

ANNUAL REPORT 2016/17



VISION

Technology and design always have been and always will be essential for society's prosperity and well-being.

Embracing this tenet as a call to action, SUTD will be a leading research-intensive global university focused on technology and all elements of technology-based design.

It will educate technically-grounded leaders who are steeped in the fundamentals of mathematics, science and technology; are creative and entrepreneurial; have broad perspectives informed by the humanities, arts and social sciences; and are engaged with the world.

It will embrace the best of the East and West and drive knowledge creation and innovation, as well as innovative curriculum and teaching approaches.

Its faculty, students and staff will have

1. far-reaching aspirations to create a better world by design
2. the confidence and courage to try new ideas and approaches
3. a questioning spirit fuelled by the thrill of multi-disciplinary learning and doing, and
4. life-long competencies, especially the ability and appetite to learn and innovate.

By excelling in all these dimensions, SUTD will be viewed as the foremost university in the world for technology and design education and research.

MISSION

To advance knowledge and nurture technically-grounded leaders and innovators to serve societal needs, with a focus on Design, through an integrated multi-disciplinary curriculum and multi-disciplinary research.

ABOUT SUTD

SUTD was incorporated in July 2009 as a Company limited by guarantee under the Companies Act, Chapter 50. It is an Institution of Public Character under the Charities Act, Chapter 37.

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



SUTD AT A GLANCE

OVERVIEW

SUTD is Singapore's fourth publicly-funded university and one of the first universities in the world to incorporate the art and science of design and technology into a multi-disciplinary curriculum. SUTD was established in collaboration with the Massachusetts Institute of Technology and seeks to advance knowledge and nurture technically-grounded leaders and innovators to serve societal needs. Also in collaboration with Zhejiang University, SUTD, a research-intensive university, is distinguished by its unique East and West academic programmes which incorporate elements of entrepreneurship and design thinking.

EDUCATION

SUTD's curriculum was developed by MIT. It has a common Freshmore (first) year where students build up their foundations in mathematics, science, humanities, arts and social sciences and sample pillar subjects, followed by a specialisation in one of four pillars.

The four pillars of study are:

- Architecture and Sustainable Design
- Engineering Product Development
- Engineering Systems and Design
- Information Systems Technology and Design

SUTD also offers graduate opportunities which include the SUTD Technology Entrepreneurship programme, the Master of Science in Security by Design and various PhD programmes.

MORE OVERSEAS OPPORTUNITIES FOR STUDENTS

Currently, 75% of SUTD's students have the opportunity to have an overseas experience as part of their undergraduate education. SUTD aims to broaden its range of partnerships with more leading universities in specialised areas of technology and design. Through these partnerships, we aim to provide all SUTD students with opportunities for a global education, which include overseas exchanges, internships and immersion opportunities for students. Today, students can already participate in such programmes in over 24 universities in 11 countries around the world, including:

- Massachusetts Institute of Technology, USA
- Zhejiang University, China
- Stanford University, USA
- University of California, Berkeley, USA
- KTH Royal Institute of Technology, Sweden
- Pohang University of Science and Technology, Korea
- University of Waterloo, Canada
- National Taiwan University, and
- European Innovation Academy, France/Italy

GRADUATE EMPLOYMENT UPDATES

SUTD has graduated its second batch of students, who continued to be well-received by the industry. As reported in the joint annual graduate employment survey, over 90% of SUTD's fresh graduates found employment within six months of completing their final examinations – a 5.4% increase from last year. Students also received a 4% increase in the mean gross monthly salaries compared to last year. The strong employment numbers and high graduate

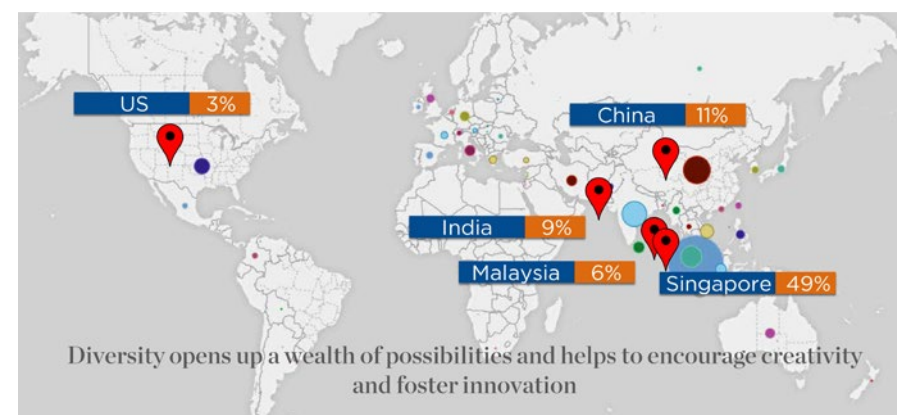
starting salaries were possible in part due to companies providing meaningful and enriching internship opportunities to our students to enable them to have first-hand experience in real working environments, and mentoring students through the capstone projects so that they can develop innovative multi-disciplinary solutions to solve real-world problems.

FACULTY PROFILES

SUTD believes in hiring faculty with a wide diversity of talents, interests and capabilities. Our faculty members are from the very top in the world hail and have a wide span of research interests. To view their profiles, please visit:

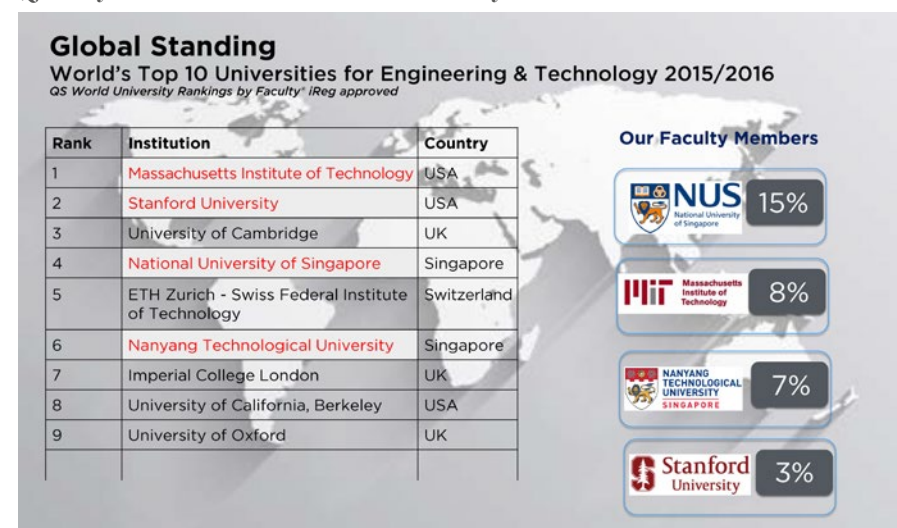
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- <https://esd.sutd.edu.sg/people/faculty/>
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Diverse Workforce

