346	32,519
Transfers between categories	838	80	1,473	7,422	-	(9,813)	-
Transfers to intangible assets (Note 15)	-	-	-	-	-	(437)	(437)
Disposals	-	(14)	(34)	-	(235)	-	(283)
End of financial year	228,715	20,181	41,606	32,203	615	18,165	341,485
Accumulated depreciation							
Beginning of financial year	61,678	17,606	26,951	5,837	267	-	112,339
Depreciation charge	13,290	1,284	5,912	4,312	77	-	24,875
Disposals	-	(15)	(31)	-	(127)	-	(173)
End of financial year	74,968	18,875	32,832	10,149	217	-	137,041
Net book value							
End of financial year	**153,747**	**1,306**	**8,774**	**22,054**	**398**	**18,165**	**204,444**

14. Property, plant and equipment (continued)

	Buildings and infrastructure $'000	Furniture, office and sports equipment $'000	IT, AV and network equipment $'000	Machinery, laboratory and workshop equipment $'000	Motor vehicles $'000	Assets under construction $'000	Total $'000
2018							
Cost							
Beginning of financial year	222,979	18,559	32,428	13,413	514	3,690	291,583
Additions	1,243	853	4,575	7,636	132	3,963	18,402
Transfers between categories	27	-	125	418	-	(570)	-
Transfers to intangible assets (Note 15)		-	-	-	-	(14)	(14)
Disposals	(55)	(80)	(147)	(3)	-	-	(285)
End of financial year	224,194	19,332	36,981	21,464	646	7,069	309,686
Accumulated depreciation							
Beginning of financial year	44,393	14,148	18,874	2,764	196	-	80,375
Depreciation charge	17,310	3,538	8,224	3,074	71	-	32,217
Disposals	(25)	(80)	(147)	(1)	-	-	(253)
End of financial year	61,678	17,606	26,951	5,837	267	-	112,339
Net book value							
End of financial year	**162,516**	**1,726**	**10,030**	**15,627**	**379**	**7,069**	**197,347**

15. Intangible assets

Computer software licence costs

	2019 $'000	2018 $'000
Cost		
Beginning of financial year	**15,227**	11,548
Additions	**5,313**	3,802
Transfer from assets under construction (Note 14)	**437**	14
Disposals	**-**	(137)
End of financial year	**20,977**	15,227
Accumulated amortisation		
Beginning of financial year	**8,687**	5,070
Amortisation charge	**4,896**	3,754
Disposals	**-**	(137)
End of financial year	**13,583**	8,687
Net book value		
End of financial year	**7,394**	6,540

16. Other non-current assets

	2019 $'000	2018 $'000
Deposits	**19**	58
Prepayments		
- Polytechnics	**73,501**	76,828
- Others	**170**	213
	73,690	77,099

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

17. Trade and other payables

	2019 $'000	2018 $'000
Trade payables	**8,455**	9,963
Payables for property, plant and equipment	**6,763**	4,594
Accrued operating expenses	**15,063**	13,157
Provision for unutilised leave	**4,466**	4,358
Other payables	**5,041**	5,119
	39,788	37,191

Consolidated within the Group's other payables is an amount of S$20,000 (2018: S$nil) of its wholly-owned subsidiary, Verbosecurity Pte Ltd.

18. Grants received in advance

	Government operating $'000	Government development $'000	Other government grants $'000	Total $'000
2019				
Beginning of financial year	29,787	11,784	2,871	44,442
Grants received/ receivable	144,817	19,833	9,102	173,752
Debt grants received/ receivable	-	13,378	-	13,378
Transfer to statement of comprehensive income (Note 7)	(141,144)	(4,484)	(8,710)	(154,338)
Transfer to deferred capital grants (Note 19)	(8,089)	(29,524)	37	(37,576)
End of financial year	**25,371**	**10,987**	**3,300**	**39,658**
2018				
Beginning of financial year	31,969	13,450	2,280	47,699
Grants received/ receivable	147,502	7,941	5,544	160,987
Debt grants received/ receivable	-	8,642	-	8,642
Transfer to statement of comprehensive income (Note 7)	(143,937)	(2,345)	(4,576)	(150,858)
Transfer to deferred capital grants (Note 19)	(5,747)	(15,904)	(377)	(22,028)
End of financial year	**29,787**	**11,784**	**2,871**	**44,442**

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.

