

RISING
ELITE
YOUNG

**A
REMARKABLE
ASCENT**

ANNUAL REPORT 2013

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VISION & MISSION

A great global university founded on science and technology, nurturing creative and entrepreneurial leaders through a broad education in diverse disciplines.

At a Glance

100

nationalities on campus

400

university partners in academia and research

258

partner universities in 37 countries offer student attachment programmes

7_{IN} 10

undergraduates have an overseas opportunity during their studies

TOP 50

fastest-rising Asian university in global top 50 of QS World University Rankings 2013

2ND

globally and only Singapore university in 2013 QS ranking of young elite universities

14TH

in Engineering and Technology in QS World University Rankings 2013

86TH

in *Times Higher Education* World University Rankings 2012, jumping 83 places over 2011

TOP 15

most beautiful university campus (American Express' *Travel + Leisure* magazine)

14

new physical developments over the next two years, including 2 large learning hubs

90

research institutes and centres

5,000

new hostel places by 2015



S\$487.7 million in competitive research grants won in FY2012/13

15TH globally for industry income

S\$1.2 billion in funding for sustainability research since 2005

41 patents granted in FY2012/13

18

joint/dual PhD degree programmes with overseas universities

43

overseas alumni associations

54

first intake at joint medical school with Imperial College London



5TH

most-cited university in Engineering by Essential Science Indicators of Thomson Reuters



179,800

ALUMNI ACROSS 127 COUNTRIES

23,500

UNDERGRADUATES

9,000

GRADUATE STUDENTS

4,000

FACULTY AND RESEARCHERS FROM 75 COUNTRIES

97%

OF THE CLASS OF 2012 RECEIVED A JOB OFFER WITHIN FOUR MONTHS OF GRADUATION

3

Singapore campuses

16

undergraduate halls spread over 200 hectares

938

technology disclosures received since 2007

INNOVATE
EDUCATE
NURTURE

A Global University on the Rise

Shining like a beacon for young universities across the globe, NTU is ranked 2nd by Quacquarelli Symonds (QS) and 10th by *Times Higher Education* among the world's elite universities under 50 years old.

Leaping 33 places in three years, NTU is ranked 41st and is the fastest-rising Asian university – and one of only two top young, elite universities – in the Top 50 of QS' ranking of global varsities.

With its top-notch faculty and an innovative curriculum that includes a new undergraduate course in medicine, NTU saw a phenomenal 60 per cent jump in the number of top A-level students enrolling in 2013 when compared to 2011.

A close partner of global industry, NTU is also 15th in the world for industrial funding and collaboration, according to *Times Higher Education*.

That NTU, young and fast-growing, ranks among the very best in the region and the world is testimony of the university's inexorable rise as a truly world-class institution.

Board of Trustees

As at 31 July 2013



**Mr Koh Boon Hwee
(Chairman)**

Chairman
*Credence Partners
Pte Ltd*
Appointed on
28 March 2006



**Mr Alwi Bin Abdul
Hafiz**

Sustainability Advisor
Golden Veroleum Liberia
Appointed on
28 March 2006



Ms Chan Lai Fung
Permanent Secretary
(Education)

Ministry of Education
Appointed on
1 April 2012



Ms Jennie Chua

Chairman
Alexandra Health Systems
Appointed on
28 March 2006



Mr Goh Sin Teck
Editor

Lianhe Zaobao
Consulting Editor,
MyPaper
Appointed on
1 June 2012



Mr Kwek Leng Joo

Managing Director
City Developments Ltd
Appointed on
28 March 2006



Mrs Lee Suet Fern

Chairman and
Managing Partner
*Stamford Law
Corporation*
Appointed on
15 July 2006



Ms Lien Siau-Sze

Senior Executive Coach
Mobley Group Pacific
Appointed on
28 March 2006



Mr Lim Chee Onn
Senior International
Adviser

Singbridge Pte Ltd
Appointed on
25 August 2009



Mr Lim Chuan Poh
Chairman

*Agency for Science,
Technology and Research*
Appointed on
28 March 2006



Sir Keith O'Nions
President and Rector
Imperial College London
Appointed on
17 March 2011



Prof Haresh Shah
Professor Emeritus
Stanford University
Appointed on
28 March 2006



