

# SINGAPORE INSTITUTE OF TECHNOLOGY

(Company Limited by Guarantee)

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

## ANNUAL REPORT

*For the financial year ended 31 March 2014*

# **SINGAPORE INSTITUTE OF TECHNOLOGY**

(Company Limited by Guarantee)  
(Incorporated in Singapore)

## **ANNUAL REPORT**

*For the financial year ended 31 March 2014*

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## SINGAPORE INSTITUTE OF TECHNOLOGY

### REPORT OF THE TRUSTEES

*For the financial year ended 31 March 2014*

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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 2014.

#### **Trustees**

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

Mr Ng Yat Chung	Chairman
Ms Rachel Eng Yaag Ngee	
Professor Hang Chang Chieh	
Dr Richard Charles Helfer	
Mr Lam Yi Young	(Appointed on 24 January 2014)
Dr Lim Khiang Wee	
Mr Pek Hak Bin	
Professor Tan Thiam Soon	
Mr Alvin Tan Yew Hua	
Ms Teoh Zsin Woon	
Mr T K Udairam	
Mr Michael Yap Kiam Siew	
Ms Mary Yeo Chor Gek	

#### **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 2014*

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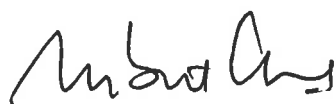
**Trustees' contractual benefits**

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 24 to the financial statements.

**Independent auditor**

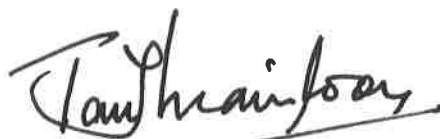
The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the Trustees



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Mr Ng Yat Chung  
Trustee



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Professor Tan Thiam Soon  
Trustee

3 July 2014

**SINGAPORE INSTITUTE OF TECHNOLOGY**

**STATEMENT BY TRUSTEES**

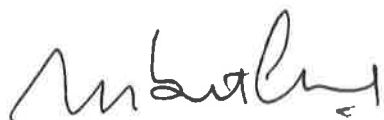
*For the financial year ended 31 March 2014*

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In the opinion of the Trustees,

- (a) the financial statements of SIT as set out on pages 5 to 30 are drawn up so as to give a true and fair view of the state of affairs of SIT as at 31 March 2014 and of the results 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 Thiam Soon  
Trustee

3 July 2014

# 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 30, which comprise the balance sheet as at 31 March 2014, 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 (the "Act"), the Singapore Charities Act (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 profit and loss accounts 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 of financial statements that give a true and fair view 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 2014, 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 Chartered Accountants  
Singapore, 3 July 2014

# SINGAPORE INSTITUTE OF TECHNOLOGY

## STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2014

	Note	General funds		Endowment and term funds		Total	
		2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$
Revenue	4	32,355,018	25,013,702	-	-	32,355,018	25,013,702
Other income	4	296,682	175,661	519,157	976,982	815,839	1,152,643
<b>Operating expenditure</b>							
Staff and related expenses	5	(20,595,642)	(13,314,434)	-	-	(20,595,642)	(13,314,434)
Depreciation and amortisation expenses		(1,346,944)	(779,431)	-	-	(1,346,944)	(779,431)
Programme and student-related expenses		(52,422,894)	(43,593,292)	(661,172)	(689,448)	(53,084,066)	(44,282,740)
Rental and other facilities expenses		(2,933,764)	(1,488,933)	-	-	(2,933,764)	(1,488,933)
Other operating expenses		(3,472,508)	(3,451,561)	-	-	(3,472,508)	(3,451,561)
<b>Total operating expenditure</b>		<b>(80,771,752)</b>	<b>(62,627,651)</b>	<b>(661,172)</b>	<b>(689,448)</b>	<b>(81,432,924)</b>	<b>(63,317,099)</b>
<b>(Deficit)/surplus before government grants</b>		<b>(48,120,052)</b>	<b>(37,438,288)</b>	<b>(142,015)</b>	<b>287,534</b>	<b>(48,262,067)</b>	<b>(37,150,754)</b>
Government grants	6	54,452,133	41,179,738	-	-	54,452,133	41,179,738
<b>Net surplus/(deficit) and total comprehensive income/(loss)</b>		<b>6,332,081</b>	<b>3,741,450</b>	<b>(142,015)</b>	<b>287,534</b>	<b>6,190,066</b>	<b>4,028,984</b>

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

SINGAPORE INSTITUTE OF TECHNOLOGY

**BALANCE SHEET**

*As at 31 March 2014*

	Note	2014 \$	2013 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	401,920,665	42,365,588
Fees and other receivables	8	71,369,828	21,462,017
Other current assets	9	4,125,853	5,670,948
		<u>477,416,346</u>	<u>69,498,553</u>
<b>Non-current assets</b>			
Property, plant and equipment	10	171,133,115	34,062,366
Intangible assets	11	691,709	613,209
Student loans	12	313,280	184,133
Other non-current assets	13	56,129,695	10,986,896
		<u>228,267,799</u>	<u>45,846,604</u>
<b>Total assets</b>		<u>705,684,145</u>	<u>115,345,157</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	14	45,270,297	15,831,037
Tuition fees received in advance		5,418,158	4,348,444
Grants received in advance	15	42,304,459	31,341,805
		<u>92,992,914</u>	<u>51,521,286</u>
<b>Non-current liabilities</b>			
Deferred capital grants	16	171,824,824	34,675,575
Other deferred grants	17	56,443,787	10,670,142
		<u>228,268,611</u>	<u>45,345,717</u>
<b>Total liabilities</b>		<u>321,261,525</u>	<u>96,867,003</u>
<b>NET ASSETS</b>		<u>384,422,620</u>	<u>18,478,154</u>
<b>FUNDS AND RESERVES</b>			
Endowment and term funds	18	361,585,550	1,973,165
Accumulated surplus			
- General funds		22,837,070	16,504,989
		<u>384,422,620</u>	<u>18,478,154</u>
<b>Funds' net assets managed on behalf of Ministry of Education ("MOE")</b>	19	<u>9,149,496</u>	<u>6,072,252</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 2014*

	Accumulated surplus - General funds \$	Endowment and term funds \$	Total \$
<b>2014</b>			
<b>Beginning of financial year</b>	16,504,989	1,973,165	18,478,154
Total comprehensive income/(loss)	6,332,081	(142,015)	6,190,066
Government grants	-	359,754,400	359,754,400
<b>End of financial year</b>	<b>22,837,070</b>	<b>361,585,550</b>	<b>384,422,620</b>
<b>2013</b>			
<b>Beginning of financial year</b>	12,763,539	1,196,881	13,960,420
Total comprehensive income	3,741,450	287,534	4,028,984
Government grants	-	488,750	488,750
<b>End of financial year</b>	<b>16,504,989</b>	<b>1,973,165</b>	<b>18,478,154</b>

*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 2014

	Note	2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Deficit before government grants		(48,262,067)	(37,150,754)
Adjustments for:			
- Depreciation and amortisation		1,346,944	779,431
- Interest income	4	(261,605)	(133,305)
- Donations	4	(405,340)	(973,410)
- Loss on disposal of property, plant and equipment		406	6,911
		<u>(47,581,662)</u>	<u>(37,471,127)</u>
Change in operating assets and liabilities			
- Fees and other receivables		(1,229,562)	(930,725)
- Other current assets		1,545,095	(2,183,864)
- Trade and other payables		7,145,105	2,533,306
- Other non-current assets		(45,142,799)	(10,982,788)
- Student loans		(129,147)	(157,674)
Cash used in operations		<u>(85,392,970)</u>	<u>(49,192,872)</u>
Donations		405,340	973,410
<b>Net cash used in operating activities</b>		<u>(84,987,630)</u>	<u>(48,219,462)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(114,672,836)	(20,817,122)
Purchase of intangible assets		(459,896)	(204,503)
Interest received		261,605	133,305
<b>Net cash used in investing activities</b>		<u>(114,871,127)</u>	<u>(20,888,320)</u>
<b>Cash flows from financing activities</b>			
Operating grants received		65,523,095	49,698,204
Development grants received		132,846,520	21,765,031
Grants received from other government agencies		600,237	4,192,961
Endowment funds received		360,443,982	460,000
<b>Net cash provided by financing activities</b>		<u>559,413,834</u>	<u>76,116,196</u>
<b>Net increase in cash and cash equivalents</b>		<b>359,555,077</b>	<b>7,008,414</b>
Cash and cash equivalents at beginning of financial year		<u>42,365,588</u>	<u>35,357,174</u>
<b>Cash and cash equivalents at end of financial year</b>	7	<u>401,920,665</u>	<u>42,365,588</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 2014

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

### 1. General information

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

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

Under Clause 9 of the Memorandum of Association of SIT, each member of SIT undertakes to contribute a sum not exceeding \$1 to the assets of SIT in the event of it being wound up. The number of members at the balance sheet date is 2 (2013: 2).