19. Deferred capital grants

	2019 $'000	2018 $'000
Beginning of financial year	**203,629**	217,628
Additions		
- Operating grants (Note 18)	**8,089**	5,747
- Development grants (Note 18)	**29,524**	15,904
- Other government grants (Note 18)	**(37)**	377
Deferred capital grants amortised (Note 7)	**(29,600)**	(36,024)
Transfer to income and expenditure for asset disposal (Note 7)	**(112)**	(3)
End of financial year	**211,493**	203,629

20. Other deferred grants

	2019 $'000	2018 $'000
Beginning of financial year	**80,155**	83,482
Deferred grants amortised (Note 7)	**(3,327)**	(3,327)
End of financial year	**76,828**	80,155

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.

21. Endowment and term funds

(a) Composition:

	Endowment funds		Term funds		Total	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Capital:						
- Government grants	**402,596**	379,567	**-**	-	**402,596**	379,567
- Donations	**29,165**	14,444	**-**	-	**29,165**	14,444
	431,761	394,011	**-**	-	**431,761**	394,011
Accumulated surplus	**76,051**	50,907	**1,828**	2,863	**77,879**	53,770
	507,812	444,918	**1,828**	2,863	**509,640**	447,781

21. Endowment and term funds (continued)

(a) Composition:

	Endowment funds		Term funds		Total	
	2019	2018	**2019**	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Represented by:						
Cash and cash equivalents	**32,901**	18,433	**1,847**	2,894	**34,748**	21,327
Financial assets at fair value through profit or loss	**439,823**	226,854	**-**	-	**439,823**	226,854
Deposits for investments	**33,698**	199,449	**-**	-	**33,698**	199,449
Interest receivable	**196**	271	**5**	-	**201**	271
Other receivable	**1,640**	30	**7**	-	**1,647**	30
Other payables	**(446)**	(119)	**(31)**	(31)	**(477)**	(150)
	507,812	444,918	**1,828**	2,863	**509,640**	447,781

(b) Movements:

	Endowment funds		Term funds		Total	
	2019	2018	**2019**	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Beginning of financial year	**444,918**	418,044	**2,863**	1,206	**447,781**	419,250
Government grants	**23,029**	5,769	**-**	-	**23,029**	5,769
Donations	**14,721**	1,948	**-**	-	**14,721**	1,948
Government grants and donations	**37,750**	7,717	**-**	-	**37,750**	7,717
Income						
- Donations	**-**	-	**2,176**	3,284	**2,176**	3,284
- Interest income	**1,283**	945	**19**	7	**1,302**	952
- Currency exchange gain/(loss)	**55**	(571)	**-**	-	**55**	(571)
- Financial assets at fair value through profit or loss						
• Fair value gain	**21,962**	5,168	**-**	-	**21,962**	5,168
• Net gain on sale of financial assets	**2,516**	14,041	**-**	-	**2,516**	14,041
	25,816	19,583	**2,195**	3,291	**28,011**	22,874
Operating expenditure						
- Staff and related expenses	**(377)**	-	**-**	-	**(377)**	-
- Programme and student-related expenses	**-**	-	**(3,221)**	(1,589)	**(3,221)**	(1,589)
- Other operating expenses	**(295)**	(426)	**(9)**	(45)	**(304)**	(471)
	(672)	(426)	**(3,230)**	(1,634)	**(3,902)**	(2,060)
Net surplus/(deficit) for the year	**25,144**	19,157	**(1,035)**	1,657	**24,109**	20,814
End of financial year	**507,812**	444,918	**1,828**	2,863	**509,640**	447,781

21. Endowment and term funds (continued)

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.

22. 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 student programme loans.

	2019 **$'000**	2018 $'000
Beginning of financial year	**26,094**	20,340
Funds received from MOE	**12,061**	10,614
Repayments received from students	**(5,987)**	(4,860)
End of financial year	**32,168**	26,094
Represented by:		
Student loans receivable	**32,389**	26,301
Less: Amount receivables from MOE	**(221)**	(207)
	32,168	26,094

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% (2018: 4.75%) per annum.

