

SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN
ANNUAL REPORT 2012

VISION

The University will advance knowledge and nurture technically grounded leaders to serve vital societal needs of the nation, region, and the world.

MISSION

The Singapore University of Technology and Design is established in collaboration with MIT to advance knowledge and nurture technically grounded leaders and innovators to serve societal needs. This will be accomplished, with a focus on Design, through an integrated multi-disciplinary curriculum and multi-disciplinary research.

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Venrock Associates

Mr Tai Lee Siang
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Ong&Ong Singapore

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Deutsche Bank Singapore

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Head of Pillar, Engineering Product Development / Co-Director, SUTD-MIT International Design Centre

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Co-Director, SUTD-MIT International Design Centre

Professor Dan Frey

Co-Director, Singapore-MIT International Design Centre

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Mr Sitee Yew Kok

Director, Student & Classroom Administration

Mr Tai Kian Heng

Director, Admissions

Dr Wong Woon Kwong

Director, Research & Industry Collaborations

Mr Eugene Sng

Deputy Director, Advancement & Development

CORPORATE GOVERNANCE

Policy to manage conflict of interest

All employees of SUTD have the obligation to avoid ethical, legal, financial or other conflicts of interest to ensure that their activities do not conflict with their obligations to the University or its welfare. Procedures are put in place for SUTD employees to disclose the details of any situation where they may find themselves in a position of potential or actual conflict to the management in SUTD.

SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN
AUDITED FINANCIAL STATEMENTS

(For the financial year ended 31 March 2012)

SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN

(Company Limited by Guarantee)

(Incorporated in Singapore. Registration Number: 200913519C)

ANNUAL REPORT

For the financial year ended 31 March 2012

SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN
(Incorporated in Singapore)

ANNUAL REPORT

For the financial year ended 31 March 2012

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SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN

REPORT OF THE TRUSTEES

For the financial year ended 31 March 2012

The Board of Trustees present their report together with the audited financial statements of Singapore University of Technology and Design (hereinafter referred to as “the University”) for the financial year ended 31 March 2012.

Trustees

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

Mr Philip Ng Chee Tat	- Chairman
Mr Cavinder Bull	
Mr Choo Chiau Beng	
Mr Patrick Daniel	
Mrs Fang Ai Lian	
Mr Sam Goi	
Mr Philip Jeyaretnam	
Mr Ng Cher Pong	
Professor Lui Pao Chuen	
Mr Ong Peng Tsin	
Mr Charles Ormiston	
Mr Quek Tong Boon	
Mr Shafie Shamsuddin	
Mr Tai Lee Siang	
Mr Ronny Tan	
Mr Leo Yip	
Mr Anthony Sun	
Ms Cordelia Chung	- appointed on 1 June 2011
Ms Low Sin Leng	- appointed on 1 June 2011
Mr Quah Wee Ghee	- appointed on 20 July 2011

Arrangements to enable trustees to acquire shares and debentures

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

Trustees' interests in shares or debentures

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

SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN

REPORT OF THE TRUSTEES

For the financial year ended 31 March 2012

Trustees' contractual benefits

Since the end of the previous financial year, no Trustee has received or become entitled to receive a benefit, which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the University 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 4 to the financial statements.

On behalf of the Trustees



Mr Philip Ng Chee Tat
Trustee



Mrs Fang Ai Lian
Trustee

20 July 2012

SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN

STATEMENT BY TRUSTEES

For the financial year ended 31 March 2012

In the opinion of the Trustees,

- (a) the financial statements of the University as set out on pages 5 to 30 are drawn up so as to give a true and fair view of the state of affairs of the University at 31 March 2012 and of the results of the business, changes in funds and reserves and cash flows of the University for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the University will be able to pay its debts as and when they fall due.

