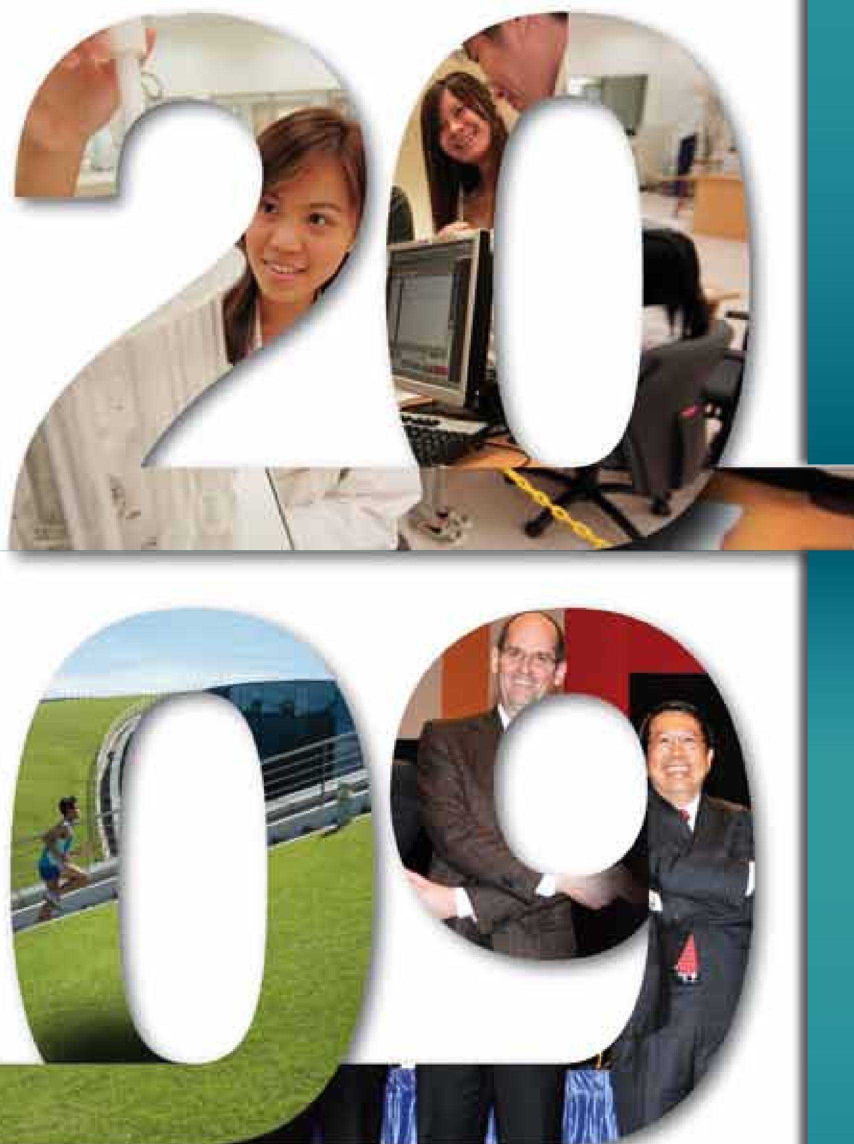
NANYANG TECHNOLOGICAL UNIVERSITY

The Singapore 2010 Youth Olympic Village

FINANCIAL STATEMENTS



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REPORT OF TRUSTEES

YEAR ENDED 31 MARCH 2009

The Board of Trustees present their report to the members together with the audited financial statements of Nanyang Technological University (the University Company) for the financial year ended 31 March 2009.

Trustees

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

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 Company a party to any arrangement whose object was to enable the Trustees of the University Company to acquire benefits by means of the acquisition of shares in, or debentures of, the University Company or any other body corporate.

Trustees' Interests

As the University Company is limited by guarantee, 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 Singapore Companies Act, Chapter 50.

Trustee Contractual Benefits

Since the end of the previous financial year, no Trustee has received or become entitled to receive a benefit by reason of a contract made by the University Company 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 26 to the financial statements.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Trustees

Mr Koh Boon Hwee
Trustee

Dr Su Guaning
Trustee

14 July 2009

STATEMENT BY TRUSTEES

In our opinion:

(a) the financial statements set out on pages FS1 to FS39 are drawn up so as to give a true and fair view of the state of affairs of the Group and the University Company as at 31 March 2009, and the results, changes in funds and reserves and cash flows of the Group and of the changes in funds and reserves of the University Company for the year then ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the University Company will be able to pay its debts as and when they fall due.

The Board of Trustees has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Trustees

Mr Koh Boon Hwee
Trustee

Dr Su Guaning
Trustee

14 July 2009

INDEPENDENT AUDITORS' REPORT

Members of the University Company
Nanyang Technological University

We have audited the accompanying financial statements of Nanyang Technological University (the University Company) and its subsidiaries (collectively the Group), which comprise the balance sheets of the Group and the University Company as at 31 March 2009, and the income and expenditure statement, statements of changes in funds and reserves and statement of cash flows of the Group and the statement of changes in funds and reserves of the University Company for the year then ended and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS39.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. Management has acknowledged that its responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditors' 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 whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgements, 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:

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in funds and reserves of the University Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the University Company as at 31 March 2009 and the results, changes in funds and reserves and cash flows of the Group and changes in funds and reserves of the University Company for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the University Company, have been properly kept in accordance with the provisions of the Act.

KPMG LLP

KPMG LLP

Public Accountants and
Certified Public Accountants

Singapore
14 July 2009

BALANCE SHEETS

AS AT 31 MARCH 2009

		Group		University Company	
	Note	2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Non-current Assets					
Property, plant and equipment	3	1,273,263	1,302,977	1,272,791	1,302,460
Prepaid lease	4	3,931	4,097	3,931	4,097
Subsidiaries	5	-	-	291	291
Available-for-sale financial assets		1,299	2,845	-	-
Student loans	8	8,575	19,412	8,575	19,412
Finance lease receivables	9	23,280	24,430	23,280	24,430
		1,310,348	1,353,761	1,308,868	1,350,690
Current assets					
Derivative financial instruments	7	278	5,483	278	5,483
Student loans	8	5,759	4,288	5,759	4,288
Trade and other receivables	11	208,081	168,230	207,235	167,985
Financial assets at fair value through income and expenditure	6	548,857	1,053,805	548,857	1,053,805
Finance lease receivables	9	1,150	388	1,150	388
Cash and cash equivalents	12	867,031	477,962	863,209	474,415
		1,631,156	1,710,156	1,626,488	1,706,364
Total assets		2,941,504	3,063,917	2,935,356	3,057,054
Current liabilities					
Derivative financial instruments	7	3,628	436	3,628	436
Trade and other payables	13	120,227	118,483	119,014	116,140
Grant received in advance – IT and F&E	10	26,393	12,202	26,382	12,202
Short-term borrowings	14	172,000	124,000	172,000	124,000
Deferred tuition and other fees		50,137	47,814	50,137	47,814
Research grants received in advance	15	49,395	56,225	49,395	56,225
		421,780	359,160	420,556	356,817

BALANCE SHEETS

AS AT 31 MARCH 2009

	Note	Group		University Company	
		2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Non-Current Liabilities					
Deferred capital grants	16	882,085	962,724	882,064	962,724
Other non-current liabilities		2,297	1,770	2,297	1,770
Sinking fund received in advance	10	99,970	73,763	99,970	73,763
		984,352	1,038,257	984,331	1,038,257
Total liabilities		1,406,132	1,397,417	1,404,887	1,395,074
Net assets		1,535,372	1,666,500	1,530,469	1,661,980
Capital account	18	200,858	200,858	200,858	200,858
Accumulated surplus					
- General fund		294,621	271,295	289,862	266,919
- Endowment fund	19	719,788	907,184	719,788	907,184
- Other restricted fund		320,105	287,163	319,961	287,019
Funds and reserves		1,535,372	1,666,500	1,530,469	1,661,980
Funds managed on behalf of the Ministry	17	191,582	178,920	191,582	178,920
Funds' net assets managed on behalf of the Ministry	17	(191,582)	(178,920)	(191,582)	(178,920)

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

CONSOLIDATED INCOME AND EXPENDITURE STATEMENT

YEAR ENDED 31 MARCH 2009

		General fund		Endowment fund		Other restricted fund		Total	
	Note	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
GROUP									
Income									
Tuition and other fees		178,482	153,420	-	-	23,402	19,467	201,884	172,887
Rental income		2,280	2,104	-	-	27,845	26,079	30,125	28,183
Research grants	15	128,947	124,489	-	-	-	-	128,947	124,489
Interest income	20	4,152	8,215	218	303	876	1,562	5,246	10,080
Donations		-	-	25,103	28,655	24,143	15,928	49,246	44,583
Other grants		3,124	1,714	-	-	5,117	8,472	8,241	10,186
Sundry income		7,239	7,656	-	-	40,441	30,548	47,680	38,204
Deferred capital grants amortised (non-ministry)	16	8,313	7,688	-	-	3,308	3,201	11,621	10.889
		332,537	305,286	25,321	28,958	125,132	105,257	482,990	439,501
Expenditure									
Expenditure on manpower		485,269	474,660	749	849	35,809	30,656	521,827	506,165
Teaching/Research		86,590	77,762	-	-	20,814	17,688	107,404	95,450
Administration		54,077	39,059	-	-	31,341	30,943	85,418	70,002
Maintenance		61,419	46,487	-	-	12,748	9,234	74,167	55,721
Library books and periodicals		8,051	7,670	-	-	-	-	8,051	7,670
Depreciation of property, plant and equipment	3	148,689	143,434	-	-	4,867	4,905	153,556	148,339
Amortisation of prepaid lease	4	166	166	-	-	-	-	166	166
Balance carried forward		844,261	789,238	749	849	105,579	93,426	950,589	883,513

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

CONSOLIDATED INCOME AND EXPENDITURE STATEMENT

YEAR ENDED 31 MARCH 2009

		General fund		Endowment fund		Other restricted fund		Total	
	Note	2009	2008	2009	2008	2009	2008	2009	2008
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
GROUP									
Balance brought forward		844,261	789,238	749	849	105,579	93,426	950,589	883,513
Capital expenditure not capitalised		17,551	16,361	-	-	474	129	18,025	16,490
Loss on disposal of property, plant and equipment		946	2,975	-	-	2	5	948	2,980
Loss on investments	21	59,279	7,930	215,765	26,690	892	125	275,936	34,745
Other expenses		718	506	3,994	5,249	52,849	44,958	57,561	50,713
		922,755	817,010	220,508	32,788	159,796	138,643	1,303,059	988,441
Deficit before grants from ministries	22	(590,218)	(511,724)	(195,187)	(3,830)	(34,664)	(33,386)	(820,069)	(548,940)
Development grants	10	18,212	17,008	-	-	-	-	18,212	17,008
Operating grants	23	451,353	387,709	-	-	-	-	451,353	387,709
Other grants		5	17	33,740	22,305	46,475	37,355	80,220	59,677
Deferred capital grants amortised	16	140,537	138,530	-	-	80	61	140,617	138,591
Surplus/(Deficit) after grants from ministries		19,889	31,540	(161,447)	18,475	11,891	4,030	(129,667)	54,045
Taxation	24	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		19,889	31,540	(161,447)	18,475	11,891	4,030	(129,667)	54,045

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

STATEMENTS OF CHANGES IN FUNDS AND RESERVES

YEAR ENDED 31 MARCH 2009

		Accumulated surplus			
	Capital account	General fund	Endowment fund	Other restricted fund	Total
	$'000	$'000	$'000	$'000	$'000
Group					
At 1 April 2007	200,858	245,368	914,443	252,344	1,613,013
Surplus for the year	-	31,540	18,475	4,030	
Transfer from endowment fund	-	25,500	(25,734)	234	
Transfer to research grants received in advance	-	(641)	-	-	
Transfer to deferred capital grants	-	(175)	-	-	
Utilisation of other restricted fund/ general fund	-	(12)	-	(52)	
Transfer to other restricted fund	-	(30,328)	-	30,328	
Fair value adjustment	-	43	-	279	
At 31 March 2008	200,858	271,295	907,184	287,163	1,666,500
At 1 April 2008	200,858	271,295	907,184	287,163	1,666,500
Surplus/(Deficit) for the year	-	19,889	(161,447)	11,891	
Transfer from endowment fund	-	23,820	(25,949)	2,129	
Transfer to research grants received in advance	-	(1,193)	-	-	
Transfer to deferred capital grants	-	(388)	-	-	
Utilisation of other restricted fund/ general fund	-	12	-	(822)	
Transfer to other restricted fund	-	(20,931)	-	20,931	
Transfer to general fund	-	2,049	-	(2,049)	
Fair value adjustment	-	68	-	862	
At 31 March 2009	200,858	294,621	719,788	320,105	1,535,372

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

STATEMENTS OF CHANGES IN FUNDS AND RESERVES

YEAR ENDED 31 MARCH 2009

		Accumulated surplus			
	Capital account	General fund	Endowment fund	Other restricted fund	Total
	$'000	$'000	$'000	$'000	$'000
University Company					
At 1 April 2007	200,858	242,946	914,443	252,344	1,610,591
Surplus for the year	-	29,586	18,475	3,886	
Transfer from endowment fund	-	25,500	(25,734)	234	
Transfer to research grants received in advance	-	(641)	-	-	
Transfer to deferred capital grants	-	(175)	-	-	
Utilisation of other restricted fund/ general fund	-	(12)	-	(52)	
Transfer to other restricted fund	-	(30,328)	-	30,328	
Fair value adjustment	-	43	-	279	
At 31 March 2008	200,858	266,919	907,184	287,019	1,661,980
At 1 April 2008	200,858	266,919	907,184	287,019	1,661,980
Surplus/(Deficit) for the year	-	19,506	(161,447)	11,891	
Transfer from endowment fund	-	23,820	(25,949)	2,129	
Transfer to research grants received in advance	-	(1,193)	-	-	
Transfer to deferred capital grants	-	(388)	-	-	
Utilisation of other restricted fund/ general fund	-	12	-	(822)	
Transfer to other restricted fund	-	(20,931)	-	20,931	
Transfer to general fund	-	2,049	-	(2,049)	
Fair value adjustment	-	68	-	862	
At 31 March 2009	200,858	289,862	719,788	319,961	1,530,469