Mr Inderjit Singh
Chief Executive Officer
*Solstar International
Pte Ltd*
Appointed on
28 March 2006



BG (NS) Tan Meng Dui
Deputy Secretary
(Technology)
Ministry of Defence
Appointed on
1 July 2012



Mr Wong Yew Meng
Board Member
People's Association
Appointed on
1 August 2010



Mr Ernest Wong
Chairman
*Fullerton Financial
Holdings Pte Ltd*
Appointed on
28 March 2006



**Prof Alexander
JB Zehnder**
Chairman
Triple Z Ltd
Appointed on
25 August 2009



Prof Bertil Andersson
President
*Nanyang Technological
University*
Appointed on
1 July 2011

University Leadership

As at 31 July 2013

Senior Management Team



Prof Bertil Andersson

President

Appointed on 1 July 2011

Prof Andersson first became Provost in 2007, where he helped to strengthen NTU's reputation as one of the fastest-growing research-intensive universities in the world. He was installed as NTU's third President on 1 July 2011.

He was formerly President of Linköping University, Sweden, from 1999 to 2003, and the Chief Executive of the European Science Foundation from 2004 to 2007. At the helm of the European Science Foundation in Strasbourg, France, his last post before joining NTU, he consolidated research efforts across 30 European countries.

A world-renowned plant biochemist with a longstanding association with the Nobel Foundation, where he had also chaired its Chemistry Committee, Prof Andersson has pioneered research on the artificial leaf, a promising area of sustainable energy research that uses sunlight to produce clean, low-cost sources of energy.

He is the winner of the Wilhelm Exner Medal, awarded since 1921 to top global scientists and visionaries, including Nobel Laureates, for their life-changing research. Well-regarded for championing high-impact science and engineering, he has received five honorary doctorates since becoming NTU President in 2011.



Prof Freddy Boey

Deputy President and Provost

Appointed on 1 July 2011

Before assuming the role of Provost, Prof Boey served as the Chair of NTU's School of Materials Science & Engineering from 2005 to 2010, leading its transformation into one of the world's largest materials engineering institutions.

A dedicated educator and administrator, he also has a sterling track record of breakthrough commercial applications that have given the "made in Singapore" label pride of place on the global stage. He has won more than S\$42 million in competitive research funding, including a S\$10 million individual grant to develop fully biodegradable cardiovascular implants for hole-in-the-heart conditions.

Prof Boey has developed 30 original patents, the majority of which have been licensed. These patents have resulted in several spin-off companies, formed to license his various life-giving biomedical solutions. His inventions include the world's smallest heart pump that can be inserted into the body without open heart surgery and a customisable hernia mesh, the first such surgical mesh approved for sale by the US Food and Drug Administration.

NTU's role model for research, education and enterprise, Prof Boey actively champions the marriage of all three aspects on campus. For his distinguished contributions to Singapore's science and engineering landscape and his role in nurturing young research talent, he was awarded the 2013 President's Science and Technology Medal, a top national honour.

The other members of the senior management team are:

Prof Lam Khin Yong

Chief of Staff

Appointed on 1 July 2011

- Chief of Staff-Designate (1 April – 30 June 2011)
- Associate Provost (Graduate Education & Special Projects) (1 April 2008 – 30 June 2011)
- Chair, School of Mechanical & Aerospace Engineering (1 August 2006 – 30 April 2008)

Prof Er Meng Hwa

Vice President (International Affairs)

Appointed on 1 July 2011

- Vice President-Designate (International Affairs) (1 April – 30 June 2011)
- Senior Associate Provost (1 April 2008 – 30 June 2011)
- Associate Provost (1 April 2007 – 31 March 2008)

Prof Angela Goh

Associate Provost (Faculty Affairs)

Appointed on 1 July 2011

- Associate Provost-Designate (Faculty Affairs) (1 April – 30 June 2011)
- Acting Chair, School of Computer Engineering (15 October 2007 – 31 January 2010)
- Associate Chair (Academic), School of Computer Engineering (1 August 2006 – 30 November 2007)

Prof Yue Chee Yoon

Associate Provost

(Graduate Education)

Appointed on 2 January 2013

- Acting Dean, