

SINGAPORE INSTITUTE OF TECHNOLOGY

(Company Limited by Guarantee)

(Incorporated in Singapore. Registration Number: 200917667D)

ANNUAL REPORT

For the financial year ended 31 March 2013

SINGAPORE INSTITUTE OF TECHNOLOGY

(Company Limited by Guarantee)

(Incorporated in Singapore)

ANNUAL REPORT

For the financial year ended 31 March 2013

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SINGAPORE INSTITUTE OF TECHNOLOGY

REPORT OF THE TRUSTEES

For the financial year ended 31 March 2013

The Board of Trustees present their report to the members together with the audited financial statements of Singapore Institute of Technology ("SIT") for the financial year ended 31 March 2013.

Trustees

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

Mr Ng Yat Chung	Chairman
Mr Ng Cher Pong	Deputy Chairman
Ms Rachel Eng Yaag Ngee	
Professor Hang Chang Chieh	
Dr Richard Charles Helfer	
Mr Lee Kok Choy	(Appointed on 16 September 2012)
Dr Lim Kiang Wee	
Mr Pek Hak Bin	
Professor Tan Thiam Soon	(Appointed on 1 February 2013)
Mr Alvin Tan Yew Hua	(Appointed on 16 September 2012)
Ms Teoh Zsin Woon	(Appointed on 1 April 2013)
Mr Thali Koattiath Udairam	(Appointed on 16 September 2012)
Mr Michael Yap Kiam Siew	
Ms Mary Yeo Chor Gek	

Arrangements to enable Trustees to acquire shares and debentures

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

Trustees' interests in shares or debentures

SIT is a company limited by guarantee and has no share capital or debentures. Therefore, there are no matters to be disclosed under Section 201(6)(f) and (g), Section 201(6A)(g) and (h), Section 201(11) and Section 201(12) of the Companies Act, Cap 50.

SINGAPORE INSTITUTE OF TECHNOLOGY

REPORT OF THE TRUSTEES

For the financial year ended 31 March 2013

Trustees' contractual benefits

Since the end of the previous financial year, no trustee has received or become entitled to receive a benefit, which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by SIT or a related corporation with the Trustee or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in Note 24 to the financial statements.

Independent auditor

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

On behalf of the Trustees



Mr Ng Yat Chung
Trustee



Professor Tan Thiam Soon
Trustee

18 July 2013

SINGAPORE INSTITUTE OF TECHNOLOGY

STATEMENT BY TRUSTEES

For the financial year ended 31 March 2013

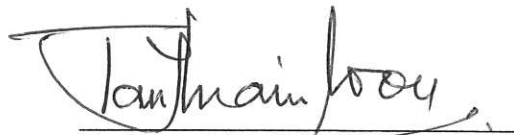
In the opinion of the Trustees,

- (a) the financial statements of SIT as set out on pages 5 to 29 are drawn up so as to give a true and fair view of the state of affairs of SIT as at 31 March 2013 and of the income and expenditure of the business, changes in funds and reserves and cash flows of SIT for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that SIT will be able to pay its debts as and when they fall due.

On behalf of the Trustees



Mr Ng Yat Chung
Trustee



Professor Tan Thiam Soon
Trustee

18 July 2013

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

Report on the Financial Statements

We have audited the accompanying financial statements of Singapore Institute of Technology ("SIT") set out on pages 5 to 29 which comprise the balance sheet as at 31 March 2013, the statement of comprehensive income, the statement of changes in funds and reserves and the statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act"), the Singapore Charities Act (the "Charities Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion


In our opinion, the financial statements of SIT are properly drawn up in accordance with the provisions of the Act, the Charities Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of SIT as at 31 March 2013, and of the results, changes in funds and reserves and cash flows of SIT for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

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



PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 18 July 2013

SINGAPORE INSTITUTE OF TECHNOLOGY

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2013

	Note	General funds		Endowment and term funds		Total	
		2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$
Revenue	4	25,013,702	14,226,885	-	-	25,013,702	14,226,885
Other income	4	175,661	50,488	976,982	450,000	1,152,643	500,488
Operating expenditure							
Staff and related expenses	5	(13,314,434)	(10,830,401)	-	-	(13,314,434)	(10,830,401)
Depreciation and amortisation expenses		(779,431)	(278,831)	-	-	(779,431)	(278,831)
Programme-related expenses		(43,593,292)	(26,386,068)	(689,448)	(57,839)	(44,282,740)	(26,443,907)
Rental and other facilities expenses		(1,488,933)	(1,100,083)	-	-	(1,488,933)	(1,100,083)
Other operating expenses		(3,451,561)	(3,688,939)	-	-	(3,451,561)	(3,688,939)
Total operating expenditure		(62,627,651)	(42,284,322)	(689,448)	(57,839)	(63,317,099)	(42,342,161)
(Deficit)/surplus before government grants		(37,438,288)	(28,006,949)	287,534	392,161	(37,150,754)	(27,614,788)
Government grants	6	41,179,738	33,366,684	-	-	41,179,738	33,366,684
Net surplus and total comprehensive income		3,741,450	5,359,735	287,534	392,161	4,028,984	5,751,896

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

SINGAPORE INSTITUTE OF TECHNOLOGY

BALANCE SHEET

As at 31 March 2013

	Note	2013 \$	2012 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	42,365,588	35,357,174
Fees and other receivables	8	21,462,017	4,342,027
Other current assets	9	5,670,948	3,487,084
		<u>69,498,553</u>	<u>43,186,285</u>
Non-current assets			
Property, plant and equipment	10	34,062,366	6,877,204
Intangible assets	11	613,209	439,977
Student loans	12	184,133	26,459
Other non-current assets	13	10,986,896	4,108
		<u>45,846,604</u>	<u>7,347,748</u>
Total assets		<u>115,345,157</u>	<u>50,534,033</u>
LIABILITIES			
Current liabilities			
Trade and other payables	14	15,831,037	7,978,577
Tuition fees received in advance		4,348,444	2,717,687
Grants received in advance	15	31,341,805	18,560,168
		<u>51,521,286</u>	<u>29,256,432</u>
Non-current liabilities			
Deferred capital grants	16	34,675,575	7,317,181
Other deferred grants	17	10,670,142	-
		<u>45,345,717</u>	<u>7,317,181</u>
Total liabilities		<u>96,867,003</u>	<u>36,573,613</u>
NET ASSETS		<u>18,478,154</u>	<u>13,960,420</u>
FUNDS AND RESERVES			
Endowment and term funds	18	1,973,165	1,196,881
Accumulated surplus			
- General funds		16,504,989	12,763,539
		<u>18,478,154</u>	<u>13,960,420</u>
Funds' net assets managed on behalf of Ministry of Education ("MOE")	19	<u>6,072,252</u>	<u>2,768,329</u>

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

SINGAPORE INSTITUTE OF TECHNOLOGY

STATEMENT OF CHANGES IN FUNDS AND RESERVES

For the financial year ended 31 March 2013

	Accumulated surplus - General funds \$	Endowment and term funds \$	Total \$
2013			
Beginning of financial year	12,763,539	1,196,881	13,960,420
Total comprehensive income	3,741,450	287,534	4,028,984
Government grants	-	488,750	488,750
End of financial year	16,504,989	1,973,165	18,478,154
2012			
Beginning of financial year	7,403,804	10,000	7,413,804
Total comprehensive income	5,359,735	392,161	5,751,896
Government grants	-	660,832	660,832
Donations	-	133,888	133,888
End of financial year	12,763,539	1,196,881	13,960,420

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

SINGAPORE INSTITUTE OF TECHNOLOGY

STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2013

	Note	2013 \$	2012 \$
Cash flows from operating activities			
Deficit before government grants		(37,150,754)	(27,614,788)
Adjustments for:			
- Depreciation and amortisation		779,431	278,831
- Interest income	4	(133,305)	(46,842)
- Donations	4	(973,410)	(450,000)
- Loss on disposal of property, plant and equipment		6,911	1,291
		<u>(37,471,127)</u>	<u>(27,831,508)</u>
Change in operating assets and liabilities			
- Fees and other receivables		(930,725)	(953,137)
- Other current assets		(2,183,864)	(1,069,719)
- Trade and other payables		2,533,306	5,425,975
- Other non-current assets		(10,982,788)	5,832
- Student loans		(157,674)	(26,459)
Cash used in operations		<u>(49,192,872)</u>	<u>(24,449,016)</u>
Donations		973,410	450,000
Net cash used in operating activities		<u>(48,219,462)</u>	<u>(23,999,016)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(20,817,122)	(5,371,009)
Purchase of intangible assets		(204,503)	(311,768)
Interest received		133,305	46,842
Net cash used in investing activities		<u>(20,888,320)</u>	<u>(5,635,935)</u>
Cash flows from financing activities			
Operating grants received		49,698,204	47,150,212
Development grants received		21,765,031	4,040,638
Other grants and funds received		4,652,961	157,909
Net cash provided by financing activities		<u>76,116,196</u>	<u>51,348,759</u>
Net increase in cash and cash equivalents		7,008,414	21,713,808
Cash and cash equivalents at beginning of financial year		<u>35,357,174</u>	<u>13,643,366</u>
Cash and cash equivalents at end of financial year	7	<u>42,365,588</u>	<u>35,357,174</u>

