

SINGAPORE INSTITUTE OF TECHNOLOGY
(Company Limited by Guarantee)
(Incorporated in Singapore. Registration Number: 200917667D)
AND ITS SUBSIDIARIES

ANNUAL REPORT
For the financial year ended 31 March 2020

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

ANNUAL REPORT

For the financial year ended 31 March 2020

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**SINGAPORE INSTITUTE OF TECHNOLOGY
AND ITS SUBSIDIARIES**

TRUSTEES' STATEMENT

For the Financial Year ended 31 March 2020

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 (referred to as the "Group") for the financial year ended 31 March 2020 and the Balance Sheet of SIT as at 31 March 2020.

In the opinion of the Trustees,

- (a) the consolidated financial statements of the Group, and the Balance Sheet of SIT and as set out on pages 6 to 54 are drawn up so as to give a true and fair view of the financial position of SIT and of the Group as at 31 March 2020 and the financial performance, changes in funds and reserves and cash flows of the Group for the financial year; and
- (b) at the date of this statement, there are reasonable grounds to believe that SIT will be able to pay its debts as and when they fall due.

Trustees

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

Mr Ng Yat Chung (Chairman)
Dr Chia Tai Tee
Dr Richard Charles Helfer
Professor Heng Chye Kiang
Ms Melissa Khoo (Appointed on 1 December 2019)
Dr Benjamin Koh
Mr Kwee Liong Keng
Dr Lim Khiang Wee
Mrs Margaret Lui
Mr Abu Bakar Bin Mohd Nor
Ms Gail Ong
Mr Quek Gim Pew
Mr Ravinder Singh
Mr Nagaraj Sivaram
Mr Soon Sze Meng
Professor Tan Thiam Soon
Ms Tammie Tham
Mr T K Udairam
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.

**SINGAPORE INSTITUTE OF TECHNOLOGY
AND ITS SUBSIDIARIES**

TRUSTEES' STATEMENT

For the Financial Year ended 31 March 2020

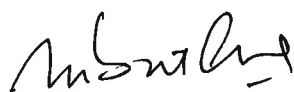
Trustees' Interests in Shares or Debentures

SIT is a company limited by guarantee and has no share capital or debentures. Therefore, there are no matters to be disclosed under Section 9, Twelfth Schedule of the Companies Act, Cap 50.

Trustees' Contractual Benefits

Since the end of the previous financial year, no trustee has received or become entitled to receive a benefit, which is required to be disclosed under Section 164(1) of the Singapore Companies Act, by reason of a contract made by SIT or a related corporation with the Trustee or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in Note 29 to the financial statements.

On behalf of the Trustees



Mr Ng Yat Chung
Trustee

19 August 2020



Professor Tan Thiam Soon
Trustee

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

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of Singapore Institute of Technology ("SIT") and its subsidiaries (the "Group") and the Balance Sheet of SIT are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Companies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of SIT as at 31 March 2020 and of the consolidated financial performance, consolidated changes in funds and reserves and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Group and SIT comprise:

- the Consolidated Statement of Comprehensive Income of the Group for the financial year ended 31 March 2020;
- the Balance Sheet of the Group as at 31 March 2020;
- the Balance Sheet of SIT as at 31 March 2020;
- the Consolidated Statement of Changes in Funds and Reserves of the Group for the financial year then ended;
- the Consolidated Statement of Cash Flows of the Group for the financial year then ended; and
- the Notes to the financial statements, including a summary of Significant Accounting Policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

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

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

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

Other Information (continued)

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SINGAPORE INSTITUTE OF TECHNOLOGY (continued)**

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required to be kept by SIT and by its 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 moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) SIT has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.



PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 19 August 2020

**SINGAPORE INSTITUTE OF TECHNOLOGY
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year ended 31 March 2020

	Note	General Funds		Endowment and Term Funds			Total (Restated) 2019 \$'000
		2020 \$'000	(Restated) 2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	
Revenue	4(a)	80,044	73,409	-	-	80,044	73,409
Other Income	4(a)	1,436	737	2,926	2,176	4,362	2,913
Operating Expenditure							
Staff and Related Expenses	5	(111,118)	(97,779)	(389)	(377)	(111,507)	(98,156)
Programme and Student-Related Expenses		(67,958)	(64,111)	(3,459)	(3,221)	(71,417)	(67,332)
Depreciation and Amortisation Expenses	15, 17	(42,886)	(29,771)	-	-	(42,886)	(29,771)
Rental and other Facilities Expenses		(15,953)	(22,372)	-	-	(15,953)	(22,372)
Finance Expenses	16	(1,610)	-	-	-	(1,610)	-
Other Operating Expenses		(24,924)	(24,376)	(666)	(304)	(25,590)	(24,680)
Total Operating Expenditure		(264,449)	(238,409)	(4,514)	(3,902)	(268,963)	(242,311)
Deficit before Investment Income and Government Grants		(182,969)	(164,263)	(1,588)	(1,726)	(184,557)	(165,989)
Net Investment Income/(Loss)	6	1,430	1,238	(9,212)	25,835	(7,782)	27,073
(Deficit)/Surplus before Government Grants		(181,539)	(163,025)	(10,800)	24,109	(192,339)	(138,916)
Government Grants	7	196,208	183,294	-	-	196,208	183,294
Net Surplus/(Loss) and Total Comprehensive Income/(Loss)		14,669	20,269	(10,800)	24,109	3,869	44,378

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

**SINGAPORE INSTITUTE OF TECHNOLOGY
AND ITS SUBSIDIARIES**

BALANCE SHEET

As at 31 March 2020

	Note	As at 31 March 2020 \$'000	Group (Restated) As at 31 March 2019 \$'000	(Restated) As at 1 April 2018 \$'000
ASSETS				
Current Assets				
Cash and Cash Equivalents	8	165,355	179,796	120,782
Financial Assets, at Fair Value through Profit or Loss	9	489,158	439,823	226,854
Deposits for Investments	9	-	33,698	199,449
Fees and Other Receivables	10	158,513	77,172	102,170
Student Loans	11	58	165	158
Other Current Assets	12	8,480	10,277	7,736
Derivative Financial Instruments	13	88	-	-
		821,652	740,931	657,149
Non-Current Assets				
Property, Plant and Equipment	15	589,404	204,444	197,347
Intangible Assets	17	6,665	7,394	6,540
Student Loans	11	729	756	680
Other Non-Current Assets	18	70,386	73,690	77,099
		667,184	286,284	281,666
Total Assets		1,488,836	1,027,215	938,815
LIABILITIES				
Current Liabilities				
Trade and Other Payables	19	88,783	39,788	37,191
Deferred Tuition Fee Income	4(b)	11,604	8,878	9,039
Grants Received In Advance	20	27,997	26,207	26,908
Lease Liabilities		5,376	-	-
		133,760	74,873	73,138
Non-Current Liabilities				
Deferred Capital Grants	21	458,023	211,493	203,629
Other Deferred Grants	22	73,501	76,828	80,155
Lease Liabilities		42,087	-	-
		573,611	288,321	283,784
Total Liabilities		707,371	363,194	356,922
NET ASSETS		781,465	664,021	581,893
FUNDS AND RESERVES				
General Funds				
- Accumulated Surplus		169,050	154,381	134,112
Endowment and Term Funds				
- Capital	23	545,336	431,761	394,011
- Accumulated Surplus	23	67,079	77,879	53,770
		612,415	509,640	447,781
		781,465	664,021	581,893

See Note 24 for Funds Managed on Behalf of Ministry of Education ("MOE")

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

**SINGAPORE INSTITUTE OF TECHNOLOGY
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BALANCE SHEET

As at 31 March 2020

		SIT		
		(Restated)	(Restated)	
	As at	As at	As at	
	31 March	31 March	1 April	
Note	2020	2019	2018	
	\$'000	\$'000	\$'000	
ASSETS				
Current Assets				
Cash and Cash Equivalents	8	165,270	179,796	120,782
Financial Assets, at Fair Value through Profit or Loss	9	489,158	439,823	226,854
Deposits for Investments	9	-	33,698	199,449
Fees and Other Receivables	10	158,563	77,219	102,170
Student Loans	11	58	165	158
Other Current Assets	12	8,477	10,277	7,736
Derivative Financial Instruments	13	88	-	-
		821,614	740,978	657,149
Non-Current Assets				
Investment in Subsidiaries	14	..(a)	..(a)	-
Property, Plant and Equipment	15	589,404	204,444	197,347
Intangible Assets	17	6,603	7,394	6,540
Student Loans	11	729	756	680
Other Non-Current Assets	18	70,386	73,690	77,099
		667,122	286,284	281,666
Total Assets		1,488,736	1,027,262	938,815
LIABILITIES				
Current Liabilities				
Trade and Other Payables	19	88,683	39,768	37,191
Deferred Tuition Fee Income	4(b)	11,604	8,878	9,039
Grants Received In Advance	20	27,997	26,207	26,908
Lease Liabilities		5,376	-	-
		133,660	74,853	73,138
Non-Current Liabilities				
Deferred Capital Grants	21	458,023	211,493	203,629
Other Deferred Grants	22	73,501	76,828	80,155
Lease Liabilities		42,087	-	-
		573,611	288,321	283,784
Total Liabilities		707,271	363,174	356,922
NET ASSETS		781,465	664,088	581,893
FUNDS AND RESERVES				
General Funds				
- Accumulated Surplus		169,050	154,448	134,112
Endowment and Term Funds				
- Capital	23	545,336	431,761	394,011
- Accumulated Surplus	23	67,079	77,879	53,770
		612,415	509,640	447,781
		781,465	664,088	581,893

(a) Less than \$1,000

See Note 24 for Funds Managed on Behalf of Ministry of Education ("MOE")

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

**SINGAPORE INSTITUTE OF TECHNOLOGY
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CONSOLIDATED STATEMENT OF CHANGES IN FUNDS AND RESERVES

For the Financial Year ended 31 March 2020

	Note	Accumulated Surplus - General Funds \$'000	Endowment and Term Funds \$'000	Total \$'000
2020				
Balance at 1 April 2019 as restated		154,381	509,640	664,021
Total Comprehensive Income/(Loss)		14,669	(10,800)	3,869
Government Grants and Donations	23(b)	-	113,575	113,575
Balance at 31 March 2020		169,050	612,415	781,465
2019				
Balance at 1 April 2018 as previously reported		116,578	447,781	564,359
Effects of Adjustments	31	17,534	-	17,534
Balance at 1 April 2018 as restated		134,112	447,781	581,893
Total Comprehensive Income (restated)		20,269	24,109	44,378
Government Grants and Donations	23(b)	-	37,750	37,750
Balance at 31 March 2019		154,381	509,640	664,021

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

**SINGAPORE INSTITUTE OF TECHNOLOGY
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CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year ended 31 March 2020

	Note	2020 \$'000	2019 \$'000
Cash Flows from Operating Activities			
Deficit before Government Grants		(192,339)	(138,916)
Adjustments for:			
- Depreciation and Amortisation	15,17	42,886	29,771
- Donations	4(a)	(2,926)	(2,176)
- Net (Gain)/Loss on Disposal of Property, Plant and Equipment		(7)	16
- Interest Income	6	(2,682)	(2,540)
- Currency Exchange Gain	6	(416)	(55)
- Financial Assets, at Fair Value through Profit or Loss			
• Fair Value Loss/(Gain)	6	12,933	(21,962)
• Net Gain on Sale of Financial Assets	6	(2,223)	(2,516)
- Derivative Financial Instruments	6	170	-
- Interest Expense	16	1,610	-
		(142,994)	(138,378)
Change in Operating Assets and Liabilities			
- Fees and Other Receivables		(5,806)	12,980
- Student Loans and Other Assets		5,190	783
- Trade and Other Payables		32,188	1,328
Net Cash Used in Operating Activities		(111,422)	(123,287)
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment and Intangible Assets		(102,933)	(35,663)
Proceeds from Disposal of Property, Plant and Equipment		56	94
Purchase of Financial Assets, at Fair Value through Profit or Loss		(67,426)	(50,679)
Proceeds from Sale of Financial Assets, at Fair Value through Profit or Loss		40,288	59,002
Settlement of Currency Forwards		(258)	-
Interest Received		2,604	2,442
Deposits for Investments	9	-	(33,698)
Prepayment of Leases		(250,795)	-
Net Cash Used in Investing Activities		(378,464)	(58,502)
Cash Flows from Financing Activities			
Operating Grants Received		167,156	158,053
Development Grants Received		280,541	33,487
Other Government Grants Received		13,883	9,337
Endowment Funds Received		17,738	37,750
Donations Received		2,926	2,176
Principal Payment of Lease Liabilities		(5,189)	-
Interest paid on Lease Liabilities		(1,610)	-
Net Cash Provided by Financing Activities		475,445	240,803
Net (Decrease)/Increase in Cash and Cash Equivalents		(14,441)	59,014
Cash and Cash Equivalents at Beginning of Financial Year		179,796	120,782
Cash and Cash Equivalents at End of Financial Year	8	165,355	179,796

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

**SINGAPORE INSTITUTE OF TECHNOLOGY
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CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year ended 31 March 2020

Reconciliation of Liabilities Arising From Financing Activities

	1 April 2019	Principal and Interest Payments	Non-Cash Changes			31 March 2020
			Adoption of FRS 116	Additions During The Year	Interest Expense	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>2020</u> Lease Liabilities	-	(257,594)	51,905	251,542	1,610	47,463

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

**SINGAPORE INSTITUTE OF TECHNOLOGY
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NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2020

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

1. General Information

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

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

Under Clause 9 of the Memorandum of Association of SIT, each member of SIT undertakes to contribute a sum not exceeding \$1 to the assets of SIT in the event of it being wound up. The number of members at the Balance Sheet date is 2 (2019: 2).

2. Significant Accounting Policies

2.1 Basis of Preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2020

2. Significant Accounting Policies (continued)

2.1 Basis of Preparation (continued)

Interpretations and Amendments to Published Standards Effective in 2019

On 1 April 2019, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the Adoption of FRS 116 Leases.