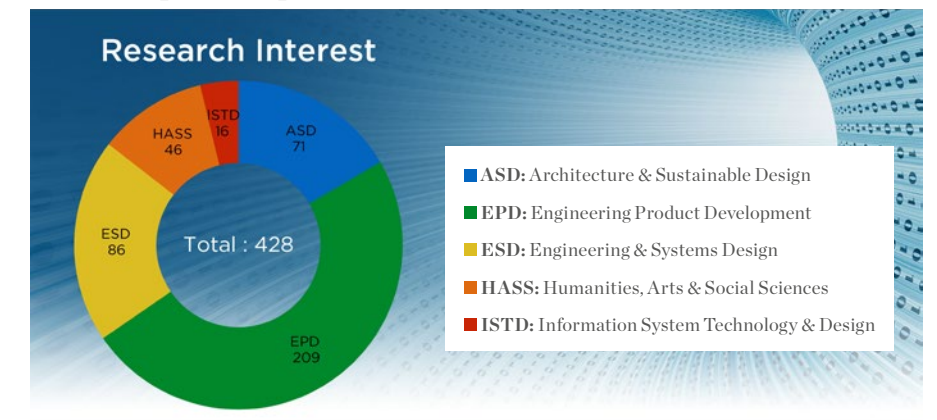


47 nationalities

Quality Workforce – Where Our Faculty Hail From



Human Capital Competencies



RESEARCH

SUTD has established 10 research centres. Last year alone, SUTD produced over 620 research papers, while cumulative research funding had increased to over \$250 million. Majority of the funds were provided by NRF, MOE, A*STAR, MOH and other corporations. To date, we have filed over 100 technology disclosures and 60 patent applications – more than 20 start-up companies have been set up by SUTD students, faculty and research staff, and the SUTD Entrepreneurship Centre is currently hosting 9 incubatees on-campus.

GIVING TO SUTD

Every donation to SUTD has an enormous impact in our journey to become a first-rate university. Private support provides a broad base of important resources for SUTD, our students and our priorities. It makes a key difference in the advancement of education at SUTD, providing a significant boost to our academic, teaching and research goals at SUTD, particularly to nurture young talent to serve industry and societal needs. **SUTD is grateful to the many generous individuals, organisations and foundations that have supported our young university in so many ways.**

We invite you to speak with us to find out how we can meet your philanthropic goals. Email us at giving@sutd.edu.sg.



CORPORATE GOVERNANCE

SUTD is committed to a high standard of corporate governance and has put in place the appropriate governance structures which are critical to the effective performance and operation of the University.

GOVERNANCE EVALUATION CHECKLIST

The University’s governance evaluation checklist can be viewed at the charity portal website www.charities.gov.sg.

BOARD OF TRUSTEES

Name	Designation	Date of Appointment to the Board
Mr. Lee Tzu Yang	Chairman <i>(Appointed on 11 August 2016)</i>	1 April 2016
Dr. Syed Fidah Bin Ismail Alsagoff	Member	11 August 2012
Mr. Choo Chiau Beng	Member	11 August 2009
Ms. Jennie Chua Kheng Yeng	Member	11 August 2015
Ms. Cordelia Chung	Member	1 June 2011
Mr. Patrick Daniel	Member	11 August 2009
Mrs. Fang Ai Lian	Member	24 July 2009
Ms. Goh Swee Chen	Member	11 August 2015
Mr. Sam Goi Seng Hui	Member	11 August 2009
Mr. Philip Anthony Jeyaretnam	Member	11 August 2009
Ms. Lai Wei Lin	Member	1 January 2017
Ms. Low Sin Leng	Member	1 June 2011
Prof. Lui Pao Chuen	Member	11 August 2009
Mr. Ong Peng Tsin	Member	24 July 2009
Mr. Charles Marshall Ormiston	Member	11 August 2009
Prof. Quek Tong Boon	Member	11 August 2009
Mr. Anthony Sun	Member	1 March 2010
Mr. Tai Lee Siang	Member	11 August 2009
Mr. Ronny Tan Chong Tee	Member	11 August 2009

BOARD COMMITTEES

The Board has established the following board subcommittees to assist the Board to fulfil its fiduciary duties and to oversee key issues of pertinence to the strategic development of the University:

- Executive Committee ensures effective Board of Trustees and Board of Trustees Committees as well as to provide oversight and policy guidance on human resource and enterprise risk management matters.
- Academic & Research Committee provides oversight and policy guidance for the academic and research matters of the University.
- Advancement Committee oversees fundraising as well as donor and alumni relations.
- Audit Committee ensures an effective accountability framework for examining and reviewing all systems and methods of control.
- Infrastructure and Facilities Committee oversees and guides the campus planning of the University and the management, leasing and maintenance of facilities in the University.
- Promotion and Development Committee oversees marketing and communications plans of the University.
- Finance Committee provides oversight and policy guidance on the financial affairs of the University.
- Investment Committee provides oversight and policy guidance on the management of investments of the University.

KEY MANAGEMENT

The day to day operations of the University are led by the Senior Management team, headed by the President, Professor Thomas Magnanti. The President is appointed by the Board and is the University’s Chief Executive Officer. The other members of the Senior Management of the University are:

Name	Designation
Prof. Chong Tow Chong	Provost
Prof. Martin L. Dunn	Associate Provost, Research
Prof. Lim Seh Chun	Associate Provost, Student Affairs
Prof. Pey Kin Leong	Associate Provost, Education
Prof. Yeo Kiat Seng	Associate Provost, Graduate Studies and International Relations
Prof. Peter Jackson	Head of Pillar, Engineering Systems & Design
Prof. Lim Sun Sun	Head of Cluster, Humanities, Arts & Social Sciences
Prof. Aditya Mathur	Head of Pillar, Information Systems Technology & Design/ Centre Director, iTrust
Prof. Erwin Viray	Head of Pillar, Architecture & Sustainable Design
Prof. Kristin L. Wood	Head of Pillar, Engineering Product Development/ Co-Director, SUTD-MIT International Design Centre
Ms. Corinna Choong	Senior Director, Marketing & Communications
Ms. Giselia Giam	Senior Director, Finance & Corporate Services
Mr. Hoong Bee Lok	Senior Director, Campus Infrastructure & Facilities
Dr. Jaclyn Lee	Senior Director, Human Resources & Organisation Development

POLICY ON MANAGING CONFLICTS OF INTEREST

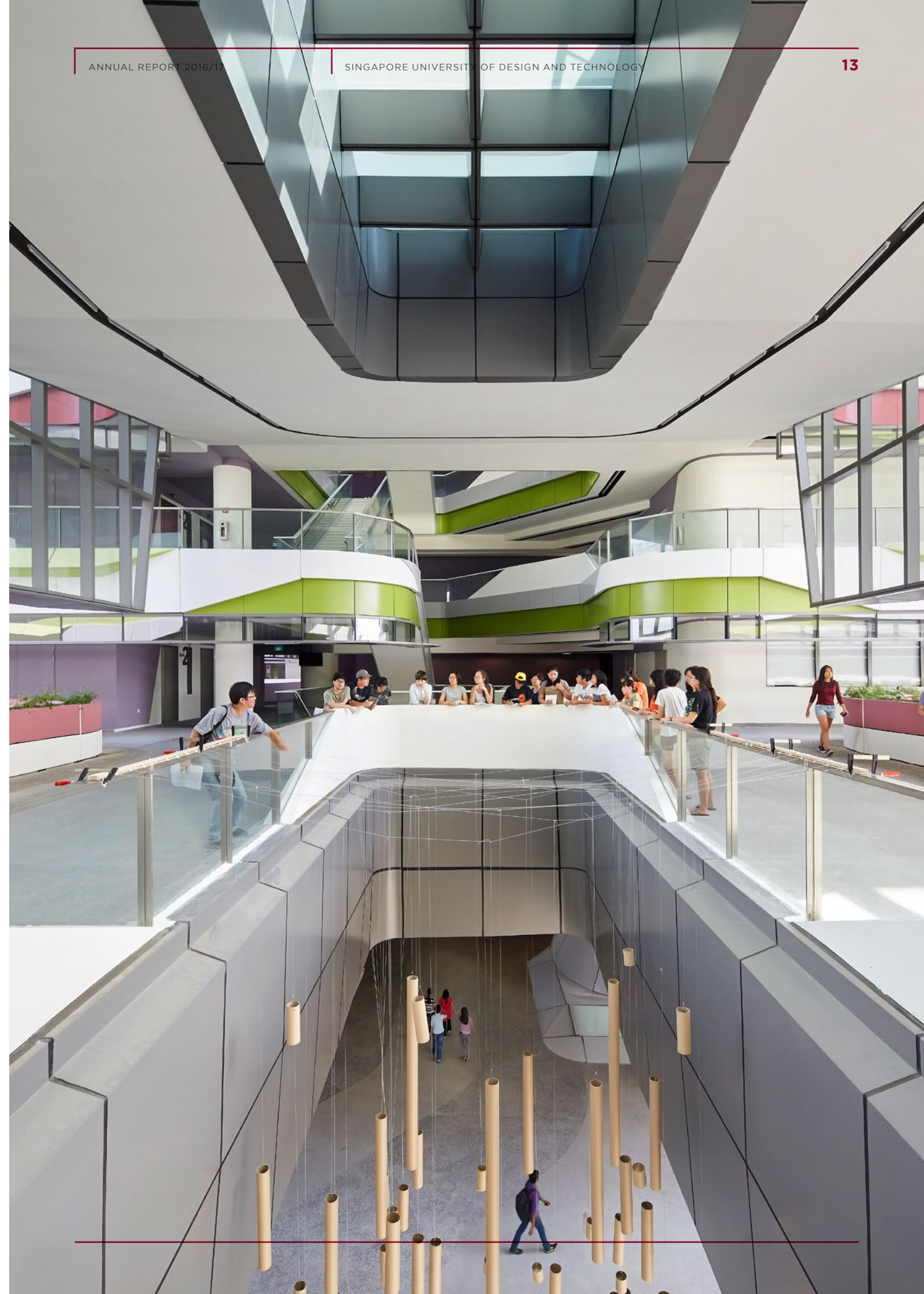
SUTD employees and members of the SUTD Board of Trustees and its subcommittees are required to act in the best interest of the University at all times. They have the obligation to avoid ethical, legal, financial or other conflicts of interest to ensure that their activities do not conflict with their obligations to the University or its welfare. Clear policies and procedures have been established with measures to be taken to declare, prevent and address conflict of interest. Procedures are put in place for SUTD employees and members of the Board of Trustees and its subcommittees to disclose to SUTD the details of any situation where they may find themselves in a position of potential or actual conflict.

POLICY ON WHISTLE-BLOWING

A culture of good governance, integrity, responsibility and accountability is important to SUTD. The SUTD Whistleblowing Policy provides a formalised, secure and confidential avenue for both employees and external parties to raise concerns about actual or suspected improprieties on the part of Management or fellow employees and in so doing deter wrongdoing and promote standards of ethical behaviour and integrity in the work environment and in our dealings with external parties. The policy can be found on SUTD's website.

RESERVE POLICY

In general, the use of reserves is subject to the approval of the Board of Trustees except for funds which are governed by terms and conditions. Any need to draw down from funds which require the Trustees' approval should be justified in the plan for the new financial year. Where the need to draw down is due to unforeseen circumstances beyond Management's ability to cope by expenses reduction or use of other available funds, proper justification to the Trustee must be provided and approval obtained.



FINANCIAL STATEMENTS

For the financial year ended 31 March 2017
Company Limited by Guarantee | Incorporated in Singapore. Registration Number: 200913519C

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TRUSTEES' STATEMENT

For the financial year ended 31 March 2017

The Board of Trustees present their statement to the members 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 2017.

In the opinion of the Trustees,

- the financial statements as set out on pages 18 to 41 are drawn up so as to give a true and fair view of the financial position of the University as at 31 March 2017 and the financial performance, changes in funds and reserves and cash flows of the University for the financial year covered by the financial statements; and
- 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.

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.

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, will not be seeking re-appointment and Deloitte & Touche LLP has been nominated to be the auditor for the ensuing year. The appointment of Deloitte & Touche LLP is subject to members' approval at the forthcoming 2017 Annual General Meeting.

On behalf of the Trustees,

Mr. Lee Tzu Yang
Trustee
20 July 2017



Mrs. Fang Ai Lian
Trustee
20 July 2017



Trustees

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

Mr. Lee Tzu Yang (*appointed as Chairman on 11 August 2016*)

Dr. Syed Fidah Bin Ismail Alsagoff

Mr. Choo Chiau Beng

Ms. Jennie Chua Kheng Yeng

Ms. Cordelia Chung

Mr. Patrick Daniel

Mrs. Fang Ai Lian

Ms. Goh Swee Chen

Mr. Sam Goi Seng Hui

Mr. Philip Antony Jeyaretnam

Ms. Lai Wei Lin

Ms. Low Sin Leng

Prof. Lui Pao Chuen

Mr. Ong Peng Tsin

Mr. Charles Marshall Ormiston

Prof. Quek Tong Boon

Mr. Anthony Sun

Mr. Tai Lee Siang

Mr. Ronny Tan Chong Tee

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

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements of Singapore University of Technology and Design ("the University") are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the 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 financial position of the University as at 31 March 2017 and of the financial performance, changes in funds and reserves and cash flows of the University for the year ended on that date.

What we have audited

The financial statements of the University comprise:

- the balance sheet as at 31 March 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in funds and reserves for the year then ended;
- the statement of cash flows for the 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 University 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 obtained at the date of this auditor's report is the Trustees' Statement, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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 the financial statements that give a true and fair view in accordance with the provisions of the 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 University's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless management either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University'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 University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 University'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 University 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.

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 by the Act to be kept by the University have been properly kept in accordance with the provisions of the 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. the University has not used the donation monies in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- b. the University 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, 20 July 2017

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2017

	Note	General Fund		Non-Endowment Fund		Endowment Fund		Total	
		2017	2016	2017	2016	2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME									
Tuition and Other Fees	3	30,083	25,632	-	-	-	-	30,083	25,632
Donations and Sponsorships		60	106	3,775	5,734	-	-	3,835	5,840
Other Income	3	9,749	8,791	4	-	6	6	9,759	8,797
Total Income		39,892	34,529	3,779	5,734	6	6	43,677	40,269
EXPENSES									
Employee Compensation	4	(82,685)	(70,775)	(331)	(116)	(1,925)	(1,698)	(84,941)	(72,589)
Programme-Related Expenses		(19,795)	(18,835)	-	-	-	-	(19,795)	(18,835)
Research-Related Expenses		(14,042)	(16,827)	-	-	-	-	(14,042)	(16,827)
Depreciation	14	(34,129)	(31,516)	(3)	-	(1)	-	(34,133)	(31,516)
Amortisation	15	(1,315)	(1,371)	-	-	-	-	(1,315)	(1,371)
Interest Expense		(10,366)	(8,387)	-	-	-	-	(10,366)	(8,387)
Other Operating Expenses	5	(33,384)	(30,523)	(2,016)	(1,469)	(8,572)	(5,784)	(43,972)	(37,776)
Total Expenses		(195,716)	(178,234)	(2,350)	(1,585)	(10,498)	(7,482)	(208,564)	(187,301)
(Deficit)/Surplus Before Investment Income and Government Grants		(155,824)	(143,705)	1,429	4,149	(10,492)	(7,476)	(164,887)	(147,032)
Net Investment Income/(Loss)	6	276	130	76	60	87,536	(34,894)	87,888	(34,704)
(Deficit)/Surplus Before Government Grants		(155,548)	(143,575)	1,505	4,209	77,044	(42,370)	(76,999)	(181,736)
Government and Other Grants	7	175,595	167,123	-	-	-	-	175,595	167,123
Net Surplus/(Deficit) and Total Comprehensive Income/(Loss)		20,047	23,548	1,505	4,209	77,044	(42,370)	98,596	(14,613)

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

BALANCE SHEET

For the financial year ended 31 March 2017

	Note	2017	2016
		\$'000	\$'000
Assets			
Current Assets			
Cash and Cash Equivalents	9	173,346	140,845
Grants and Other Receivables	10	117,718	162,269
Financial Assets at Fair Value Through Income and Expenditure	11	816,265	641,904
Derivative Financial Instruments	12	5,034	9,812
Other Current Assets	13	14,594	17,988
		1,126,957	972,818
Non-Current Assets			
Grants and Other Receivables	10	373,264	391,213
Property, Plant and Equipment	14	745,702	765,563
Intangible Assets	15	1,901	2,591
		1,120,867	1,159,367
Total Assets		2,247,824	2,132,185
Liabilities			
Current Liabilities			
Grants Received in Advance	16	26,593	35,625
Fees Received in Advance		3,441	2,868
Other Payables	17	41,351	44,389
Derivative Financial Instruments	12	1,845	6,808
Borrowings	18	14,911	19,654
		88,141	109,344
Non-Current Liabilities			
Borrowings	18	376,183	384,223
Deferred Capital Grants	19	747,450	768,053
		1,123,633	1,152,276
Total Liabilities		1,211,774	1,261,620
Net Assets		1,036,050	870,565
Funds and Reserves			
Endowment Fund	21	850,142	783,253
Accumulated Surplus			
- General Fund		75,195	55,148
- Non-Endowment Fund	20	10,895	9,390
- Endowment Fund	21	99,818	22,774
		1,036,050	870,565
Funds' Net Assets Managed on Behalf of Ministry of Education ("MOE")	22	8,450	6,705

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

STATEMENT OF CHANGES IN FUNDS AND RESERVES

For the financial year ended 31 March 2017

	Note	Endowment Fund	Accumulated Surplus			Total
			General Fund	Non-Endowment Fund	Endowment Fund	
		\$'000	\$'000	\$'000	\$'000	\$'000
2017						
Balance as at 1 April 2016		783,253	55,148	9,390	22,774	870,565
Total Comprehensive Income/(Loss) for the Year		-	20,047	1,505	77,044	98,596
Government Grants	21	47,802	-	-	-	47,802
Donations Received	21	19,087	-	-	-	19,087
Balance as at 31 March 2017		850,142	75,195	10,895	99,818	1,036,050
2016						
Balance as at 1 April 2015		614,933	31,600	5,181	65,144	716,858
Total Comprehensive Income/(Loss) for the Year		-	23,548	4,209	(42,370)	(14,613)
Government Grants	21	130,956	-	-	-	130,956
Donations Received	21	37,364	-	-	-	37,364
Balance as at 31 March 2016		783,253	55,148	9,390	22,774	870,565

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

STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2017

	Note	2017 \$'000	2016 \$'000
Cash Flows from Operating Activities			
Deficit Before Government Grants		(76,999)	(181,736)
Adjustments for:			
- Depreciation		34,133	31,516
- Amortisation		1,315	1,371
- Interest Expense		10,366	8,387
- Loss on Disposal Of Property, Plant and Equipment and Intangible Assets		1	4
- Interest Income		(3,211)	(2,612)
- Fair Value (Gains)/Losses on Net Financial Assets at Fair Value Through Income and Expenditure		(84,677)	37,316
Operating Cash Flow Before Working Capital Change		(119,072)	(105,754)
Change In Working Capital:			
- Other Receivables		(17,561)	(1,688)
- Other Current Assets		3,394	4,332
- Fees Received in Advance		573	852
- Other Payables		2,242	1,299
Net Cash Used In Operating Activities		(130,424)	(100,959)
Cash Flows from Investing Activities			
Additions to Property, Plant and Equipment		(19,591)	(29,521)
Additions to Intangible Assets		(625)	(1,358)
Proceeds from Sales of Property, Plant and Equipment		-	3
Investments in Financial Assets at Fair Value Through Income and Expenditure		(87,073)	(58,221)
Derivative Financial Instruments		(185)	(1,658)
Interest Received		613	1,906
Net Cash Used In Investing Activities		(106,861)	(88,849)
Cash Flows From Financing Activities			
Operating Grants Received		74,017	80,255
Research Grants Received		26,531	46,315
Debt Grants Received		34,511	26,500
Development Grants Received		4,838	14,719
Proceeds From Borrowings		6,964	9,628
Repayment of Borrowings		(19,746)	(14,456)
Interest Paid		(10,330)	(6,651)
Government Grants And Donations Received For Endowment Fund		153,001	69,982
Net Cash Provided By Financing Activities		269,786	226,292
Net Increase in Cash and Cash Equivalents		32,501	36,484
Cash and Cash Equivalents at Beginning of Financial Year		140,845	104,361
Cash and Cash Equivalents at End of Financial Year	9	173,346	140,845

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

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

1.0 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 8 Somapah Road Singapore 487372.

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 (2016: \$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 4 (2016: 3).

2.0 Significant Accounting Policies

2.1 Basis of Preparation

These 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.19.

Interpretations and Amendments to Published Standards Effective in 2016

On 1 April 2016, 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.

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 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 income and expenditure.

2.3 Funds

(a) General Fund

General fund comprise surpluses from operational activities, commitments, planned expenditure and self-financing activities. It also includes funds set aside for specific purposes such as staff and student housing. The use of the reserves generated from surpluses from operational activities and those funds set aside for specific purposes is subject to the approval of the Board of Trustees.

Income and expenditure related to the general fund are accounted for under the general fund in the income and expenditure.

(b) Non-Endowment Fund

Donations and sponsorships from individuals and external bodies which are to be put to use for specific purposes specified by the donors are taken to non-endowment fund in income and expenditure.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

2.0 Significant Accounting Policies (continued)

2.3 Funds (continued)

(c) Endowment Fund

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

Income and expenditure relating to the endowment fund are accounted for under endowment fund in income and expenditure.

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) Tuition and Other Fees

Tuition and other fees are recognised in the period in which the services are rendered.

(b) Donations and Sponsorships

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

(c) Housing Income

Housing income is recognised over the housing lease period.

(d) Rental Income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(e) Interest Income

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

2.5 Grants

Government grants in respect of the current year’s operating expenses are recognised as income 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.

Debt grant receivable is recognised for the purchase of property, plant and equipment 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 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.

2.6 Grants Disbursed to Massachusetts Institute of Technology (“MIT”)

Grants disbursed in advance to MIT are initially taken to the prepayment account. Upon the utilisation of the grants, 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 on a straight-line basis over the endowment period.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

2.0 Significant Accounting Policies (*continued*)

2.7 Employee Compensation

(a) Defined Contribution Plans

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

(b) Employee Leave Entitlement

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

2.8 Operating Leases

Lessee

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.

Lessor

Leases of properties where the University retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in income and expenditure on a straight-line basis over the lease term.