On behalf of the Trustees



Mr Philip Ng Chee Tat
Trustee



Mrs Fang Ai Lian
Trustee

20 July 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN

Report on the Financial Statements

We have audited the accompanying financial statements of Singapore University of Technology and Design (the "University") set out on pages 5 to 30, which comprise the balance sheet as at 31 March 2012, the statement of comprehensive income, the statement of changes in funds and reserves and the statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act"), the Singapore Charities Act, Chapter 37 (the "Charities Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair of the statement of comprehensive income and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

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

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

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

Opinion

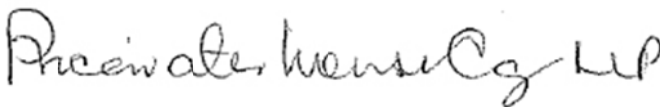
In our opinion, the financial statements of the University are properly drawn up in accordance with the provisions of the Act, the Charities Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the University as at 31 March 2012, and of the results, changes in funds and reserves and cash flows of the University for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

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



PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants
Singapore, 20 July 2012

SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2012

	Note	General fund		Non-endowment fund		Endowment fund		Total	
		2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$
Income									
Interest income		12,516	1,478	105	-	855,312	-	867,933	1,478
Donations and sponsorships		-	120	348,382	6,000	-	-	348,382	6,120
Other income	3	23,514	17,508	-	-	-	-	23,514	17,508
Total income		36,030	19,106	348,487	6,000	855,312	-	1,239,829	25,106
Expenses									
Employee compensation	4	(19,628,136)	(8,804,090)	-	-	-	-	(19,628,136)	(8,804,090)
Programme-related expenses		(13,567,181)	(8,145,056)	-	-	-	-	(13,567,181)	(8,145,056)
Research-related expenses		(9,663,119)	(3,857,718)	-	-	-	-	(9,663,119)	(3,857,718)
Rental on operating leases		(3,758,813)	(599,773)	-	-	-	-	(3,758,813)	(599,773)
Depreciation	11	(8,311,265)	(41,842)	-	-	-	-	(8,311,265)	(41,842)
Amortisation	12	(282,305)	(35,605)	-	-	-	-	(282,305)	(35,605)
Other operating expenses		(8,113,717)	(6,494,833)	(46,302)	(6,000)	(16,132)	-	(8,176,151)	(6,500,833)
Total expenses		(63,324,536)	(27,978,917)	(46,302)	(6,000)	(16,132)	-	(63,386,970)	(27,984,917)
(Deficit)/surplus before government grants		(63,288,506)	(27,959,811)	302,185	-	839,180	-	(62,147,141)	(27,959,811)
Government grants	5	68,935,318	27,959,994	-	-	-	-	68,935,318	27,959,994
Net surplus and total comprehensive income for the year		5,646,812	183	302,185	-	839,180	-	6,788,177	183

SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN

BALANCE SHEET

As at 31 March 2012

	Note	2012 \$	2011 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	213,814,300	13,704,673
Grants and other receivables	8	15,455,989	4,241,416
Held-to-maturity financial assets	9	153,724,605	-
Other current assets	10	32,546,501	41,771,424
		<u>415,541,395</u>	<u>59,717,513</u>
Non-current assets			
Grants and other receivable	8	117,308,534	-
Property, plant and equipment	11	260,390,364	16,496,839
Intangible assets	12	1,891,469	956,045
		<u>379,590,367</u>	<u>17,452,884</u>
Total assets		<u>795,131,762</u>	<u>77,170,397</u>
LIABILITIES			
Current liabilities			
Operating grants received in advance	13	22,388,556	30,688,673
Research grants received in advance	14	8,562,237	19,629,037
Other payables	15	9,959,366	8,551,620
Borrowings	16	4,179,893	-
		<u>45,090,052</u>	<u>58,869,330</u>
Non-current liabilities			
Borrowings	16	119,823,611	-
Deferred capital grants	17	260,034,260	17,452,884
		<u>379,857,871</u>	<u>17,452,884</u>
Total liabilities		<u>424,947,923</u>	<u>76,322,214</u>
NET ASSETS		<u>370,183,839</u>	<u>848,183</u>
FUNDS AND RESERVES			
Endowment fund	19	363,395,479	848,000
Accumulated Surplus			
- General fund		5,646,995	183
- Non-endowment fund	18	302,185	-
- Endowment fund	19	839,180	-
		<u>370,183,839</u>	<u>848,183</u>

SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN

STATEMENT OF CHANGES IN FUNDS AND RESERVES

For the financial year ended 31 March 2012

	Note	<u>Accumulated surplus</u>				Total \$
		Endowment fund \$	General fund \$	Non- endowment fund \$	Endowment fund \$	
2012						
Balance as at 1 April 2011		848,000	183	-	-	848,183
Total comprehensive income for the year		-	5,646,812	302,185	839,180	6,788,177
Government grants and donations received	19	362,547,479	-	-	-	362,547,479
Balance as at 31 March 2012		363,395,479	5,646,995	302,185	839,180	370,183,839

	Note	<u>Accumulated surplus</u>				Total \$
		Endowment fund \$	General fund \$	Non- endowment fund \$	Endowment fund \$	
2011						
Balance as at 1 April 2010		-	-	-	-	-
Total comprehensive income for the year		-	183	-	-	183
Donations received	19	848,000	-	-	-	848,000
Balance as at 31 March 2011		848,000	183	-	-	848,183

SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN

STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2012

	Note	2012 \$	2011 \$
Cash flows from operating activities			
Deficit before government grants		(62,147,141)	(27,959,811)
Adjustments for:			
- Depreciation		8,311,265	41,842
- Amortisation		282,305	35,605
- Interest income		(867,933)	(1,478)
Operating cash flow before working capital change		<u>(54,421,504)</u>	<u>(27,883,842)</u>
Change in working capital:			
- Other receivables		219,946	7,069
- Other current assets		9,224,923	(38,413,582)
- Other payables		1,049,665	6,075,411
Net cash flows used in operating activities		<u>(43,926,970)</u>	<u>(60,214,944)</u>
Cash flows from investing activities			
Additions to property, plant and equipment		(250,718,300)	(14,720,150)
Additions to intangible assets		(1,217,729)	(929,779)
Purchase of held-to-maturity financial assets		(153,724,605)	-
Interest received		810,840	1,478
Net cash flows used in investing activities		<u>(404,849,794)</u>	<u>(15,648,451)</u>
Cash flows from financing activities			
Operating grants received		40,751,625	36,479,444
Debt grants received		1,715,037	-
Research grants received		1,798,389	23,607,160
Development grants received		128,935,809	12,311,254
Proceeds from borrowings		125,396,802	-
Repayment of borrowings		(1,393,298)	-
Interest paid		(1,128,409)	-
Government grants and donations received for Endowment fund		<u>352,810,436</u>	<u>848,000</u>
Net cash flows from financing activities		<u>648,886,391</u>	<u>73,245,858</u>
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of financial year		<u>13,704,673</u>	<u>16,322,210</u>
Cash and cash equivalents at end of financial year	7	<u>213,814,300</u>	<u>13,704,673</u>

SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

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

1. General

Singapore University of Technology and Design (the "University") 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 20 Dover Drive Singapore 138682.

The principal activities of the University are in the advancement and dissemination of knowledge, the promotion of research and scholarships, and the conferring and awarding of degrees.

Under Clause 9 of the Memorandum of Association of the University, each member of the University undertakes to contribute a sum not exceeding \$1 to the assets of the University in the event of it being wound up. The number of members at the balance sheet date is 3 (2011: 3).

2. Significant accounting policies

2.1 Basis of preparation

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

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the University's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements.

Interpretations and amendments to published standards

On 1 April 2011, the University adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the University'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 University's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

2. Significant accounting policies (continued)

2.2 Functional and presentation currency

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

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

2.3 Funds

(a) *General fund*

Income and expenditure are accounted for under the general fund in the income and expenditure unless they relate to funds for specific purposes. The use of these reserves is subject to the approval of the Board of Trustees.

(b) *Non-endowment fund*

The fund is created from donations and sponsorships from individuals and external bodies for specific purposes. Donations and sponsorships received are taken directly to income and expenditure.

The income and expenditure relating to the fund are accounted for under non-endowment fund in income and expenditure.

(c) *Endowment fund*

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

Income and expenditure arising from the management of the endowment fund are accounted for under endowment fund in income and expenditure.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

2. Significant accounting policies (continued)

2.4 Revenue recognition

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

(a) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(b) Donations and sponsorships

Donations and sponsorships are recognised in the financial year they are received.

(c) Other Income

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

2.5 Grants received

Government grants received or receivable for the purchase of property, plant and equipment and intangible assets are taken to the grants received in advance account. Upon utilisation of the grants for the purchase of assets, they are taken to the deferred capital grants account for the assets which are capitalised, or to income and expenditure for the assets which are written off.

