

**SINGAPORE INSTITUTE OF TECHNOLOGY**

(Company Limited by Guarantee)

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

**AND ITS SUBSIDIARIES**

**Annual Financial Statements**

*For the financial year ended 31 March 2022*



**SINGAPORE INSTITUTE OF TECHNOLOGY**  
(Company Limited by Guarantee)  
(INCORPORATED IN SINGAPORE)  
**AND ITS SUBSIDIARIES**

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## SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

### TRUSTEES' STATEMENT

*For the Financial Year ended 31 March 2022*

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The Board of Trustees present their statement to the members together with the audited financial statements of Singapore Institute of Technology ("SIT") and its subsidiaries (collectively referred to as the "Group") for the financial year ended 31 March 2022 and the Statement of Financial Position of SIT as at 31 March 2022.

#### **In the opinion of the Trustees,**

- (a) the consolidated financial statements of the Group, and the Statement of Financial Position of SIT and as set out on pages 6 to 51 are drawn up so as to give a true and fair view of the financial position of the Group and of SIT as at 31 March 2022 and of the financial performance, changes in funds and reserves and cash flows of the Group for the financial year ended on that date; 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 Bill Chang	(Appointed as Chairman on 16 March 2022)
Professor Chua Kee Chaing	(Appointed on 1 January 2022)
Mr Chan Hian Lim	(Appointed on 16 September 2021)
Dr Chia Tai Tee	
Mr Han Kwee Juan	(Appointed on 1 June 2022)
Dr Benjamin Koh	
Mr Kwee Liong Keng	
Ms Lim Wan Yong	(Appointed on 4 October 2021)
Mrs Margaret Lui	
Mr Abu Bakar Bin Mohd Nor	
Ms Neo Gim Huay	(Appointed on 16 September 2021)
Ms Gail Ong	
Ms Jacqueline Poh	(Appointed on 1 June 2022)
Mr Quek Gim Pew	
Mr Ravinder Singh	
Mr Nagaraj Sivaram	
Ms Susan Soh	(Appointed on 16 September 2021)
Mr Soon Sze Meng	
Ms Tammie Tham	
Mr Wen Khai Meng	

#### **Arrangements to Enable the Trustees to Acquire Shares and Debentures**

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

#### **Trustees' Interests in Shares or Debentures**

SIT is a company limited by guarantee and has no share capital or debentures. Therefore, there are no matters to be disclosed under Section 9, Twelfth Schedule of the Companies Act 1967.

**SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES**

**TRUSTEES' STATEMENT**

*For the Financial Year ended 31 March 2022*

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**Trustees' Contractual Benefits**

Since the end of the previous financial year, no trustee has received or become entitled to receive a benefit, which is required to be disclosed under Section 164(1) of the Companies Act 1967, 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 30 to the financial statements.

**Auditor**

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Trustees



Mr Bill Chang  
Trustee



Professor Chua Kee Chaing  
Trustee

18 August 2022

## **Singapore Institute of Technology**

### **Independent auditor's report For the financial year ended 31 March 2022**

#### **Independent auditor's report to the members of Singapore Institute of Technology**

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### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of Singapore Institute of Technology ("SIT") and its subsidiaries (the "Group"), which comprise the statement of financial position of the Group and SIT as at 31 March 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in funds and reserves and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, and the statement of financial position of SIT, are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act"), the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore (the "FRSs") so as to give a true and fair view of the financial position of the Group and SIT as at 31 March 2022 and of the consolidated financial performance, consolidated changes in funds and reserves and consolidated cash flows of the Group for the year ended on that date.

#### **Basis for opinion**

We conducted our audit in accordance with the Singapore Standards on Auditing (the "SSAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (the "ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (the "ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other information**

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

**Report on the audit of the financial statements (cont'd)**

**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 the 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 the 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.

**Singapore Institute of Technology**

**Independent auditor's report  
For the financial year ended 31 March 2022**

**Independent auditor's report to the members of Singapore Institute of Technology**

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**Report on the audit of the financial statements (cont'd)**

**Auditor's responsibilities for the audit of the financial statements (cont'd)**

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 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.

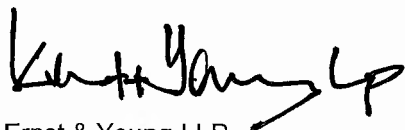
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required to be kept by SIT and by its subsidiaries 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 monies 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.



Ernst & Young LLP

Public Accountants and  
Chartered Accountants  
Singapore

18 August 2022

SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
For the Financial Year ended 31 March 2022

	Note	Endowment and Term Funds					
		General Funds		Funds		Total	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Revenue</b>	4(a)	96,234	90,379	-	-	96,234	90,379
<b>Other income</b>	4(a)	2,553	2,876	4,185	6,957	6,738	9,833
<b>Operating Expenditure</b>							
Staff and Related Expenses	5	(128,373)	(119,958)	(521)	(374)	(128,894)	(120,332)
Programme and Student-Related Expenses		(70,048)	(65,668)	(3,761)	(3,779)	(73,809)	(69,447)
Depreciation and Amortisation Expenses	15,17	(44,406)	(45,072)	(3)	-	(44,409)	(45,072)
Rental and Other Facility Expenses		(15,664)	(14,223)	-	-	(15,664)	(14,223)
Interest Expense	16	(1,250)	(1,396)	-	-	(1,250)	(1,396)
Other Operating Expenses		(24,394)	(22,207)	(1,612)	(1,071)	(26,006)	(23,278)
<b>Total Operating Expenditure</b>		<b>(284,135)</b>	<b>(268,524)</b>	<b>(5,897)</b>	<b>(5,224)</b>	<b>(290,032)</b>	<b>(273,748)</b>
<b>Deficit before Investment Income and Government Grants</b>		<b>(185,348)</b>	<b>(175,269)</b>	<b>(1,712)</b>	<b>1,733</b>	<b>(187,060)</b>	<b>(173,536)</b>
Net Investment Income	6	542	638	39,866	129,047	40,408	129,685
<b>(Deficit)/Surplus before Government Grants</b>		<b>(184,806)</b>	<b>(174,631)</b>	<b>38,154</b>	<b>130,780</b>	<b>(146,652)</b>	<b>(43,851)</b>
Government Grants	7	218,947	217,082	-	-	218,947	217,082
<b>Net Surplus, representing Total Comprehensive Income</b>		<b>34,141</b>	<b>42,451</b>	<b>38,154</b>	<b>130,780</b>	<b>72,295</b>	<b>173,231</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION  
As at 31 March 2022

	Note	Group		SIT	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Investments in Subsidiaries	14	–	–	– (a)	– (a)
Property, Plant and Equipment	15	777,031	667,676	776,520	667,676
Intangible Assets	17	2,627	4,558	2,627	4,530
Student Loans	11	309	508	309	508
Other Non-Current Assets	18	63,974	67,155	63,940	67,155
<b>Total Non-Current Assets</b>		<b>843,941</b>	<b>739,897</b>	<b>843,396</b>	<b>739,869</b>
<b>Current Assets</b>					
Cash and Cash Equivalents	8	270,109	292,344	270,098	292,244
Financial Assets at Fair Value through Profit or Loss	9	811,608	707,400	811,608	707,400
Deposits for Investments	9	2,584	20,154	2,584	20,154
Fees and Other Receivables	10	123,523	84,115	124,652	84,418
Student Loans	11	81	127	81	127
Other Current Assets	12	10,505	20,404	10,505	20,401
Derivative Financial Instruments	13	20	–	20	–
<b>Total Current Assets</b>		<b>1,218,430</b>	<b>1,124,544</b>	<b>1,219,548</b>	<b>1,124,744</b>
<b>TOTAL ASSETS</b>		<b>2,062,371</b>	<b>1,864,441</b>	<b>2,062,944</b>	<b>1,864,613</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and Other Payables	19	77,383	73,363	77,414	73,283
Deferred Tuition Fee Income	4(b)	9,207	9,400	9,207	9,400
Grants Received In Advance	20	132,673	159,981	132,673	159,981
Lease Liabilities		4,888	5,598	4,884	5,598
Borrowings	23	43	–	43	–
Derivative Financial Instruments	13	–	18	–	18
<b>Total Current Liabilities</b>		<b>224,194</b>	<b>248,360</b>	<b>224,221</b>	<b>248,280</b>
<b>NET CURRENT ASSETS</b>		<b>994,236</b>	<b>876,184</b>	<b>995,327</b>	<b>876,464</b>
<b>Non-Current Liabilities</b>					
Deferred Capital Grants	21	591,652	513,922	591,652	513,908
Other Deferred Grants	22	66,847	70,174	66,847	70,174
Lease Liabilities		32,892	37,114	32,371	37,114
Borrowings	23	34,000	–	34,000	–
<b>Total Non-Current Liabilities</b>		<b>725,391</b>	<b>621,210</b>	<b>724,870</b>	<b>621,196</b>
<b>TOTAL LIABILITIES</b>		<b>949,585</b>	<b>869,570</b>	<b>949,091</b>	<b>869,476</b>
<b>NET ASSETS</b>		<b>1,112,786</b>	<b>994,871</b>	<b>1,113,853</b>	<b>995,137</b>

(a) Less than \$1,000

**SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES**

**STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2022**

	Note	Group		SIT	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>FUNDS AND RESERVES</b>					
General Funds					
- Accumulated Surplus		<b>245,642</b>	211,501	<b>246,709</b>	211,767
Endowment and Term Funds					
- Capital	24	<b>631,131</b>	585,511	<b>631,131</b>	585,511
- Accumulated Surplus	24	<b>236,013</b>	197,859	<b>236,013</b>	197,859
		<b>867,144</b>	783,370	<b>867,144</b>	783,370
<b>TOTAL FUNDS AND RESERVES</b>		<b>1,112,786</b>	994,871	<b>1,113,853</b>	995,137

See Note 25 for Funds Managed on Behalf of Ministry of Education ("MOE")

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CHANGES IN FUNDS AND RESERVES**  
**For the financial year ended 31 March 2022**

	Note	General Funds \$'000	Endowment and Term Funds \$'000	Total \$'000
<b>2022</b>				
Balance at 1 April 2021		211,501	783,370	994,871
Net Surplus, representing Total Comprehensive Income		34,141	38,154	72,295
Government Grants and Donations	24(b)	–	45,620	45,620
Balance at 31 March 2022		<b>245,642</b>	<b>867,144</b>	<b>1,112,786</b>
<b>2021</b>				
Balance at 1 April 2020		169,050	612,415	781,465
Net Surplus, representing Total Comprehensive Income		42,451	130,780	173,231
Government Grants and Donations	24(b)	–	40,175	40,175
Balance at 31 March 2021		211,501	783,370	994,871

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the Financial Year ended 31 March 2022

	Note	2022 \$'000	2021 \$'000
<b>Cash Flows From Operating Activities</b>			
Deficit before Government Grants		(146,652)	(43,851)
Adjustments for:			
Depreciation and Amortisation	15,17	44,409	45,072
Donations	4(a)	(4,185)	(6,957)
Net Loss/(Gain) on Disposal of Property, Plant and Equipment		(12)	9
Interest Income	6	(1,230)	(1,599)
Dividend Income	6	(4,138)	(2,405)
Currency Exchange Loss/(Gain)	6	(201)	171
Fair Value (Gain)/Loss on Financial Assets at Fair Value through Profit or Loss	6	(27,650)	(95,159)
Fair Value (Gain)/Loss on Derivative Financial Instruments	6	52	(177)
Gain on Disposal of Financial Assets at Fair Value through Profit or Loss	6	(7,241)	(30,516)
Interest Expense	16	1,250	1,396
Loss Allowance		4	(12)
<b>Operating Cash Flows before Changes in Working Capital</b>		<b>(145,594)</b>	<b>(134,028)</b>
Change in Operating Assets and Liabilities			
Fees and Other Receivables		(28,428)	10,296
Student Loans and Other Assets		13,325	(8,541)
Trade and Other Payables		1,624	(670)
<b>Net Cash Used in Operating Activities</b>		<b>(159,073)</b>	<b>(132,943)</b>
<b>Cash Flows From Investing Activities</b>			
Purchase of Property, Plant and Equipment and Intangible Assets		(148,407)	(119,963)
Proceeds from Disposal of Property, Plant and Equipment		17	1
Purchase of Financial Assets at Fair Value through Profit or Loss		(157,338)	(259,339)
Proceeds from Disposal of Financial Assets at Fair Value through Profit or Loss		108,175	166,772
Deposits for Investments	9	(2,584)	(20,154)
Prepayment of Right-of-Use Assets		–	(17,562)
Settlement of Currency Forwards		(90)	283
Interest Received		1,487	1,852
Dividend Received		4,138	2,405
<b>Net Cash Used in Investing Activities</b>		<b>(194,602)</b>	<b>(245,705)</b>
<b>Cash Flows From Financing Activities</b>			
Operating Grants Received		146,063	135,518
Development Grants Received		72,784	230,100
Other Government Grants Received		27,969	28,062
Matching Endowment Grants Received		41,103	101,911
Donations Received		16,687	17,040
Principal Payment of Lease Liabilities	#	(5,916)	(5,598)
Interest Paid on Lease Liabilities	#	(1,250)	(1,396)
Proceeds from Borrowings	#	34,000	–
<b>Net Cash Flows Generated From Financing Activities</b>		<b>331,440</b>	<b>505,637</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>		<b>(22,235)</b>	<b>126,989</b>
Cash and Cash Equivalents at Beginning of Financial Year		292,344	165,355
<b>Cash and Cash Equivalents at End of Financial Year</b>	8	<b>270,109</b>	<b>292,344</b>

# See Note A

**SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Financial Year ended 31 March 2022**

**Note A: Reconciliation of Liabilities Arising From Financing Activities**

	1 April 2021	Principal and Interest Payments	Proceeds from Borrowings	Non-Cash Changes		31 March 2022
				Additions	Interest Expense	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2022</b>						
Lease Liabilities	42,712	(7,166)	–	984	1,250	37,780
Borrowings	–	–	34,000	–	43	34,043

	1 April 2020	Principal and Interest Payments	Proceeds from Borrowings	Non-Cash Changes		31 March 2021
				Additions	Interest Expense	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2021</b>						
Lease Liabilities	47,463	(24,606)	–	18,459	1,396	42,712

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS For the Financial Year ended 31 March 2022

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

### 1. Corporate 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 1967. 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; and to conduct any activity necessary or ancillary to achieve the objectives 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 (2021: 2).

### 2. Summary of Significant Accounting Policies

#### 2.1 New or Revised Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2022 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

#### 2.2 Basis of Preparation

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("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 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 significant accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

**2. Summary of Significant Accounting Policies (cont'd)**

**2.3 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 investments 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.

**2.4 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 is 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 is recognised over the period in which the services are rendered except administrative charges that are recognised upon billing.

**2. Summary of Significant Accounting Policies (cont'd)**

**2.5 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.

(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.

**2.6 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.

(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.

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 "Investments in Subsidiaries" for the accounting policy on investment in subsidiaries.



NOTES TO FINANCIAL STATEMENTS  
For the Financial Year ended 31 March 2022

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2. Summary of Significant Accounting Policies (cont'd)

2.7 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 consist of construction costs and related expenses incurred, including the financing cost during the period of construction.

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

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

	<u>Useful Lives</u>
Land, Buildings and Infrastructure	3 to 30 years or the period of lease, whichever is shorter
Furniture, Office and Sports Equipment	3 to 5 years
IT, AV and Network Equipment	3 to 5 years
Machinery, Laboratory and Workshop Equipment	6 years
Motor Vehicles	8 years

The residual values, estimated useful lives and depreciation method of Property, Plant and Equipment are reviewed, and adjusted as appropriate, at each Balance Sheet date. The effects of any revision are recognised in Profit or Loss 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 Profit or Loss.

## SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

### NOTES TO FINANCIAL STATEMENTS For the Financial Year ended 31 March 2022

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#### 2. Summary of significant accounting policies (cont'd)

##### 2.8 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 compensation 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.

Computer software licences costing less than \$2,000 each, which are insignificant, are taken to Profit or Loss when purchased.

Capitalised Computer Software Licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to Profit or Loss 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 Profit or Loss when the changes arise.

##### 2.9 Cash and Cash Equivalents

For the purpose of presentation in the Statement of Cash Flows, Cash and Cash Equivalents include cash at banks and short-term bank deposits, which are subject to an insignificant risk of change in value.

##### 2.10 Financial Instruments

###### *Financial Assets*

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 and Equity Instruments when and only when its business model for managing those assets changes.

**2. Summary of Significant Accounting Policies (cont'd)**

2.10 Financial Instruments (cont'd)

*Financial Assets (cont'd)*

(a) *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.

(b) *Subsequent Measurement*

Debt and Equity Instruments of the Group mainly consist of Cash and Cash Equivalents, Fees and Other Receivables, Financial Assets at Fair Value through Profit or Loss and Student Loans.

There are two 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 manages this group of financial assets by collecting the contractual cash flows and these cash flows represent solely payments of principal and interest. Accordingly, this group of financial assets is 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 Advance Payment 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 is 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.

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.

**2. Summary of Significant Accounting Policies (cont'd)**

2.10 Financial Instruments (cont'd)

*Financial Assets (cont'd)*

(b) *Subsequent Measurement (cont'd)*

- FVPL: Debt and Equity Instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or Fair Value through Other Comprehensive Income are classified as FVPL. Movement in fair value and interest income are recognised in the Profit or Loss in the period in which they arise and presented in "Net Investment Income".

The Debt and Equity Instruments classified at FVPL relate to an investment portfolio comprising of quoted securities and unquoted securities. The portfolio 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 primarily focuses on fair value information to evaluate assets' performance and to make decisions. The collection of contractual cash flows Debt and Equity 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.

(c) *Derecognition*

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 difference between the carrying amount and sale proceeds is recognised in Profit or Loss. Any amount previously recognised in Other Comprehensive Income relating to that asset is reclassified to the Profit or Loss.

*Financial Liabilities*

The Group classifies its Financial Liabilities into the following measurement categories:

- Amortised Cost;
- Fair Value through Profit or Loss (FVPL)

(a) *Initial Recognition*

At initial recognition, the Group measures a financial liability at fair value plus in the case of Financial Liabilities not at FVPL, directly attributable transaction costs.

**2. Summary of Significant Accounting Policies (cont'd)**

2.10 Financial Instruments (cont'd)

*Financial Liabilities (cont'd)*

(b) *Subsequent Measurement*

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in Profit or Loss when the liabilities are derecognised, and through the amortisation process.

(c) *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in Profit or Loss.

*Derivative Financial Instruments*

A derivative financial instrument is applied and initially recognised at its fair value on the date the contract is entered and is subsequently carried at its fair value. Changes in its fair value are recognised in Profit or Loss when the changes arise. The Group does not adopt hedge accounting.

2.11 Currency Translation

The financial statements are presented in Singapore Dollars, which is the functional currency of the Group's entities.

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 Profit or Loss.

2.12 Investments in Subsidiaries

Investments in Subsidiaries are carried at cost less accumulated impairment losses in SIT's Statement of Financial Position. On disposal of such investments, the difference between the disposal proceeds and the carrying amount of the investment is recognised in Profit or Loss.

**2. Summary of Significant Accounting Policies (cont'd)**

**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 all the attached conditions will be complied with.

Government Grants are recognised as income on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. 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 the 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 Profit or Loss for assets costing less than \$2,000 which are written off as they are insignificant.

Deferred Capital Grants are recognised in Profit or Loss 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 remaining balance of the related Deferred Capital Grants are recognised in Profit or Loss to match the net book value of the assets written off.

Grants from other government agencies are recognised as income over the periods in which the Group recognises the related costs as expenses or over the period the intended activities are carried out, in accordance with the grant 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 Investments in Subsidiaries 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 Profit or Loss.

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 Profit or Loss.

## 2. Summary of Significant Accounting Policies (cont'd)

### 2.15 Leases

#### When the Group is the Lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- **Right-of-Use Assets**

The Group recognised a Right-of-Use Asset and Lease Liability at the date which the underlying asset is available for use. Right-of-Use Assets are measured at cost, which comprises the initial lease liabilities adjusted for any lease payments made at or before the commencement date, and the lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

The Right-of-Use Assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the Right-of-Use Assets or the end of the lease term.

Right-of-Use Assets are presented within "Property, plant and equipment".

- **Lease Liabilities**

Lease Liability is measured at amortised cost using the effective interest method. Lease Liability shall be re-measured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is modification in the scope or the consideration of the lease that was not part of the original terms.

Lease Liability is re-measured with a corresponding adjustment to the right-of-use asset, or is recorded in Profit or Loss if the carrying amount of the right-of-use asset has been reduced to zero.

- **Short-Term and Low-Value Leases**

The Group has elected to not recognise Right-of-Use Assets and Lease Liabilities for short-term leases that have lease terms of 12 months or less and leases of low value. Lease payments relating to these leases are expensed to Profit or Loss on a straight-line basis over the lease term.

**2. Summary of Significant Accounting Policies (cont'd)**

2.16 Borrowing Costs

Borrowing costs are recognised in the Statement of Comprehensive Income using the effective interest method except for those costs that are directly attributable to the acquisition, construction or development of properties and assets under construction. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. This include those costs on borrowings acquired specifically for the acquisition, construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the acquisition, construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

**3. Significant 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.

Fair Value Measurement of Unquoted Financial Instruments

The Group invests in unquoted securities that are not traded in an active market with a carrying amount of \$499,466,000 (2021: \$389,059,000). The fair value of these investments is 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 value 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.



SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS  
For the Financial Year ended 31 March 2022

4. Revenue and Other Income

(a) In Total Comprehensive Income

	General Funds		Endowment and Term Funds		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Revenue:</b>						
Tuition and Other Student-Related Fees	95,902	90,000	–	–	95,902	90,000
Service Fees	332	379	–	–	332	379
	<b>96,234</b>	<b>90,379</b>	<b>–</b>	<b>–</b>	<b>96,234</b>	<b>90,379</b>
<b>Timing of Revenue Recognition:</b>						
At A Point In Time	506	467	–	–	506	467
Over Time	95,728	89,912	–	–	95,728	89,912
	<b>96,234</b>	<b>90,379</b>	<b>–</b>	<b>–</b>	<b>96,234</b>	<b>90,379</b>
<b>Other income:</b>						
Donations	–	–	4,185	6,957	4,185	6,957
Rental Income	77	106	–	–	77	106
Wage Credit Scheme	455	962	–	–	455	962
Others	2,021	1,808	–	–	2,021	1,808
	<b>2,553</b>	<b>2,876</b>	<b>4,185</b>	<b>6,957</b>	<b>6,738</b>	<b>9,833</b>
Total Revenue and Other Income	<b>98,787</b>	<b>93,255</b>	<b>4,185</b>	<b>6,957</b>	<b>102,972</b>	<b>100,212</b>

(b) In Statement of Financial Position

	2022 \$'000	2021 \$'000
Deferred Tuition Fee Income	<b>9,207</b>	<b>9,400</b>

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 \$9,400,000 in 2021 (2020: \$11,604,000) was fully recognised as revenue during the financial year ended 31 March 2022 upon delivery of the courses. Courses relating to the deferred tuition fee income as at 31 March 2022 will be delivered within one year from Balance Sheet date.

SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS  
For the Financial Year ended 31 March 2022

5. Staff and Related Expenses

	2022 \$'000	2021 \$'000
Wages and Salaries	110,950	101,148
Employer's Contribution to Defined Contribution Plans Including Central Provident Fund	12,458	11,104
Other Employee Benefits	5,486	8,080
	<b>128,894</b>	<b>120,332</b>

6. Net Investment Income

	General Funds		Endowment and Term Funds		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Interest Income	542	638	688	961	1,230	1,599
Dividend Income	–	–	4,138	2,405	4,138	2,405
Currency Exchange Gain/(Loss)	–	–	201	(171)	201	(171)
Fair Value Gain on Financial Assets at Fair Value through Profit or Loss	–	–	27,650	95,159	27,650	95,159
Fair Value (Loss)/ Gain on Derivative Financial Instruments	–	–	(52)	177	(52)	177
Gain on Disposal of Financial Assets at Fair Value through Profit or Loss	–	–	7,241	30,516	7,241	30,516
	<b>542</b>	<b>638</b>	<b>39,866</b>	<b>129,047</b>	<b>40,408</b>	<b>129,685</b>

7. Government Grants

	2022 \$'000	2021 \$'000
Operating and Other Grants Utilised (Note 20)	180,022	177,140
Deferred Capital Grants Amortised (Note 21)	35,593	36,615
Other Deferred Grants Amortised (Note 22)	3,327	3,327
Transfer from Deferred Capital Grants for Asset Disposal (Note 21)	5	–
	<b>218,947</b>	<b>217,082</b>

During the year, SIT received Jobs Support Scheme and Jobs Growth Incentive payouts from the government. The amount of \$1,250,000 (2021: \$3,359,000), which is retainable by SIT, has been recognised as Other Grants.

**SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Financial Year ended 31 March 2022**

**8. Cash and Cash Equivalents**

	Group		SIT	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash at Banks	97,315	52,543	97,304	52,443
Short-Term Bank Deposits	172,794	239,801	172,794	239,801
	<b>270,109</b>	292,344	<b>270,098</b>	292,244

The Short-Term Bank Deposits at Balance Sheet date have an average maturity of 128 days (2021: 115 days) from the end of the financial year with a weighted average effective interest rate of 0.500% (2021: 0.358%) per annum.

**9. Financial Assets at Fair Value through Profit or Loss**

	Group and SIT	
	2022 \$'000	2021 \$'000
Quoted Fixed Income Investments	114,601	155,726
Quoted Equity Investments	116,566	162,615
Quoted Other Investments	80,975	–
Unquoted Investments	499,466	389,059
	<b>811,608</b>	707,400

Quoted Other Investments and Unquoted Investments comprise mainly private equity and multi-asset funds.

The weighted average yield to maturity for the Fixed Income Investments is 4.48% (2021: 3.37%) per annum.

As at 31 March 2022, the Group has placed \$2,584,000 (2021: \$20,154,000) as Deposits for Investments.

As at 31 March 2022, the Group has outstanding commitments of \$135,639,000 (2021: \$67,294,000) for investments in Unquoted Investments which have not been drawn down as at Balance Sheet date.

**SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Financial Year ended 31 March 2022**

**10. Fees and Other Receivables**

	Group		SIT	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Fees Receivable	9,175	5,671	9,173	5,664
Less: Loss Allowance	(14)	(34)	(14)	(34)
<b>Fees Receivable - Net</b>	<b>9,161</b>	<b>5,637</b>	<b>9,159</b>	<b>5,630</b>
Grant Receivables from MOE Matching Endowment Grant Receivables	57,269	39,449	57,269	39,449
Other Receivables from MOE	16,033	24,018	16,033	24,018
Other Grant Receivables	35,288	9,519	35,288	9,519
Other Receivables	4,905	3,686	4,478	3,364
	867	1,806	2,425	2,438
	<b>123,523</b>	<b>84,115</b>	<b>124,652</b>	<b>84,418</b>

The Loss Allowance for Fees Receivable is derived based on the approach and expected credit loss rates in Note 29(b).

**11. Student Loans**

	Group and SIT	
	2022 \$'000	2021 \$'000
Current	81	127
Non-Current	309	508
	<b>390</b>	<b>635</b>

These are the overseas student programme loans which are unsecured and interest-free during the course of study and are repayable by monthly instalments with interest over periods of up to 5 years after the students' graduation. The repayment period may be longer if MOE allows loan repayment to be suspended for a certain period of time due to adverse economic situation. Interest charged is 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% (2021: 4.75%) per annum.

The carrying amount of non-current student loans approximates their fair value.

**SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Financial Year ended 31 March 2022**

**12. Other Current Assets**

	Group		SIT	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Deposits	32	29	32	29
Pre-payments				
- Rental and Other Facility Expenses	3,327	3,327	3,327	3,327
- Programme and Student Related Expenses	3,513	3,879	3,513	3,879
- Others	3,633	3,285	3,633	3,282
Advance Payments	-	9,884	-	9,884
	<b>10,505</b>	<b>20,404</b>	<b>10,505</b>	<b>20,401</b>

Pre-payments for rental and other facility expenses relate to service fees paid in advance to the Polytechnics for the use of the Polytechnics' facilities.

Based on BCA advisory circulars issued on 7 April 2020 and 19 May 2020, SIT made advance payments to the Punggol Campus contractors and consultants to help them tide over cashflow issues arising from stoppage of Punggol construction during the Circuit Breaker period. The advance payments were fully offset against the progress billings by the contractors during the current financial year.

**13. Derivative Financial Instruments**

	Contract Notional Amount		SIT Fair value – (Liabilities)/Assets	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Currency Forwards	7,671	7,616	20	(18)

Currency Forwards are entered into to hedge fluctuations in foreign currency exposure of Financial Assets at Fair Value through Profit or Loss denominated in foreign currency. SIT does not apply hedge accounting.

**SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Financial Year ended 31 March 2022**

**14. Investments in Subsidiaries**

	2022	SIT	2021
Investments in Subsidiaries	<b>6</b>		6

At the Balance Sheet date, the details of subsidiaries are as follows:

Name	Principal Activities	Country of Business/ Incorporation	Date of incorporation	Proportion of ordinary shares held by the Group	
				2022 %	2021 %
Verbosecurity Pte Ltd	Provision of information technology cybersecurity consultancy services	Singapore	18 January 2019	<b>100</b>	100
SIT Microgrid Pte Ltd	Generation of electricity using Multi-Energy Micro-Grid	Singapore	19 August 2019	<b>100</b>	100
Foodplant Pte Ltd	Provision of shared small-batch food production facility	Singapore	2 March 2020	<b>100</b>	100

SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS  
For the Financial Year ended 31 March 2022

15. Property, Plant and Equipment

Group 2022	Land, Buildings and Infrastructure \$'000	Furniture, Office and Sport Equipment \$'000	IT, AV and Network Equipment \$'000	Machinery, Laboratory and Workshop Equipment \$'000	Motor Vehicles \$'000	Assets Under Construction \$'000	Total \$'000
<u>Cost</u>							
Beginning of Financial Year	559,320	21,233	46,785	42,831	942	211,859	882,970
Additions	3,254	233	1,262	4,863	18	141,405	151,035
Transfers Between Categories	–	–	56	–	28	(84)	–
Transfers to Intangible Assets (Note 17)	–	–	–	–	–	(107)	(107)
Reclassification Between Categories	1	(1)	–	–	–	–	–
Disposals	–	(30)	(1,136)	–	–	–	(1,166)
<b>End of Financial Year</b>	<b>562,575</b>	<b>21,435</b>	<b>46,967</b>	<b>47,694</b>	<b>988</b>	<b>353,073</b>	<b>1,032,732</b>
<u>Accumulated Depreciation</u>							
Beginning of Financial Year	131,250	20,294	41,120	22,266	364	–	215,294
Depreciation charge	31,131	567	3,045	6,706	119	–	41,568
Disposals	–	(30)	(1,131)	–	–	–	(1,161)
<b>End of Financial Year</b>	<b>162,381</b>	<b>20,831</b>	<b>43,034</b>	<b>28,972</b>	<b>483</b>	<b>–</b>	<b>255,701</b>
<u>Net Book Value</u>							
<b>End of Financial Year</b>	<b>400,194</b>	<b>604</b>	<b>3,933</b>	<b>18,722</b>	<b>505</b>	<b>353,073</b>	<b>777,031</b>

SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS  
For the Financial Year ended 31 March 2022

15. Property, Plant and Equipment (cont'd)

SIT 2022	Land, Buildings and Infrastructure \$'000	Furniture, Office and Sport Equipment \$'000	IT, AV and Network Equipment \$'000	Machinery, Laboratory and Workshop Equipment \$'000	Motor Vehicles \$'000	Assets Under Construction \$'000	Total \$'000
<u>Cost</u>							
Beginning of Financial Year	559,320	21,233	46,785	42,831	942	211,859	882,970
Additions	2,725	233	1,262	4,863	18	141,405	150,506
Transfers Between Categories	-	-	56	-	28	(84)	-
Transfers to Intangible Assets (Note 17)	-	-	-	-	-	(107)	(107)
Reclassification Between Categories	1	(1)	-	-	-	-	-
Disposals	-	(30)	(1,136)	-	-	-	(1,166)
<b>End of Financial Year</b>	<b>562,046</b>	<b>21,435</b>	<b>46,967</b>	<b>47,694</b>	<b>988</b>	<b>353,073</b>	<b>1,032,203</b>
<u>Accumulated Depreciation</u>							
Beginning of Financial Year	131,250	20,294	41,120	22,266	364	-	215,294
Depreciation charge	31,113	567	3,045	6,706	119	-	41,550
Disposals	-	(30)	(1,131)	-	-	-	(1,161)
<b>End of Financial Year</b>	<b>162,363</b>	<b>20,831</b>	<b>43,034</b>	<b>28,972</b>	<b>483</b>	<b>-</b>	<b>255,683</b>
<u>Net Book Value</u>							
<b>End of Financial Year</b>	<b>399,683</b>	<b>604</b>	<b>3,933</b>	<b>18,722</b>	<b>505</b>	<b>353,073</b>	<b>776,520</b>



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For the Financial Year ended 31 March 2022

15. Property, Plant and Equipment (cont'd)

Group and SIT 2021	Land, Buildings and Infrastructure \$'000	Furniture, Office and Sport Equipment \$'000	IT, AV and Network Equipment \$'000	Machinery, Laboratory and Workshop Equipment \$'000	Motor Vehicles \$'000	Assets Under Construction \$'000	Total \$'000
<u>Cost</u>							
Beginning of Financial Year	538,777	20,942	44,205	37,206	938	121,787	763,855
Additions	20,543	358	2,421	4,789	4	91,425	119,540
Transfers Between Categories	—	—	284	862	—	(1,146)	—
Transfers to Intangible Assets (Note 17)	—	—	—	—	—	(207)	(207)
Disposals	—	(67)	(125)	(26)	—	—	(218)
<b>End of Financial Year</b>	<b>559,320</b>	<b>21,233</b>	<b>46,785</b>	<b>42,831</b>	<b>942</b>	<b>211,859</b>	<b>882,970</b>
<u>Accumulated Depreciation</u>							
Beginning of Financial Year	101,524	19,514	37,401	15,765	247	—	174,451
Depreciation charge	29,726	847	3,844	6,517	117	—	41,051
Disposals	—	(67)	(125)	(16)	—	—	(208)
<b>End of Financial Year</b>	<b>131,250</b>	<b>20,294</b>	<b>41,120</b>	<b>22,266</b>	<b>364</b>	<b>—</b>	<b>215,294</b>
<u>Net Book Value</u>							
<b>End of Financial Year</b>	<b>428,070</b>	<b>939</b>	<b>5,665</b>	<b>20,565</b>	<b>578</b>	<b>211,859</b>	<b>667,676</b>

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NOTES TO FINANCIAL STATEMENTS  
For the Financial Year ended 31 March 2022

15. Property, Plant and Equipment (cont'd)

(a) *Borrowing costs capitalised*

Borrowing costs of \$43,000 arising from financing for the development of construction-in-progress were capitalised during the financial year. The amount of borrowing costs capitalised was determined based on the interest rate disclosed in Note 23 to the financial statements.

16. Leases – The Group as a Lessee

Nature of the Group's Leasing Activities

**Land, Buildings and Infrastructure**

The Group leases building and land for use in its operations.

Included in Land, Buildings and Infrastructure (Note 15) is a right-of-use asset comprising a 30-year leasehold land on which the future SIT Punggol Campus is being constructed. Full payment has been made for the right-of-use asset.

**Office and Sports Equipment**

The Group leases office and sports equipment for use in its operations.

There is no externally imposed covenant on these lease arrangements.

(a) Carrying Amounts

Right-of-Use Assets Classified Within Property, Plant and Equipment

	<u>Group</u>		<u>SIT</u>	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Land, Buildings and Infrastructure	280,465	294,731	279,953	294,731
Office and Sports Equipment	53	79	53	79
	<b>280,518</b>	294,810	<b>280,006</b>	294,810

(b) Depreciation Charge During the Year

	<u>Group</u>		<u>SIT</u>	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Land, Buildings and Infrastructure	15,248	14,557	15,231	14,557
Office and Sports Equipment	33	41	33	41
	<b>15,281</b>	14,598	15,264	14,598

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16. Leases – The Group as a Lessee (cont'd)

(c) Interest Expense

	<u>Group</u>		<u>SIT</u>	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Interest Expense on Lease Liabilities	1,250	1,396	1,249	1,396

(d) Lease Expense Not Included in Lease Liabilities

	2022	2021
	\$'000	\$'000
Short-Term Lease Expense	–	1
Low-Value Lease Expense	82	62
<b>Total</b>	<b>82</b>	<b>63</b>

(e) Total Cash Outflows for All Leases in 2022 were \$7,248,000 (2021: \$24,619,000).

(f) Additions of Right-Of-Use Assets during the financial year ended 31 March 2022 were \$990,000 (2021: \$18,459,000).

(g) Future Cash Outflows Which Are Not Included in Lease Liabilities

(i) Extension Option

The leases for certain office and sport equipment contain extension periods, for which the related lease payments have not been included in lease liabilities as the Group is not reasonably certain of exercising the extension options. The Group negotiates extension options to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of the extension options are exercisable by the Group and not by the lessor.

SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS  
For the Financial Year ended 31 March 2022

17. Intangible Assets

*Computer Software Licence Costs*

	<u>Group</u>		<u>SIT</u>	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Cost</b>				
Beginning of Financial Year	26,621	24,707	26,518	24,604
Additions	803	1,707	802	1,707
Transfer from Assets Under Construction (Note 15)	107	207	107	207
Disposals	(419)	–	(419)	–
<b>End of Financial Year</b>	<b>27,112</b>	<b>26,621</b>	<b>27,008</b>	<b>26,518</b>
<b>Accumulated Amortisation</b>				
Beginning of Financial Year	22,063	18,042	21,988	18,001
Amortisation Charge	2,841	4,021	2,812	3,987
Disposals	(419)	–	(419)	–
<b>End of Financial Year</b>	<b>24,485</b>	<b>22,063</b>	<b>24,381</b>	<b>21,988</b>
<b>Net Book Value</b>				
<b>End of Financial Year</b>	<b>2,627</b>	<b>4,558</b>	<b>2,627</b>	<b>4,530</b>

18. Other Non-Current Assets

	<u>Group</u>		<u>SIT</u>	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Deposits	46	13	12	13
Pre-payments				
- Rental and Other Facility Expenses	63,520	66,847	63,520	66,847
- Others	408	295	408	295
	<b>63,974</b>	<b>67,155</b>	<b>63,940</b>	<b>67,155</b>

Prepayments for rental and other facility expenses relate to service fees paid in advance to the Polytechnics for the use of the Polytechnics' facilities.

SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS  
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19. Trade and Other Payables

	Group		SIT	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade Payables	13,824	10,678	13,823	10,676
Payables for Property, Plant and Equipment	13,250	10,803	13,250	10,803
Accrued Operating Expenses	30,072	23,283	30,062	23,249
Provision for Unutilised Leave	8,126	8,050	8,126	8,044
Other Payables	12,111	20,549	12,153	20,511
	<b>77,383</b>	<b>73,363</b>	<b>77,414</b>	<b>73,283</b>

20. Grants Received In Advance

	Government Operating Grants \$'000	Government Development Grants \$'000	Other Government Grants \$'000	Total \$'000
<b>Group and SIT</b>				
Balance at 1 April 2021	13,649	134,089	12,243	159,981
Grants Received/Receivable During the Year	156,812	79,855	29,375	266,042
<i>Less:</i>				
Transfer to Profit or Loss (Note 7)	(154,402)	(1,039)	(24,581)	(180,022)
Transfer to Deferred Capital Grants (Note 21)	(1,766)	(107,046)	(4,516)	(113,328)
	(156,168)	(108,085)	(29,097)	(293,350)
<b>Balance at 31 March 2022</b>	<b>14,293</b>	<b>105,859</b>	<b>12,521</b>	<b>132,673</b>

SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS  
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20. Grants Received In Advance (cont'd)

	Government Operating Grants \$'000	Government Development Grants \$'000	Other Government Grants \$'000	Total \$'000
<b>Group and SIT</b>				
Balance at 1 April 2020	16,296	5,716	5,985	27,997
Grants Received/Receivable During the Year	154,158	216,868	30,612	401,638
<u>Less:</u>				
Transfer to Profit or Loss (Note 7)	(152,526)	(1,635)	(22,979)	(177,140)
Transfer to Deferred Capital Grants (Note 21)	(4,279)	(86,860)	(1,375)	(92,514)
	(156,805)	(88,495)	(24,354)	(269,654)
<b>Balance at 31 March 2021</b>	<b>13,649</b>	<b>134,089</b>	<b>12,243</b>	<b>159,981</b>

The balances represent grants received but not utilised at the end of the financial year.

21. Deferred Capital Grants

	Group		SIT	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Beginning of Financial Year	513,922	458,023	513,908	458,023
Additions (Note 20)	113,328	92,514	113,328	92,460
<u>Less:</u>				
Transfer to Profit or Loss				
- Deferred Capital Grants Amortised (Note 7)	(35,593)	(36,615)	(35,579)	(36,575)
- Derecognised on Disposal of Property, Plant and Equipment (Note 7)	(5)	-	(5)	-
	(35,598)	(36,615)	(35,584)	(36,575)
End of Financial Year	591,652	513,922	591,652	513,908

Deferred capital grants relate to grants utilised for the acquisition of property, plant and equipment and intangible assets by the Group. There are no unfulfilled conditions or contingencies attached to these grants.

**SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**  
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**22. Other Deferred Grants**

	<b>Group and SIT</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Beginning of Financial Year	<b>70,174</b>	73,501
Deferred Grants Amortised (Note 7)	<b>(3,327)</b>	(3,327)
End of Financial Year	<b>66,847</b>	70,174

Other Deferred Grants relate to grants received from MOE to fund SIT's service fees paid in advance to the Polytechnics, for the use of the Polytechnics' facilities.

**23. Borrowings**

	<b>Group and SIT</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Current	<b>43</b>	–
Non-Current	<b>34,000</b>	–
End of Financial Year	<b>34,043</b>	–

The profile of the borrowings at the Balance Sheet date is as follow:

	<b>Group and SIT</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Variable Rate – Unsecured	<b>34,043</b>	–

Under the debt-grant framework initiated by the Government, SIT has drawn down bank loans to finance the construction of the Punggol Campus.

The borrowings are interest bearing at rates ranging 1.18% to 1.69% per annum. The borrowings are repayable in semi-annual instalments commencing after the issuance of temporary occupation permit for the SIT Punggol Campus.

SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

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For the Financial Year ended 31 March 2022

24. Endowment and Term Funds

(a) Composition:

	Endowment Funds		Group and SIT Term Funds		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Capital:						
Government Grants	563,346	530,228	–	–	563,346	530,228
Donations	67,785	55,283	–	–	67,785	55,283
	<b>631,131</b>	585,511	–	–	<b>631,131</b>	585,511
Accumulated Surplus	<b>231,159</b>	193,401	<b>4,854</b>	4,458	<b>236,013</b>	197,859
	<b>862,290</b>	778,912	<b>4,854</b>	4,458	<b>867,144</b>	783,370
<u>Represented by:</u>						
Cash and Cash Equivalents	33,261	27,646	4,939	4,474	38,200	32,120
Financial Assets at Fair Value through Profit or Loss	811,608	707,400	–	–	811,608	707,400
Deposits for Investments	2,584	20,154	–	–	2,584	20,154
Matching Endowment Grant Receivables	16,033	24,018	–	–	16,033	24,018
Interest Receivables	86	323	–	2	86	325
Other Receivables	189	108	16	2	205	110
Derivative Financial Instruments	20	(18)	–	–	20	(18)
Intangible Assets	–	–	7	10	7	10
Trade and Other Payables	(1,491)	(719)	(108)	(30)	(1,599)	(749)
	<b>862,290</b>	778,912	<b>4,854</b>	4,458	<b>867,144</b>	783,370



SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS  
For the Financial Year ended 31 March 2022

24. Endowment and Term Funds (cont'd)

(b) Movements:

	Endowment Funds		Group and SIT Term Funds		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Beginning of Financial Year	<b>778,912</b>	611,132	<b>4,458</b>	1,283	<b>783,370</b>	612,415
Government Grants	<b>33,118</b>	30,092	–	–	<b>33,118</b>	30,092
Donations	<b>12,502</b>	10,083	–	–	<b>12,502</b>	10,083
Government Grants and Donations	<b>45,620</b>	40,175	–	–	<b>45,620</b>	40,175
<u>Income</u>						
Donations	–	–	<b>4,185</b>	6,957	<b>4,185</b>	6,957
Net Investment Income (Note 6)	<b>39,857</b>	129,044	<b>9</b>	3	<b>39,866</b>	129,047
	<b>39,857</b>	129,044	<b>4,194</b>	6,960	<b>44,051</b>	136,004
<u>Operating Expenditure</u>						
Staff and Related Expenses	<b>(521)</b>	(374)	–	–	<b>(521)</b>	(374)
Programme and Student-Related Expenses	–	–	<b>(3,761)</b>	(3,779)	<b>(3,761)</b>	(3,779)
Depreciation and Amortisation Expenses	–	–	<b>(3)</b>	–	<b>(3)</b>	–
Other Operating Expenses	<b>(1,578)</b>	(1,065)	<b>(34)</b>	(6)	<b>(1,612)</b>	(1,071)
	<b>(2,099)</b>	(1,439)	<b>(3,798)</b>	(3,785)	<b>(5,897)</b>	(5,224)
Net Surplus	<b>37,758</b>	127,605	<b>396</b>	3,175	<b>38,154</b>	130,780
<b>End of Financial Year</b>	<b>862,290</b>	778,912	<b>4,854</b>	4,458	<b>867,144</b>	783,370

Endowment Funds

Endowment Funds comprising government grants and donations are invested for long term purposes and investment income therefrom is either reinvested or used for the advancement of education.

Term Funds

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

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**NOTES TO FINANCIAL STATEMENTS**  
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**25. Funds Managed on Behalf of MOE**

Pursuant to the Student Tuition Fee Loan (TFL), Study Loan (SL) and Overseas Student Programme Loan - 50% funded by MOE (OSP) schemes, SIT acts as an agent for these loans schemes and MOE, as the financier providing the funds.

	<b>Group and SIT</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Beginning of Financial Year	<b>50,173</b>	38,288
Funds Received From MOE	<b>16,576</b>	16,252
Repayments From Students	<b>(16,207)</b>	(4,367)
	<hr/>	<hr/>
End of Financial Year	<b>50,542</b>	50,173
	<hr/> <hr/>	<hr/> <hr/>
<i>Represented By:</i>		
Student Loans	<b>50,863</b>	49,958
<u>Less:</u> Amount (receivables from)/due to MOE	<b>(321)</b>	215
	<hr/>	<hr/>
	<b>50,542</b>	50,173
	<hr/> <hr/>	<hr/> <hr/>

These loans are unsecured, interest-free during the course of study and are repayable by monthly instalments with interest over periods of up to 20 years after the students' graduation. The repayment period may be longer if MOE allows loan repayment to be suspended for a certain period of time due to adverse economic situation. Interest charged by MOE is 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% (2021: 4.75%) per annum.

**26. Capital Commitment**

*Future SIT Punggol Campus*

The campus development and infrastructure expenditure contracted for at the Balance Sheet date but not recognised in the financial statements is estimated as follows:

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Campus Development and Infrastructure	<b>686,618</b>	818,541
	<hr/>	<hr/>

**NOTES TO FINANCIAL STATEMENTS**

**For the Financial Year ended 31 March 2022**

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**27. Income Taxes**

SIT obtained the 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. Accordingly, SIT is exempted from filing income tax returns. SIT has no income tax payable.

**28. Charities Act and Regulation**

As required under regulation 17 of the Charities (Institutions of Public Character) Regulations 2007, SIT received tax deductible donations of \$16,687,000 (2021: \$17,040,000) in the current financial year.

**29. Financial Risk Management**

*Financial Risk Factors*

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

The Board of Trustees (the "Board") has constituted a Finance Committee comprising three Board members to oversee the Group's financial resource management.

With respect to Endowment Funds, an Investment Committee comprising three Board members and one co-opted member has also been constituted by the Board 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 policies governing investment activities. The Investment Office assists in the implementation and management of the Group's investment portfolio within the prescribed investment guidelines and mandates.

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29. Financial Risk Management (cont'd)

(a) Market Risk

(i) *Foreign Currency Risk*

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

	<b>Group and SIT</b>	
	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
<b>Financial Assets</b>		
Cash and Cash Equivalents	7,018	695
Financial Assets at Fair Value through Profit or Loss	418,994	400,751
Fees and Other Receivables	57	202
Deposits for Investments	–	20,154
	<b>426,069</b>	421,802
<b>Financial Liabilities</b>		
Trade and Other Payables	(1,809)	(971)
Net Financial Assets	<b>424,260</b>	420,831
<u>Less: Currency Forwards</u>	<b>(7,671)</b>	(7,616)
<b>Net Currency Exposure</b>	<b>416,589</b>	413,215

At 31 March 2022, if the USD had strengthened/weakened by 5% (2021: 5%) against the SGD with all other variables held constant, the Net Surplus arising from the change would have increased/decreased by \$20,829,000 (2021: \$20,661,000) 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 Financial Assets at Fair Value Through Profit or Loss. 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% (2021: 5%), this will result in an increase/decrease of \$40,580,000 (2021: \$35,370,000) in Net Surplus for the current financial year.

29. **Financial Risk Management (cont'd)**

(a) Market Risk (cont'd)

(iii) *Interest Rate Risk*

The Group invests in fixed income investments, which are exposed to interest rate risk. Changes in interest rates will have impact on the fair value of the instruments. With all other variables held constant, 50 (2021: 50) basis points increase/decrease in interest rate will result in \$3,162,000 (2021: \$4,334,000) decrease/increase in the fair value of Financial Assets at Fair Value 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 50 (2021: 50) basis points with all other variables held constant, the Net Surplus would have been higher/lower by \$864,000 (2021: \$1,199,000) as a result of higher/lower interest income.

SIT has started drawing down on its loan facility during the financial year for the financing of the Punggol Campus construction project. If the interest rate has been higher/lower by 50 basis points with all other variables held constant, the Property, Plant and Equipment would have been higher/lower by \$170,000 as a result of higher/lower loan interest.

(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.

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 Statement of Financial Position.

