

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 2023



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 2023

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 2023 and the Statement of Financial Position of SIT as at 31 March 2023.

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 52 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 2023 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 (Chairman)
Professor Chua Kee Chaing
Mr Chan Hian Lim
Dr Chia Tai Tee
Mr Han Kwee Juan
Dr Benjamin Koh
Mr Kwee Liong Keng
Ms Lim Wan Yong
Mrs Margaret Lui
Mr Abu Bakar Bin Mohd Nor
Ms Neo Gim Huay
Ms Gail Ong
Ms Jacqueline Poh
Mr Quek Gim Pew
Mr Ravinder Singh
Mr Nagaraj Sivaram
Ms Susan Soh
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 2023

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

17 August 2023

SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

Independent auditor's report For the financial year ended 31 March 2023

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

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 statements of financial position of the Group and SIT as at 31 March 2023, 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 2023 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.

SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

Independent auditor's report For the financial year ended 31 March 2023

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

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 AND ITS SUBSIDIARIES

Independent auditor's report
For the financial year ended 31 March 2023

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

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.

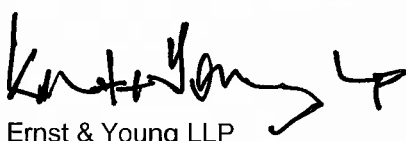
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

17 August 2023

SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Financial Year ended 31 March 2023

	Note	Endowment and Term Funds					
		General Funds		Funds		Total	
		2023	2022	2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	4(a)	107,444	96,234	–	–	107,444	96,234
Other income	4(a)	1,552	2,553	4,536	4,185	6,088	6,738
Operating Expenditure							
Staff and Related Expenses	5	(153,022)	(128,373)	(719)	(521)	(153,741)	(128,894)
Programme and Student-Related Expenses		(73,947)	(70,048)	(3,652)	(3,761)	(77,599)	(73,809)
Depreciation and Amortisation Expenses	15, 17	(42,082)	(44,406)	(20)	(3)	(42,102)	(44,409)
Rental and Other Facility Expenses		(17,311)	(15,664)	(16)	–	(17,327)	(15,664)
Interest Expense	16	(1,258)	(1,250)	–	–	(1,258)	(1,250)
Other Operating Expenses		(27,027)	(24,394)	(219)	(1,612)	(27,246)	(26,006)
Total Operating Expenditure		(314,647)	(284,135)	(4,626)	(5,897)	(319,273)	(290,032)
Deficit before Investment Income and Government Grants		(205,651)	(185,348)	(90)	(1,712)	(205,741)	(187,060)
Net Investment Income/(Loss)	6	4,770	542	(42,672)	39,866	(37,902)	40,408
(Deficit)/Surplus before Government Grants		(200,881)	(184,806)	(42,762)	38,154	(243,643)	(146,652)
Government Grants	7	248,233	218,947	–	–	248,233	218,947
Net Surplus/(Deficit), representing Total Comprehensive Income/(Loss)		47,352	34,141	(42,762)	38,154	4,590	72,295

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

SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION
As at 31 March 2023

	Note	Group		SIT	
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Non-Current Assets					
Investments in Subsidiaries	14	–	–	– (a)	– (a)
Property, Plant and Equipment	15	1,024,629	777,031	1,024,223	776,520
Intangible Assets	17	1,144	2,627	1,144	2,627
Student Loans	11	589	309	589	309
Other Non-Current Assets	18	60,548	63,974	60,514	63,940
Total Non-Current Assets		1,086,910	843,941	1,086,470	843,396
Current Assets					
Cash and Cash Equivalents	8	315,334	270,109	315,334	270,098
Financial Assets at Fair Value through Profit or Loss	9	814,476	811,608	814,476	811,608
Deposits for Investments	9	–	2,584	–	2,584
Fees and Other Receivables	10	216,122	123,523	218,600	124,652
Student Loans	11	48	81	48	81
Other Current Assets	12	10,808	10,505	10,808	10,505
Derivative Financial Instruments	13	119	20	119	20
Total Current Assets		1,356,907	1,218,430	1,359,385	1,219,548
TOTAL ASSETS		2,443,817	2,062,371	2,445,855	2,062,944
LIABILITIES					
Current Liabilities					
Trade and Other Payables	19	114,358	77,383	116,989	77,414
Deferred Tuition Fee Income	4(b)	3,647	9,207	3,647	9,207
Grants Received In Advance	20	28,165	132,673	28,165	132,673
Lease Liabilities		5,883	4,888	5,879	4,884
Borrowings	23	2,317	43	2,317	43
Total Current Liabilities		154,370	224,194	156,997	224,221
NET CURRENT ASSETS		1,202,537	994,236	1,202,388	995,327
Non-Current Liabilities					
Deferred Capital Grants	21	767,192	591,652	767,192	591,652
Other Deferred Grants	22	63,520	66,847	63,520	66,847
Lease Liabilities		37,258	32,892	36,732	32,371
Borrowings	23	264,900	34,000	264,900	34,000
Total Non-Current Liabilities		1,132,870	725,391	1,132,344	724,870
TOTAL LIABILITIES		1,287,240	949,585	1,289,341	949,091
NET ASSETS		1,156,577	1,112,786	1,156,514	1,113,853

(a) Less than \$1,000

SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION
As at 31 March 2023

	Note	Group		SIT	
		2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000
FUNDS AND RESERVES					
General Funds					
- Accumulated Surplus		292,994	245,642	292,931	246,709
Endowment and Term Funds					
- Capital	24(a)	670,332	631,131	670,332	631,131
- Accumulated Surplus	24(a)	193,251	236,013	193,251	236,013
		863,583	867,144	863,583	867,144
TOTAL FUNDS AND RESERVES		1,156,577	1,112,786	1,156,514	1,113,853

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 2023

	Note	General Funds \$'000	Endowment and Term Funds \$'000	Total \$'000
2023				
At 1 April 2022		245,642	867,144	1,112,786
Net Surplus/(Deficit), representing Total Comprehensive Income/(Loss)		47,352	(42,762)	4,590
Government Grants and Donations	24(b)	–	39,201	39,201
At 31 March 2023		292,994	863,583	1,156,577
2022				
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
At 31 March 2022		245,642	867,144	1,112,786

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 2023

	Note	2023 \$'000	2022 \$'000
Cash Flows From Operating Activities			
Deficit before Government Grants		(243,643)	(146,652)
Adjustments for:			
Depreciation and Amortisation	15,17	42,102	44,409
Donations	4(a)	(4,536)	(4,185)
Net Gain on Disposal of Property, Plant and Equipment		(1)	(12)
Interest Income	6	(5,742)	(1,230)
Dividend Income	6	(3,635)	(4,138)
Foreign Currency Exchange Loss/(Gain)	6	43	(201)
Fair Value Loss/(Gain) on Financial Assets at Fair Value through Profit or Loss	6	47,581	(27,650)
Fair Value (Gain)/Loss on Derivative Financial Instruments	6	(229)	52
Gain on Disposal of Financial Assets at Fair Value through Profit or Loss	6	(116)	(7,241)
Interest Expense	16	1,258	1,250
(Reversal of Expected Credit Loss Allowance)/Expected Credit Loss Allowance	29(b)	(68)	4
Operating Cash Flows before Changes in Working Capital		(166,986)	(145,594)
Change in Operating Assets and Liabilities			
Fees and Other Receivables		(514)	(28,428)
Student Loans and Other Assets		2,876	13,325
Trade and Other Payables		19,724	1,624
Net Cash Used in Operating Activities		(144,900)	(159,073)
Cash Flows From Investing Activities			
Purchase of Property, Plant and Equipment and Intangible Assets	B	(260,111)	(148,407)
Proceeds from Disposal of Property, Plant and Equipment		3	17
Purchase of Financial Assets at Fair Value through Profit or Loss		(87,656)	(157,338)
Proceeds from Disposal of Financial Assets at Fair Value through Profit or Loss		39,907	108,175
Deposits for Investments	9	–	(2,584)
Settlement of Foreign Currency Forwards		130	(90)
Interest Received		2,546	1,487
Dividend Received		3,635	4,138
Net Cash Used in Investing Activities		(301,546)	(194,602)
Cash Flows From Financing Activities			
Operating Grants Received		173,925	146,063
Development Grants Received		33,932	72,784
Other Government Grants Received		28,819	27,969
Matching Endowment Grants Received		14,143	41,103
Donations Received		20,035	16,687
Principal Payment of Lease Liabilities	A	(5,974)	(5,916)
Interest Paid on Lease Liabilities	A	(1,258)	(1,250)
Proceeds from Borrowings	A	230,900	34,000
Interest Paid on Borrowings	A	(2,851)	–
Net Cash Flows Generated From Financing Activities		491,671	331,440
Net Increase/(Decrease) in Cash and Cash Equivalents		45,225	(22,235)
Cash and Cash Equivalents at Beginning of Financial Year		270,109	292,344
Cash and Cash Equivalents at End of Financial Year	8	315,334	270,109

SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Financial Year ended 31 March 2023

Note A: Reconciliation of Liabilities Arising From Financing Activities

	1 April 2022	Principal and Interest Payments	Proceeds from Borrowings	Non-Cash Changes		31 March 2023
				Additions	Interest Expense	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2023						
Lease Liabilities	37,780	(7,232)	–	11,335	1,258	43,141
Borrowings	34,043	(2,851)	230,900	–	5,125	267,217

	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
2022						
Lease Liabilities	42,712	(7,166)	–	984	1,250	37,780
Borrowings	–	–	34,000	–	43	34,043

Note B: Purchase of Property, Plant and Equipment and Intangible Assets

During the financial year, the Group acquired Property, Plant and Equipment and Intangible Assets with an aggregate cost of \$288,219,000 (2022: \$151,838,000). The additions were by way as follows:

	Note	2023 \$'000	2022 \$'000
Cash at Bank		260,111	148,407
Payables for Property, Plant and Equipment		16,773	2,447
Lease Liabilities	A	11,335	984
		288,219	151,838

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 2023

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 as at 31 March 2023 is 2 (2022: 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 2023 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.

The Company has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 Presentation of Financial Statements and FRS Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to FRS 12 Income Taxes: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to FRS 117 Insurance Contracts	1 January 2023
Amendments to FRS 1 Presentation of Financial Statements: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to FRS 116 Leases: <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to FRS 1 Presentation of Financial Statements: <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendment to FRS 110 and FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

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

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.

2.3 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 relating to 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.

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.

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

2.4 Revenue Recognition (cont'd)

(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.

2.5 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.

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.

SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2023

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

2.6 Group Accounting (cont'd)

Subsidiaries (cont'd)

(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 the subsidiary disposed 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.

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

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

2.7 Property, Plant and Equipment (cont'd)

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.

2.8 Intangible Assets

Intangible Assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible Assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

An Intangible Asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in the Profit or Loss.

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. Summary of Significant Accounting Policies (cont'd)

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.

(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.

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

2.10 Financial Instruments (cont'd)

Financial Assets (cont'd)

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

- 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 Deposits for Investments.

A gain or loss on a Debt Instrument 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.

- 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 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.

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

2.10 Financial Instruments (cont'd)

Financial Assets (cont'd)

(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 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.

(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.

SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS For the Financial Year ended 31 March 2023

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

2.11 Foreign 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.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is measured.

2.12 Investments in Subsidiaries

Investments in Subsidiaries are carried at cost less accumulated impairment losses in separate financial statements. On disposal of such investments, the difference between the disposal proceeds and the carrying amount of the investment is recognised in Profit or Loss.

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

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.

2.15 Impairment of Financial Assets

The Group recognises an allowance for expected credit losses (ECLs) for all Debt Instruments not held at Fair Value through Profit or Loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For Fees Receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

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

2.15 Impairment of Financial Assets (cont'd)

The Group considers a financial asset in default when contractual payments are 60 days past due. 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.

2.16 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 recognises 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".

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

2.16 Leases (cont'd)

When the Group is the Lessee (cont'd)

- 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.

2.17 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.

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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 \$512,346,000 (2022: \$499,466,000). 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.

4. Revenue and Other Income

(a) In Statement of Comprehensive Income

	General Funds		Endowment and Term Funds		Total	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue:						
Tuition and Other Student-Related Fees	107,321	95,902	–	–	107,321	95,902
Service Fees	123	332	–	–	123	332
	107,444	96,234	–	–	107,444	96,234
Timing of Revenue Recognition:						
At A Point In Time	501	506	–	–	501	506
Over Time	106,943	95,728	–	–	106,943	95,728
	107,444	96,234	–	–	107,444	96,234
Other income:						
Donations	–	–	4,536	4,185	4,536	4,185
Rental Income	285	77	–	–	285	77
Wage Credit Scheme	–	455	–	–	–	455
Others	1,267	2,021	–	–	1,267	2,021
	1,552	2,553	4,536	4,185	6,088	6,738
Total Revenue and Other Income	108,996	98,787	4,536	4,185	113,532	102,972

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NOTES TO FINANCIAL STATEMENTS
For the Financial Year ended 31 March 2023

4. Revenue and Other Income (cont'd)

(b) In Statements of Financial Position

	Group and SIT	
	2023	2022
	\$'000	\$'000
Deferred Tuition Fee Income	3,647	9,207

Deferred Tuition Fee Income 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 \$9,207,000 in 2023 (2022: \$9,400,000) was fully recognised as revenue during the financial year ended 31 March 2023 upon delivery of the courses. Courses relating to the deferred tuition fee income as at 31 March 2023 will be delivered within one year from Balance Sheet date.