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

SINGAPORE INSTITUTE OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

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

1. General information

Singapore Institute of Technology ("SIT") is incorporated and domiciled in Singapore as a company limited by guarantee under the provisions of the Companies Act, Chapter 50. The address of its registered office is 25 North Bridge Road, #02-00, Singapore 179104.

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

Under Clause 9 of the Memorandum of Association of SIT, each member of SIT undertakes to contribute a sum not exceeding \$1 to the assets of SIT in the event of it being wound up. The number of members at the balance sheet date is 2 (2012: 2).

2. Significant accounting policies

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards

On 1 April 2012, SIT adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to SIT's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to SIT's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

SINGAPORE INSTITUTE OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

2. Significant accounting policies (continued)

2.2 Funds

(a) *General funds*

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

(b) *Endowment funds*

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

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

(c) *Term funds*

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

Income and expenditure relating to term funds are taken to Term funds as and when they arise.

2.3 Revenue recognition

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

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

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

(b) *Services fees*

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

SINGAPORE INSTITUTE OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

2. Significant accounting policies (continued)

2.3 Revenue recognition (continued)

(c) *Interest income*

Interest income is recognised using the effective interest method.

(d) *Sponsorships and donations*

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

2.4 Employee compensation

(a) *Defined contribution plans*

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

(b) *Employee leave entitlement*

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

2.5 Property, plant and equipment

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

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

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

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

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

SINGAPORE INSTITUTE OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

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

	<u>Useful lives</u>
Furniture and office equipment	3 years
IT equipment	3 to 5 years
Machinery, laboratory and workshop equipment	6 years

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

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

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

2.6 Intangible assets

Computer software licences costs

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

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

The amortisation period and amortisation method of intangible assets are reviewed at least at each balance sheet date. The effects of any revision are recognised in income and expenditure when the changes arise.

SINGAPORE INSTITUTE OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

2. Significant accounting policies (continued)

2.7 Loans and receivables

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

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

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

2.8 Trade and other payables

Trade and other payables represent unpaid liabilities for goods and services provided to SIT prior to the end of financial year. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.9 Cash and cash equivalents

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

SINGAPORE INSTITUTE OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

2. Significant accounting policies (continued)

2.10 Currency translation

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

Transactions in a currency other than the Singapore Dollar ("foreign currency") are translated into Singapore Dollar using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in income and expenditure.

2.11 Grants

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

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

Government grants to meet the current year's operating expenses are recognised as income in the same financial year and are on an accrual basis.

Government grants received/receivable to finance capital projects such as purchase of property, plant and equipment, intangible assets and building construction are taken immediately to operating or development grants received in advance. Upon the utilisation of the grants for the purchase of assets, they are taken to the deferred capital grants for the assets which are being capitalised, or to income and expenditure for the assets which are written off.

Deferred capital grants are recognised in income and expenditure over the periods necessary to match the depreciation/amortisation of the related assets purchased with the grants. Upon the disposal of the assets, the balance of the related deferred capital grants is recognised in income and expenditure to match the net book value of the assets written off.

Grants received from the Economic Development Board ("EDB") under the Manpower Capability Development Programme Education Grant ("MCDP") scheme are for student enrolment under the undergraduate programme with Digipen Institute of Technology ("Digipen"). Based on the terms and conditions, the grant is refundable to EDB if the student does not graduate. Accordingly, SIT would recognise the grant as income in the financial year when the number of graduates for each cohort can be reliably determined. The EDB grants which are received but not utilised are included in the grants received in advance account.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

2. Significant accounting policies (continued)

2.12 Impairment of non-financial assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever there is any indication that these assets may be impaired.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in income and expenditure.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation and amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in income and expenditure.