Adoption of FRS 116 Leases

When the Group is the Lessee

Prior to the adoption of FRS 116, non-cancellable operating lease payments were not recognised as liabilities in the Balance Sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Group's accounting policy on leases after the adoption of FRS 116 is as disclosed in Note 2.15.

On initial application of FRS 116, the Group has elected to apply the following practical expedients:

- (i) For all contracts entered into before 1 April 2019 and that were previously identified as leases under FRS 17 *Lease* and INT FRS 104 *Determining whether an Arrangement contains a Leases*, the Group has not reassessed if such contracts contain leases under FRS 116;
- (ii) For all contracts entered into before 1 April 2019 and that were not previously identified as leases under FRS 17 *Lease* and INT FRS 104 *Determining whether an Arrangement contains a Leases*, the Group has not reassessed if such contracts contain leases under FRS 116; and

**SINGAPORE INSTITUTE OF TECHNOLOGY
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NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2020

2. Significant Accounting Policies (continued)

2.1 Basis of Preparation (continued)

Interpretations and Amendments to Published Standards (continued)

- (iii) On a lease-by-lease basis, the Group has:
- (a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
 - (b) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
 - (c) accounted for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases;
 - (d) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
 - (e) used hindsight in determining the lease term where the contract contains option to extend or terminate the lease.

There were no onerous contracts as at 1 April 2019.

For leases previously classified as operating leases on 1 April 2019, the Group has applied the following transition provisions:

- (i) On a lease-by-lease basis, the Group chose to measure its ROU assets at amount equal to lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Balance Sheet immediately before the date of initial application (i.e. 1 April 2019).
- (ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 April 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.

The effects of adoption of FRS 116 on the Group's financial statements as at 1 April 2019 are as follows:

	Increase/ (Decrease) \$'000
Property, Plant and Equipment	51,527
Lease Liabilities	51,905
Trade and Other Payables	(425)
Other Current Assets	(47)

**SINGAPORE INSTITUTE OF TECHNOLOGY
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NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2020

2. Significant Accounting Policies (continued)

2.1 Basis of Preparation (continued)

Interpretations and Amendments to Published Standards (continued)

An explanation of the differences between the operating lease commitments previously disclosed in the Group's financial statements as at 31 March 2019 and the lease liabilities recognised in the Balance Sheet as at 1 April 2019 are as follows:

	\$'000
Operating Lease Commitments disclosed as at 31 March 2019	54,542
<u>Less: Short-Term Leases</u>	(13)
<u>Less: Low-Value Leases</u>	(194)
<u>Less: Discounting Effects using weighted average incremental borrowing rate of (2.35% - 3.50%) at date of initial adoption</u>	(18,827)
<u>Add: Extension Options which are reasonably certain to be exercised</u>	16,397
Lease Liabilities recognised as at 1 April 2019	<u>51,905</u>

2.2 Funds

(a) *General Funds*

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

(b) *Endowment Funds*

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

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

(c) *Term Funds*

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

Expenditure relating to term Funds are taken to Term Funds when incurred.

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2. Significant Accounting Policies (continued)

2.3 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for rendering of services net of goods and services tax in the ordinary course of the Group's activities. Under FRS 115, revenue is recognised when an entity satisfies a performance obligation by transferring a promised good or service to a customer.

(a) Tuition and Other Student-Related Services

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

(b) Service Fees

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

(c) Donations

Donations are recognised in the financial year they are received.

(d) Interest Income

Interest income is recognised using the effective interest method.

(e) Dividend Income

Dividend income is recognised when the right to receive payment is established.

(f) Rental Income

Rental income is recognised on a straight-line basis over the lease term.

2.4 Employee Compensation

(a) Defined Contribution Plans

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

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2. Significant Accounting Policies (continued)

2.4 Employee Compensation (continued)

(b) Employee Leave Entitlement

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

2.5 Group Accounting

Subsidiaries

(a) Consolidation

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

They are deconsolidated from the date on which control ceases.

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

Non-Controlling Interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of SIT. They are shown separately in the Consolidated Statement of Comprehensive Income, Statement of Changes in Equity, and Balance Sheet. Total Comprehensive Income is attributed to the Non-Controlling Interests based on their respective interests in a subsidiary, even if this results in the Non-Controlling Interests having a deficit balance.

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2. Significant Accounting Policies (continued)

2.5 Group Accounting (continued)

Subsidiaries (continued)

(b) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in Other Comprehensive Income in respect of that entity are also reclassified to Profit or Loss or transferred directly to Retained Earnings if required by a specific Standard.

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

Please refer to paragraph 2.12 "Investments in Subsidiaries" for the accounting policy on investment in subsidiary.

2.6 Property, Plant and Equipment

Property, Plant and Equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

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

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

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For the Financial Year ended 31 March 2020

2. Significant Accounting Policies (continued)

2.6 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>
Leasehold Building and Land	The period of lease
Buildings and Infrastructure	5 to 30 years or the period of lease, whichever is shorter
Furniture, Office and Sports Equipment	3 to 5 years
IT, AV and Network Equipment	3 to 5 years
Machinery, Laboratory and Workshop Equipment	6 years
Motor Vehicles	8 years

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.

2.7 Intangible assets

Computer Software Licence Costs

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

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.

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For the Financial Year ended 31 March 2020

2. Significant Accounting Policies (continued)

2.7 Intangible assets (continued)

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.

2.8 Trade and Other Payables

Trade and Other Payables represent unpaid liabilities for goods and services provided to the Group prior to the end of financial year. They are classified as Current Liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as Non-Current Liabilities.

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

2.9 Cash and Cash Equivalents

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

2.10 Financial Assets

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

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

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

The Group reclassifies Debt Instruments when and only when its business model for managing those assets changes.

(a) *At Initial Recognition*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a Financial Asset not at Fair Value through Profit or Loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of Financial Assets carried at Fair Value through Profit or Loss are expensed in Profit or Loss.

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For the Financial Year ended 31 March 2020

2. Significant Accounting Policies (continued)

2.10 Financial Assets (continued)

(b) At Subsequent Measurement

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

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

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

The Group's major classes of Financial Assets at Amortised Cost are Cash and Cash Equivalents, Fees and Other Receivables and Deposits for Investments.

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

These financial assets are subject to the Expected Credit Loss Impairment Model under FRS 109. The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2020

2. Significant Accounting Policies (continued)

2.10 Financial Assets (continued)

(b) *At Subsequent Measurement* (continued)

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

The Debt Instruments classified at FVPL relates to an investment portfolio comprising of quoted securities and unquoted securities. The 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 cashflows Debt Instrument is only incidental to achieving the business model's objective.

Regular way purchases and sales of these financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal, the difference between the carrying amount and sales proceed is recognised in Profit or Loss. Any amount previously recognised in Other Comprehensive Income relating to that asset is reclassified to the Profit or Loss.

2.11 Currency Translation

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

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the Balance Sheet date are recognised in Profit or Loss.

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For the Financial Year ended 31 March 2020

2. Significant Accounting Policies (continued)

2.12 Investments in Subsidiaries

Investments in Subsidiaries are carried at cost less accumulated impairment losses in SIT's Balance Sheet. 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 to the grant conditions. Grants which are received but not utilised are included in the Grants Received In Advance account.