5. Staff and Related Expenses

	2023	2022
	\$'000	\$'000
Salaries and Bonuses	130,567	110,950
Employer's Contribution to Defined Contribution Plans Including Central Provident Fund	14,116	12,458
Other Employee Benefits	9,058	5,486
	153,741	128,894

6. Net Investment Income/(Loss)

	General Funds		Endowment and Term Funds		Total	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Interest Income	4,770	542	972	688	5,742	1,230
Dividend Income	–	–	3,635	4,138	3,635	4,138
Foreign Currency Exchange (Loss)/Gain	–	–	(43)	201	(43)	201
Fair Value (Loss)/Gain on Financial Assets at Fair Value through Profit or Loss	–	–	(47,581)	27,650	(47,581)	27,650
Fair Value Gain/(Loss) on Derivative Financial Instruments	–	–	229	(52)	229	(52)
Gain on Disposal of Financial Assets at Fair Value through Profit or Loss	–	–	116	7,241	116	7,241
	4,770	542	(42,672)	39,866	(37,902)	40,408

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7. Government Grants

	2023	2022
	\$'000	\$'000
Operating and Other Grants Utilised (Note 20)	212,367	180,022
Deferred Capital Grants Amortised (Note 21)	32,537	35,593
Other Deferred Grants Amortised (Note 22)	3,327	3,327
Transfer from Deferred Capital Grants upon Disposal of Property, Plant and Equipment (Note 21)	2	5
	248,233	218,947

During the year, SIT received Jobs Growth Incentive payouts from the government. The amount of \$693,000 (2022: \$1,250,000), which is retainable by SIT, has been recognised as Other Grants.

8. Cash and Cash Equivalents

	Group		SIT	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Cash at Banks	42,134	97,315	42,134	97,304
Short-Term Bank Deposits	273,200	172,794	273,200	172,794
	315,334	270,109	315,334	270,098

The Short-Term Bank Deposits at Balance Sheet date have an average maturity of 200 days (2022: 128 days) from the end of the financial year with a weighted average effective interest rate of 3.367% (2022: 0.500%) per annum.

9. Financial Assets at Fair Value through Profit or Loss

	Group and SIT	
	2023	2022
	\$'000	\$'000
Quoted Fixed Income Investments	111,771	114,601
Quoted Equity Investments	98,906	116,566
Quoted Other Investments	91,453	80,975
Unquoted Investments	512,346	499,466
	814,476	811,608

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

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NOTES TO FINANCIAL STATEMENTS
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9. Financial Assets at Fair Value through Profit or Loss (cont'd)

The weighted average yield to maturity for the Fixed Income Investments is 5.59% (2022: 4.48%) per annum.

As at 31 March 2023, the Group has placed \$Nil (2022: \$2,584,000) in Deposits for Investments.

As at 31 March 2023, the Group has outstanding commitments of \$120,463,000 (2022: \$135,639,000) for investments in Unquoted Investments which have not been drawn down as at Balance Sheet date.

10. Fees and Other Receivables

	Group		SIT	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Fees Receivable - Gross	9,426	9,175	9,412	9,173
Less: Expected Credit Loss Allowance	(56)	(14)	(56)	(14)
Fees Receivable - Net	9,370	9,161	9,356	9,159
Grant Receivables from MOE Matching Endowment Grant Receivables	132,322	57,269	132,322	57,269
Other Receivables from MOE	25,592	16,033	25,592	16,033
Other Grant Receivables	34,187	35,288	34,187	35,288
Other Receivables	9,582	4,905	9,582	4,478
	5,069	867	7,561	2,425
	216,122	123,523	218,600	124,652

The Expected Credit 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	
	2023 \$'000	2022 \$'000
Current	48	81
Non-Current	589	309
	637	390

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11. Student Loans (cont'd)

These are overseas student programme loans which are unsecured and non-interest bearing 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% (2022: 4.75%) per annum.

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

12. Other Current Assets

	Group		SIT	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Deposits	531	32	531	32
Prepayments				
- Rental and Other Facility Expenses	3,327	3,327	3,327	3,327
- Programme and Student Related Expenses	3,351	3,513	3,351	3,513
- Others	3,599	3,633	3,599	3,633
	10,808	10,505	10,808	10,505

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

13. Derivative Financial Instruments

	Group and SIT			
	Contract Notional Amount		Fair value – Assets	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Foreign Currency Forwards	12,459	7,671	119	20

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

SINGAPORE INSTITUTE OF TECHNOLOGY AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
For the Financial Year ended 31 March 2023

14. Investments in Subsidiaries

	2023	SIT	2022
Investments in Subsidiaries	6		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 ownership interest	
				2023 %	2022 %
Verbosecurity Pte Ltd	Provision of information technology cybersecurity consultancy services	Singapore	18 January 2019	100	100
SIT Microgrid Pte Ltd	Generation of electricity using Multi-Energy Micro-Grid	Singapore	19 August 2019	100	100
Foodplant Pte Ltd	Provision of shared small-batch food production facility	Singapore	2 March 2020	100	100

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NOTES TO FINANCIAL STATEMENTS
For the Financial Year ended 31 March 2023

15. Property, Plant and Equipment

	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
Group							
2023							
Cost							
Beginning of Financial Year	562,575	21,435	46,967	47,694	988	353,073	1,032,732
Additions	12,339	199	1,569	6,003	-	267,909	288,019
Transfers Between Categories	-	-	315	1,389	-	(1,704)	-
Transfers to Intangible Assets (Note 17)	-	-	-	-	-	(170)	(170)
Disposals	(194)	(76)	(962)	(447)	-	-	(1,679)
End of Financial Year	574,720	21,558	47,889	54,639	988	619,108	1,318,902
Accumulated Depreciation							
Beginning of Financial Year	162,381	20,831	43,034	28,972	483	-	255,701
Depreciation Charge	30,731	355	2,171	6,888	104	-	40,249
Disposals	(194)	(76)	(962)	(445)	-	-	(1,677)
End of Financial Year	192,918	21,110	44,243	35,415	587	-	294,273
Net Carrying Amount							
End of Financial Year	381,802	448	3,646	19,224	401	619,108	1,024,629

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NOTES TO FINANCIAL STATEMENTS
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15. Property, Plant and Equipment (cont'd)

SIT 2023	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	562,046	21,435	46,967	47,694	988	353,073	1,032,203
Additions	12,339	199	1,569	6,003	-	267,909	288,019
Transfers Between Categories	-	-	315	1,389	-	(1,704)	-
Transfers to Intangible Assets (Note 17)	-	-	-	-	-	(170)	(170)
Disposals	(194)	(76)	(962)	(447)	-	-	(1,679)
End of Financial Year	574,191	21,558	47,889	54,639	988	619,108	1,318,373
<u>Accumulated Depreciation</u>							
Beginning of Financial Year	162,363	20,831	43,034	28,972	483	-	255,683
Depreciation Charge	30,626	355	2,171	6,888	104	-	40,144
Disposals	(194)	(76)	(962)	(445)	-	-	(1,677)
End of Financial Year	192,795	21,110	44,243	35,415	587	-	294,150
<u>Net Carrying Amount</u>							
End of Financial Year	381,396	448	3,646	19,224	401	619,108	1,024,223

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

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
Cost							
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)
End of Financial Year	562,575	21,435	46,967	47,694	988	353,073	1,032,732
Accumulated Depreciation							
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)
End of Financial Year	162,381	20,831	43,034	28,972	483	-	255,701
Net Carrying Amount							
End of Financial Year	400,194	604	3,933	18,722	505	353,073	777,031

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

SIT 2022 Cost	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
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)
End of Financial Year	562,046	21,435	46,967	47,694	988	353,073	1,032,203
Accumulated Depreciation							
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)
End of Financial Year	162,363	20,831	43,034	28,972	483	—	255,683
Net Carrying Amount End of Financial Year	399,683	604	3,933	18,722	505	353,073	776,520

(a) Capitalisation of Borrowing Costs

Borrowing costs of \$5,125,000 (2022: \$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.

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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 consisting of a 30-year leasehold land on which the new 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 are no externally imposed covenants on these lease arrangements.

(a) Carrying Amounts

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

	Group		SIT	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Land, Buildings and Infrastructure	276,835	280,465	276,429	279,953
Office and Sports Equipment	62	53	62	53
	276,897	280,518	276,491	280,006

(b) Depreciation Charge During the Year

	Group		SIT	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Land, Buildings and Infrastructure	15,452	15,248	15,346	15,231
Office and Sports Equipment	42	33	42	33
	15,494	15,281	15,388	15,264

(c) Interest Expense

	Group		SIT	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Interest Expense on Lease Liabilities	1,258	1,250	1,253	1,249

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

(d) Lease Expense Not Included in Lease Liabilities

	2023 \$'000	2022 \$'000
Expense on Low-Value Leases	77	82

(e) Total Cash Outflows for All Leases in 2023 were \$7,309,000 (2022: \$7,248,000).

(f) Additions of Right-Of-Use Assets during the financial year ended 31 March 2023 were \$11,872,000 (2022: \$990,000).

(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.

17. Intangible Assets

Computer Software Licence Costs

	Group		SIT	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cost				
Beginning of Financial Year	27,112	26,621	27,008	26,518
Additions	200	803	200	802
Transfer from Assets Under Construction (Note 15)	170	107	170	107
Disposals	(60)	(419)	(60)	(419)
End of Financial Year	27,422	27,112	27,318	27,008
Accumulated Amortisation				
Beginning of Financial Year	24,485	22,063	24,381	21,988
Amortisation Charge	1,853	2,841	1,853	2,812
Disposals	(60)	(419)	(60)	(419)
End of Financial Year	26,278	24,485	26,174	24,381
Net Carrying Amount End of Financial Year	1,144	2,627	1,144	2,627

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18. Other Non-Current Assets

	Group		SIT	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Deposits	62	46	28	12
Prepayments				
- Rental and Other Facility Expenses	60,193	63,520	60,193	63,520
- Others	293	408	293	408
	60,548	63,974	60,514	63,940

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

19. Trade and Other Payables

	Group		SIT	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Trade Payables	8,852	13,824	8,852	13,823
Payables for Property, Plant and Equipment	30,023	13,250	30,023	13,250
Accrued Operating Expenses	50,478	30,072	50,471	30,062
Provision for Unutilised Leave	9,587	8,126	9,587	8,126
Other Payables	15,418	12,111	18,056	12,153
	114,358	77,383	116,989	77,414

20. Grants Received In Advance

	Government Operating Grants \$'000	Government Development Grants \$'000	Other Grants \$'000	Total \$'000
Group and SIT				
Balance at 1 April 2022	14,293	105,859	12,521	132,673
Grants Received/Receivable During the Year	176,120	106,790	33,028	315,938
<u>Less:</u>				
Transfer to Profit or Loss (Note 7)	(182,092)	(546)	(29,729)	(212,367)
Transfer to Deferred Capital Grants (Note 21)	(2,329)	(202,115)	(3,635)	(208,079)
	(184,421)	(202,661)	(33,364)	(420,446)
Balance at 31 March 2023	5,992	9,988	12,185	28,165

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20. Grants Received In Advance (cont'd)

	Government Operating Grants \$'000	Government Development Grants \$'000	Other Grants \$'000	Total \$'000
Group and SIT				
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
<u>Less:</u>				
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)
Balance at 31 March 2022	14,293	105,859	12,521	132,673

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

21. Deferred Capital Grants

	Group		SIT	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Beginning of Financial Year	591,652	513,922	591,652	513,908
Additions (Note 20)	208,079	113,328	208,079	113,328
<u>Less:</u>				
Transfer to Profit or Loss				
- Deferred Capital Grants Amortised (Note 7)	(32,537)	(35,593)	(32,537)	(35,579)
- Derecognised upon Disposal of Property, Plant and Equipment (Note 7)	(2)	(5)	(2)	(5)
	(32,539)	(35,598)	(32,539)	(35,584)
End of Financial Year	767,192	591,652	767,192	591,652

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.

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22. Other Deferred Grants

	Group and SIT	
	2023	2022
	\$'000	\$'000
Beginning of Financial Year	66,847	70,174
Deferred Grants Amortised (Note 7)	(3,327)	(3,327)
End of Financial Year	63,520	66,847

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

	Group and SIT	
	2023	2022
	\$'000	\$'000
Current	2,317	43
Non-Current	264,900	34,000
	267,217	34,043

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

	Group and SIT	
	2023	2022
	\$'000	\$'000
Variable Rate – Unsecured	267,217	34,043

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 2.11% to 5.40% (2022: 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.