2.13 Fair value estimation of financial assets and liabilities

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

2.14 Lessee - Operating lease payments

Payments made under operating leases (net of any incentives received from the lessors) are recognised in income and expenditure on a straight-line basis over the period of the lease.

SINGAPORE INSTITUTE OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Provision for student attrition

Provision for student attrition relates to the portion of the grants to be refunded to MOE in the event that SIT achieves fewer graduates than MOE's output target for each calendar year. The provision for student attrition is assessed annually by management based on the estimated graduate output in each calendar year for the respective degree programmes. Management has made judgements on the amount of the grants to be refunded to MOE based on the current discussions with MOE. As at 31 March 2013, SIT has recognised provision for student attrition of \$9,969,429 (2012: \$4,081,294) (Note 15). If the management's estimates are different from the final amounts determined by MOE, this would have an impact on the grants received in advance account and net surplus in the financial statements.

4. Revenue and other income

	General funds		Endowment and term funds		Total	
	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$
Revenue:						
Tuition and other student-related fees	23,620,178	13,342,220	-	-	23,620,178	13,342,220
Service fees	1,393,524	884,665	-	-	1,393,524	884,665
	<u>25,013,702</u>	<u>14,226,885</u>	<u>-</u>	<u>-</u>	<u>25,013,702</u>	<u>14,226,885</u>
Other income:						
Donations	-	-	973,410	450,000	973,410	450,000
Interest income	129,733	46,842	3,572	-	133,305	46,842
Others	45,928	3,646	-	-	45,928	3,646
	<u>175,661</u>	<u>50,488</u>	<u>976,982</u>	<u>450,000</u>	<u>1,152,643</u>	<u>500,488</u>
Total revenue and other income	<u>25,189,363</u>	<u>14,277,373</u>	<u>976,982</u>	<u>450,000</u>	<u>26,166,345</u>	<u>14,727,373</u>

5. Staff and related expenses

	2013	2012
	\$	\$
Wages and salaries	11,595,424	9,552,771
Employer's contribution to defined contribution plans including Central Provident Fund	1,151,144	845,259
Other employee benefits	567,866	432,371
	<u>13,314,434</u>	<u>10,830,401</u>

SINGAPORE INSTITUTE OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

6. Government grants

	2013 \$	2012 \$
Operating and other grants utilised (Note 15)	40,393,396	33,086,562
Deferred capital grants amortised (Note 16)	779,431	278,831
Transfer from deferred capital grants for asset disposal (Note 16)	6,911	1,291
	<u>41,179,738</u>	<u>33,366,684</u>

7. Cash and cash equivalents

	2013 \$	2012 \$
Cash at bank and on hand	6,769,627	5,357,174
Short-term bank deposits	35,595,961	30,000,000
	<u>42,365,588</u>	<u>35,357,174</u>

The short-term bank deposits at balance sheet date have maturities ranging from 0.25 to 2.50 months (2012: 0.25 to 12 months) from the end of the financial year and have a weighted average effective interest rate of 0.368% (2012: 0.398%) per annum.

8. Fees and other receivables

	2013 \$	2012 \$
Fees receivables	1,590,411	1,538,242
Less: Allowance for impairment of receivables (Note 23(b)(ii))	(57,044)	(17,274)
Fees receivables - net	<u>1,533,367</u>	<u>1,520,968</u>
Grant receivables from MOE	17,623,568	1,820,837
Other receivables from MOE	1,256,325	650,282
Others	1,048,757	349,940
	<u>21,462,017</u>	<u>4,342,027</u>

SINGAPORE INSTITUTE OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

9. Other current assets

	2013 \$	2012 \$
Deposits	580	1,080
Prepayments		
- Programme-related expenses	3,384,521	3,312,569
- Property, plant and equipment	1,999,846	-
- Others	286,001	173,435
	<u>5,670,948</u>	<u>3,487,084</u>