2.14 Impairment of Non-Financial Assets

Property, Plant and Equipment, Intangible Assets and Investments in Subsidiaries are reviewed for impairment whenever there is any indication that these assets may be impaired.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2020

2. Significant Accounting Policies (continued)

2.14 Impairment of Non-Financial Assets (continued)

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 Leases

The accounting policy for leases before 1 April 2019 is as follows:

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

Contingent rents are recognised as an expense in Profit or Loss when incurred.

The accounting policy for leases after 1 April 2019 is as follows:

When the Group is the Lessee

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

- **Right-of-Use Assets**

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2020

2. Significant Accounting Policies (continued)

2.15 Leases (continued)

The accounting policy for leases after 1 April 2019 is as follows: (continued)

When the Group is the Lessee (continued)

- **Right-of-Use Assets (continued)**

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

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

- **Lease Liabilities**

Lease Liability is measured at amortised cost using the effective interest method. Lease Liability shall be remeasured 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 remeasured 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.

2.16 Fair Value Estimation of Financial Assets and Liabilities

The fair value of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities) is based on quoted market prices at the Balance Sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

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For the Financial Year ended 31 March 2020

2. Significant Accounting Policies (continued)

2.16 Fair Value Estimation of Financial Assets and Liabilities (continued)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each Balance Sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair value of the financial instruments.

The fair value of financial assets and liabilities carried at amortised cost approximates their carrying amounts.

2.17 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.

3. Critical Accounting Estimates, Assumptions and Judgements

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

Useful Lives of Property, Plant and Equipment

The costs of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives or the period of the land and premise leases, if shorter. Management estimates the useful lives of these assets to be 3 to 30 years, based on the expected useful lives for similar assets, or the period of the land and premise leases, if shorter. Changes in the expected level of usage or in the terms of the land and premises leases would impact the estimated useful lives, leading to potential changes in future depreciation charges and/or write-offs.

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For the Financial Year ended 31 March 2020

3. Critical Accounting Estimates, Assumptions and Judgements (continued)

Fair Value Estimation of Unquoted Financial Instruments

The Group invests in unquoted securities that are not traded in an active market with a carrying amount of \$295,989,000 (2019: \$252,940,000). The fair value of these investments are based on valuations obtained from third party fund managers. The valuations are determined using market-observable data to the extent it is available. Where quoted prices are not available, the fund managers establish the fair 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 Total Comprehensive Income

	General Funds		Endowment and Term Funds		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Revenue:						
Tuition and Other						
Student-Related Fees	79,619	72,400	-	-	79,619	72,400
Service Fees	425	1,009	-	-	425	1,009
	80,044	73,409	-	-	80,044	73,409
Timing of Revenue Recognition:						
At A Point In Time	608	572	-	-	608	572
Over Time	79,436	72,837	-	-	79,436	72,837
	80,044	73,409	-	-	80,044	73,409
	General Funds		Endowment and Term Funds		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Other Income:						
Donations	-	-	2,926	2,176	2,926	2,176
Rental Income	189	179	-	-	189	179
Wage Credit Income	305	369	-	-	305	369
Others	942	189	-	-	942	189
	1,436	737	2,926	2,176	4,362	2,913
Total Revenue and Other Income	81,480	74,146	2,926	2,176	84,406	76,322

In Budget 2020, it was announced that the government co-funding ratios under the Wage Credit Scheme (WCS) for wage increases in 2019 and 2020 are raised from the current 15% and 10%, to 20% and 15% respectively. The qualifying gross wage ceiling is also raised to \$5,000 for both years, up from the current \$4,000.

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4. Revenue and other income (continued)

(b) In Balance Sheet

	31 March 2020 \$'000	1 April 2019 \$'000
Deferred Tuition Fee Income	11,604	8,878

Deferred Tuition Fee Income mainly relates to fees received from students for tuition and other student-related fees in which the courses have not been delivered. Revenue will be recognised over the time when the courses are delivered to the students. The Deferred Tuition Fee Income of \$8,878,000 in 2019 was fully recognised as revenue during the financial year ended 31 March 2020 upon delivery of the services. Services relating to the deferred tuition fee income as at 31 March 2020 will be delivered within one year from Balance Sheet date.

5. Staff and Related Expenses

	2020 \$'000	2019 \$'000
Wages and Salaries	93,051	82,182
Employer's Contribution to Defined Contribution Plans Including Central Provident Fund	10,510	9,263
Other Employee Benefits	7,946	6,711
	111,507	98,156

6. Net Investment Income

	General Funds		Endowment and Term Funds		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Interest Income	1,430	1,238	1,252	1,302	2,682	2,540
Currency Exchange Gain	-	-	416	55	416	55
Financial Assets, at Fair Value through Profit or Loss						
• Fair Value (Loss)/Gain	-	-	(12,933)	21,962	(12,933)	21,962
• Net Gain on Sale of Financial Assets	-	-	2,223	2,516	2,223	2,516
Derivative Financial Instruments	-	-	(170)	-	(170)	-
	-	-	(10,464)	24,533	(10,464)	24,533
	1,430	1,238	(9,212)	25,835	(7,782)	27,073

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7. Government Grants

	2020 \$'000	(Restated) 2019 \$'000
Operating and Other Grants Utilised (Note 20)	157,536	150,255
Deferred Capital Grants Amortised (Note 21)	35,295	29,600
Other Deferred Grants Amortised (Note 22)	3,327	3,327
Transfer from Deferred Capital Grants for Asset Disposal (Note 21)	50	112
	<u>196,208</u>	<u>183,294</u>

8. Cash and Cash Equivalents

	<u>Group</u>		<u>SIT</u>	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash at Bank	54,241	13,934	54,156	13,934
Short-Term Bank Deposits	111,114	165,862	111,114	165,862
	<u>165,355</u>	<u>179,796</u>	<u>165,270</u>	<u>179,796</u>

The Short-Term Bank Deposits at Balance Sheet date have an average maturity of 68 days (2019: 101 days) from the end of the financial year with a weighted average effective interest rate of 1.331% (2019: 1.698%) per annum.

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

	<u>Group and SIT</u>	
	2020 \$'000	2019 \$'000
Quoted Fixed Income Investments	98,656	90,620
Quoted Equity Investments	51,055	52,405
Quoted Other Investment	43,458	43,858
Unquoted Investments	295,989	252,940
	<u>489,158</u>	<u>439,823</u>

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

The weighted average yield to maturity for the fixed income securities is 4.58% (2019: 5.01%) per annum.

As at 31 March 2019, the Group has placed \$33,698,000 as Deposits for Investments. No such deposit was placed as at 31 March 2020.

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For the Financial Year ended 31 March 2020

9. Financial Assets, at Fair Value through Profit or Loss (continued)

As at 31 March 2020, the Group has outstanding commitment of \$66,282,000 (2019: \$29,646,000) for investments in other unquoted securities, which have not been drawn down as at Balance Sheet date.