### 2. Significant accounting policies

#### 2.1 Basis of preparation

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

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

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

On 1 April 2013, 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 2014*

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### 2. Significant accounting policies (continued)

#### 2.2 Funds

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

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

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

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

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

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

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

Income and expenditure relating to term funds are taken to Term funds.

#### 2.3 Revenue recognition

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

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

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

##### (b) *Services fees*

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

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

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

## SINGAPORE INSTITUTE OF TECHNOLOGY

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

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

##### 2.3 Revenue recognition (continued)

###### (d) *Interest income*

Interest income is recognised using the effective interest method.

##### 2.4 Employee compensation

###### (a) *Defined contribution plans*

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

###### (b) *Employee leave entitlement*

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

##### 2.5 Property, plant and equipment

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

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

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

The assets under construction for buildings consist of construction costs and related expenses incurred during the period of construction.

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

## SINGAPORE INSTITUTE OF TECHNOLOGY

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

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

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

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

	<u>Useful lives</u>
Buildings and infrastructure	7 to 30 years or the period of lease
Furniture and office equipment	3 years
IT equipment	3 to 5 years
Machinery, laboratory and workshop equipment	6 years
Motor vehicles	8 years

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

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

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

##### 2.6 Intangible assets

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

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

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

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. Significant accounting policies (continued)**

**2.7 Loans and receivables**

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.

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 date 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.

# SINGAPORE INSTITUTE OF TECHNOLOGY

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2014*

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### 2. Significant accounting policies (continued)

#### 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 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.

#### 2.11 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 as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Grants which are received but not utilised are included in the grants received in advance account.

Government grants to meet the current year's operating expenses are recognised as income in the same financial year.

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. Upon the utilisation of the grants for the purchase of assets, they are taken 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.

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 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. Significant accounting policies (continued)**

**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.

**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.

# SINGAPORE INSTITUTE OF TECHNOLOGY

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

### 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.

#### Provision for student attrition

Provision for student attrition relates to the portion of the grants to be refunded to MOE in the event that SIT achieves fewer graduates than MOE's output target. The provision for student attrition is assessed annually by management based on the estimated graduate output in each year for the respective degree programmes. Management has made judgements on the amount of the grants to be refunded to MOE based on the current discussions with MOE. As at 31 March 2014, SIT has recognised provision for student attrition of \$20,058,139 (2013: \$9,969,429) (Note 15). If the management's estimates of the amount payable are different from the final amounts determined by MOE, this would have an impact on the grants received in advance account and net surplus in the financial statements.

#### Useful lives of buildings and infrastructure

The costs of property, plant and equipment relating to buildings and infrastructure are depreciated on a straight-line basis over their estimated useful lives of 7 to 30 years or the period of the land lease, if shorter. Management estimates the useful lives of these assets to be 7 to 30 years, based on the expected useful lives for similar assets and the expected land lease period of 30 years. Changes in the expected level of usage and in the term of the land lease, which SIT and the Polytechnics are in the process of finalising, would impact the estimated useful lives, leading to potential changes in future depreciation charges and/or write-offs.

### 4. Revenue and other income

	General funds		Endowment and term funds		Total	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
<b>Revenue:</b>						
Tuition and other student-related fees	30,856,079	23,620,178	-	-	30,856,079	23,620,178
Service fees	1,498,939	1,393,524	-	-	1,498,939	1,393,524
	<u>32,355,018</u>	<u>25,013,702</u>	-	-	<u>32,355,018</u>	<u>25,013,702</u>
<b>Other income:</b>						
Donations	-	-	405,340	973,410	405,340	973,410
Interest income	147,788	129,733	113,817	3,572	261,605	133,305
Others	148,894	45,928	-	-	148,894	45,928
	<u>296,682</u>	<u>175,661</u>	<u>519,157</u>	<u>976,982</u>	<u>815,839</u>	<u>1,152,645</u>
<b>Total revenue and other income</b>	<b>32,651,700</b>	<b>25,189,363</b>	<b>519,157</b>	<b>976,982</b>	<b>33,170,857</b>	<b>26,166,345</b>