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

Debt grant is recognised when there is reasonable assurance that the University will comply with the government's debt grant framework conditions and that the grants will be received.

Government grants in respect of the current year's operating expenses are recognised in the same year.

Other government grants are recognised as income over the period necessary to match the intended costs. Such grants which are received but not utilised are included in the grants received in advance account.

SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

2. Significant accounting policies (continued)

2.6 Grants disbursed to Massachusetts Institute of Technology ("MIT")

Grants disbursed in advance are initially taken to the prepayment account. Upon the utilisation of the grant, they are taken to income and expenditure as programme-related or research-related expenses.

Grants disbursed for the MIT endowment fund are taken to the prepayment account and subsequently to income and expenditure as programme-related expenses annually over the endowment period.

Interest income earned from the MIT endowment fund are taken to the prepayment account and subsequently to income and expenditure over the periods necessary to match them with the intended costs.

2.7 Employee compensation

(a) *Defined contribution plans*

The University's contributions to defined contribution plans are recognised as employee compensation expense in income and expenditure in the period during which the related services are rendered.

(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 unconsumed leave as a result of services rendered by employees up to the balance sheet date.

2.8 Lessee - Operating lease payments

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

2.9 Deferred capital donations

Deferred capital donations are recognised in the statement of comprehensive income as deferred capital grant amortised over the periods necessary to match the depreciation or amortisation of the related donated assets. Upon disposal of the assets, the balance of the related deferred donations is recognised in income and expenditure to match the net book value of the assets written off.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

2. Significant accounting policies (continued)

2.10 Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Donated assets are recognised at the valuation determined by an expert on building conservation at the time of receipt of the assets. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the University and the cost of the item can be measured reliably.

The cost of an item of property, plant and equipment 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 construction-in-progress consists of construction costs and related expenses incurred during the period of construction.

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 University and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in income and expenditure when incurred.

Except for construction-in-progress which are not depreciated, depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Estimated Useful lives</u>
Leasehold Land	99 years
Buildings – Interim campus	3 years
Computer systems, communications and laboratory equipment	5 years
Personal computers and equipment	3 years
Furniture and fittings	7 years
Audio visual and office equipment	5 years
Motor vehicle	10 years

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

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 of the residual values, estimated useful lives and depreciation method are recognised in income and expenditure when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

2. Significant accounting policies (continued)

2.11 Intangible assets

Computer software licences costs

Acquired computer software licences are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and any other directly attributed cost of preparing the asset for its intended use. Direct expenditure, 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 added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense when incurred.

Capitalised computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to income and expenditure using the straight-line method over their estimated useful lives of 3 years.

The amortisation period and amortisation method are reviewed at least at each balance sheet date. The effects of any revision of the amortisation period or amortisation method are included in income and expenditure for the financial year in which the changes arise.

2.12 Impairment of non-financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

2. Significant accounting policies (continued)

2.13 Financial assets

(a) Classification

The University classifies its financial assets in the following categories: loans and receivables and held-to-maturity. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, it re-evaluates this designation at each balance sheet date.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "cash and cash equivalents" (Note 7), "grants and other receivables" (Note 8), and "deposits" as under "Other current assets" (Note 10) on the balance sheet.

(ii) Held-to-maturity financial assets

Held-to-maturity financial assets, are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Management has the positive intention and ability to hold to maturity. If the University were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the balance sheet date which are presented as current assets.

(b) Recognition and derecognition

Purchases and sales of financial assets are recognised on trade date - the date on which the University 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 University has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in income and expenditure.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

2. Significant accounting policies (continued)

2.13 Financial assets (continued)

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) *Subsequent measurement*

Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

(e) *Impairment*

The University assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

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

2.14 Other payables

Other payables represent unpaid liabilities for goods and services provided to the University 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.

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

2.15 Borrowings

Borrowings are presented as current liabilities unless the University has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in income and expenditure over the period of the borrowings using the effective interest method.

SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

2. Significant accounting policies (continued)

2.16 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.17 Borrowing costs

Borrowing costs are recognised in statement of income and expenditure using the effective interest method except for those costs that are directly attributable to assets under construction. This includes those costs on borrowings acquired specifically for assets under construction, as well as those in relation to general borrowings used to assets under construction.

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

3. Other income

Other income refers to income received from conference and short course fees.