23. Commitments

(a) Lessee - Operating lease commitments

Office equipment and land leases at the Polytechnics

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

23. Commitments (continued)

(a) Lessee - Operating lease commitments (continued)

Office equipment and land leases at the Polytechnics (continued)

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:

	2019 $'000	2018 $'000
Not later than one year	**2,430**	2,443
Between one and five years	**9,532**	9,402
Later than five years	**42,580**	44,927
	54,542	56,772

(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:

	2019 $'000	2018 $'000
Infrastructure	**27,365**	10,321

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

At balance sheet date, the Group has signed collaboration agreements with 9 (2018: 10) 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 2030 (2018: 2028).

24. 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.

25. Charities 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 $16,897,000 (2018: $5,232,000) in the current financial year.

26. Financial risk management

Financial risk factors

The Group'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 four Board members to oversee the Group'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 the Group'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 the Group's investment portfolio within the prescribed investment guidelines and mandates.

(a) Market risk

(i) Currency risk

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

	2019	2018
	$'000	$'000
Financial assets		
Cash and cash equivalents	**3,901**	6,698
Financial assets, at fair value through profit or loss	**337,089**	221,871
Fees and other receivables	**1,776**	222
Deposits for investments	**33,698**	199,449
	376,464	428,240
Financial liabilities		
Trade and other payables	**(554)**	(234)
Net financial assets	**375,910**	428,006
Net currency exposure	**375,910**	428,006

26. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

At 31 March 2019, if the USD had strengthened/weakened by 5% (2018: 5%) against the SGD with all other variables held constant, the net surplus arising from the change would have increased/decreased by $18,795,000 (2018: $21,400,000) as a result of currency translation gains/losses on the USD-denominated financial instruments.

(ii) Price risk

The Group is exposed to price risk arising from its investments. To manage this risk, the Group diversifies its investments across different markets and industries whenever appropriate. With all other variables held constant, if prices for securities increase/decrease by 5% (2018: 5%), this will result in an increase/decrease of $21,991,000 (2018: $11,343,000) in net surplus for the current financial year.

(iii) Interest rate risk

The Group invests in fixed income securities, which are exposed to interest rate risk. Changes in interest will have impact on the fair value of the instruments. With all other variables held constant, 1% (2018: 1%) increase/decrease in interest rate will result in $4,049,000 (2018: $4,632,000) 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% (2018: 0.5%) with all other variables held constant, the net surplus would has been higher/lower by $829,000 (2018: $526,000) as a result of higher/lower interest income.

(b) Credit risk

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

26. Financial risk management (continued)

(b) Credit risk (continued)

Cash and bank deposits are held with banks with high credit-ratings assigned by international credit-rating agencies. Other than the fee receivable for students, the Group adopts the policy of dealing only with counterparties of appropriate reputation and history. For other financial assets, the Group 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.

The Group has applied the simplified approach by using the provision matrix to measure the lifetime expected credit losses for fees receivable which are amounts due from students and non-students.

Fees receivable from non-students relates mainly to amount due from the organisations providing financial aids to students and other trade debtors.

To measure the expected credit losses, the fees receivable are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates and adjusts for forward-looking macroeconomic data if it has a significant impact on the expected credit losses.

The Group's credit risk exposure in relation to fees receivable under FRS 109 as at 31 March 2019 is set out in the provision matrix below.

	Current	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total
Students						
Expected loss rate	-%	-%	-%	-%	6.3%	
Gross carrying amount ($'000)	93	921	9	2	248	1,273
Loss allowance ($'000)	-	-	-	-	16	16
Non-students						
Expected loss rate	-%	-%	-%	-%	-%	
Gross carrying amount ($'000)	1,745	2,540	68	35	122	4,510
Loss allowance ($'000)	-	-	-	-	-	-

26. Financial risk management (continued)

(b) Credit risk (continued)

The movement in the related allowance for credit loss allowance for fees receivable is as follows:

	2019 $'000
Beginning of financial year	226
Loss allowance recognised in profit or loss during the year on:	
Reversal of unutilised amounts	(146)
Receivables written off as uncollectible	(64)
Balance as at 31 March 2019	16

For the other financial assets at amortised cost, the Group has applied the general 3-stage expected credit loss approach. Grant receivables and other receivables are mainly from MOE. Other receivables also include grant receivables from other government agencies. The Group has assessed that these debtors have a low risk of default as they have strong capacity to meet the contractual cash flow obligations in the near term and the expected credit loss in the 12-month period after balance sheet date is insignificant.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. Based on the Group's historical experience and available press information, the Group has assessed that there is no significant increase in the credit risk since initial recognition of the assets and the credit risk exposure is insignificant.