# SINGAPORE INSTITUTE OF TECHNOLOGY

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

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### 5. Staff and related expenses

	2014 \$	2013 \$
Wages and salaries	17,460,901	11,595,424
Employer's contribution to defined contribution plans including Central Provident Fund	1,850,576	1,151,144
Other employee benefits	1,284,165	567,866
	<u>20,595,642</u>	<u>13,314,434</u>

### 6. Government grants

	2014 \$	2013 \$
Operating and other grants utilised (Note 15)	53,104,783	40,393,396
Deferred capital grants amortised (Note 16)	1,346,944	779,431
Transfer from deferred capital grants for asset disposal (Note 16)	406	6,911
	<u>54,452,133</u>	<u>41,179,738</u>

### 7. Cash and cash equivalents

	2014 \$	2013 \$
Cash at bank and on hand	17,070,588	6,769,627
Short-term bank deposits	384,850,077	35,595,961
	<u>401,920,665</u>	<u>42,365,588</u>

The short-term bank deposits at balance sheet date have a weighted average effective interest rate of 0.349% (2013: 0.368%) per annum.

**SINGAPORE INSTITUTE OF TECHNOLOGY**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2014*

**8. Fees and other receivables**

	2014	2013
	\$	\$
Fees receivables	2,128,841	1,590,411
Less: Allowance for impairment of receivables (Note 23(b)(ii))	<u>(75,266)</u>	<u>(57,044)</u>
Fees receivables - net	<u>2,053,575</u>	<u>1,533,367</u>
Grant receivables from MOE	65,940,025	17,623,568
Other receivables from MOE	2,490,336	1,256,325
Others	<u>885,892</u>	<u>1,048,757</u>
	<u><b>71,369,828</b></u>	<u><b>21,462,017</b></u>

**9. Other current assets**

	2014	2013
	\$	\$
Deposits	328,142	580
Prepayments		
- Polytechnics	505,898	-
- Programme and student-related expenses	2,927,906	3,384,521
- Property, plant and equipment	-	1,999,846
- Others	<u>363,907</u>	<u>286,001</u>
	<u><b>4,125,853</b></u>	<u><b>5,670,948</b></u>

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

SINGAPORE INSTITUTE OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

10. Property, plant and equipment

	Buildings and infrastructure	Furniture and office equipment	IT equipment	Machinery, laboratory and workshop equipment	Motor vehicles	Assets under construction	Total
	\$	\$	\$	\$	\$	\$	\$
<b>2014</b>							
<u>Cost</u>							
Beginning of financial year	-	253,824	2,147,547	663,225	-	31,922,580	34,987,176
Additions	-	328,757	1,057,457	597,819	392,381	135,730,940	138,107,354
Transfers	35,092,191	-	-	-	-	(35,092,191)	-
Disposals	-	-	(13,102)	-	-	-	(13,102)
End of financial year	35,092,191	582,581	3,191,902	1,261,044	392,381	132,561,329	173,081,428
<u>Accumulated depreciation</u>							
Beginning of financial year	-	115,991	743,565	65,254	-	-	924,810
Depreciation charge	57,188	89,127	733,578	152,219	4,087	-	1,036,199
Disposals	-	-	(12,696)	-	-	-	(12,696)
End of financial year	57,188	205,118	1,464,447	217,473	4,087	-	1,948,313
<b>Net book value</b>							
End of financial year	35,035,003	377,463	1,727,455	1,043,571	388,294	132,561,329	171,133,115
<b>2013</b>							
<u>Cost</u>							
Beginning of financial year	-	189,448	1,102,536	137,962	-	5,796,678	7,226,624
Additions	-	64,376	1,045,011	533,697	-	26,125,902	27,768,986
Disposals	-	-	-	(8,434)	-	-	(8,434)
End of financial year	-	253,824	2,147,547	663,225	-	31,922,580	34,987,176
<u>Accumulated depreciation</u>							
Beginning of financial year	-	42,267	299,868	7,285	-	-	349,420
Depreciation charge	-	73,724	443,697	59,492	-	-	576,913
Disposals	-	-	-	(1,523)	-	-	(1,523)
End of financial year	-	115,991	743,565	65,254	-	-	924,810
<b>Net book value</b>							
End of financial year	-	137,833	1,403,982	597,971	-	31,922,580	34,062,366

As at 31 March 2014, buildings and infrastructure and assets under construction include costs of \$154,387,398 (2013: \$31,460,258) relating to completed campus and campuses under construction at the 5 local Polytechnics (Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic and Temasek Polytechnic, collectively known as the "Polytechnics"). SIT and the Polytechnics are in the process of finalising the lease agreements for the land on which the campuses are constructed.