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24. Endowment and Term Funds

(a) Composition:

	Endowment Funds		Group and SIT Term Funds		Total	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Capital:						
Government Grants	587,048	563,346	–	–	587,048	563,346
Donations	83,284	67,785	–	–	83,284	67,785
	670,332	631,131	–	–	670,332	631,131
Accumulated Surplus	187,554	231,159	5,697	4,854	193,251	236,013
	857,886	862,290	5,697	4,854	863,583	867,144
<u>Represented by:</u>						
Cash and Cash Equivalents	17,399	33,261	6,101	4,939	23,500	38,200
Financial Assets at Fair Value through Profit or Loss	814,476	811,608	–	–	814,476	811,608
Deposits for Investments	–	2,584	–	–	–	2,584
Matching Endowment Grant Receivables	25,592	16,033	–	–	25,592	16,033
Interest Receivable	244	86	–	–	244	86
Other Receivables	483	189	18	16	501	205
Derivative Financial Instruments	119	20	–	–	119	20
Property, Plant and Equipment	–	–	172	–	172	–
Intangible Assets	–	–	4	7	4	7
Trade and Other Payables	(427)	(1,491)	(598)	(108)	(1,025)	(1,599)
	857,886	862,290	5,697	4,854	863,583	867,144

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24. Endowment and Term Funds (cont'd)

(b) Movements:

	Endowment Funds		Group and SIT Term Funds		Total	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Beginning of Financial Year	862,290	778,912	4,854	4,458	867,144	783,370
Government Grants	23,702	33,118	–	–	23,702	33,118
Donations	15,499	12,502	–	–	15,499	12,502
Government Grants and Donations	39,201	45,620	–	–	39,201	45,620
<u>Income</u>						
Donations	–	–	4,536	4,185	4,536	4,185
Net Investment (Loss)/Income (Note 6)	(42,716)	39,857	44	9	(42,672)	39,866
	(42,716)	39,857	4,580	4,194	(38,136)	44,051
<u>Operating Expenditure</u>						
Staff and Related Expenses	(683)	(521)	(36)	–	(719)	(521)
Programme and Student-Related Expenses	–	–	(3,652)	(3,761)	(3,652)	(3,761)
Depreciation and Amortisation Expenses	–	–	(20)	(3)	(20)	(3)
Rental and Other Facility Expenses	–	–	(16)	–	(16)	–
Other Operating Expenses	(206)	(1,578)	(13)	(34)	(219)	(1,612)
	(889)	(2,099)	(3,737)	(3,798)	(4,626)	(5,897)
Net (Loss)/Surplus	(43,605)	37,758	843	396	(42,762)	38,154
End of Financial Year	857,886	862,290	5,697	4,854	863,583	867,144

Endowment Funds

Endowment Funds comprise government grants and donations which 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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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 loan schemes and MOE as the financier providing the funds.

	Group and SIT	
	2023	2022
	\$'000	\$'000
Beginning of Financial Year	50,542	50,173
Funds Received From MOE	17,978	16,576
Repayments From Students	(14,022)	(16,207)
	<hr/> 54,498	<hr/> 50,542
<i>Represented By:</i>		
Student Loans	55,170	50,863
Less: Amounts receivable from MOE	(672)	(321)
	<hr/> 54,498	<hr/> 50,542

These loans are unsecured and non-interest bearing 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% (2022: 4.75%) per annum.

26. Capital Commitments

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:

	2023	2022
	\$'000	\$'000
Campus Development and Infrastructure	444,906	686,618

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 2008, SIT received tax deductible donations of \$20,035,000 (2022: \$16,687,000) 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.

NOTES TO FINANCIAL STATEMENTS
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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 USD is as follows:

	Group and SIT	
	2023	2022
	\$'000	\$'000
Financial Assets		
Cash and Cash Equivalents	2,817	7,018
Financial Assets at Fair Value through Profit or Loss	437,581	418,994
Fees and Other Receivables	93	57
	440,491	426,069
Financial Liabilities		
Trade and Other Payables	(1,040)	(1,809)
Net Financial Assets	439,451	424,260
<u>Less:</u> Foreign Currency Forwards	(12,459)	(7,671)
Net Currency Exposure	426,992	416,589

At 31 March 2023, if USD had strengthened/weakened by 5% (2022: 5%) against SGD with all other variables held constant, the Net Surplus arising from the change would have increased/decreased by \$21,350,000 (2022: \$20,829,000) 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 investments increase/decrease by 5% (2022: 5%), this will result in an increase/decrease of \$40,724,000 (2022: \$40,580,000) 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 (2022: 50) basis points increase/decrease in interest rate will result in \$2,772,000 (2022: \$3,162,000) 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 (2022: 50) basis points with all other variables held constant, the Net Surplus would have been higher/lower by \$1,366,000 (2022: \$864,000) 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 \$1,325,000 (2022: \$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 Statements 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 receivable are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates and adjusts for forward-looking macroeconomic data if it has a significant impact on the expected credit losses.

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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.