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

CONSOLIDATED CASH FLOWS STATEMENT

YEAR ENDED 31 MARCH 2009

	Note	2009 $'000	2008 $'000
Operating activities			
Deficit before grants from ministries		(820,069)	(548,940)
Adjustments for:			
Research grant income		(128,947)	(124,489)
Depreciation of property, plant and equipment		153,556	148,339
Amortisation of prepaid lease		166	166
Loss on disposal of property, plant and equipment		948	2,980
Loss on investments		275,936	34,745
Deferred capital grants amortised (non-ministry)		(11,621)	(10,889)
Interest income		(5,246)	(10,080)
Provision for attrition		(5,202)	(3,000)
Gain on derecognition of available-for-sale financial assets		-	(2,672)
Fair value adjustment		1,546	-
		(538,933)	(513,840)
Changes in working capital:			
Other payables		(109)	45,018
Trade and other receivables		(11,067)	(25,473)
Deferred tuition and other fees		2,323	4,169
Loans extended to students		10,296	(8,071)
Cash flows from operating activities		(537,490)	(498,197)

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

CONSOLIDATED CASH FLOWS STATEMENT

YEAR ENDED 31 MARCH 2009

	Note	2009 $'000	2008 $'000
Financing activities			
Sinking fund received		22,782	10,863
IT and F&E grant received		34,821	21,148
Research grants received		143,858	145,461
Operating grants received, net of payment of goods and service tax expense on tuition fees and tuition grants		457,067	424,949
Development grants and related income received		33,864	79,800
Ministry grants received		68,785	75,112
Proceeds from borrowings		48,000	94,000
Cash flows from financing activities		809,177	851,333
Investing activities			
Acquisition of property, plant and equipment		(124,462)	(158,907)
Purchase of other financial assets		(285,944)	(454,914)
Proceeds from sale of other financial assets		475,444	357,092
Increase in cash held by fund managers	12	47,908	2,828
Interest received		4,436	9,892
Cash flows from investing activities		117,382	(244,009)
Net increase in cash and cash equivalents		389,069	109,127
Cash and cash equivalents at beginning of the year		477,962	368,835
Cash and cash equivalents at end of the year	12	867,031	477,962

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

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Trustees on 14 July 2009.

1 Domicile and Activities

Nanyang Technological University (the University Company) established under the Singapore Companies Act, Chapter 50, is domiciled in Singapore. The University Company's registered office and place of business is located at 50 Nanyang Avenue Singapore 639798.

The University Company is principally engaged in the advancement and dissemination of knowledge, the promotion of research and scholarships and the conferring and awarding of degrees, diplomas and certificates. The principal activities of the subsidiaries are set out in note 5.

As the operations of the University Company is substantially funded by the Ministry of Education (MOE or the Ministry) through the form of government grants with MOE having the power to appoint and remove members to the Board of Trustees of the University Company, MOE is regarded as the parent entity.

The consolidated financial statements relate to the University Company and its subsidiaries (referred to as the Group).

2 Summary of 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 are expressed in Singapore dollars and rounded to the nearest thousand unless otherwise stated. They are prepared on a historical cost basis except otherwise described below.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 2.7 – measurement of the recoverable amounts of non-financial assets
- Note 2.10 – measurement of provisions
- Notes 2.8, 6 and 7 – valuation of financial instruments

The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

2.2 Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Accounting for subsidiaries

Investment in subsidiaries are stated in the University Company's balance sheet at cost less accumulated impairment losses.

Business combinations

Business combinations are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to the income and expenditure statement in the period of the acquisition. The excess of the cost of acquisition over the carrying amount of the net assets acquired is recorded as goodwill on acquisition.

When the Group acquires additional interest in an existing subsidiary, the cost of the acquisition is accounted for based on the carrying amount of the net assets acquired at the date of exchange, plus any other cost directly attributable to the acquisition.

NOTES TO THE FINANCIAL STATEMENTS

2.3 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the income and expenditure statement.

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates ruling at the dates of the transactions.

Foreign currency differences are recognised in the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign exchange translation reserves is transferred to the income and expenditure statement.

2.4 Funds

Assets and liabilities of all funds are pooled in the Balance Sheet.

General and restricted funds

Income and expenditure are generally accounted for under the General Fund in the income and expenditure statement. The use of these reserves are subject to the approval of the Board of Trustees.

The income and expenditure relating to funds that are set up for specific purposes are accounted for under Other Restricted Fund in the income and expenditure statement.

The following funds termed as “Other Restricted Fund” are set up and disclosed separately from the University Company’s general fund:

(i) funds created from donations from external bodies for special purposes;

(ii) funds created from grants received for carrying out activities under special arrangements; and

(iii) funds maintained separately to account for the self-financing activities carried out by the University Company.

The use of these funds are governed by the terms and conditions set out by the respective funds.

NOTES TO THE FINANCIAL STATEMENTS

The income and expenditure of General Fund and Other Restricted Fund are included in the income and expenditure statement.

Endowment fund

Grants from ministries and statutory boards and donations from external sources are taken to the income and expenditure statement in the year in which such grants and donations are received. Income and expenditure arising from the management of the Endowment Fund are taken to the income and expenditure statement of the Endowment Fund.

2.5 Grants and sinking fund

Grants and sinking fund from the Ministry, other ministries and statutory boards and contributions received/receivable from other organisations for the purchase of depreciable assets or to finance research or capital projects are taken to the grants received in advance account in the first instance. They are taken to the deferred capital grants account upon the utilisation of the grants for purchase of assets, which are capitalised, or to the income and expenditure statement for purchase of assets which are written off in the year of purchase.

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

Debt grant is recognised when there is reasonable assurance that the University Company will comply with the conditions attaching to them and that the grants will be received.

IT and F&E grants received from the Ministry are for the purchase of information technology appliances and furniture and equipment to support teaching and administrative function of the University Company. These grants are taken to the deferred capital grants account upon the utilisation of the grants for purchase of assets, which are capitalised, or to the income and expenditure statement for purchase of assets which are written off in the year of purchase.

Grants from the Ministry and other ministries to meet the current year's operating expenses are recognised as income in the same year these operating expenses were incurred.

Grants and contributions are accounted for on the accrual basis.

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for land alienated to the University Company which are stated at values provided by the Government. Donated assets are stated at valuation at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

Any increase in the revaluation amount of land alienated to the University Company and assets purchased using funds from self-financing centres are credited directly to the Capital Account unless it offsets a previous decrease in value recognised in the income and expenditure statement. A decrease in value is recognised in the income and expenditure statement where it exceeds the increase previously recognised in the Capital Account. Upon disposal, any related revaluation surplus is transferred from the Capital Account to accumulated surplus and is not taken into account in arriving at the gain or loss on disposal.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income and expenditure statement as incurred.

Except for freehold land and buildings under construction which are not depreciated, depreciation on other property, plant and equipment is recognised in the income and expenditure statement on a straight-line basis over the estimated useful lives (or lease term, if shorter) of each part of an item of property, plant and equipment.