SINGAPORE INSTITUTE OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

11. Intangible assets

Computer software licences costs

	2014 \$	2013 \$
<u>Cost</u>		
Beginning of financial year	920,408	544,658
Additions	389,245	375,750
End of financial year	<u>1,309,653</u>	<u>920,408</u>
<u>Accumulated amortisation</u>		
Beginning of financial year	307,199	104,681
Amortisation charge	310,745	202,518
End of financial year	<u>617,944</u>	<u>307,199</u>
<b>Net book value</b>		
End of financial year	<u>691,709</u>	<u>613,209</u>

12. Student loans

	2014 \$	2013 \$
Student loans	<u>313,280</u>	<u>184,133</u>

These are the Overseas Immersion Programme loans which are unsecured, interest-free during the course of study and are repayable by monthly instalments over periods of up to 5 years after the students' graduation. Interest is charged based on the average of the prevailing prime rates of the 3 local banks. The interest rate as at balance sheet date is 4.75% (2013: 4.75%) per annum.

13. Other non-current assets

	2014 \$	2013 \$
Deposits	183,600	315,832
Prepayments		
- Polytechnics	55,937,889	10,670,142
- Others	8,206	922
	<u>56,129,695</u>	<u>10,986,896</u>

Prepayments to the Polytechnics relate to service fees paid in advance to the Polytechnics for the use of the Polytechnics' facilities upon completion of the development of the SIT campuses at the Polytechnics.

SINGAPORE INSTITUTE OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

14. Trade and other payables

	2014 \$	2013 \$
Trade payables	7,642,232	4,957,365
Payables for property, plant and equipment	30,486,978	7,123,111
Accrued operating expenses	4,782,853	2,690,110
Provision for unutilised leave	959,301	476,754
Other payables	1,398,933	583,697
	<u>45,270,297</u>	<u>15,831,037</u>

15. Grants received in advance

	2014 \$	2013 \$
Grants received in advance	<u>42,304,459</u>	<u>31,341,805</u>

	Government- Operating \$	Government- Development \$	Other government agencies \$	Total \$
<b>2014</b>				
Beginning of financial year	28,822,452	399,353	2,120,000	31,341,805
Grants received/receivables	66,425,625	180,950,024	962,032	248,337,681
Transfer to statement of comprehensive income (Note 6)	(50,675,028)	-	(2,429,755)	(53,104,783)
Transfer to other deferred grants (Note 17)	-	(45,773,645)	-	(45,773,645)
Transfer to deferred capital grants (Note 16)	(2,637,275)	(135,575,732)	(283,592)	(138,496,599)
<b>End of financial year</b>	<u>41,935,774</u>	<u>-</u>	<u>368,685</u>	<u>42,304,459</u>

	Government- Operating \$	Government- Development \$	Other government agencies \$	Total \$
<b>2013</b>				
Beginning of financial year	18,560,168	-	-	18,560,168
Grants received/receivables	49,698,204	38,137,039	4,154,668	91,989,911
Transfer to statement of comprehensive income (Note 6)	(38,358,728)	-	(2,034,668)	(40,393,396)
Transfer to other deferred grants (Note 17)	-	(10,670,142)	-	(10,670,142)
Transfer to deferred capital grants (Note 16)	(1,077,192)	(27,067,544)	-	(28,144,736)
<b>End of financial year</b>	<u>28,822,452</u>	<u>399,353</u>	<u>2,120,000</u>	<u>31,341,805</u>

# SINGAPORE INSTITUTE OF TECHNOLOGY

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

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### 15. Grants received in advance (continued)

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

Included in operating grants received in advance is the provision for student attrition of \$20,058,139 (2013: \$9,969,429) which is refundable to MOE in the event that SIT achieves fewer graduates than MOE's output target (Note 3).