10. Fees and Other Receivables

	<u>Group</u>		<u>SIT</u>	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Fees Receivable	7,405	5,783	7,315	5,763
Less: Allowance for Impairment of Receivable (Note 28(b))	<u>(43)</u>	<u>(16)</u>	<u>(43)</u>	<u>(16)</u>
Fees Receivable - Net	7,362	5,767	7,272	5,747
Grant Receivables from MOE Matching Endowment Grant Receivables	34,041	56,287	34,041	56,287
Other Receivables from MOE	95,837	-	95,837	-
Other Receivables	13,856	12,188	13,856	12,188
	7,417	2,930	7,557	2,997
	<u>158,513</u>	<u>77,172</u>	<u>158,563</u>	<u>77,219</u>

The Matching Endowment Grant is a receivable from the Singapore Universities Trust to match the eligible endowed donations received from January 2013 to December 2019. This matching grant is taken into the endowment fund reserve during the year upon receipt of confirmation that the amount will be granted to SIT.

In Budget 2020, the government announced that Job Support Scheme (JSS) will be provided to employers to retain their local employees during the period of economic uncertainty. This is recognised as Other Receivables as at Balance Sheet date.

11. Student Loans

	<u>Group and SIT</u>	
	2020	2019
	\$'000	\$'000
Current	58	165
Non-Current	729	756
	<u>787</u>	<u>921</u>

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For the Financial Year ended 31 March 2020

11. Student Loans (continued)

These are the overseas student programme loans which are unsecured, interest-free during the course of study and are repayable by monthly instalments over periods of up to 5 years after the students' graduation. 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 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% (2019: 4.75%) per annum.

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

12. Other Current Assets

	<u>Group</u>		<u>SIT</u>	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Deposits	56	66	56	66
Prepayments				
- Polytechnics	3,327	3,327	3,327	3,327
- Programme and Student Related Expenses	1,844	4,081	1,844	4,081
- Others	3,253	2,803	3,250	2,803
	8,480	10,277	8,477	10,277

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

13. Derivative Financial Instruments

	<u>Group and SIT</u>			
	<u>Contract Notional Amount</u>		<u>Fair Value - Asset</u>	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Currency Forwards	3,800	-	88	-

Currency Forwards are entered into to hedge fluctuations in foreign currency exposure of investments denominated in foreign currency. The Group does not apply hedge accounting.

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NOTES TO THE FINANCIAL STATEMENTS

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14. Investment in Subsidiaries

	2020	<u>SIT</u>	2019
	\$		\$
Equity Investments at Cost			
Beginning of Financial Year	2		-
Additions	4		2
End of Financial Year	6		2

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

Name	Principal Activities	Country of Business/ Incorporation	Date of Incorporation	Proportion of Ordinary Shares Held by the Group	
				2020 %	2019 %
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	-
Foodplant Pte Ltd	Provision of shared food pilot facilities	Singapore	02 March 2020	100	-

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15. Property, Plant and Equipment

<u>Group and SIT</u> <u>2020</u>	<u>Leasehold</u> <u>Building and</u> <u>Land</u> <u>\$'000</u>	<u>Buildings</u> <u>and</u> <u>Infrastructure</u> <u>\$'000</u>	<u>Furniture,</u> <u>Office and</u> <u>Sports</u> <u>Equipment</u> <u>\$'000</u>	<u>IT, AV</u> <u>and Network</u> <u>Equipment</u> <u>\$'000</u>	<u>Machinery,</u> <u>Laboratory</u> <u>and</u> <u>Workshop</u> <u>Equipment</u> <u>\$'000</u>	<u>Motor</u> <u>Vehicles</u> <u>\$'000</u>	<u>Assets</u> <u>Under</u> <u>Construction</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
Beginning of Financial Year	-	228,715	20,181	41,606	32,203	615	18,165	341,485
Adoption of FRS 116 (Note 2.1)	51,452	-	75	-	-	-	-	51,527
Additions	251,512	6,869	907	2,520	946	445	109,367	372,566
Transfers Between Categories	-	229	60	540	4,064	-	(4,893)	-
Transfers to Intangible Assets (Note 17)	-	-	-	-	-	-	(852)	(852)
Disposals	-	-	(281)	(461)	(7)	(122)	-	(871)
End of Financial Year	302,964	235,813	20,942	44,205	37,206	938	121,787	763,855
<u>Accumulated Depreciation</u>								
Beginning of Financial Year	-	74,968	18,875	32,832	10,149	217	-	137,041
Depreciation Charge	12,080	14,476	920	5,026	5,622	108	-	38,232
Disposals	-	-	(281)	(457)	(6)	(78)	-	(822)
End of Financial Year	12,080	89,444	19,514	37,401	15,765	247	-	174,451
Net Book Value								
End of Financial Year	290,884	146,369	1,428	6,804	21,441	691	121,787	589,404

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15. Property, Plant and Equipment (continued)

<u>Group and SIT</u> <u>2019</u>	<u>Buildings</u> <u>and</u> <u>Infrastructure</u> <u>\$'000</u>	<u>Furniture,</u> <u>Office and</u> <u>Sports</u> <u>Equipment</u> <u>\$'000</u>	<u>IT, AV</u> <u>and Network</u> <u>Equipment</u> <u>\$'000</u>	<u>Machinery,</u> <u>Laboratory</u> <u>and</u> <u>Workshop</u> <u>Equipment</u> <u>\$'000</u>	<u>Motor</u> <u>Vehicles</u> <u>\$'000</u>	<u>Assets</u> <u>Under</u> <u>Construction</u> <u>\$'000</u>	<u>Total</u> <u>\$'000</u>
<u>Cost</u>							
Beginning of Financial Year	224,194	19,332	36,981	21,464	646	7,069	309,686
Additions	3,683	783	3,186	3,317	204	21,346	32,519
Transfers Between Categories	838	80	1,473	7,422	-	(9,813)	-
Transfers To Intangible Assets (Note 17)	-	-	-	-	-	(437)	(437)
Disposals	-	(14)	(34)	-	(235)	-	(283)
End of Financial Year	228,715	20,181	41,606	32,203	615	18,165	341,485
<u>Accumulated Depreciation</u>							
Beginning of Financial Year	61,678	17,606	26,951	5,837	267	-	112,339
Depreciation Charge	13,290	1,284	5,912	4,312	77	-	24,875
Disposals	-	(15)	(31)	-	(127)	-	(173)
End of Financial Year	74,968	18,875	32,832	10,149	217	-	137,041
Net Book Value							
End of Financial Year	153,747	1,306	8,774	22,054	398	18,165	204,444

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16. Leases - The Group as a Lessee

Nature of the Group's Leasing Activities

Leasehold Building and Land

The Group leases building and land for the purpose of business operations, education and research.

The Group has made an upfront payment to secure the right-of-use of a 30-year leasehold land, which will be used for the future SIT Punggol Campus. This leasehold land is recognised within Property, Plant and Equipment (Note 15).

Office and Sport Equipment

The Group leases office equipment for business operations and leases sport equipment for staff and student use.

There is no externally imposed covenant on these lease arrangements.