Group and SIT 31 March 2023	Current	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total
Students						
Expected Loss Rate	-%	-%	0.1%	0.4%	7.5%	
Gross Carrying Amount (\$'000)	63	917	7	–	102	1,089
Loss Allowance (\$'000)	–	–	–	–	8	8
Non-Students						
Expected Loss Rate	-%	-%	-%	-%	-%	
Gross Carrying Amount (\$'000)	1,204	6,975	29	78	51	8,337
Loss Allowance (\$'000)	–	–	–	–	–	–
Individually Assessed	–	–	–	–	48	48
Group and SIT 31 March 2022						
Students						
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
Non-Students						
Expected Loss Rate	-%	-%	-%	-%	-%	
Gross Carrying Amount (\$'000)	7,571	77	122	(41)	12	7,741
Loss Allowance (\$'000)	–	–	–	–	–	–
Individually Assessed	–	–	–	–	–	–

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29. Financial Risk Management (cont'd)

(b) Credit Risk (cont'd)

The movements in the lifetime expected credit loss allowance for fees receivable are as follows:

	Group and SIT	
	2023	2022
	\$'000	\$'000
Beginning of Financial Year	14	34
Loss Allowance/(Reversal of Loss Allowance) During the Year	68	(4)
Written Off During the Year	(26)	(16)
End of Financial Year	56	14

For the other financial assets at amortised cost, the Group has applied the 2-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.

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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.

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
Group				
31 March 2023				
Trade and Other Payables	104,771	–	–	–
Lease Liabilities	7,226	7,238	9,219	33,565
Borrowings	2,317	33,200	99,600	132,100
	114,314	40,438	108,819	165,665
31 March 2022				
Trade and Other Payables	69,257	–	–	–
Lease Liabilities	6,066	2,539	7,697	35,912
Borrowings	43	–	34,000	–
	75,366	2,539	41,697	35,912
SIT				
31 March 2023				
Trade and Other Payables	107,402	–	–	–
Lease Liabilities	7,226	7,193	8,722	33,565
Borrowings	2,317	33,200	99,600	132,100
	116,945	40,393	108,322	165,665
31 March 2022				
Trade and Other Payables	69,288	–	–	–
Lease Liabilities	6,066	2,539	7,155	35,912
Borrowings	43	–	34,000	–
	75,397	2,539	41,155	35,912

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29. Financial Risk Management (cont'd)

(d) Capital Risk Management

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:

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Group and SIT				
2023				
Financial Assets				
Financial Assets at Fair Value through Profit or Loss				
Quoted Investments				
- Fixed Income Investments	111,771	-	-	111,771
- Equity Investments	98,906	-	-	98,906
- Other Investments	91,453	-	-	91,453
Unquoted Investments	-	-	512,346	512,346
Derivative Financial Instruments				
- Foreign Currency Forwards	-	119	-	119
	302,130	119	512,346	814,595

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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
2022				
Financial Assets				
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				
- Foreign Currency Forwards	-	20	-	20
	312,142	20	499,466	811,628

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 foreign 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	
	2023 \$'000	2022 \$'000
<u>Financial Assets at Fair Value through Profit or Loss</u>		
Beginning of Financial Year	499,466	389,059
Purchases	64,016	107,223
Sales	(19,149)	(35,282)
Fair Value (Loss)/Gain recognised in Profit or Loss	(31,987)	38,466
End of Financial Year	512,346	499,466

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29. Financial Risk Management (cont'd)

(f) Assets and Liabilities not measured at fair value

The carrying amounts 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 interest 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	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Financial Assets				
At Amortised Cost	532,686	396,684	535,130	397,768
Financial Assets at Fair Value through Profit or Loss	814,595	811,628	814,595	811,628
Financial Liabilities at Amortised Cost	415,129	141,080	417,230	140,586

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 2023, these investments amounted to \$20,523,000 (2022: \$11,602,000). The Trustee had abstained from making any decision in relation to these investments.

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

	2023 \$'000	2022 \$'000
Salaries and Bonuses	14,709	12,908
Employer 's Contribution to Defined Contribution Plans including Central Provident Fund	768	613
	15,477	13,521

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.

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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.

	2023	2022
	\$'000	\$'000
Grants received and receivable	259,037	306,158

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:

	2023	2022
	\$'000	\$'000
Provision of Administration service charged to Subsidiaries	271	125
Payments made on behalf of Subsidiaries	1,406	835
Audit and Statutory Fees borne for Subsidiaries	5	5
Collection received for Subsidiaries	(180)	–

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 17 August 2023.