### 16. Deferred capital grants

	2014 \$	2013 \$
Beginning of financial year	34,675,575	7,317,181
Additions		
- Operating grants (Note 15)	2,637,275	1,077,192
- Development grants (Note 15)	135,575,732	27,067,544
- Grants from other government agencies (Note 15)	283,592	-
Deferred capital grants amortised (Note 6)	(1,346,944)	(779,431)
Transfer to income and expenditure for asset disposal (Note 6)	(406)	(6,911)
End of financial year	<u>171,824,824</u>	<u>34,675,575</u>

### 17. Other deferred grants

	2014 \$	2013 \$
Beginning of financial year	10,670,142	-
Transfer from development grants received in advance (Note 15)	45,773,645	10,670,142
End of financial year	<u>56,443,787</u>	<u>10,670,142</u>

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



SINGAPORE INSTITUTE OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

18. Endowment and term funds

(a) Composition:

	Endowment funds		Term funds		Total	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
Capital:						
- Government grants	357,344,982	1,149,582	-	-	357,344,982	1,149,582
- Donations	3,692,888	133,888	-	-	3,692,888	133,888
	<b>361,037,870</b>	<b>1,283,470</b>	<b>-</b>	<b>-</b>	<b>361,037,870</b>	<b>1,283,470</b>
Accumulated surplus	117,389	3,572	430,291	686,123	547,680	689,695
	<b>361,155,259</b>	<b>1,287,042</b>	<b>430,291</b>	<b>686,123</b>	<b>361,585,550</b>	<b>1,973,165</b>
<u>Represented by:</u>						
Cash and cash equivalents	361,056,015	595,961	430,291	686,123	361,486,306	1,282,084
Other receivables from MOE	-	689,582	-	-	-	689,582
Interest receivable	99,244	1,499	-	-	99,244	1,499
	<b>361,155,259</b>	<b>1,287,042</b>	<b>430,291</b>	<b>686,123</b>	<b>361,585,550</b>	<b>1,973,165</b>

(b) Movements:

Beginning of financial year	1,287,042	794,720	686,123	402,161	1,973,165	1,196,881
Government grants	356,195,400	488,750	-	-	356,195,400	488,750
Donations	3,559,000	-	-	-	3,559,000	-
Net surplus	113,817	3,572	(255,832)	283,962	(142,015)	287,534
End of financial year	<b>361,155,259</b>	<b>1,287,042</b>	<b>430,291</b>	<b>686,123</b>	<b>361,585,550</b>	<b>1,973,165</b>

(c) Income and expenditure for the year:

Other income	-	-	405,340	973,410	405,340	973,410
- Donations	-	-	-	-	-	-
- Interest income	113,817	3,572	-	-	113,817	3,572
	<b>113,817</b>	<b>3,572</b>	<b>405,340</b>	<b>973,410</b>	<b>519,157</b>	<b>976,982</b>
Operating expenditure						
- Programme and student-related expenses	-	-	(661,172)	(689,448)	(661,172)	(689,448)
Net surplus for the year	<b>113,817</b>	<b>3,572</b>	<b>(255,832)</b>	<b>283,962</b>	<b>(142,015)</b>	<b>287,534</b>
Beginning accumulated surplus	3,572	-	686,123	402,161	689,695	402,161
Ending accumulated surplus	<b>117,389</b>	<b>3,572</b>	<b>430,291</b>	<b>686,123</b>	<b>547,680</b>	<b>689,695</b>

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.

# SINGAPORE INSTITUTE OF TECHNOLOGY

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

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### 19. Funds managed on behalf of MOE

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

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

	2014 \$	2013 \$
Beginning of financial year	6,072,252	2,768,329
Student loans granted to students	4,694,759	3,659,732
Repayments received from students	<u>(1,617,515)</u>	<u>(355,809)</u>
End of financial year	<u>9,149,496</u>	<u>6,072,252</u>
Represented by:		
Student loans receivable	9,126,401	6,039,937
Other receivables from MOE	<u>23,095</u>	<u>32,315</u>
Net assets	<u>9,149,496</u>	<u>6,072,252</u>

Student tuition fee and study loans are unsecured, interest-free during the course of study and are repayable by monthly instalments over period of up to 20 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% (2013: 4.75%) per annum.

### 20. 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:

	2014 \$	2013 \$
Not later than one year	722,267	1,264,518
Between one and five years	<u>18,467</u>	<u>343,465</u>
	<u>740,734</u>	<u>1,607,983</u>

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## SINGAPORE INSTITUTE OF TECHNOLOGY

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

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#### 20. Commitments (continued)

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

At 31 March 2014, SIT and the Polytechnics are in the process of finalising the lease agreements for the Polytechnics' land on which SIT's 5 campuses are being constructed (Note 10).