The estimated useful lives are as follows:

Buildings and infrastructures	5 to 20 years
Renovation	5 years
Machinery, laboratory and workshop equipment	6 years
Furniture and office equipment	3 to 5 years
Transportation equipment	8 years
Others	8 years

Property, plant and equipment costing less than $2,000 each, renovation costing below $100,000 and library books are generally charged to the income and expenditure statement in the year of purchase.

NOTES TO THE FINANCIAL STATEMENTS

Buildings under construction are stated at cost. Expenditure relating to the construction of projects are capitalised when incurred. No depreciation is charged on building under construction until the building under construction is completed and the related property, plant and equipment are transferred to the respective property, plant and equipment categories and depreciated accordingly.

Depreciation methods, useful lives and residual values are reviewed and adjusted as appropriate, at each reporting date.

2.7 Impairment – non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income and expenditure statement unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.8 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise available-for-sale financial assets, financial assets at fair value through income and expenditure, trade and other receivables, student loans, development grant receivables, cash and cash equivalents, borrowings and other payables.

NOTES TO THE FINANCIAL STATEMENTS

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through income and expenditure, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Financial assets at fair value through income and expenditure

An instrument is classified at fair value through income and expenditure if it is acquired principally for the purpose of selling in the short term or is designated as such upon initial recognition. Financial instruments are designated at fair value through income or expenditure if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management and investment strategies. Upon initial recognition, attributable transaction costs are recognised in income and expenditure statement when incurred. Financial instruments at fair value through income and expenditure statement are measured at fair value, and changes therein are recognised in the income and expenditure statement.

Available-for sale financial assets

The Group's investments in certain equity securities are classified as available-for-sale financial assets if they are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to income and expenditure statement.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

Derivative financial instruments and hedging instruments

The Group holds derivative financial instruments, through its international fund mangers, to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through income and expenditure.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in income and expenditure statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein accounted for in the income and expenditure statement.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income and expenditure statement. Any accumulated loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the income and expenditure statement.

Impairment losses once recognised in the income statement in respect of available-for-sale equity securities are not reversed through the income and expenditure statement. Any subsequent increase in fair value of such assets is recognised directly in equity.

2.9 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income and expenditure statement as incurred.

NOTES TO THE FINANCIAL STATEMENTS

Short-term employee benefits

Short-term employee benefit obligations, including accumulated compensated absences, are measured on an undiscounted basis and are expensed as the related services are provided.

2.10 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

2.11 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income and expenditure statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.12 Income recognition

Student fees

Income from tuition and other fees are recognised in the period in which the services are rendered.

Management fees

Management fees are recognised upon services rendered.

Donations

Unconditional donations are recognised upon receipt.

NOTES TO THE FINANCIAL STATEMENTS

Interest income

Interest income is recognised on a time proportion basis.

Licence fees

Licence fees are recognised in accordance with terms of licensing agreement.

Royalties

Royalties are recognised on sale, by licensee, of products using the technology granted.

Dividends

Dividends are recognised in the financial year in which the right to receive payment is established.

Interest on finance lease

Interest on finance lease is recognised in the income and expenditure statement over the period of the lease so as to earn an approximately constant periodic rate of return on the remaining balance of the finance lease receivables for each reporting period.

Rental Income

Rental income receivable under operating leases is recognised in the income and expenditure statement on a straight-line basis over the term of the lease.

2.13 Operating lease

Rental payments made under operating leases are accounted for in the income and expenditure statement on a straight-line basis over the term of the lease.

2.14 Finance lease receivables

Assets held under finance lease are recognised in the balance sheet and presented as receivables net of unearned interest and after deduction of allowance for possible losses.

2.15 Finance costs

Interest expense and similar charges are expensed in the income and expenditure statement in the period in which they are incurred.

2.16 Key management personnel

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The Board of Trustees and senior management team are considered as key management personnel of the Group.

NOTES TO THE FINANCIAL STATEMENTS

3 Property, Plant and Equipment

GROUP	Freehold lands $'000	Buildings and infra-structures $'000	Buildings under construction $'000	Renovation $'000	Machinery, laboratory and workshop equipment $'000	Furniture and office equipment $'000	Transpor-tation equipment $'000	Others $'000	Total $'000
Cost									
At 1 April 2007	200,858	1,618,814	64,988	22,630	498,979	259,737	2,808	3,985	2,672,799
Additions	-	32,914	78,299	1,433	32,829	13,130	221	81	158,907
Adjustments	-	-	-	25	156	77	-	-	258
Disposals	-	(2,924)	-	(25)	(6,677)	(23,576)	(528)	(13)	(33,743)
Reclassifications	-	50,580	(65,679)	2,078	7,928	2,217	3,034	(158)	-
At 31 March 2008	200,858	1,699,384	77,608	26,141	533,215	251,585	5,535	3,895	2,798,221
Additions	-	15,849	43,965	3,185	42,913	16,811	1,556	183	124,462
Adjustments	-	18	-	119	101	90	-	-	328
Disposals	-	(4,109)	-	(899)	(12,242)	(24,156)	(737)	(195)	(42,338)
Reclassifications	-	33,100	(66,385)	2,635	26,643	3,857	-	150	-
At 31 March 2009	200,858	1,744,242	55,188	31,181	590,630	248,187	6,354	4,033	2,880,673
Accumulated depreciation									
At 1 April 2007	-	818,510	-	17,592	329,453	208,134	1,836	2,143	1,377,668
Depreciation for the year	-	72,664	-	2,371	48,501	24,303	304	196	148,339
Disposals	-	(761)	-	-	(6,481)	(22,982)	(528)	(11)	(30,763)
Reclassifications	-	(453)	-	-	133	331	-	(11)	-
At 31 March 2008	-	889,960	-	19,963	371,606	209,786	1,612	2,317	1,495,244
Depreciation for the year	-	75,295	-	2,365	54,803	20,169	718	206	153,556
Disposals	-	(3,602)	-	(833)	(11,993)	(24,053)	(714)	(195)	(41,390)
Reclassifications	-	(62)	-	-	57	5	-	-	-
At 31 March 2009	-	961,591	-	21,495	414,473	205,907	1,616	2,328	1,607,410
Carrying amount									
At 1 April 2007	200,858	800,304	64,988	5,038	169,526	51,603	972	1,842	1,295,131
At 31 March 2008	200,858	809,424	77,608	6,178	161,609	41,799	3,923	1,578	1,302,977
At 31 March 2009	200,858	782,651	55,188	9,686	176,157	42,280	4,738	1,705	1,273,263

NOTES TO THE FINANCIAL STATEMENTS

3 Property, Plant and Equipment (cont'd)

UNIVERSITY COMPANY	Freehold lands	Buildings and infra-structures	Buildings under construction	Renovation	Machinery, laboratory and workshop equipment	Furniture and office equipment	Transpor-tation equipment	Others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost									
At 1 April 2007	200,858	1,618,814	64,988	22,309	498,735	259,453	2,808	3,985	2,671,950
Additions	-	32,914	78,299	1,433	32,800	13,098	221	81	158,846
Adjustments	-	-	-	25	156	77	-	-	258
Disposals	-	(2,924)	-	(25)	(6,677)	(23,576)	(528)	(13)	(33,743)
Reclassifications	-	50,580	(65,679)	2,078	7,928	2,217	3,034	(158)	-
At 31 March 2008	200,858	1,699,384	77,608	25,820	532,942	251,269	5,535	3,895	2,797,311
Additions	-	15,849	43,965	3,172	42,875	16,676	1,556	183	124,276
Adjustments	-	18	-	119	101	90	-	-	328
Disposals	-	(4,109)	-	(883)	(12,237)	(24,156)	(737)	(195)	(42,317)
Reclassifications	-	33,100	(66,385)	2,635	26,643	3,857	-	150	-
At 31 March 2009	200,858	1,744,242	55,188	30,863	590,324	247,736	6,354	4,033	2,879,598
Accumulated depreciation									
At 1 April 2007	-	818,510	-	17,506	329,398	208,055	1,836	2,143	1,377,448
Depreciation for the year	-	72,664	-	2,308	48,450	24,244	304	196	148,166
Disposals	-	(761)	-	-	(6,481)	(22,982)	(528)	(11)	(30,763)
Reclassifications	-	(453)	-	-	133	331	-	(11)	-
At 31 March 2008	-	889,960	-	19,814	371,500	209,648	1,612	2,317	1,494,851
Depreciation for the year	-	75,295	-	2,289	54,745	20,085	718	206	153,338
Disposals	-	(3,602)	-	(827)	(11,991)	(24,053)	(714)	(195)	(41,382)
Reclassifications	-	(62)	-	-	57	5	-	-	-
At 31 March 2009	-	961,591	-	21,276	414,311	205,685	1,616	2,328	1,606,807
Carrying amount									
At 1 April 2007	200,858	800,304	64,988	4,803	169,337	51,398	972	1,842	1,294,502
At 31 March 2008	200,858	809,424	77,608	6,006	161,442	41,621	3,923	1,578	1,302,460
At 31 March 2009	200,858	782,651	55,188	9,587	176,013	42,051	4,738	1,705	1,272,791

NOTES TO THE FINANCIAL STATEMENTS

The freehold lands of the Group and the University Company were stated at valuation carried out in December 1987 based on values in a valuation report from the Commissioner of Lands. The revaluation was done on a one-off basis and accordingly, the transitional provision in FRS 16 - *Property, Plant and Equipment* was adopted to continue with its existing policy of stating the freehold land at deemed cost.

4 Prepaid Lease

	Group and University Company	
	2009	2008
	$'000	$'000
Cost		
At 31 March	4,982	4,982
Accumulated amortisation		
At 1 April	885	719
Amortisation charge for the year	166	166
At 31 March	1,051	885
Carrying amount		
At 1 April	4,097	4,263
At 31 March	3,931	4,097

5 Subsidiaries

	University Company	
	2009	2008
	$'000	$'000
Investments in subsidiaries	*	*
Loans to subsidiaries	291	291
	291	291

* Amount less than $1,000.

The loans to subsidiaries are unsecured and interest-free. The settlement of the amounts are neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, a part of the University Company's net investment in the subsidiaries, they are stated at cost less impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

Details of subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group	
			2009	2008
			%	%
Held by the University Company				
* NTU Ventures Private Limited	To undertake investments in projects arising from the research work of staff	Singapore	100	100
* Singapore Centre for Chinese Language Limited	To provide training for teachers in pedagogy, education research and producing Chinese language teaching toolkits	Singapore	100	-
# Friends of NTU	To bring together the NTU alumni from around United States to connect with each other, network, learn and grow as a community	United States	100	100
Held by the NTU Ventures Private Limited				
* Confucius Institute, NTU Pte Ltd	To provide training, programmes or courses	Singapore	100	100
* TechBiz Xccelerator Pte Ltd	Investment holding	Singapore	100	100
* Institute of Environmental Science and Engineering (IESE) Pte Ltd	To perform research and development of environment science and engineering	Singapore	100	100
* Nanofrontier Pte Ltd	To perform research and development of industrial machinery	Singapore	100	100
* NTUV International Pte Ltd	Investment holding	Singapore	100	100
Held by NTUV International Pte Ltd				
^ Nanyang Venture Consulting (Shanghai) Co., Ltd	Consultants for enterprise management and technology and education	China	100	100
Held by IESE Pte Ltd				
* IESE Water (Asia) Pte Ltd	To conduct basic research in water and waste water	Singapore	100	100

* Audited by TeoFoongWong LC Loong, Singapore

^ Audited by Shanghai Hongda Certified Public Accountants Co., Ltd, China

\# No audit is required

NOTES TO THE FINANCIAL STATEMENTS

6 Financial Assets at Fair Value through Income and Expenditure

	Group and University Company	
	2009	**2008**
	$'000	**$'000**
Fixed income investments	139,013	131,237
Equity investments	42,377	355,733
Unquoted equity investments	367,467	566,835
	548,857	1,053,805

The Group and University Company's investments are managed by professional managers. The fair values of the financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The investments in unquoted equities represent investments in private equity funds, hedge funds, limited partnerships and pooled vehicles. The fair values of these unquoted equity investments are based on net asset values provided by fund managers using their valuation methodologies.

The Group and University Company's investments comprise financial instruments (fixed income, equity and unquoted equity investments) managed by professional managers and cash balances and bank deposits as follows:

		Group and University Company	
	Note	**2009**	**2008**
		$'000	**$'000**
Financial assets at fair value through income and expenditure		548,857	1,053,805
Cash balances and bank deposits	12	316,047	41,356
		864,904	1,095,161

The cash balances and bank deposits are included as a component in the cash and cash equivalents in note 12 for the purpose of disclosure.

The weighted average interest rates of fixed income securities at the balance sheet date and the periods in which they mature are as follows:

			Fixed interest rate maturing			
	Effective interest rate	**Floating interest**	**Within 1 year**	**In 1 to 5 years**	**After 5 years**	**Total**
Group and University Company	**% p.a.**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2009	0.4 – 4.5	-	-	71,404	67,592	**138,996**
2008	0.9 – 3.6	-	-	67,310	63,035	**130,345**

NOTES TO THE FINANCIAL STATEMENTS

7 Derivative Financial Instruments

The table below sets out the notional principal amounts and the positive and negative fair values of the Group and University Company's outstanding derivative financial instruments at the balance sheet date. Positive and negative fair values represent the mark-to-market values of the derivative contracts and are termed as derivative assets and derivative liabilities respectively. Notional principal amounts are the amount of principal underlying the contract at the reporting date.

	Notional amount with remaining life of				Group and University Company	
	less than 1 year	between 1 year to 5 year	more than 5 year	Total	Derivative asset	Derivative liabilities
	$'000	$'000	$'000	$'000	$'000	$'000
2009						
Foreign currency forwards	222,687	-	-	222,687	278	3,628
2008						
Foreign currency forwards	368,392	-	-	368,392	5,483	436

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual period to maturity of the contract.