4. Employee compensation

	2012 \$	2011 \$
Wages and salaries	18,050,472	7,946,757
Employer's contribution to Central Provident Fund	1,350,180	567,626
Other benefits	227,484	294,257
Less: Government grant – Jobs Credit Scheme	-	(4,550)
	<u>19,628,136</u>	<u>8,804,090</u>

The Jobs Credit Scheme was a cash grant introduced in the Singapore Budget 2009 to help businesses preserve jobs in the economic downturn. The Jobs Credit was paid to eligible employees in calendar year 2010 in two payments and the amount an employer can receive would depend on the fulfilment of the conditions as stated in the scheme.

SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

4. Employee compensation (continued)

Key management personnel compensation is as follows:

	2012 \$	2011 \$
Wages and salaries	5,374,952	3,979,681
Employer's contribution to Central Provident Fund	142,772	165,474
Other benefits	137,141	282,651
	<u>5,654,865</u>	<u>4,427,806</u>

Key management personnel include the President, Provost, Associate Provost, Head of Pillars and key administrative Directors.

5. Government grants

	2012 \$	2011 \$
Operating grants (Note 13)	47,332,438	23,151,380
Research grants utilised (Note 14)	12,053,316	4,295,600
Development grants utilised (Note 8)	965,493	435,567
Deferred capital grants amortised (Note 17)	8,584,071	77,447
	<u>68,935,318</u>	<u>27,959,994</u>

6. Income taxes

The University obtained Charity and Institution of Public Character ("IPC") status on 21 July 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. The University is exempted from filing income tax returns.

7. Cash and cash equivalents

	2012 \$	2011 \$
Cash at bank and on hand	12,314,300	2,704,673
Short-term bank deposits	201,500,000	11,000,000
	<u>213,814,300</u>	<u>13,704,673</u>

The short-term bank deposits at balance sheet date have a maturity of 1 month (2011: 1 to 3 months) from the end of the financial year and have a weighted average effective interest rate of 0.15% (2011: 0.218%) per annum.

SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

8. Grants and other receivables

	2012	2011
	\$	\$
<u>Current</u>		
Development grants receivable (Note (i))	1,507,054	3,982,760
Debt grant receivable (Note (ii))	4,116,089	-
Matching endowment grant receivable	9,737,043	-
Other receivable	38,103	258,049
Interest receivable	57,700	607
	<u>15,455,989</u>	<u>4,241,416</u>
<u>Non-current</u>		
Debt grant receivable (Note (ii))	<u>117,308,534</u>	-
Total grants and other receivables	<u>132,764,523</u>	<u>4,241,416</u>
(i) <u>Movement in development grants receivable</u>		
Balance as at 1 April	3,982,760	412,356
Development grants received during the year	(128,935,809)	(12,311,254)
Development grants transferred to deferred capital grants (Note 17)	125,494,610	15,446,091
Development grants transferred to statement of comprehensive income (Note 5)	965,493	435,567
Balance as at 31 March	<u>1,507,054</u>	<u>3,982,760</u>
(ii) <u>Movement in debt grant receivable</u>		
Balance as at 1 April	-	-
Debt grant received during the year	(1,715,037)	-
Debt grant transferred to deferred capital grants (Note 17)	123,139,660	-
Balance as at 31 March	<u>121,424,623</u>	-
Current	4,116,089	-
Non-current	<u>117,308,534</u>	-
	<u>121,424,623</u>	-

The debt grant receivable relates to funding from Ministry of Education (“MOE”) to finance the land premium of the East Coast Campus that falls under the debt-grant framework initiated by the Government, which earns additional grants to match the interest charges incurred on the related bank borrowings.

SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

9. Held-to-maturity financial assets

	2012	2011
	\$	\$
Treasury bills	<u>153,724,605</u>	-

The carrying amounts of the treasury bills approximate their fair values as these are short term bills which are due to mature between 1 to 2 months from the balance sheet date.

10. Other current assets

	2012	2011
	\$	\$
Prepayments – Education Component	22,606,733	27,019,418
Prepayments – Research Component	9,226,318	14,527,361
Prepayment – Others	572,635	100,238
Deposits	140,815	124,407
	<u>32,546,501</u>	<u>41,771,424</u>

Prepayments comprise primarily of advance payments made to the Massachusetts Institute of Technology (“MIT”) in accordance with the SUTD-MIT Collaboration Agreement for education and research purposes (Note 20b).

SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

11. Property, plant and equipment

	Construction- in-progress	Leasehold land	Buildings	Computer systems, communications and laboratory equipment	Personal computers and equipment	Furniture and fittings	Audio visual and office equipment	Motor Vehicle	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
2012									
<i>Cost</i>									
Balance as at 1 April 2011	16,089,475	-	-	134,139	53,196	241,642	28,854	-	16,547,306
Additions	38,082,799	208,994,600	-	2,930,361	63,982	790,581	1,133,467	209,000	252,204,790
Transfers	(23,212,740)	-	23,212,740	-	-	-	-	-	-
Balance as at 31 March 2012	<u>30,959,534</u>	<u>208,994,600</u>	<u>23,212,740</u>	<u>3,064,500</u>	<u>117,178</u>	<u>1,032,223</u>	<u>1,162,321</u>	<u>209,000</u>	<u>268,752,096</u>
<i>Accumulated depreciation</i>									
Balance as at 1 April 2011	-	-	-	26,449	11,684	3,679	8,655	-	50,467
Depreciation charge	-	879,607	7,092,782	156,949	22,493	94,705	47,314	17,415	8,311,265
Balance as at 31 March 2012	-	<u>879,607</u>	<u>7,092,782</u>	<u>183,398</u>	<u>34,177</u>	<u>98,384</u>	<u>55,969</u>	<u>17,415</u>	<u>8,361,732</u>
Net book value									
Balance as at 31 March 2012	<u>30,959,534</u>	<u>208,114,993</u>	<u>16,119,958</u>	<u>2,881,102</u>	<u>83,001</u>	<u>933,839</u>	<u>1,106,352</u>	<u>191,585</u>	<u>260,390,364</u>
2011									
<i>Cost</i>									
Balance as at 1 April 2010	-	-	-	71,326	3,536	3,745	28,854	-	107,461
Additions	16,089,475	-	-	62,813	49,660	237,897	-	-	16,439,845
Balance as at 31 March 2011	<u>16,089,475</u>	-	-	<u>134,139</u>	<u>53,196</u>	<u>241,642</u>	<u>28,854</u>	-	<u>16,547,306</u>
<i>Accumulated depreciation</i>									
Balance as at 1 April 2010	-	-	-	5,134	294	312	2,885	-	8,625
Depreciation charge	-	-	-	21,315	11,390	3,367	5,770	-	41,842
Balance as at 31 March 2011	-	-	-	<u>26,449</u>	<u>11,684</u>	<u>3,679</u>	<u>8,655</u>	-	<u>50,467</u>
Net book value									
Balance as at 31 March 2011	<u>16,089,475</u>	<u>-</u>	<u>-</u>	<u>107,690</u>	<u>41,512</u>	<u>237,963</u>	<u>20,199</u>	<u>-</u>	<u>16,496,839</u>

SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

12. Intangible assets

	2012	2011
	\$	\$
<u>Computer software licenses costs</u>		
<i>Cost</i>		
Balance as at 1 April	993,116	63,337
Additions	1,217,729	929,779
Balance as at 31 March	2,210,845	993,116
 <i>Accumulated amortisation</i>		
Balance as at 1 April	37,071	1,466
Amortisation	282,305	35,605
Balance as at 31 March	319,376	37,071
 Net book value	 1,891,469	 956,045

13. Operating grants received in advance

	2012	2011
	\$	\$
Balance as at 1 April	30,688,673	17,423,525
Operating grants received	40,751,625	36,479,444
Operating grants transferred to deferred capital grants (Note 17)	(1,719,304)	(62,916)
Operating grants transferred to statement of comprehensive income (Note 5)	(47,332,438)	(23,151,380)
Balance as at 31 March	22,388,556	30,688,673

These are grants received from the Ministry of Education (“MOE”) for the University’s operations. The balance in this account represents grants received in advance but not recognised as income at the end of the financial year.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

14. Research grants received in advance

	2012 \$	2011 \$
Balance as at 1 April	19,629,037	458,399
Research grants received during the year	1,798,389	23,607,160
Research grants transferred to deferred capital grants (Note 17)	(811,873)	(140,922)
Research grant transferred to statement of comprehensive income (Note 5)	(12,053,316)	(4,295,600)
Balance as at 31 March	<u>8,562,237</u>	<u>19,629,037</u>

These are grants received from MOE, statutory boards and other external organizations for research activities. The balance in this account represents grants received in advance for approved on-going projects but not utilised at the end of the financial year.