##### (b) Other commitments

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

The construction of SIT's 5 campuses (2013: 5 campuses) in the Polytechnics and its headquarter campus are largely financed by grants from MOE.

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

	2014	2013
	\$	\$
Infrastructure	<u>69,420,986</u>	<u>190,610,172</u>

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

At balance sheet date, SIT has signed collaboration agreements with 11 (2013: 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 2023 (2013: 2023).

#### 21. 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 2014

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### 22. 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 \$3,964,340 (2013: \$973,410) in the current financial year.

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

### 23. 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 (the "Board") has constituted a Finance Committee comprising three Board members to oversee SIT's financial resource management. The Investment Committee comprising one Board member and two Co-opted members is also constituted to manage the investment of SIT's endowment and other surplus funds.

#### (a) Market risk

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

SIT's business is exposed to the United States Dollar ("USD"), Great Britain Pound ("GBP"), Euro Dollar ("EUR") and Australian Dollar ("AUD") as payments to OUs are denominated in foreign currencies.

SIT's currency exposure is as follows:

	<u>SGD</u>	<u>USD</u>	<u>GBP</u>	<u>EUR</u>	<u>AUD</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$
<b>At 31 March 2014</b>						
Trade and other payables	42,977,788	295,683	1,948,065	42,899	5,862	45,270,297
<b>At 31 March 2013</b>						
Trade and other payables	14,380,526	70,562	1,344,326	35,623	-	15,831,037

At the balance sheet date, SIT does not expect that fluctuation in exchange rates will have a significant impact to net surplus for the financial year.

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

SIT's exposure to interest rate risk arises mainly from short-term bank deposits. The interest rates of the short-term bank deposits are disclosed in Note 7 to the financial statements.

# SINGAPORE INSTITUTE OF TECHNOLOGY

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

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### 23. Financial risk management (continued)

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

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

SIT's financial assets are exposed to insignificant interest rate risks as most of its short-term bank deposits have fixed interest rates.

#### (b) Credit risk

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

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

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

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

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. SIT has fee receivables amounting to \$1,824,200 (2013: \$1,017,970) 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:

	2014 \$	2013 \$
Current	<u>229,375</u>	<u>515,397</u>
<u>Past due but not impaired:</u>		
1 to 30 days	676,257	878,803
31 to 60 days	1,016,602	70,400
61 to 90 days	-	40,078
More than 90 days	131,341	28,689
Total past due but not impaired	<u>1,824,200</u>	<u>1,017,970</u>
Fees receivables - net	<u>2,053,575</u>	<u>1,533,367</u>

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SINGAPORE INSTITUTE OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

23. 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:

	2014 \$	2013 \$
Gross amount	75,266	57,044
Less: Allowance for impairment of fees receivables (Note 8)	<u>(75,266)</u>	<u>(57,044)</u>
	-	-
Beginning of financial year	57,044	17,274
Allowance made	69,960	52,246
Allowance written back	<u>(51,738)</u>	<u>(12,476)</u>
End of financial year	<u>75,266</u>	<u>57,044</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 1 year \$
<b>At 31 March 2014</b>	
Trade and other payables	<u>45,270,297</u>
<b>At 31 March 2013</b>	
Trade and other payables	<u>15,831,037</u>

## SINGAPORE INSTITUTE OF TECHNOLOGY

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

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#### 23. 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

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

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

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

	2014 \$	2013 \$
Loans and receivables	474,115,515	64,328,150
Financial liabilities at amortised cost	<u>45,270,297</u>	<u>15,831,037</u>

#### 24. Related party transactions

##### Key management personnel compensation

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

	2014 \$	2013 \$
Wages and salaries	4,797,836	4,216,391
Post-employment benefits - contribution to CPF	187,387	158,160
	<u>4,985,223</u>	<u>4,374,551</u>

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**SINGAPORE INSTITUTE OF TECHNOLOGY**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2014*

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

SIT has not early adopted any mandatory standards, amendments and interpretations to existing standards that have been published but are only effective for SIT's accounting periods beginning on or after 1 April 2014. However, management anticipates that the adoption of these standards amendments and interpretations will not have a material impact on the financial statements of SIT in the period of their initial adoption.

**26. 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 3 July 2014.