8 Student Loans

	Group and University Company	
	2009	2008
	$'000	$'000
Student loans	14,334	23,700
Represented by:		
Amount repayable within 12 months	5,759	4,288
Amount repayable after 12 months	8,575	19,412
	14,334	23,700

Included in student loans are personal computer loans of $7,852,000 (2008: $10,252,000), which are interest-free and are repayable by monthly instalments within a period of 3 years after the borrowers' graduation. The fair value at inception was determined based on expected future principal repayment cash flows, discounted at the average interest rate of 6.5% (2008: 6.5%) per annum. These loans are subsequently measured at amortised cost, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

9 Finance Lease Receivables

	Group and University Company	
	2009	2008
	$'000	$'000
Gross receivables due:		
- Not later than one year	1,800	1,058
- Between two to five years	6,245	6,723
- Later than five years	24,677	25,999
	32,722	33,780
Less: Unearned interest	8,292	8,962
Net investment in finance lease	24,430	24,818

The net investment in finance lease receivables are analysed as follows:

	Group and University Company	
	2009	2008
	$'000	$'000
Current	1,150	388
Non-current	23,280	24,430
	24,430	24,818

This relates to the lease of land and building to NTU Alumni Club over a lease period of 26 years.

10 Grants Receivable/IT and F&E Grant/Sinking Fund Received in Advance

		Group		University Company	
	Note	2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Grants receivable within 12 months					
- Development grant		7,713	14,279	7,713	14,279
- IT and F&E grant		5,187	2,903	5,187	2,903
- Sinking fund		3,425	-	3,425	-
	11	16,325	17,182	16,325	17,182
IT and F&E grant received in advance	10(a)	(26,393)	(12,202)	(26,382)	(12,202)
Sinking fund received in advance	10(b)	(99,970)	(73,763)	(99,970)	(73,763)
		(110,038)	(68,783)	(110,027)	(68,783)

NOTES TO THE FINANCIAL STATEMENTS

		Group		University Company	
	Note	2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Movements in grants (received in advance)/ receivable:					
At 1 April		(68,783)	(23,142)	(68,783)	(23,142)
Grants received during the year		(91,467)	(111,811)	(91,367)	(111,811)
		(160,250)	(134,953)	(160,150)	(134,953)
Less:					
Amounts transferred to deferred capital grants	16	32,000	49,162	31,978	49,162
Amounts taken to income and expenditure statement:					
- Capital expenditure not capitalised/ expenditure on manpower	10(c)	18,212	17,008	18,145	17,008
At 31 March		(110,038)	(68,783)	(110,027)	(68,783)

These are grants from the Ministry for financing development projects.

(a) This amount relates to grant received in advance for the purchase of IT and F&E items to support teaching and administrative functions.

(b) This amount relates to a sinking fund received in advance from the Ministry for the purpose of maintenance and replacement of property, plant and equipment.

(c) The amount of development grant taken to the income and expenditure statement is in relation to expenditure on assets which are not capitalised and charged to expense in the year of purchase.

11 Trade and Other Receivables

		Group		University Company	
	Note	2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Trade receivables		16,226	13,222	16,512	13,144
Allowance for doubtful receivables		(887)	(614)	(855)	(614)
		15,339	12,608	15,657	12,530
Interest receivables		1,858	1,319	1,858	1,319
Operating grant receivables		80,026	67,427	80,026	67,427
Research grant receivables		5,898	8,279	5,898	8,279
Endowment matching grant receivables		33,740	22,305	33,740	22,305
Grants receivables	10	16,325	17,182	16,325	17,182

NOTES TO THE FINANCIAL STATEMENTS

	Note	Group 2009 $'000	Group 2008 $'000	University Company 2009 $'000	University Company 2008 $'000
Other receivables		54,895	39,110	53,710	38,922
Amounts due from subsidiaries (trade)		-	-	168	168
Allowance for doubtful receivables		-	-	(147)	(147)
		-	-	21	21
Amounts due from subsidiaries (non-trade)		-	-	1,015	1,015
Allowance for doubtful receivables		-	-	(1,015)	(1,015)
		-	-	-	-
		208,081	168,230	207,235	167,985

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

Concentration of credit risk relating to trade receivables is limited due to the Group's varied customers. These customers are mainly statutory boards, ministries and companies who provided funding for our research activities. The Group's historical experience in the collection of accounts receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

Credit risk for other receivables including the various grant receivables is limited as these relate mainly to receivables from the Ministry.

The aging of trade receivables at the reporting date is:

	2009 Gross $'000	2009 Allowance for doubtful receivables $'000	2008 Gross $'000	2008 Allowance for doubtful receivables $'000
Group				
Not past due	13,666	-	11,338	-
Past due 1 – 30 days	700	8	318	-
Past due 31 – 150 days	1,067	86	1,056	104
More than 151 days	793	793	510	510
	16,226	887	13,222	614
University Company				
Not past due	13,651	-	11,095	-
Past due 1 – 30 days	730	-	343	-
Past due 31 – 150 days	1,128	62	1,196	104
More than 151 days	1,003	793	510	510
	16,512	855	13,144	614

NOTES TO THE FINANCIAL STATEMENTS

The movement in the allowance for doubtful receivables in respect of trade receivables during the year was as follows:

	Group		University Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
At 1 April	614	394	614	394
Allowance made	273	220	241	220
At 31 March	887	614	855	614

Based on historical default rates, the Group believes that no allowance for doubtful receivables is necessary in respect of trade receivables not past due. These receivables are due from customers that have a good record with the Group.

12 Cash and Cash Equivalents

		Group		University Company	
	Note	2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Investments					
Cash at bank and in hand		2,330	1,447	2,330	1,447
Deposit with financial institutions		250,100	24,200	250,100	24,200
		252,430	25,647	252,430	25,647
Add: Cash held by fund managers		63,617	15,709	63,617	15,709
	6	316,047	41,356	316,047	41,356
Others					
Cash at bank and in hand		30,086	26,773	26,264	23,226
Deposit with financial institutions		520,898	409,833	520,898	409,833
		550,984	436,606	547,162	433,059
		867,031	477,962	863,209	474,415

The University Company manages 2 bank accounts on behalf of the NTU Student Union. As at balance sheet date, the bank balance of $4,356,000 (2008: $4,124,000) has not been included in the cash and cash equivalents of the University Company.

13 Trade and Other Payables

	Group		University Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Provision for unutilised compensated leave	30,884	28,611	30,884	28,611
Other payables and accruals	89,343	89,872	88,130	87,529
	120,227	118,483	119,014	116,140

NOTES TO THE FINANCIAL STATEMENTS

14 Short-Term Borrowings

The borrowings are unsecured, bear interest at 2.15% (2008: 1.97%) per annum and are repayable within the next twelve months from the financial year end.

15 Research Grants Received in Advance

	Group and University Company	
	2009	2008
	$'000	$'000
At 1 April	56,225	54,901
Grants received during the year	143,858	145,461
	200,083	200,362
Less:		
Amounts transferred to deferred capital grants (note 16)	19,360	13,291
Amounts taken to income and expenditure statement	128,947	124,489
Amounts transferred from grant receivables	2,381	6,357
At 31 March	49,395	56,225

These are grants from the ministries, statutory boards, A*Star and other sources for research activities. The balance in this account represents grants received but not utilised at the end of the financial year. These grants are repayable on demand.