10. Property, plant and equipment

	Furniture and office equipment \$	IT equipment \$	Machinery, laboratory and workshop equipment \$	Assets under construction \$	Total \$
2013					
<u>Cost</u>					
Beginning of financial year	189,448	1,102,536	137,962	5,796,678	7,226,624
Additions	64,376	1,045,011	533,697	26,125,902	27,768,986
Disposals	-	-	(8,434)	-	(8,434)
End of financial year	<u>253,824</u>	<u>2,147,547</u>	<u>663,225</u>	<u>31,922,580</u>	<u>34,987,176</u>
<u>Accumulated depreciation</u>					
Beginning of financial year	42,267	299,868	7,285	-	349,420
Depreciation charge	73,724	443,697	59,492	-	576,913
Disposals	-	-	(1,523)	-	(1,523)
End of financial year	<u>115,991</u>	<u>743,565</u>	<u>65,254</u>	<u>-</u>	<u>924,810</u>
Net book value					
End of financial year	<u>137,833</u>	<u>1,403,982</u>	<u>597,971</u>	<u>31,922,580</u>	<u>34,062,366</u>
2012					
<u>Cost</u>					
Beginning of financial year	41,351	431,444	-	230,322	703,117
Additions	148,097	674,251	137,962	5,566,356	6,526,666
Disposals	-	(3,159)	-	-	(3,159)
End of financial year	<u>189,448</u>	<u>1,102,536</u>	<u>137,962</u>	<u>5,796,678</u>	<u>7,226,624</u>
<u>Accumulated depreciation</u>					
Beginning of financial year	10,417	135,008	-	-	145,425
Depreciation charge	31,850	166,728	7,285	-	205,863
Disposals	-	(1,868)	-	-	(1,868)
End of financial year	<u>42,267</u>	<u>299,868</u>	<u>7,285</u>	<u>-</u>	<u>349,420</u>
Net book value					
End of financial year	<u>147,181</u>	<u>802,668</u>	<u>130,677</u>	<u>5,796,678</u>	<u>6,877,204</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

10. Property, plant and equipment (continued)

Assets under construction includes costs of \$31,460,258 (2012: \$5,735,573) relating to campuses under construction at the 5 local Polytechnics (Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic and Temasek Polytechnic, collectively known as the "Polytechnics"). As at 31 March 2013, SIT and the Polytechnics are in the process of finalising the lease agreements for the land on which the campuses are being constructed.

11. Intangible assets

Computer software licences costs

	2013 \$	2012 \$
<u>Cost</u>		
Beginning of financial year	544,658	101,719
Additions	375,750	442,939
End of financial year	<u>920,408</u>	<u>544,658</u>
<u>Accumulated amortisation</u>		
Beginning of financial year	104,681	31,713
Amortisation charge	202,518	72,968
End of financial year	<u>307,199</u>	<u>104,681</u>
Net book value		
End of financial year	<u>613,209</u>	<u>439,977</u>

12. Student loans

	2013 \$	2012 \$
Student loans	<u>184,133</u>	<u>26,459</u>

These are the Overseas Immersion Programme loans which are unsecured, interest-free during the course of study and are repayable by monthly instalments over periods of up to 5 years after the students' graduation. Interest is charged based on the average of the prevailing prime rates of the 3 local banks. The interest rate as at balance sheet date is 4.75% per annum. No interest rate was applicable as at 31 March 2012 as no students had graduated as at 31 March 2012.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

13. Other non-current assets

	2013 \$	2012 \$
Deposits	315,832	-
Prepayments		
- Polytechnics	10,670,142	-
- Others	922	4,108
	<u>10,986,896</u>	<u>4,108</u>

Prepayments to the Polytechnics of \$10,670,142 as at 31 March 2013 relate to service fees paid in advance to the Polytechnics for the use of the Polytechnics' facilities upon completion of the development of the SIT campuses at the Polytechnics.

14. Trade and other payables

	2013 \$	2012 \$
Trade payables	5,428,296	3,461,356
Payables for property, plant and equipment	6,652,180	787,626
Accrued operating expenses	2,690,110	2,136,278
Provision for unutilised leave	476,754	368,027
Other payables	583,697	1,225,290
	<u>15,831,037</u>	<u>7,978,577</u>

15. Grants received in advance

	Operating \$	Development \$	Others \$	Total \$
2013				
Beginning of financial year	18,560,168	-	-	18,560,168
Grants received/receivables	49,698,204	38,137,039	4,154,668	91,989,911
Transfer to statement of comprehensive income (Note 6)	(38,358,728)	-	(2,034,668)	(40,393,396)
Transfer to other deferred grants (Note 17)	-	(10,670,142)	-	(10,670,142)
Transfer to deferred capital grants (Note 16)	(1,077,192)	(27,067,544)	-	(28,144,736)
End of financial year	<u>28,822,452</u>	<u>399,353</u>	<u>2,120,000</u>	<u>31,341,805</u>
2012				
Beginning of financial year	10,314,591	902,634	-	11,217,225
Grants received/receivables	42,734,179	4,602,617	62,314	47,399,110
Transfer to statement of comprehensive income (Note 6)	(33,024,248)	-	(62,314)	(33,086,562)
Transfer to deferred capital grants (Note 16)	(1,464,354)	(5,505,251)	-	(6,969,605)
End of financial year	<u>18,560,168</u>	<u>-</u>	<u>-</u>	<u>18,560,168</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