15. Other payables

	2012 \$	2011 \$
Other creditors	2,933,273	5,399,480
Accrual for		
- Operating expenses	6,294,030	2,836,121
- Capital expenditure	732,063	316,019
	<u>9,959,366</u>	<u>8,551,620</u>

16. Borrowings

Borrowings are presented as current liabilities unless the University has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

On 18 October 2011, the University drew down a S\$125,396,802 10-year fixed rate unsecured term loan at 2.635% per annum to finance the land premium of the East Coast Campus that falls under the debt-grant framework initiated by the Government. S\$1,393,298 has been repaid during the year.

	2012 \$	2011 \$
<u>Bank borrowings</u>		
Current	4,179,893	-
Non-current	119,823,611	-
	<u>124,003,504</u>	<u>-</u>

As at 31 March 2012, the fair value of the borrowing is \$122,805,187 (2011: \$Nil). The fair value is determined from the cash flow analysis, discounted at market borrowing rates of 2.81% (2011: Nil%) per annum, which management expects to be available to the University.

SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

17. Deferred capital grants

	2012 \$	2011 \$
Balance as at 1 April	17,452,884	160,707
Deferred capital donation received during the year	-	1,719,695
Transferred from development grants receivable (Note 8)	125,494,610	15,446,091
Transferred from debt grant (land premium) receivable (Note 8)	123,139,660	-
Transferred from operating grants received in advance (Note 13)	1,719,304	62,916
Transferred from research grants received in advance (Note 14)	811,873	140,922
Amortisation of deferred capital grants (Note 5)	(8,584,071)	(77,447)
Balance as at 31 March	<u>260,034,260</u>	<u>17,452,884</u>

The deferred capital donation received in 2011 refers to the four traditional Chinese architectural structures donated by Mr. Jackie Chan for the University's East Coast Campus.

18. Non-endowment fund

	2012 \$	2011 \$
<u>Non-endowment fund</u>		
- Accumulated surplus	<u>302,185</u>	-
Represented by:		
Cash and cash equivalents	302,185	6,000
Other payables	-	(6,000)
	<u>302,185</u>	-

SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

19. Endowment fund

	2012	2011
	\$	\$
<u>Endowment fund</u>		
Capital		
- Government grants	359,737,043	-
- Donations received	3,658,436	848,000
	<u>363,395,479</u>	848,000
Accumulated surplus	839,180	-
	<u>364,234,659</u>	848,000
Represented by:		
Cash and cash equivalents	200,743,157	848,000
Grants and other receivables	9,771,820	-
Held-to-maturity financial assets	153,724,605	-
Other current assets	4,222	-
Other Payables	(9,145)	-
	<u>364,234,659</u>	848,000

Endowment fund comprises donations from external parties and government matching grants. The objectives of this fund include the advancement and dissemination of knowledge, the promotion of research and scholarship.

20. Commitments

(a) Lessee - Operating lease commitments

The University leases several properties 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 are as follows:

	2012	2011
	\$	\$
Within one year	4,091,507	130,795
Within 2 to 5 years	1,408,100	29,050
	<u>5,499,607</u>	159,845

SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

20. Commitments (continued)

(b) Collaboration agreement with Massachusetts Institute of Technology

The University has entered into a collaboration agreement with the Massachusetts Institute of Technology ("MIT") on 25 January 2010 to establish a deep and extensive relationship between MIT and the University for the furtherance of the highest international standards and innovation in education and research. The SUTD-MIT Collaboration Agreement comprises two components: an Education Component and a Research Component.

Under the Education Component, MIT will provide its assistance, advice and sharing of its academic and administrative expertise to help shape the University into a world class educational institution. In addition, MIT will establish an endowment fund for which income generated will be used for the furtherance of the objective of the education component.

The Research Component involves a collaborative effort between MIT and the University to establish and develop the SUTD-MIT International Design Centre, which will be a Centre comprising one primary physical location sited within the University campus and one secondary physical location sited within MIT's campus, for the MIT and University faculty to conduct research and other research related activities in furtherance of the educational and research objectives of the University.