The Group has determined the default event on a financial asset to be when internal and or external information indicates that the financial asset is unlikely to be received, which generally is when there is significant difficulty of the counterparty. Financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probably that the debtor will enter bankruptcy or other financial reorganisation
- All possible means to contact the debtor for payment do not yield any positive response

Financial assets are written off when there is evidence indicating that the debtor meets the above credit-impaired conditions and there is no reasonable expectation of recovery. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

26. Financial risk management (continued)

(b) Credit risk (continued)

Previous accounting policy for impairment of fees receivable

The Group's credit risk exposure in relation to fees receivable under FRS 39 as at 31 March 2018 are set out as follows:

Financial assets that are past due but not impaired

The Group has fees receivable amounting to $5,378,000 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 $'000
Current	574
	2018 $
Past due but not impaired:	
1 to 30 days	3,908
31 to 60 days	1,043
61 to 90 days	6
More than 90 days	421
Total past due but not impaired	5,378
Past due and impaired	226
Less: Allowance for impairment	(226)
	-
Net carrying amount of fees receivable	5,952

In 2018, the impairment of the financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

There is no other class of financial assets that is past due and impaired except for fees receivables from students.

26. Financial risk management (continued)

(c) Liquidity risk

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

The table below analyses the Group'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 1 year $'000
At 31 March 2019	
Trade and other payables	**39,788**
At 31 March 2018	
Trade and other payables	37,191

(d) Capital risk

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

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

(e) Fair value measurement

The Group 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).

26. Financial risk management (continued)

(e) Fair value measurement (continued)

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:

	Level 1 $'000	Level 3 $'000	Total $'000
2019			
Financial Assets			
Financial assets, at fair value through profit or loss			
Quoted securities			
- Fixed income securities	90,620	-	90,620
- Equity securities	52,405	-	52,405
- Other securities	43,858	-	43,858
Unquoted securities	-	252,940	252,940
At 31 March 2019	**186,883**	**252,940**	**439,823**
2018			
Financial Assets			
Financial assets at fair value through profit or loss			
Quoted securities			
- Fixed income securities	85,823	-	85,823
- Equity securities	49,897	-	49,897
Unquoted securities	-	91,134	91,134
At 31 March 2018	**135,720**	**91,134**	**226,854**

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 Group 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.

26. Financial risk management (continued)

(e) Fair value measurement (continued)

The following table presents the changes in Level 3 instruments:

	2019 $'000	2018 $'000
Financial assets, at fair value through profit or loss		
Beginning of financial year	**91,134**	103,579
Purchases	**203,805**	8,099
Sales	**(58,116)**	(19,107)
Fair value gains/(losses) recognised in income and expenditure	**16,117**	(1,437)
End of financial year	**252,940**	91,134

(f) Financial instruments by category

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

	2019 $'000	2018 $'000
Financial assets, at amortised cost	**291,672**	-
Loans and receivables	**-**	423,341
Financial assets, at fair value through profit or loss	**439,823**	226,854
Financial liabilities, at amortised cost	**39,788**	37,191

27. Related party transactions

The Group had purchased certain investments of which a trustee is the director of the Issuer of the investments. As at 31 March 2019, these investments amounted to $15,078,000 (2018: $14,107,000). The trustee had abstained from making any decision in relation to these investments.

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

	2019 $'000	2018 $'000
Wages and salaries	**10,243**	10,096
Post-employment benefits - contribution to CPF	**507**	495
	10,750	10,591

27. Related party transactions (continued)

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. The Group 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 the Group and MOE during the year.

	2019 **$'000**	2018 $'000
Government funding	**228,447**	197,708

28. Events occurring after the reporting date

Subsequent to year end, SIT accepted a letter of offer from Singapore Land Authority (SLA) on the alienation of state land for the development of the new Punggol Campus on 8 July 2019. On 12 July 2019, SIT awarded the main construction tenders. The total costs (including land premium) committed to-date amount to S$1.22 billion. The Punggol campus is scheduled for completion in the year 2023.

29. 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 the Group's accounting periods beginning on or after 1 April 2019 and which the Group has not early adopted:

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.

29. New or revised accounting standards and interpretations (continued)

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

The Group 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.

The Group's activities as a lessor are not material and the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.

The Group 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 the Group's profit and classification of cash flows.

30. 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 15 August 2019.