15. Grants received in advance (continued)

These are operating, development and other grants received/receivable from the government and other government organisations to fund SIT's operations, development projects and educational programmes. The balance in these accounts represent grants received/receivables but not recognised as income at the end of the financial year.

Included in operating grants received in advance is the provision for student attrition of \$9,969,429 (2012: \$4,081,294) which is refundable to MOE in the event that SIT achieves fewer graduates than MOE's output target (Note 3).

Other grants received in advance of \$2,120,000 as at 31 March 2013 comprise of grant received in advance from EDB under the MCDP scheme.

16. Deferred capital grants

	2013 \$	2012 \$
Beginning of financial year	7,317,181	627,698
Transfer from operating grants in advance (Note 15)	1,077,192	1,464,354
Transfer from development grants received in advance (Note 15)	27,067,544	5,505,251
Deferred capital grants amortised (Note 6)	(779,431)	(278,831)
Transfer to statement of comprehensive income for asset disposal (Note 6)	(6,911)	(1,291)
End of financial year	<u>34,675,575</u>	<u>7,317,181</u>

17. Other deferred grants

	2013 \$	2012 \$
Other deferred grants	<u>10,670,142</u>	-

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

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

18. Endowment and term funds

	Endowment funds		Term funds		Total	
	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$
Capital	1,283,470	794,720	-	-	1,283,470	794,720
Accumulated surplus	3,572	-	686,123	402,161	689,695	402,161
	1,287,042	794,720	686,123	402,161	1,973,165	1,196,881
<u>Represented by:</u>						
Cash and cash equivalents	593,888	133,888	1,433,410	460,000	2,027,298	593,888
Other receivables from MOE	689,582	660,832	-	-	689,582	660,832
Scholarships awarded/disbursed	-	-	(747,287)	(57,839)	(747,287)	(57,839)
Interest received/receivable	3,572	-	-	-	3,572	-
	1,287,042	794,720	686,123	402,161	1,973,165	1,196,881
<u>Income and expenditure for the year:</u>						
Other income						
- Donations	-	-	973,410	450,000	973,410	450,000
- Interest income	3,572	-	-	-	3,572	-
	3,572	-	973,410	450,000	976,982	450,000
Operating expenditure						
- Programme-related expenses	-	-	(689,448)	(57,839)	(689,448)	(57,839)
Net surplus for the year	3,572	-	283,962	392,161	287,534	392,161
Beginning accumulated surplus	-	-	402,161	10,000	402,161	10,000
Ending accumulated surplus	3,572	-	686,123	402,161	689,695	402,161

Endowment funds

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

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

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.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

19. Funds managed on behalf of MOE

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

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

	2013 \$	2012 \$
Beginning of financial year	2,768,329	670,265
Student loans granted to students	3,659,732	2,152,154
Repayments received from students	(355,809)	(54,090)
End of financial year	<u>6,072,252</u>	<u>2,768,329</u>
Represented by:		
Student loans receivable	6,039,937	2,705,892
Other receivables from MOE	32,315	62,437
Net assets	<u>6,072,252</u>	<u>2,768,329</u>

Student tuition fee and study loans are unsecured, interest-free during the course of study and are repayable by monthly instalments over period of up to 20 years after the students' graduation. Interest is charged based on the average of the prevailing prime rates of the 3 local banks. The interest rate as at balance sheet date is 4.75% per annum. No interest rate was applicable as at 31 March 2012 as no students had graduated as at 31 March 2012.

20. Commitments

(a) Lessee - Operating lease commitments

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

The future minimum lease payable under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	2013 \$	2012 \$
Not later than one year	1,264,518	1,122,688
Between one and five years	343,465	1,383,077
	<u>1,607,983</u>	<u>2,505,765</u>

SINGAPORE INSTITUTE OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

20. Commitments (continued)

(a) Lessee - Operating lease commitments (continued)

At 31 March 2013, SIT and the Polytechnics are in the process of finalising the lease agreements for the Polytechnics' land on which SIT's 5 campuses are being constructed (Note 10).