Under the SUTD-MIT Collaboration Agreement, the University is required to make payments relating to the Education Component and Research Component up to March 2017 and March 2020 respectively.

(c) Collaboration agreement with Zhejiang University

The University has entered into a collaboration agreement with Zhejiang University (ZJU) on 26 August 2010 with the intention to develop and offer courses at the University and to jointly undertake research activities and other collaborative activities.

Under the SUTD-ZJU Collaboration Agreement, the University is required to contribute to the collaboration up to August 2016.

(d) Capital commitments

Commitments by the University in respect of equipment and construction of facilities, not provided for in the financial statements are as follows:

	2012	2011
	\$	\$
Authorised and contracted for	378,857,472	23,130,126

SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

21. Related parties transactions

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 University receives grants from the Ministry of Education ("MOE") to fund its operations and is subject to certain controls set by MOE and considers MOE a related party. Hence, other government-controlled entities are considered related parties of the University. Other than disclosed elsewhere in the financial statements, the following transactions, that are either individually or collectively significant, took place between the University and related parties during the year.

	2012	2011
	\$	\$
Payment for leasehold land to a related party	208,994,600	-
Rental on operating leases paid to related parties	3,645,664	451,128

22. Financial risk management

Financial risk factors

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

The Board of Trustees has both Finance and Investment Committees to assist the Board in setting the objectives and underlying principles of financial risk management for the University.

(a) Market risk

(i) *Currency risk*

The University's operation is not exposed to significant currency risk as most of its transactions are transacted in Singapore Dollar ("SGD"). The currency risk related to the payment to MIT under the SUTD-MIT Collaboration Agreement is borne by the Ministry of Education ("MOE"). The University's currency exposure to the US Dollar ("USD") is \$1,056,889 (2011: \$280,278) under other payables.

At 31 March 2012, if the USD had strengthened by 5% (2011: 5%) against the SGD with all other variables being held constant, there would be minimal impact on the University's surplus for the financial year as a result of currency translation gains/losses on the USD denominated other payables.

SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

22. Financial risk management (continued)

(a) Market risk (continued)

(ii) *Interest rate risk*

The University has interest-bearing assets in cash and cash equivalents. These financial assets are short-term in nature, therefore, any future variations in interest rates will not have a material impact on the results of the University.

The bank borrowing is a fixed rate term loan and is not exposed to interest rate fluctuations.

(b) Liquidity risk

There is minimal liquidity risk as the University maintains an adequate level of highly liquid assets in the form of cash and short-term bank deposits.

The table below analyses the maturity profile of the University's liabilities based on contractual undiscounted cashflows:

	Less than 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$
At 31 March 2012				
Other payables	9,959,366	-	-	-
Borrowings	7,392,265	7,291,027	21,235,223	114,608,155
At 31 March 2011				
Other payables	8,551,620	-	-	-

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the University. The University places its cash and deposits with reputable financial institutions. Investment portfolios are managed by professional fund managers.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations in relation to each class of recognised financial asset is the carrying amount of those assets as stated in the balance sheet.

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. The University has other receivables but the exposure to credit risk is insignificant.

SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

22. Financial risk management (continued)

(d) Capital risk

The University is limited by guarantee with no share capital and is funded by the grants received from the Ministry of Education. The University is not subject to any externally imposed capital requirements.

(e) Fair value measurement

The carrying amount of current grant and other receivables, deposits, held-to-maturity financial assets and other payables approximate their fair value.

(f) Financial instruments by category

The carrying amounts of the different categories of financial instruments are as follows:

	2012 \$	2011 \$
Loans and receivables	346,719,638	18,070,496
Held-to-maturity financial assets	153,724,605	-
Financial liabilities at amortised cost	133,962,870	8,551,620

23. Charity Act and Regulation

As required for disclosure under regulation 17 of the Charities (Institutions of a Public Character) Regulations, the University has received total tax deductible donations of \$3,158,818 (2011: \$854,000) in the current financial year.

24. New or revised accounting standards and interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2012. The University does not expect that adoption of these accounting standards or interpretations will have a material impact on the University's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2012

25. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Trustees of Singapore University of Technology and Design on 20 July 2012.