(a) Carrying Amounts

ROU Assets Classified Within Property, Plant and Equipment

	<u>Group and SIT</u>	
	31 March	1 April
	2020	2019
	\$'000	\$'000
Leasehold Building and Land	290,884	51,452
Office and Sports Equipment	65	75
	290,949	51,527

(b) Depreciation Charge During the Year

	2020
	\$'000
Leasehold Building and Land	12,080
Office and Sports Equipment	40
	12,120

(c) Interest Expense

	2020
	\$'000
Interest Expense on Lease Liabilities	1,610

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16. Leases - The Group as a Lessee (continued)

(d) Lease Expense Not Capitalised in Lease Liabilities

	2020 \$'000
Short-Term Lease Expense	28
Low-Value Lease Expense	85
Total	113

(e) Total Cash Outflow for All Leases in 2020 was \$257,707,000.

(f) Addition of ROU Assets during the financial year ended 31 March 2020 was \$251,542,000.

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

(i) Extension Option

The leases for certain office and sport equipment contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain of exercising the extension option. 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

	<u>Group</u>		<u>SIT</u>	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<u>Cost</u>				
Beginning of Financial Year	20,977	15,227	20,977	15,227
Additions	3,073	5,313	2,970	5,313
Transfer from Assets Under Construction (Note 15)	852	437	852	437
Disposals	(195)	-	(195)	-
End of Financial Year	<u>24,707</u>	<u>20,977</u>	<u>24,604</u>	<u>20,977</u>
<u>Accumulated Amortisation</u>				
Beginning of Financial Year	13,583	8,687	13,583	8,687
Amortisation Charge	4,654	4,896	4,613	4,896
Disposals	(195)	-	(195)	-
End of Financial Year	<u>18,042</u>	<u>13,583</u>	<u>18,001</u>	<u>13,583</u>
Net Book Value				
End of Financial Year	<u>6,665</u>	<u>7,394</u>	<u>6,603</u>	<u>7,394</u>

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18. Other Non-Current Assets

	Group and SIT	
	2020	2019
	\$'000	\$'000
Deposits	19	19
Prepayments		
- Polytechnics	70,174	73,501
- Others	193	170
	70,386	73,690

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

19. Trade and Other Payables

	Group		SIT	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Trade Payables	9,958	8,455	9,955	8,455
Payables for Property, Plant and Equipment	27,928	6,763	27,928	6,763
Accrued Operating Expenses	32,317	15,063	32,303	15,063
Provision for Unutilised Leave	5,464	4,466	5,459	4,466
Other Payables	13,116	5,041	13,038	5,021
	88,783	39,788	88,683	39,768

20. Grants Received In Advance

	Government Operating Grants \$'000	Government Development Grants \$'000	Other Government Grants \$'000	Total \$'000
<u>Group and SIT</u>				
2020				
Balance at 1 April 2019 as Restated	11,920	10,987	3,300	26,207
Grants Received/Receivable During the Year	151,821	273,630	15,750	441,201
<u>Less:</u>				
Transfer to Profit or Loss (Note 7)	(142,915)	(1,991)	(12,630)	(157,536)
Transfer to Deferred Capital Grants (Note 21)	(4,530)	(276,910)	(435)	(281,875)
	(147,445)	(278,901)	(13,065)	(439,411)
Balance at 31 March 2020	16,296	5,716	5,985	27,997

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20. Grants Received In Advance (continued)

	Government Operating <u>Grants</u> \$'000	Government Development <u>Grants</u> \$'000	Other Government <u>Grants</u> \$'000	<u>Total</u> \$'000
<u>(Restated)</u>				
<u>Group and SIT</u>				
2019				
Balance at 1 April 2018 as Previously Reported	29,787	11,784	2,871	44,442
Effects of Adjustments (Note 31)	(17,534)	-	-	(17,534)
Balance at 1 April 2018 as Restated	12,253	11,784	2,871	26,908
Grants Received/Receivable During the Year	144,817	33,211	9,102	187,130
<u>Less:</u>				
Transfer to Profit or Loss (Restated) (Note 7)	(137,061)	(4,484)	(8,710)	(150,255)
Transfer to Deferred Capital Grants (Note 21)	(8,089)	(29,524)	37	(37,576)
	(145,150)	(34,008)	(8,673)	(187,831)
Balance at 31 March 2019	11,920	10,987	3,300	26,207

These are Operating, Development and Other Grants Received/Receivable from MOE and other government agencies to fund SIT's operations, capital projects and educational programmes.

21. Deferred Capital Grants

	<u>Group and SIT</u>	
	2020	2019
	\$'000	\$'000
Beginning of Financial Year	211,493	203,629
Additions (Note 20)	281,875	37,576
<u>Less:</u>		
Transfer to Profit or Loss		
- Deferred Capital Grants Amortised (Note 7)	(35,295)	(29,600)
- Asset Disposal (Note 7)	(50)	(112)
	(35,345)	(29,712)
End of Financial Year	458,023	211,493

Additions are grants used for acquisitions of fixed assets and intangible assets including the construction of SIT Punggol Campus.

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22. Other Deferred Grants

	<u>Group and SIT</u>	
	2020	2019
	\$'000	\$'000
Beginning of Financial Year	76,828	80,155
Deferred Grants Amortised (Note 7)	(3,327)	(3,327)
End of Financial Year	73,501	76,828

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

23. Endowment and Term Funds

(a) Composition:

	<u>Endowment Funds</u>		<u>Group and SIT Term Funds</u>		<u>Total</u>	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital:						
- Government Grants	500,136	402,596	-	-	500,136	402,596
- Donations	45,200	29,165	-	-	45,200	29,165
	545,336	431,761	-	-	545,336	431,761
Accumulated Surplus	65,796	76,051	1,283	1,828	67,079	77,879
	611,132	507,812	1,283	1,828	612,415	509,640

	<u>Endowment Funds</u>		<u>Term Funds</u>		<u>Total</u>	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Represented by:</u>						
Cash and Cash Equivalents	25,929	32,901	1,360	1,847	27,289	34,748
Financial Assets at Fair Value through Profit or Loss	489,158	439,823	-	-	489,158	439,823
Deposits for Investments	-	33,698	-	-	-	33,698
Matching Endowment Grant Receivable	95,837	-	-	-	95,837	-
Interest Receivable	230	196	-	5	230	201
Other Receivable	25	1,640	1	7	26	1,647
Derivative Financial Instruments	88	-	-	-	88	-
Other Payables	(135)	(446)	(78)	(31)	(213)	(477)
	611,132	507,812	1,283	1,828	612,415	509,640

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23. Endowment and Term Funds (continued)

(b) Movements:

	Endowment Funds		Group and SIT Term Funds		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Beginning of Financial Year	507,812	444,918	1,828	2,863	509,640	447,781
Government Grants	97,540	23,029	-	-	97,540	23,029
Donations	16,035	14,721	-	-	16,035	14,721
Government Grants and Donations	113,575	37,750	-	-	113,575	37,750
<u>Income</u>						
- Donations	-	-	2,926	2,176	2,926	2,176
- Interest Income	1,246	1,283	6	19	1,252	1,302
- Currency Exchange Gain	416	55	-	-	416	55
- Financial Assets at Fair Value through Profit or Loss						
• Fair Value (Loss)/Gain	(12,933)	21,962	-	-	(12,933)	21,962
• Net Gain on Sale of Financial Assets	2,223	2,516	-	-	2,223	2,516
- Derivative Financial Instruments	(170)	-	-	-	(170)	-
	(9,218)	25,816	2,932	2,195	(6,286)	28,011
<u>Operating Expenditure</u>						
- Staff and Related Expenses	(389)	(377)	-	-	(389)	(377)
- Programme and Student-Related Expenses	-	-	(3,459)	(3,221)	(3,459)	(3,221)
- Other Operating Expenses	(648)	(295)	(18)	(9)	(666)	(304)
	(1,037)	(672)	(3,477)	(3,230)	(4,514)	(3,902)
Net Surplus/(Deficit) For the Year	(10,255)	25,144	(545)	(1,035)	(10,800)	24,109
End of Financial Year	611,132	507,812	1,283	1,828	612,415	509,640

Endowment Funds

Endowment Funds comprising government grants and donations are invested for long term purpose and the income generated will be used for the advancement of education.