2.9 Property, Plant and Equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses. Donated assets are recognised at the valuation determined by valuers 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 is 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:

	Estimated Useful Lives
Leasehold Land	99 years
Buildings	30 years
Plant and Machinery	10 years
Computer Systems, Communications and Laboratory Equipment	5 to 6 years
Personal Computers and Equipment	3 years
Furniture and Fittings	7 years
Audio Visual and Office Equipment	5 to 8 years
Motor Vehicle	10 years

Property, plant and equipment costing less than \$2,000 (2016: \$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 are recognised in income and expenditure when the changes arise.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

2.0 Significant Accounting Policies (*continued*)

2.10 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 expensed off.

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

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

2.11 Impairment of Non-Financial Assets

Property, plant and equipment and intangible assets are tested for impairment whenever there is any objective evidence or 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.

2.12 Financial Assets

(a) Classification

The University classifies its financial assets in the following categories: loans and receivables, and at fair value through income and expenditure. 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 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 9), “grants and other receivables” (Note 10), and “deposits” under “other current assets” (Note 13) on the balance sheet.

(ii) Financial Assets at Fair Value Through Income and Expenditure

This category has two sub-categories: financial assets held for trading, and those designated at fair value through income and expenditure at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through income and expenditure at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented University investment strategy. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

2.0 Significant Accounting Policies (*continued*)

2.12 Financial Assets (*continued*)

(b) Recognition and Derecognition

Regular way 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.

(c) Initial Measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through income and expenditure, which are recognised at fair value. Transaction costs for financial assets at fair value through income and expenditure are recognised immediately as expenses.

(d) Subsequent Measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through income and expenditure including the effects of currency translation, interest and dividends, are recognised in income and expenditure when the changes arise.

(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.

Loans and Receivables

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.

When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in income and expenditure. The impairment allowance is reduced through income and expenditure in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.13 Derivative Financial Instruments

A derivative financial instrument is initially recognised at its fair value on the date of the contract is entered into and is subsequently carried at its fair value.

Fair value changes on derivatives are recognised in the income and expenditure when the changes arise. The fair value of a trading derivative is presented as current asset or liability.

2.14 Other Payables

Other payables represent liabilities for goods and services provided to the University prior to the end of financial year which are unpaid. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

2.0 Significant Accounting Policies (*continued*)

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.

2.16 Cash and Cash Equivalents

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

2.17 Borrowing Costs

Borrowing costs are recognised in 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 assets under construction.

2.18 Fair Value Estimation of Financial Assets and Liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The University 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 values of the financial instruments.

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

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.

2.19 Critical Accounting Estimates, Assumptions and Judgements

(a) Fair Value Estimation on Unlisted Hedge Funds

The University holds unlisted hedge funds with a carrying amount of \$64,169,000 (2016: \$49,147,000). The fair values of these financial assets are determined using discounted cash flow analysis and estimates are made about expected future cash flows and credit spreads. If the estimates used in the discounted cash flow analysis are different from management's estimates, the University's carrying amount of financial assets at fair value through income and expenditure would differ.

(b) Property, Plant and Equipment

The University reviews the residual values and useful lives of property, plant and equipment at each reporting date in accordance with the accounting policy in Note 2.9. The estimation of the residual values and useful lives involves significant judgement. The net book value of property, plant and equipment at 31 March 2017 is \$745,702,000 (2016: \$765,563,000) and the annual depreciation charge for the financial year ended 31 March 2017 is \$34,133,000 (2016: \$31,516,000). If the actual useful lives of the property, plant and equipment are longer or shorter than the management's estimate, the University annual depreciation charge will be decreased or increased accordingly.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

2.0 Significant Accounting Policies *(continued)*

2.19 Critical Accounting Estimates, Assumptions and Judgements *(continued)*

(c) Provision for Graduate Output Adjustment

Provision for graduate output adjustment relates to the portion of the grants to be refunded to Ministry of Education (“MOE”) in the event that the University achieves fewer graduates than MOE’s output target. The provision for graduate output adjustment is assessed by the management on the estimated graduate output in each year for the undergraduate degree programmes. As at 31 March 2017, the University has recognised the provision for graduate output adjustment of \$3,046,391 (2016: \$1,508,450) (Note 10(i)). If the management’s estimates of the amount payables are different from the final amounts determined by MOE, this would have an impact on the grants received in advance account and net surplus/deficit in the financial statements.

3.0 Income

	2017 \$’000	2016 \$’000
Tuition and Other Fees		
Tuition Fees	29,525	25,081
Other Student Related Fees	558	551
	30,083	25,632
Other Income		
Housing Income	6,194	5,765
Rental Income	616	601
Other	2,949	2,431
	9,759	8,797

4.0 Employee Compensation

	2017 \$’000	2016 \$’000
Wages and Salaries	77,608	66,559
Employer’s Contribution to Central Provident Fund	6,730	5,355
Other Benefits	603	675
	84,941	72,589

Key management personnel compensation is as follows:

	2017 \$’000	2016 \$’000
Wages and Salaries	8,849	8,102
Employer’s Contribution to Central Provident Fund	329	257
Other Benefits	266	203
	9,444	8,562

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

5.0 Other Operating Expenses

	2017 \$’000	2016 \$’000
Rental Expense on Operating Leases	6	8
Utilities and Facility Management	12,588	10,299
Marketing and Advertising Expenses	4,154	3,507
Information Technology Expenses	3,986	4,066
Travelling Expenses	2,190	1,783
Library Books, Periodicals and Databases	2,453	1,522
Scholarship and Awards	8,512	6,154
Loss on Disposal of Property, Plant and Equipment and Intangible Assets	1	4
Others	10,082	10,433
	43,972	37,776

6.0 Net Investment (Loss)/Income

	2017 \$’000	2016 \$’000
Interest Income	3,211	2,612
Fair Value Gains/(Losses) on Net Financial Assets at Fair Value Through Income and Expenditure	84,677	(37,316)
	87,888	(34,704)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

7.0 Government and Other Grants

	2017 \$’000	2016 \$’000
Operating Grants (Note 10(i))	84,596	83,957
Research Grants Utilised (Note 10(ii))	41,847	37,890
Development Grants Utilised (Note 10(iii))	378	2,614
Debt Grants Utilised (Note 10(iv))	13,356	9,771
Deferred Capital Grants Amortised (Note 19)	35,418	32,891
	175,595	167,123

8.0 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 2008. With effect from the Year of Assessment 2009, all registered charities will enjoy automatic income tax exemption. The University is exempted from filing income tax returns.

9.0 Cash and Cash Equivalents

	2017 \$’000	2016 \$’000
Cash at Bank and On Hand	26,440	28,772
Short-Term Bank Deposits	146,906	112,073
	173,346	140,845

The short-term bank deposits at balance sheet date have a weighted average effective interest rate of 0.71% (2016: 0.99%) per annum.