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 receivables 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 receivables 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.

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**29. Financial Risk Management (cont'd)**

(b) Credit Risk (cont'd)

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

<b>Group and SIT 31 March 2022</b>	<b>Current</b>	<b>1 to 30 days</b>	<b>31 to 60 days</b>	<b>61 to 90 days</b>	<b>More than 90 days</b>	<b>Total</b>
<b>Students</b>						
Expected Loss Rate	-%	0.1%	0.2%	0.5%	11.9%	
Gross Carrying Amount (\$'000)	45	1,268	14	1	106	1,434
Loss Allowance (\$'000)	-	1	-	-	13	14
<b>Non-Students</b>						
Expected Loss Rate	-%	-%	-%	-%	-%	
Gross Carrying Amount (\$'000)	7,571	77	122	(41)	12	7,741
Loss Allowance (\$'000)	-	-	-	-	-	-
Individually Assessed	-	-	-	-	-	-
<b>Group and SIT 31 March 2021</b>						
<b>Students</b>						
Expected Loss Rate	-%	0.1%	0.1%	0.3%	12.2%	
Gross Carrying Amount (\$'000)	60	1,383	1	1	141	1,586
Loss Allowance (\$'000)	-	1	-	-	17	18
<b>Non-Students</b>						
Expected Loss Rate	-%	-%	-%	-%	-%	
Gross Carrying Amount (\$'000)	391	2,719	6	15	954	4,085
Loss Allowance (\$'000)	-	-	-	-	-	-
Individually Assessed	-	-	-	-	16	16

## SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

### NOTES TO FINANCIAL STATEMENTS For the Financial Year ended 31 March 2022

#### 29. Financial Risk Management (cont'd)

##### (b) Credit Risk (cont'd)

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

	Group and SIT	
	2022	2021
	\$'000	\$'000
Beginning of Financial Year	34	43
<u>During the Year On:</u>		
Additional Loss Allowance During the Year	(4)	12
Written Off During the Year	(16)	(21)
<b>End of Financial Year</b>	<b>14</b>	<b>34</b>

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.

SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS  
For the Financial Year ended 31 March 2022

29. Financial Risk Management (cont'd)

(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.

Group	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
<b>At 31 March 2022</b>				
Trade and Other Payables	69,257	–	–	–
Lease Liabilities	6,066	2,539	7,697	35,912
Borrowings	43	–	34,000	–
	<b>75,366</b>	<b>2,539</b>	<b>41,697</b>	<b>35,912</b>
<b>At 31 March 2021</b>				
Trade and Other Payables	65,313	–	–	–
Lease Liabilities	7,154	5,895	7,064	38,260
	<b>72,467</b>	<b>5,895</b>	<b>7,064</b>	<b>38,260</b>
<b>SIT</b>				
<b>At 31 March 2022</b>				
Trade and Other Payables	69,288	–	–	–
Lease Liabilities	6,066	2,539	7,155	35,912
Borrowings	43	–	34,000	–
	<b>75,397</b>	<b>2,539</b>	<b>41,155</b>	<b>35,912</b>
<b>At 31 March 2021</b>				
Trade and Other Payables	65,239	–	–	–
Lease Liabilities	7,154	5,895	7,064	38,260
	<b>72,393</b>	<b>5,895</b>	<b>7,064</b>	<b>38,260</b>



**NOTES TO FINANCIAL STATEMENTS**  
**For the Financial Year ended 31 March 2022**

**29. Financial Risk Management (cont'd)****(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).

**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:

<b>Group and SIT 2022</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b><i>Financial Assets</i></b>				
Financial Assets at Fair Value through Profit or Loss				
Quoted Investments				
- Fixed Income Investments	114,601	-	-	114,601
- Equity Investments	116,566	-	-	116,566
- Other Investments	80,975	-	-	80,975
Unquoted Investments	-	-	499,466	499,466
 Derivative Financial Instruments				
- Currency Forwards	-	20	-	20
	<b>312,142</b>	<b>20</b>	<b>499,466</b>	<b>811,628</b>

SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS  
For the Financial Year ended 31 March 2022

29. Financial Risk Management (cont'd)

(e) Fair Value Measurement (cont'd)

Group and SIT	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>2021</b>				
<b>Financial Assets</b>				
Financial Assets at Fair Value through Profit or Loss				
Quoted Investments				
- Fixed Income Investments	155,726	-	-	155,726
- Equity Investments	162,615	-	-	162,615
- Other Investments	-	-	-	-
Unquoted Investments	-	-	389,059	389,059
<b>Financial Liabilities</b>				
Derivative Financial Instruments				
- Currency Forwards	-	(18)	-	(18)
	<b>318,341</b>	<b>(18)</b>	<b>389,059</b>	<b>707,382</b>

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.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques or price quotes by the fund managers. The fair value of currency forwards is determined using the actively quoted forward exchange rates. These investments are classified as Level 2.

The fair value is determined by the fund manager using various valuation techniques, including discounted cash flows. In circumstances where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

The following table presents the changes in Level 3 instruments:

	Group and SIT	
	2022 \$'000	2021 \$'000
<u>Financial Assets at Fair Value through Profit or Loss</u>		
Beginning of Financial Year	389,059	294,011
Purchases	107,223	20,627
Sales	(35,282)	(12,816)
Fair Value Gain recognised in Profit or Loss	38,466	87,237
End of Financial Year	<b>499,466</b>	389,059

**SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Financial Year ended 31 March 2022**

**29. Financial Risk Management (cont'd)**

(f) Assets and Liabilities not measured at fair value

The carrying amount of short-term financial assets and liabilities approximate their respective fair values due to the short-term nature of these balances. The carrying amounts of borrowings approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

(g) Financial Instruments by Category

The carrying amounts of Financial Assets at Amortised Cost, Financial Assets at Fair Value through Profit or Loss and Financial Liabilities are as follows:

	Group		SIT	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Financial Assets				
At Amortised Cost	<b>396,684</b>	397,290	<b>397,768</b>	397,493
Financial Assets at Fair Value through Profit or Loss	<b>811,628</b>	707,400	<b>811,628</b>	707,400
Financial Liabilities at Amortised Cost	<b>141,080</b>	107,973	<b>140,586</b>	107,951
Financial Liabilities at Fair Value through Profit or Loss	-	18	-	18

**30. Related Party Transactions**

The Group holds certain investments of which a Trustee is the director of the Issuer of the investments. As at 31 March 2022, these investments amounted to \$11,602,000 (2021: \$20,437,000). The Trustee had abstained from making any decision in relation to these investments.

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

	2022 \$'000	2021 \$'000
Wages and Salaries	<b>12,908</b>	12,573
Employer's Contribution to Defined Contribution Plans Including Central Provident Fund	<b>613</b>	490
	<b>13,521</b>	13,063

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.

## SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

### NOTES TO FINANCIAL STATEMENTS For the Financial Year ended 31 March 2022

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#### 30. Related Party Transactions (cont'd)

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.

	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
Grants received and receivables	<b>306,158</b>	419,650

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In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between SIT and related parties at the prevailing market terms:

	<b>2022</b>	2021
	<b>\$'000</b>	\$'000
Provision of Administration service charged to Subsidiaries	<b>125</b>	–
Payments made on behalf for Subsidiaries	<b>835</b>	1,005
Audit and Statutory Fees borne for Subsidiaries	<b>5</b>	8

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#### 31. 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 18 August 2022.