16 Deferred Capital Grants

	Ministries		Statutory boards		Others		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Group	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 April	909,401	978,744	47,761	50,863	5,562	6,119	962,724	1,035,726
Add:								
Grants received for capital expenditure and development project transferred from								
- Operating grants (note 23)	13,111	12,448	-	-	-	-	13,111	12,448
- Research grants (note 15)	12,128	7,319	6,933	5,787	299	185	19,360	13,291
- Development grants (note 10)	32,000	49,162	-	-	-	-	32,000	49,162
- Accumulated surplus	-	38	388	137	-	-	388	175
- Other grants	1,172	77	4,599	969	143	88	5,914	1,134
Assets donated by various organisations	-	-	-	-	496	11	496	11
Adjustments/Reclassifications	294	204	36	48	-	5	330	257
	58,705	69,248	11,956	6,941	938	289	71,599	76,478

NOTES TO THE FINANCIAL STATEMENTS

	Ministries		Statutory boards		Others		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Group	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Less:								
Grants taken to income and expenditure statement								
Amortisation charge for the year	139,843	135,747	10,523	9,929	938	786	151,304	146,462
On disposal of fixed assets	774	2,844	141	114	19	60	934	3,018
	140,617	138,591	10,664	10,043	957	846	152,238	149,480
Adjustments/Reclassifications	(14)	-	14	-	-	-	-	-
At 31 March	827,503	909,401	49,039	47,761	5,543	5,562	882,085	962,724

Deferred capital grants amortised (non-ministry) refers to amortisation of grants received from statutory boards and other organisations.

	Ministries		Statutory boards		Others		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
University Company	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 April	909,401	978,744	47,761	50,863	5,562	6,119	962,724	1,035,726
Add:								
Grants received for capital expenditure and development project transferred from								
- Operating grants (note 23)	13,111	12,448	-	-	-	-	13,111	12,448
- Research grants (note 15)	12,128	7,319	6,933	5,787	299	185	19,360	13,291
- Development grants (note 10)	31,978	49,162	-	-	-	-	31,978	49,162
- Accumulated surplus	-	38	388	137	-	-	388	175
- Other grants	1,172	77	4,599	969	143	88	5,914	1,134
Assets donated by various organisations	-	-	-	-	496	11	496	11
Adjustments/Reclassifications	294	204	36	48	-	5	330	257
	58,683	69,248	11,956	6,941	938	289	71,577	76,478
Less:								
Grants taken to income and expenditure statement								
Amortisation charge for the year	139,842	135,747	10,523	9,929	938	786	151,303	146,462
On disposal of fixed assets	774	2,844	141	114	19	60	934	3,018
	140,616	138,591	10,664	10,043	957	846	152,237	149,480
Adjustments/Reclassifications	(14)	-	14	-	-	-	-	-
At 31 March	827,482	909,401	49,039	47,761	5,543	5,562	882,064	962,724

NOTES TO THE FINANCIAL STATEMENTS

Deferred capital grants amortised (non-ministry) refers to amortisation of grants received from statutory boards and other organisations.

17 Funds managed on behalf of the Ministry

Pursuant to the tuition fee and student loan scheme, the University Company acts as agent for the tuition fee and student loans and the Ministry as the financier providing the advances.

	Group and University Company	
	2009	**2008**
	$'000	**$'000**
Advances from the Ministry		
At 1 April	178,920	165,666
Advances received	20,385	17,432
Interest income	3,984	3,146
Advances repaid	(8,527)	(3,500)
Bad debts recovered/(incurred)	804	(678)
Interest expense	(3,984)	(3,146)
	191,582	178,920
Represented by:		
Cash and bank balances	206	964
Tuition fee and study loans	191,376	177,956
Net assets	191,582	178,920

Cash and bank balances of $206,000 (2008: $964,000) are held on behalf of the Ministry for the purpose of extending study loans to students.

Student tuition fee loans are repayable in full within six months from the student's date of graduation. This is unsecured and interest free. If this is not repaid within six months, the students are given an option to repay by monthly instalments over a period of up to 20 years after the borrowers' graduation. Interest is charged at the average prime rates of three local banks prevailing on the first day of each quarter, or such other rates as may be determined from time to time. Interest charged in 2009 is 4.75% (2008: 4.75%) per annum.

The interest on the tuition fee loans is remitted in full to the Ministry as and when received.

18 Capital Account

The capital account represents the revaluation of the freehold lands alienated to Nanyang Technological University. (Details are set out in note 3).

19 Endowment Fund

The fund comprises donations, grants, gifts, testamentary disposition and proceeds from gifts of movable or immovable properties. The objectives of this fund include the provision of facilities for teaching, training and research, the advancement and dissemination of knowledge and the promotion of research.

NOTES TO THE FINANCIAL STATEMENTS

The Government has undertaken to match all donations to the Nanyang Technological University Endowment Fund. Such government grants are accounted for on an accrual basis.

The following amount has been set aside within the Endowment Fund to preserve the capital of the Endowment Fund:

	Group and University Company	
	2009	2008
	$'000	$'000
At 1 April	46,089	41,358
Additional capital preserved during the year	41,108	4,731
At 31 March	87,197	46,089

20 Interest Income

	Group	
	2009	2008
	$'000	$'000
Interest received/receivable		
- fixed deposits (placed with financial institutions)	4,562	8,872
- bank balances	14	530
- finance leases	670	678
	5,246	10,080

21 Loss on Investments

	Group	
	2009	2008
	$'000	$'000
Interest income	3,259	6,001
Dividend income	6,192	7,966
Fair value loss on financial assets through income and expenditure	(264,290)	(57,929)
Fair value (loss)/gains on derivative financial instruments	(21,097)	9,217
	(275,936)	(34,745)

NOTES TO THE FINANCIAL STATEMENTS

22 Deficit Before Grants from Ministries

The following items have been included in arriving at deficit before grants from ministries:

	Group	
	2009	2008
	$'000	$'000
Allowance for doubtful receivables	273	220
Exchange (gain)/loss	(229)	9
Contribution to defined contribution plans included in expenditure on manpower	34,098	24,996

23 Operating Grants from Ministry

	Group	
	2009	2008
	$'000	$'000
Operating grants received and receivable during the year	509,216	422,591
Payment for goods and services tax on tuition fees and tuition grants	(39,550)	(19,434)
Amounts transferred to deferred capital grants (note 16)	(13,111)	(12,448)
Provision for attrition	(5,202)	(3,000)
Operating grants taken to income and expenditure statement	451,353	387,709

24 Taxation

The University Company is registered as a charitable institution by virtue of Section 13M(2)(b) of the Income Tax Act, Chapter 134.

The subsidiaries of the Group have unutilised capital allowances and unabsorbed tax losses of approximately $21,000 (2008: $10,000) and $790,000 (2008: $790,000) respectively which are available for offset against future taxable income. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the subsidiaries can utilise the benefit.

The unabsorbed tax losses and unutilised capital allowances of the subsidiaries are subject to agreement by the tax authorities and compliance with the tax regulations in the respective countries in which certain subsidiaries operate. These temporary differences do not expire under current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS

25 Commitments

The Group has the following commitments as at 31 March 2009:

Operating lease commitments

The future lease payments contracted at the reporting date but not recognised as liabilities are analysed as follows:

	2009	2008
	$'000	$'000
Not later than one year	1,110	1,109
Later than one year but not later than five years	181	1,258

Capital commitments

	2009	2008
	$'000	$'000
Contracted but not provided for	400,994	378,481
Authorised but not contracted for	804,139	810,484

The capital commitments are funded from grants from ministries, subject to satisfying certain terms and conditions.