10.0 Grants and Other Receivables

	2017 \$’000	2016 \$’000
CURRENT		
Operating Grants Receivable (Note (i))	2,973	142
Operating Grants Receivable From Government		
- MIT Education Component (Note (i))	949	-
Research Grants Receivable (Note (ii))	29,747	8,085
Development Grants Receivable (Note (iii))	-	1,877
Debt Grant Receivable (Note (iv))	20,773	20,326
Matching Endowment Grant Receivable	39,360	125,472
Other Receivables from MOE	21,851	3,475
Fee and Other Receivables	2,065	2,879
Interest Receivable	-	13
	117,718	162,269
NON-CURRENT		
Debt Grant Receivable (Note (iv))	373,264	391,213
Total Grants and Other Receivables	490,982	553,482

(i) Movement in Operating Grants Receivable/(Received in Advance)

	2017 \$’000	2016 \$’000
Balance as at 1 April	(10,143)	(14,446)
Operating Grants Received During the Year	(74,017)	(80,255)
Transferred to Deferred Capital Grants (Note 19)	85	601
Transferred to Income Statement (Note 7)	84,596	83,957
Balance as at 31 March	521	(10,143)
Comprising:		
Operating Grants Receivable (as above)	2,973	142
Operating Grants Receivable/(Received in Advance) from Government - MIT Education Component (As Above)/(Note 16)	949	(8,777)
Provision for Graduate Output Adjustment (Note 16)	(3,046)	(1,508)
Other Operating Grant Received in Advance - Government (Note 16)	(355)	-
	521	(10,143)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

10.0 Grants and Other Receivables (continued)

(ii) Movement in Research Grants Receivable/(Received in Advance)		
	2017 \$'000	2016 \$'000
Balance as at 1 April	(17,255)	(18,237)
Research Grants Received During the Year	(26,531)	(46,315)
Transferred to Deferred Capital Grants (Note 19)	8,494	9,407
Transferred to Income Statement (Note 7)	41,847	37,890
Balance as at 31 March	6,555	(17,255)
Comprising:		
Research Grants Receivable (as above)	29,747	8,085
Research Grants Received in Advance – MIT Research Component (Note 16)	(3,946)	(7,113)
Other Research Grants Received in Advance – Government (Note 16)	(10,265)	(11,306)
Research Grants Received in Advance – Government Agencies and Others (Note 16)	(8,981)	(6,921)
	6,555	(17,255)

(iii) Movement in Development Grants Receivable		
	2017 \$'000	2016 \$'000
Balance as at 1 April	1,877	7,228
Development Grants Received During the Year	(4,838)	(14,719)
Transferred to Deferred Capital Grants (Note 19)	2,583	6,754
Transferred to Income Statement (Note 7)	378	2,614
Balance as at 31 March	-	1,877

(iv) Movement in Debt Grant Receivable		
	2017 \$'000	2016 \$'000
Balance as at 1 April	411,539	403,446
Debt grant received during the year	(34,511)	(26,500)
Transferred to deferred capital grants (Note 19)	3,653	24,822
Transferred to income statement (Note 7)	13,356	9,771
Balance as at 31 March	394,037	411,539
Current	20,773	20,326
Non-Current	373,264	391,213
	394,037	411,539

The debt grant receivable relates to funding from the Government to finance the bank loans utilised for land premium, construction cost of the East Coast Campus and the purchase of furniture and equipment, information technology equipment and systems that falls under the debt-grant framework initiated by the Government. The debt grant receivable earns additional grants at variable rates determined by Ministry of Education based on Ministry of Finance’s preferential rate, and the carrying value approximates to its fair value at the balance sheet date. The fair value is within Level 2 of the fair value hierarchy.

11.0 Financial Assets at Fair Value Through Income and Expenditure

	2017 \$'000	2016 \$'000
Designated at Fair Value on Initial Recognition		
Quoted Debt Securities	218,206	209,860
Quoted Unit Trusts	465,101	327,115
Quoted Equity Securities	29,985	27,120
Hedge Funds	102,973	77,809
	816,265	641,904

The Board of Trustees has an Investment Committee to assist in the oversight of the University’s investments. The Investment Committee approves the asset allocation, selection of fund managers and all other investment activities. The selected fund managers and internal investment office have to manage the investment portfolio within the prescribed individual mandates and investment guidelines.

The carrying amounts of funds under fund management by professional managers and held in trust by a custodian can be analysed as follows:

	2017 \$'000	2016 \$'000
Financial Assets at Fair Value Through Income and Expenditure (as above)	816,265	641,904
Derivative Financial Assets (Note 12)	5,034	9,812
Derivative Financial Liabilities (Note 12)	(1,845)	(6,808)
Investment Payables (Note 17)	(2,722)	(2,013)
	816,732	642,895

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

12.0 Derivative Financial Instruments

	Contract Notional Amount \$'000	Fair value	
		Asset \$'000	Liability \$'000
2017			
Currency Forwards	686,501	5,034	(1,845)
2016			
Currency Forwards	462,466	9,812	(6,808)

13.0 Other Current Assets

	2017 \$'000	2016 \$'000
Prepayments		
- Education Component	5,412	8,761
- Research Component	6,831	7,113
- Others	2,233	1,996
Deposits	118	118
	14,594	17,988

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 23(c)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

14.0 Property, Plant and Equipment

	Construction in-Progress	Leasehold Land	Buildings, Plant and Machinery	Computer Systems, Communications, & Laboratory Equipment	Personal Computers and Equipment	Furniture and Fittings	Audio Visual and Office Equipment	Motor Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost									
Balance as at 1 April 2016	1,873	209,718	552,248	35,360	2,552	6,998	10,645	209	819,603
Additions	1,768	-	1,436	8,849	842	330	1,039	9	14,273
Reclassified from Intangible Assets (Note 15)	-	-	-	7	-	-	-	-	7
Transfer	(1,686)	-	596	1,054	36	-	-	-	-
Disposals	-	-	-	(81)	(7)	-	(3)	-	(91)
Balance as at 31 March 2017	1,955	209,718	554,280	45,189	3,423	7,328	11,681	218	833,792
Accumulated Depreciation									
Balance as at 1 April 2016	-	9,356	27,327	9,831	1,256	1,693	4,476	101	54,040
Depreciation Charge	-	2,118	21,335	6,776	738	1,092	2,052	22	34,133
Reclassified from Intangible Assets (Note 15)	-	-	-	7	-	-	-	-	7
Disposals	-	-	-	(80)	(7)	-	(3)	-	(90)
Balance as at 31 March 2017	-	11,474	48,662	16,534	1,987	2,785	6,525	123	88,090
Net Book Value									
Balance as at 31 March 2017	1,955	198,244	505,618	28,655	1,436	4,543	5,156	95	745,702
Cost									
Balance as at 1 April 2015	2,206	209,718	523,031	19,687	1,355	13,821	9,264	209	779,291
Additions	1,170	-	21,746	14,858	853	1,015	688	-	40,330
Reclassification	-	-	7,467	-	-	(7,997)	530	-	-
Transfer	(1,503)	-	4	819	358	159	163	-	-
Disposals	-	-	-	(4)	(14)	-	-	-	(18)
Balance as at 31 March 2016	1,873	209,718	552,248	35,360	2,552	6,998	10,645	209	819,603
Accumulated Depreciation									
Balance as at 1 April 2015	-	7,263	6,307	5,063	703	806	2,313	80	22,535
Reclassification	-	-	143	-	-	(153)	10	-	-
Depreciation Charge	-	2,093	20,877	4,768	564	1,040	2,153	21	31,516
Disposals	-	-	-	-	(11)	-	-	-	(11)
Balance as at 31 March 2016	-	9,356	27,327	9,831	1,256	1,693	4,476	101	54,040
Net Book Value									
Balance as at 31 March 2016	1,873	200,362	524,921	25,529	1,296	5,305	6,169	108	765,563

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

15.0 Intangible Assets

	2017 \$'000	2016 \$'000
COMPUTER SOFTWARE LICENSES COSTS		
Cost		
Balance as at 1 April	7,443	6,092
Additions	625	1,358
Disposals	(7)	(7)
Reclassified to Property, Plant and Equipment (Note 14)	(7)	-
Balance as at 31 March	8,054	7,443
Accumulated Amortisation		
Balance as at 1 April	4,852	3,488
Amortisation	1,315	1,371
Disposals	(7)	(7)
Reclassified to Property, Plant and Equipment (Note 14)	(7)	-
Balance as at 31 March	6,153	4,852
Net Book Value	1,901	2,591