(b) Other commitments

(i) *SIT infrastructure at the Polytechnics*

The construction of SIT's 5 campuses in the Polytechnics and its headquarter campus are largely financed by grants from MOE. The development works are estimated to be completed in 2014.

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

	2013 \$	2012 \$
Infrastructure	<u>190,610,172</u>	<u>1,768,844</u>

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

At balance sheet date, SIT has signed collaboration agreements with 10 (2012: 10) OUs to offer and manage industry focused degree programmes. Under the contractual agreements, SIT is required to make programme-related payments to the 10 OUs over periods of 5 to 10 years (2012: 5 to 10 years).

(iii) *Banker's guarantees*

	2013 \$	2012 \$
Banker's guarantees in lieu of security deposits	<u>-</u>	<u>247,634</u>

21. Income taxes

SIT obtained Charity and Institution of Public Character ("IPC") status on 16 September 2009 under the Charities Act and Charities (Institutions of a Public Character) Regulations 2007. With effect from the Year of Assessment 2008, all registered charities will enjoy automatic income tax exemption. SIT is exempted from filing income tax returns.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

22. Charity Act and Regulation

As required for disclosure under regulation 17 of the Charities (Institutions of Public Character) Regulations, SIT has received tax deductible donations of \$973,410 (2012: \$583,888) in the current financial year.

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

23. Financial risk management

Financial risk factors

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

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

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

(a) Market risk

(i) *Currency risk*

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

SIT's currency exposure is as follows:

	<u>SGD</u>	<u>USD</u>	<u>GBP</u>	<u>EUR</u>	<u>Total</u>
	\$	\$	\$	\$	\$
At 31 March 2013					
Trade and other payables	14,380,526	70,562	1,344,326	35,623	15,831,037
At 31 March 2012					
Trade and other payables	7,319,716	79,991	578,870	-	7,978,577

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

SINGAPORE INSTITUTE OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

23. Financial risk management (continued)

(a) Market risk (continued)

(ii) *Interest rate risk*

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

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

(b) Credit risk

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

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

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

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. SIT has trade receivables amounting to \$1,017,970 (2012: \$908,431) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	2013	2012
	\$	\$
Current	<u>515,397</u>	612,537
<u>Past due but not impaired:</u>		
1 to 30 days	878,803	386,112
31 to 60 days	70,400	470,500
61 to 90 days	40,078	49,403
More than 90 days	28,689	2,416
Total past due but not impaired	<u>1,017,970</u>	908,431
Fees receivables - net	<u>1,533,367</u>	1,520,968

SINGAPORE INSTITUTE OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

23. Financial risk management (continued)

(b) Credit risk (continued)

(ii) *Financial assets that are past due and impaired*

There is no other class of financial assets that is past due and impaired except for fees receivables. The carrying amount of fees receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	2013 \$	2012 \$
Gross amount	57,044	17,274
Less: Allowance for impairment of fees receivables (Note 8)	<u>(57,044)</u>	<u>(17,274)</u>
	-	-
Beginning of financial year	17,274	-
Allowance made	52,246	17,274
Allowance written back	<u>(12,476)</u>	-
End of financial year	<u>57,044</u>	<u>17,274</u>

(c) Liquidity risk

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

The table below analyses SIT's non-derivative financial liabilities based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year \$
At 31 March 2013	
Trade and other payables	<u>15,831,037</u>
At 31 March 2012	
Trade and other payables	<u>7,978,577</u>

SINGAPORE INSTITUTE OF TECHNOLOGY

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

23. Financial risk management (continued)

(d) Capital risk

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

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

(e) Fair value measurements

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

(f) Financial instruments by category

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

	2013 \$	2012 \$
Loans and receivables	64,328,150	39,726,740
Financial liabilities at amortised cost	<u>15,831,037</u>	<u>7,978,577</u>

24. Related party transactions

Key management personnel compensation

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

	2013 \$	2012 \$
Wages and salaries	4,216,391	3,671,706
Post-employment benefits - contribution to CPF	158,160	78,450
	<u>4,374,551</u>	<u>3,750,156</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

25. New or revised accounting standards and interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2013. SIT does not expect that adoption of these accounting standards or interpretations will have a material impact on SIT's financial statements.

26. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Trustees of Singapore Institute of Technology on 18 July 2013.