	2009	2008
	$'000	$'000
Purchase of other investments (unquoted)		
- contracted but not provided for	44,260	48,709

Joint Program in Hospitality Management with Cornell University

Under the agreement with Cornell University, Nanyang Technological University (NTU) will establish a joint program in hospitality management with Cornell University through the Cornell-Nanyang Institute of Hospitality Management (CNI). The CNI programs include degree and non-degree programs, short courses, research and other related academic activities. NTU has provided a Standby Letter of Credit of USD 1.4 million renewable up to 30 June 2009 to cover tuition fees and reimbursable expenses due to Cornell University.

Agreements entered into with Massachusetts Institute of Technology (MIT) and the National University of Singapore (NUS)

The University Company has entered into the two Singapore-MIT Alliance (SMA) agreements with MIT and NUS to establish collaborative efforts in research and education in engineering, science and technology, including interface with business and industry. SMA-1 starts from 1 January 1999 and SMA-2, was effective from 17 September 2004. As at 31 March 2009, NTU's outstanding commitments under the 2 agreements are estimated to be around USD 12million (2008: USD 16.6million) till the expiry of these agreements.

NOTES TO THE FINANCIAL STATEMENTS

Collaboration with Stanford University

The University Company and Stanford University have entered into a collaborative Singapore Stanford Partnership (SSP) program for the development of postgraduate education and research in environmental science and engineering. The SSP program will offer Master of Science and Doctor of Philosophy degrees in environmental science and engineering whereby students will be integrated into the Stanford experience. As at 31 March 2009, NTU's outstanding commitments under the program are estimated to be USD 1.3million (2008: USD 0.9million) over the next 1 year (2008: 2 years).

26 Significant Related Party Information

Related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Other than disclosed elsewhere in the financial statements, the Group had the following significant transactions with related parties during the year on terms agreed between the parties as follows:

	2009	2008
	$'000	$'000
Related parties		
Purchase of goods and services	54,617	41,538
Sale of services	21,539	20,078
Key management personnel compensation		
Short-term employee benefits	3,579	2,736

27 Financial Instruments

Risk management is integral to the whole activities of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Group continually monitors its risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk

Credit risk is the potential loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

The Group manages its credit risk with regular monitoring and following up actions for the debts outstanding from debtors. Additional information is set out in Note 11. Funds for investments

NOTES TO THE FINANCIAL STATEMENTS

and transactions involving derivative financial instruments are only placed with reputable fund managers.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

At the balance sheet date, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flow. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

In addition, the Group maintains the following lines of credit:

- $10 million bankers' guarantee facility that is unsecured. The bankers' guarantee commission would be 0.5% per annum on the amount of the bankers' guarantee subject to a minimum commission of $100 per issuance
- $250 million that can be drawn down to meet short-term financing needs.

Interest risk

Surplus funds from the Group's operations are invested in bank deposits and with fund managers. The Group has no exposure to interest rate risk from fixed deposits and borrowings as the interest rates are on a fixed rate basis. The Group's investments in fixed income securities that are managed by fund managers (classified as financial assets at fair value through income and expenditure) are exposed to interest rate risk.

Sensitivity analysis for interest risk

If movements in interest rates result in a 3% (2008: 3%) appreciation/depreciation in the value of our fixed income investments, all other variables being held constant, the Group's surplus would have been higher/lower by $4,170,000 (2008: $3,937,000)

Price risk

The Group is exposed to equity securities price risk from investments classified as financial assets at fair value through income and expenditure. The market values of these investments are affected by, amongst others, changes in market prices as a result of changes in the global economic conditions, macro and micro economic factors affecting the country where the investments are quoted, and factors specific to the investee corporations.

To manage the price risk arising from investment in equity securities, the Group diversifies its portfolio across different markets and industries whenever it is appropriate.

NOTES TO THE FINANCIAL STATEMENTS

Sensitivity analysis for price risk

If movements in equity markets result in a 5% (2008: 5%) appreciation/depreciation in the value of our equity investments, all other variables being held constant, the Group's surplus would have been higher/lower by $2,119,000 (2008: $17,787,000).

If movements in financial markets result in a 5% (2008: 5%) appreciation/depreciation in the value of our unquoted equity investments, all other variables being held constant, the Group's surplus would have been higher/lower by $18,373,000 (2008: $28,342,000)

Foreign currency risk

The Group's investments which are managed by fund managers may be in instruments denominated in foreign currencies. Currency exposure arising from such investments is managed by fund managers.

The net currency exposure of investments based on information provided to management is as follows:

	Singapore dollar	US dollar	Euro	Others
	$'000	**$'000**	**$'000**	**$'000**
2009	732,348 (82%)	139,336 (15%)	8,328 (1%)	17,827 (2%)
2008	636,646 (56%)	297,725 (26%)	24,637 (2%)	166,095(16%)

Sensitivity analysis for currency risk

If the relevant foreign currency changes against the Singapore dollar by 5% (2008: 5%), all other variables being held constant, the effects will be as follows:

	Income and expenditure	
	2009	**2008**
	$'000	**$'000**
Increase/(Decrease)		
US dollar against Singapore dollar		
Strengthened	6,967	14,886
Weakened	(6,967)	(14,886)
Euro against Singapore dollar		
Strengthened	416	1,232
Weakened	(416)	(1,232)

Estimating the fair values

Financial assets at fair value through income and expenditure

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The fair values of unquoted equity investments are based on net asset values provided by fund managers using their valuation methodologies.

NOTES TO THE FINANCIAL STATEMENTS

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at reporting date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values. All other financial assets and liabilities are discounted to determine their fair values.

Interest rates used in determining fair values

The Group uses the government yield curve as of 31 March 2009 plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

	2009	2008
	% p.a.	% p.a.
Finance lease receivables	2.72	2.72
Loans and borrowings	6.50	6.50
Receivables	6.50	6.50

28 Comparative Information

In the financial statements of the last financial year, financial assets at fair value through income and expenditure amounting to $1,053,805,000 were reclassified from non-current assets to current assets. This reclassification is to conform with the current year's presentation.

29 FRS not yet Adopted

The University Company has not applied the following accounting standards (including their consequential amendments) and interpretations that have been issued as of the balance sheet date but are not yet effective:

- FRS 1 (revised 2008) *Presentation of Financial Statements*
- FRS 23 (revised 2007) *Borrowing Costs*
- Amendments to FRS 32 *Financial Instruments: Presentation* and FRS 1 *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*

NOTES TO THE FINANCIAL STATEMENTS

- Amendments to FRS 101 *First-time Adoption of Financial Reporting Standards* and FRS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 102 *Share-based Payment – Vesting Conditions and Cancellations*
- FRS 108 *Operating Segments*
- Improvements to FRSs 2008
- INT FRS 113 *Customer Loyalty Programmes*
- INT FRS 116 *Hedges of a Net Investment in a Foreign Operation*
- INT FRS 117 *Distributions of Non-cash Assets to Owners*

FRS 1 (revised 2008) will become effective for the University Company's financial statements for the year ending 31 March 2010. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. FRS 1 (revised 2008) does not have any impact on the University Company's financial position or results.

The University Company is evaluating the initial application of these standards and interpretations for the impact on the University Company's financial statements. The University Company has not considered the impact of accounting standards issued after the balance sheet date.

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