16.0 Grants Received in Advance

	2017 \$'000	2016 \$'000
Operating Grants Received in Advance from Government - MIT Education Component (Note 10(i))	-	8,777
Provision For Graduate Output Adjustment (Note 10(ii))	3,046	1,508
Other Operating Grants Received in Advance - Government (Note 10(i))	355	-
Research Grants Received in Advance from Government - MIT Research Component (Note 10(ii))	3,946	7,113
Other Research Grants Received in Advance - Government (Note 10(ii))	10,265	11,306
Research Grants Received in Advance - Government Agencies and Others (Note 10(ii))	8,981	6,921
	26,593	35,625

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

17.0 Other Payables

	2017 \$'000	2016 \$'000
Other Payables	7,102	5,800
Payables For Capital Expenditure	992	1,220
Investment Payables	2,722	2,013
Accruals For		
- Operating Expenses	18,458	17,961
- Capital Expenditure	12,077	17,395
	41,351	44,389

18.0 Borrowings

	2017 \$'000	2016 \$'000
Bank Borrowings		
Current	14,911	19,654
Non-Current	376,183	384,223
	391,094	403,877

The profile of the bank borrowings at the balance sheet date are as follows:

	2017 \$'000	2016 \$'000
Fixed Rate - Unsecured	389,803	397,138
Variable Rate - Unsecured	1,291	6,739
	391,094	403,877

Under the debt-grant framework initiated by the Government, the University has drawn down bank loans to finance the land premium, construction of the East Coast Campus and the purchase of furniture and equipment, information technology equipment and systems.

As at 31 March 2017, the fair value of the non-current borrowings is \$360,707,000 (2016: \$369,297,000). The fair value is determined from the cash flow analysis, discounted at market borrowing rates of 2.11% to 3.01% (2016: 2.23% to 2.92%) per annum, which management expects to be available to the University at the balance sheet date, and is within Level 2 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

19.0 Deferred Capital Grants

	2017 \$'000	2016 \$'000
Balance as at 1 April	768,053	759,360
Transferred from		
- Operating Grants (Note 10(i))	85	601
- Research Grants (Note 10(ii))	8,494	9,407
- Development Grants (Note 10(iii))	2,583	6,754
- Debt Grant (Note 10(iv))	3,653	24,822
Amortisation of Deferred Capital Grants (Note 7)	(35,418)	(32,891)
Balance as at 31 March	747,450	768,053

20.0 Non-endowment fund

	2017 \$'000	2016 \$'000
<u>Non-Endowment Fund</u>		
Accumulated Surplus	10,895	9,390
Represented by:		
Cash and Cash Equivalents	11,518	10,846
Grants and Other Receivables	39	12
Property, Plant and Equipment	20	3
Other Payables	(682)	(1,471)
	10,895	9,390

21.0 Endowment Fund

	2017 \$'000	2016 \$'000
<u>Endowment Fund</u>		
Capital		
- Government Grants	721,191	673,389
- Donations	128,951	109,864
	850,142	783,253
	99,818	22,774
Accumulated Surplus	949,960	806,027
Represented by:		
Cash and Cash Equivalents	96,864	39,766
Grants and Other Receivables	39,428	125,502
Property, Plant and Equipment	2	22
Financial Assets at Fair Value Through Income and Expenditure	816,265	641,904
Derivative Financial Instruments	3,189	3,004
Other Payables	(5,788)	(4,171)
	949,960	806,027

The objectives of this fund include the advancement and dissemination of knowledge, the promotion of research and awarding of scholarships.

Donations from external parties and government matching grants which are to be kept intact as capital of \$19,087,000 (2016: \$37,364,000) and \$47,802,000 (2016: \$130,956,000) respectively, are taken directly to endowment fund - capital during the current financial year.

22.0 Funds managed on behalf of Ministry of Education (“MOE”)

Pursuant to the MOE Tuition Fee Loan (TFL) and Study Loan (SL) schemes, the University acts as agent for these loans schemes and the MOE is the financier providing the advances.

	2017 \$'000	2016 \$'000
Balance as at 1 April	6,705	5,004
Student Loan Granted to Students	3,122	2,710
Repayments Received from Students	(1,377)	(1,009)
Balance as at 31 March	8,450	6,705
Represented by:		
TFL Receivables	7,278	5,622
SL Receivables	1,172	1,083
Net Assets	8,450	6,705

Student tuition fee and study loans are unsecured, interest-free during the course of study and are repayable by monthly instalments over period of up to 20 years after the students’ graduation. Interest is charged based on the average of the prevailing prime rates of the 3 local banks. The interest rate as at balance sheet date is 4.75% (2016: 4.75%) per annum.

23.0 Commitments

(a) Lessee - Operating Lease Commitments

The University leases a property under a non-cancellable operating lease agreement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

23.0 Commitments (continued)

(a) Lessee - Operating Lease Commitments (continued)

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

	2017 \$'000	2016 \$'000
Within One Year	99	134
Within 2 to 5 Years	-	99
	99	233

(b) Lessor - Operating Lease Commitments

The University leases campus space to non-related parties under non-cancellable operating lease agreements.

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

	2017 \$'000	2016 \$'000
Within One Year	704	714
Within 2 to 5 Years	1,130	2,023
	1,834	2,737

(c) 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 faculties 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 Undergraduate and Graduate Component up to 30 June 2017 and 28 February 2018 respectively. For Research Component, payment will be made up to 31 March 2020.

(d) Collaboration Agreement with Zhejiang University

The University has entered into a collaboration agreement with Zhejiang University (“ZJU”) since 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 December 2023.

(e) Capital Commitments

Capital expenditures contracted for the balance sheet date but not recognised in the financial statements are as follows:

	2017 \$'000	2016 \$'000
Property, plant and equipment	4,898	3,452

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

24.0 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.

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 University and related parties during the year.

	2017	2016
	\$'000	\$'000
Payment for Construction Costs to a Statutory Board	1,473	172
Payment for Purchases of Services to a Statutory Board	513	340

25.0 Financial Risk Management

Financial Risk Factors

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

The Board of Trustees has the Finance and Investment Committees to assist the Board in setting the objectives and underlying principles of financial risk management for the University. Financial risk is reviewed by the Finance and Investment Committees. The Investment Office assists in the implementation and management of the investment portfolio within the prescribed investment guidelines and mandates. The information presented below is based on information received by the Finance and Investment Committees.

(a) Market Risk

(i) Currency Risk

The University’s operations are not exposed to significant currency risk as most of its transactions are transacted or invested in Singapore Dollar (“SGD”) except for its investment

portfolio. The currency risk related to the United States Dollar payments to MIT under the SUTD-MIT Collaboration Agreement is borne by the Ministry of Education (“MOE”).

The University’s currency profile from its investment portfolio is as follows:

	2017	2016
	\$'000	\$'000
Net Financial Assets at Fair Value Through Income and Expenditure		
- SGD	524,042	421,983
- Non-SGD	292,690	220,912
Total	816,732	642,895

Currency derivatives are entered into by the fund manager to manage the foreign currency risk exposure of the University’s investment portfolio. The currency profile above has taken into consideration the effects of currency forwards.