Term Funds

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

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24. Funds Managed on Behalf of MOE

SIT acts as an agent for the student loans and the government as the financier providing the advances. Student Loans comprise principally student tuition fee loans, study loans and overseas student programme loans.

	<u>Group and SIT</u>	
	2020	2019
	\$'000	\$'000
Beginning of Financial Year	32,168	26,094
Funds Received From MOE	14,756	12,061
Repayments Received From Students	(8,636)	(5,987)
End of Financial Year	38,288	32,168
 <i>Represented By:</i>		
Student Loans Receivable	38,356	32,389
Less: Amount Receivables From MOE	(68)	(221)
	38,288	32,168

Student tuition fee and study loans are unsecured, interest-free during the course of study and are repayable by monthly instalments over periods of up to 20 years after the students' graduation. 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 is charged by MOE based on the average of the prevailing prime rates of the 3 local banks. The interest rate as at Balance Sheet date is 4.75% (2019: 4.75%) per annum.

25. Commitments

(a) Lessee - Operating Lease Commitments

Office Equipment and Land Leases at the Polytechnics

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

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

	2019
	\$'000
Not Later Than One Year	2,430
Between One and Five Years	9,532
Later Than Five Years	42,580
	<u>54,542</u>

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25. Commitments (continued)

(a) Lessee - Operating Lease Commitments (continued)

As disclosed in Note 2.1, the Group has adopted FRS 116 on 1 April 2019. These lease payments have been recognised as ROU assets and lease liabilities on the Balance Sheet as at 31 March 2020, except for short-term and low value leases.

(b) Other Commitments

(i) *SIT Infrastructure*

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

	2020	2019
	\$'000	\$'000
Infrastructure	902,667	27,365

(ii) *Contractual Commitments to Overseas Universities (OUs) Partners*

At Balance Sheet date, the Group has signed collaboration agreements with 9 (2019: 9) OUs to offer and manage industry focused degree programmes. The contractual periods for the collaboration agreements are between 5 to 10 years. The committed fees under the collaboration agreements cover a period up to 2030 (2019: 2030).

26. 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. Hence, SIT is exempted from filing income tax returns.

27. Charities Act and Regulation

As required for disclosure under regulation 17 of the Charities (Institutions of Public Character) Regulations, SIT has received tax deductible donations of \$18,961,000 (2019: \$16,897,000) in the current financial year.

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28. Financial Risk Management

Financial Risk Factors

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

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

With respect to Endowment Funds, an Investment Committee comprising two 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 all other investment activities. The Investment Office assists in the implementation and management of the Group's investment portfolio within the prescribed investment guidelines and mandates.

(a) Market Risk

(i) *Currency Risk*

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

	<u>Group and SIT</u>	
	2020	2019
	\$'000	\$'000
Financial Assets		
Cash and Cash Equivalents	1,415	3,901
Financial Assets, at Fair Value Through Profit or Loss	335,175	337,089
Fees and Other Receivables	204	1,776
Deposits for Investments	-	33,698
	336,794	376,464
Financial Liabilities		
Trade and Other Payables	(664)	(554)
Net Financial Assets	336,130	375,910
<u>Less:</u> Currency Forwards	(3,800)	-
Net Currency Exposure	332,330	375,910

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28. Financial Risk Management (continued)

(a) Market Risk (continued)

(i) *Currency Risk* (continued)

At 31 March 2020, if the USD had strengthened/weakened by 5% (2019: 5%) against the SGD with all other variables held constant, the Net Surplus arising from the change would have increased/decreased by \$16,617,000 (2019: \$18,795,000) as a result of currency translation gains/losses on the USD-denominated financial instruments.

(ii) *Price Risk*

The Group is exposed to price risk arising from its investments. To manage this risk, the Group diversifies its investments across different markets and industries whenever appropriate. With all other variables held constant, if prices for securities increase/decrease by 5% (2019: 5%), this will result in an increase/decrease of \$24,458,000 (2019: \$21,991,000) in Net Surplus for the current financial year.

(iii) *Interest Rate Risk*

The Group invests in fixed income securities, which are exposed to interest rate risk. Changes in interest will have impact on the fair value of the instruments. With all other variables held constant, 1% (2019: 1%) increase/decrease in interest rate will result in \$5,339,000 (2019: \$4,049,000) 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 0.5% (2019: 0.5%) with all other variables held constant, the Net Surplus would have been higher/lower by \$556,000 (2019: \$829,000) as a result of higher/lower interest income.

(b) Credit Risk

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

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28. Financial Risk Management (continued)

(b) Credit Risk (continued)

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

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the Balance Sheet.

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

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

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

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

	Current	1 to 30 Days	31 to 60 Days	61 to 90 Days	More than 90 Days	Total
Group						
31 March 2020						
Students						
Expected Loss Rate	-%	-%	-%	-%	9.6%	
Gross Carrying Amount (\$'000)	90	727	7	2	115	941
Loss Allowance (\$'000)	-	-	-	-	11	11
Non-Students						
Expected Loss Rate	-%	-%	-%	-%	-%	
Gross Carrying Amount (\$'000)	890	4,493	33	65	983	6,464
Loss Allowance (\$'000)	-	-	-	-	-	-
Individually Assessed	-	-	8	8	16	32

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28. Financial Risk Management (continued)

(b) Credit Risk (continued)

	Current	1 to 30 Days	31 to 60 Days	61 to 90 Days	More than 90 Days	Total
31 March 2019						
Students						
Expected Loss Rate	-%	-%	-%	-%	6.3%	
Gross Carrying Amount (\$'000)	93	921	9	2	248	1,273
Loss Allowance (\$'000)	-	-	-	-	16	16
Non-Students						
Expected Loss Rate	-%	-%	-%	-%	-%	
Gross Carrying Amount (\$'000)	1,745	2,540	68	35	122	4,510
Loss Allowance (\$'000)	-	-	-	-	-	-

The movement in the lifetime expected credit loss allowance for Fees Receivable is as follows:

	<u>Group and SIT</u>	
	2020	2019
	\$'000	\$'000
Beginning of Financial Year	16	226
Loss Allowance Recognised in Profit or Loss		
<u>During the Year On:</u>		
Additional Loss Allowance/ (Reversal of Unutilised Amounts)	81	(146)
Receivables Written Off During the Year	(54)	(64)
End of Financial Year	43	16

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

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For the Financial Year ended 31 March 2020

28. Financial Risk Management (continued)

(b) Credit Risk (continued)

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

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

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

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

(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.