At 31 March 2017, if foreign currencies (i.e. currencies other than those denominated in SGD) had strengthened/weakened by 3% (2016: 3%) against the SGD with all other variables being held constant, it will result in a \$8,781,000 increase/decrease in the net surplus (2016: \$6,627,000 decrease/increase in the net deficit).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

25.0 Financial Risk Management (*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 income of the University.

The University’s borrowings as at 31 March 2017 include non-fixed rates loans amounting to \$1,291,000 (2016: \$6,739,000), which are exposed to interest rate risk. If interest rate had increased/decreased by 50 basis points, it will result in a \$6,460 decrease/increase in the net surplus (2016: \$33,700 increase/decrease in the net deficit). The University’s investments in financial assets at fair value through income and expenditure as at 31 March 2017 include interest-bearing debt instruments amounting to \$218,206,000 (2016: \$209,860,000) which are exposed to interest rate risk. Changes in interest rates will have impact on the fair values of these investments. With all other variables held constant, 50 (2016: 50) basis points increase/decrease in interest rates will result in approximately \$9,195,000 (2016: \$9,010,000) decrease/increase in the fair value of financial assets at fair value through income and expenditure and decrease/increase in the net surplus (2016: increase/decrease in the net deficit).

(iii) Price Risk

The University is exposed to price risk arising from the investments, invested either directly or through externally managed funds. To manage this risk, the University diversifies its investment portfolio across different markets in accordance with the investment guidelines set by the Investment Committee.

The University is exposed to price risk arising from the financial assets at fair value through income and expenditure. The geographical information of the investment portfolio comprising quoted debt securities, quoted unit trusts (based on geographical area of underlying securities), quoted equity securities and hedge funds provided to key management is as follows:

	Financial Assets at Fair Value Through Income and Expenditure	
	2017	2016
	%	%
By Geographical Area		
Singapore	36	45
Asia Pacific (excluding Singapore)	19	17
Europe	15	12
United States and Latin America	28	25
Middle East and Africa	2	1
Total	100	100

If prices for quoted unit trusts, quoted equity securities and hedge funds had increased/decreased by 5% (2016: 5%), with all other variables held constant, it will result in a \$25,890,000 increase/decrease (2016: \$18,625,000) in the fair value of financial assets at fair value through income and expenditure and the increase/decrease in net surplus (2016: decrease/increase in net deficit).

(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 non-derivative financial liabilities of the University into relevant maturity groupings 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. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

25.0 Financial Risk Management *(continued)*

(b) Liquidity Risk <i>(continued)</i>				
	Less than 1 Year	Between 1 and 2 Years	Between 2 and 5 Years	Over 5 Years
	\$'000	\$'000	\$'000	\$'000
At 31 March 2017				
Other Payables	41,351	-	-	-
Borrowings	24,949	24,551	153,222	244,211
At 31 March 2016				
Other Payables	44,389	-	-	-
Borrowings	30,064	24,540	71,344	343,333

(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. The investment portfolio is managed by a professional fund manager and in-house investment team.

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. Grant receivables are mainly due from the Government. Other receivables include grant and other receivables from other government agencies. The credit risk exposure of other receivables from non-government agencies is insignificant.

(d) Capital Risk

The University is limited by guarantee with no share capital and is funded mainly by grants received from the Ministry of Education.

The University is in compliance with all externally imposed capital requirements for the financial years ended 31 March 2017 and 2016.

(e) Fair Value Measurement

The University 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:

- (i) quoted prices (unadjusted) from active markets for identical assets (Level 1);
- (ii) inputs other than quoted prices in active markets included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset that are not based on observable market data (unobservable inputs) (Level 3).

The following table shows an analysis of financial instruments measured and carried at fair value and classified by level of fair value measurement hierarchy:

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
As at 31 March 2017				
Assets				
Financial Assets at Fair Value Through Income and Expenditure				
- Quoted Debt Securities	218,206	-	-	218,206
- Quoted Unit Trusts	82,886	382,215	-	465,101
- Quoted Equity Securities	29,985	-	-	29,985
- Hedge Funds	-	38,804	64,169	102,973
- Derivative Financial Instruments				
- Currency Forwards	-	5,034	-	5,034
Total Assets	331,077	426,053	64,169	821,299
Liabilities				
Derivative Financial Instruments				
- Currency Forwards	-	(1,845)	-	(1,845)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

25.0 Financial Risk Management *(continued)*

(e) Fair Value Measurement <i>(continued)</i>				
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
As at 31 March 2016				
Assets				
Financial Assets at Fair Value Through Income and Expenditure				
- Quoted Debt Securities	209,860	-	-	209,860
- Quoted Unit Trusts	63,400	263,715	-	327,115
- Quoted Equity Securities	27,120	-	-	27,120
- Hedge Funds	-	28,662	49,147	77,809
Derivative Financial Instruments				
- Currency Forwards	-	9,812	-	9,812
Total Assets	300,380	302,189	49,147	651,716
Liabilities				
Derivative Financial Instruments				
- Currency Forwards	-	(6,808)	-	(6,808)

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 the University 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 (unlisted unit trusts and hedge funds) is based on price quotes by the brokers. The fair value of currency forwards is determined using quoted forward currency forward rates at the balance sheet date. These instruments 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:

	2017	2016
	\$'000	\$'000
<u>Financial Assets at Fair Value Through Income and Expenditure</u>		
Balance as at 1 April	49,147	29,333
Purchases	9,484	23,072
Fair Value Gains/(Losses) Recognised in Income and Expenditure	5,538	(3,258)
Balance as at 31 March	64,169	49,147
Total Gains/(Losses) Recognised in Income and Expenditure for Assets Held at the End of Financial Year	5,538	(3,258)

The carrying amount of current grants and other receivables, deposits and other payables approximate their fair value. The fair values of non-current grant receivable and borrowings are disclosed in Notes 10(iv) and 18 respectively.

(f) Financial Instruments by Category

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

	2017	2016
	\$'000	\$'000
Loans and Receivables	664,446	694,445
Financial Assets at Fair Value Through Income and Expenditure	816,265	641,904
Derivative Financial Instruments	3,189	3,004
Financial Liabilities at Amortised Cost	432,445	448,266

26.0 Charity Act and Regulations

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 \$19,509,434 (2016: \$39,061,489) in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

27.0 New or Revised Accounting Standards and Interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the University's accounting periods beginning on or after 1 April 2017 and which the University has not early adopted:

- FRS 115 Revenue from contracts with customers (effective for annual periods beginning on or after 1 January 2018)

This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Management is currently assessing the effects of applying the new standard on the University's financial statements.

- FRS 109 Financial instruments (effective for annual periods beginning on or after 1 January 2018)

The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains but simplifies the

mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss.

There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from contracts with customers, lease receivables, loan commitments and certain financial guarantee contracts.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the University's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

Management is currently assessing the effects of applying the new standard on the University's financial statements.

- FRS 116 Leases (effective for annual periods beginning on or after 1 January 2019)

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

27.0 New or Revised Accounting Standards and Interpretations (*continued*)

The standard will affect primarily the accounting for the University's operating leases. As at the reporting date, the University has non-cancellable operating lease commitments of \$99,000 (Note 23). However, the University has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the University's income and expenditure and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

28.0 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 2017.

SINGAPORE UNIVERSITY OF TECHNOLOGY AND DESIGN

Company Limited by Guarantee
Incorporated in Singapore | Registration Number: 200913519C

For enquiries, please email: enquiry@sutd.edu.sg

All information is correct at the time of print.



8 Somapah Road
Singapore 487372

T. +65 6303 6600

www.sutd.edu.sg