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28. Financial Risk Management (continued)

(c) Liquidity Risk (continued)

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
<u>Group</u>				
At 31 March 2020				
Trade and Other Payables	88,783	-	-	-
Lease Liabilities	6,854	6,838	10,412	40,608
	<u>95,637</u>	<u>6,838</u>	<u>10,412</u>	<u>40,608</u>
At 31 March 2019				
Trade and Other Payables	39,788	-	-	-
	<u>39,788</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Less than 1 Year \$'000	Between 1 and 2 Years \$'000	Between 2 and 5 Years \$'000	Over 5 Years \$'000
<u>SIT</u>				
At 31 March 2020				
Trade and Other Payables	88,683	-	-	-
Lease Liabilities	6,854	6,838	10,412	40,608
	<u>95,537</u>	<u>6,838</u>	<u>10,412</u>	<u>40,608</u>
At 31 March 2019				
Trade and Other Payables	39,768	-	-	-
	<u>39,768</u>	<u>-</u>	<u>-</u>	<u>-</u>

(d) Capital Risk

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

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

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28. Financial Risk Management (continued)

(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:

	<u>Level 1</u> \$'000	<u>Level 2</u> \$'000	<u>Level 3</u> \$'000	<u>Total</u> \$'000
<u>Group and SIT</u>				
2020				
Financial Assets				
Financial Assets, at Fair Value through Profit or Loss				
Quoted Securities				
- Fixed Income Securities	98,656	-	-	98,656
- Equity Securities	51,055	-	-	51,055
- Other Securities	43,458	-	-	43,458
Unquoted Securities	-	-	295,989	295,989
Derivative Financial Instruments				
- Currency Forwards	-	88	-	88
At 31 March 2020	193,169	88	295,989	489,246

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28. Financial Risk Management (continued)

(e) Fair Value Measurement (continued)

	<u>Level 1</u> \$'000	<u>Level 2</u> \$'000	<u>Level 3</u> \$'000	<u>Total</u> \$'000
<u>Group and SIT</u>				
2019				
Financial Assets				
Financial Assets, at Fair Value through Profit or Loss				
Quoted Securities				
- Fixed Income Securities	90,620	-	-	90,620
- Equity Securities	52,405	-	-	52,405
- Other Securities	43,858	-	-	43,858
Unquoted Securities	-	-	252,940	252,940
At 31 March 2019	186,883	-	252,940	439,823

The fair value of financial instruments traded in active markets is based on quoted market prices at the Balance Sheet date. The quoted market price used for financial assets held by Group is the current bid price. These instruments are included in Level 1.

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

In infrequent 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:

	<u>Group and SIT</u>	
	2020	2019
	\$'000	\$'000
<u>Financial Assets, at Fair Value through Profit or Loss</u>		
Beginning of Financial Year	252,940	91,134
Purchases	58,808	203,805
Sales	(10,792)	(58,116)
Fair Value (Losses)/Gains recognised in Profit or Loss	(4,967)	16,117
End of Financial Year	295,989	252,940

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28. Financial Risk Management (continued)

(f) 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:

	<u>Group</u>		<u>SIT</u>	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Financial Assets, at Amortised Cost	324,730	291,672	324,695	291,719
Financial Assets, at Fair Value through Profit or Loss	489,246	439,823	489,246	439,823
Financial Liabilities, at Amortised Cost	136,168	39,788	136,146	39,768

29. Related Party Transactions

The Group had purchased certain investments of which a Trustee is the director of the Issuer of the investments. As at 31 March 2020, these investments amounted to \$16,915,000 (2019: \$15,078,000). The Trustee had abstained from making any decision in relation to these investments.

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

	2020 \$'000	2019 \$'000
Wages and Salaries	11,730	10,243
Post-Employment Benefits - Contribution to CPF	595	507
	12,325	10,750

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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29. Related Party Transactions (continued)

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.

	2020	2019
	\$'000	\$'000
Government Funding	501,586	228,447

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:

	2020
	\$'000
Payments made on behalf for Subsidiaries	610
Audit and Statutory Fees borne for Subsidiaries	10
Net Operating Expenditure borne for Subsidiaries	246

30. Events Occurring After the Reporting Date

SIT Dover Campus Land Lease Extension from 1 Jan 2021 to 1 Jan 2023

On 1 July 2020, SIT accepted a Letter of Offer from Singapore Land Authority (SLA) for a 2-year extension of the Dover Campus land lease located at 10 and 20 Dover Drive. The Group had assessed that this lease extension was reasonably certain to be exercised and the related lease payments were included in lease liabilities as at 31 March 2020.

31. Adjustments and Comparatives

SIT receives Government Grants from MOE to fund its operating expenditures. In prior years, management had deferred a portion of these grants in the Balance Sheet. Upon a review, SIT assessed that these deferred grants should have been recognised as Grant Income in prior years as the conditions attached to them had been complied with and the related expenditures for which these grants were intended to compensate had been incurred. Accordingly, the Balance Sheets of the Group and SIT as at 1 April 2018 and 31 March 2019, the Consolidated Statements of Changes in Equity for the financial years ended 1 April 2018 and 31 March 2019 and Consolidated Statement of Comprehensive Income for the financial year ended 31 March 2019 have been restated as follows:

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31. Adjustments and Comparatives (continued)

	As Previously Reported \$'000	Adjustment \$'000	As Restated \$'000
Balance Sheet			
<u>Group</u>			
As at 31 March 2019			
Grants Received In Advance General Funds	39,658	(13,451)	26,207
- Accumulated Surplus	140,930	13,451	154,381
	<hr/>		<hr/>
As at 1 April 2018			
Grants Received In Advance General Funds	44,442	(17,534)	26,908
- Accumulated Surplus	116,578	17,534	134,112
	<hr/>		<hr/>
<u>SIT</u>			
As at 31 March 2019			
Grants Received In Advance General Funds	39,658	(13,451)	26,207
- Accumulated Surplus	140,997	13,451	154,448
	<hr/>		<hr/>
As at 1 April 2018			
Grants Received In Advance General Funds	44,442	(17,534)	26,908
- Accumulated Surplus	116,578	17,534	134,112
	<hr/>		<hr/>
Consolidated Statement of Changes in Funds and Reserves			
As at 31 March 2019			
General Funds			
- Accumulated Surplus	140,930	13,451	154,381
	<hr/>		<hr/>
As at 1 April 2018			
General Funds			
- Accumulated Surplus	116,578	17,534	134,112
	<hr/>		<hr/>
Consolidated Statement of Comprehensive Income			
2019			
Government Grants	187,377	(4,083)	183,294
General funds			
Net Surplus and Total Comprehensive Income	24,352	(4,083)	20,269
	<hr/>		<hr/>

There is no impact to the consolidated statement of cash flows.

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32. New or Revised Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2020 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.

33. 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 19 August 2020.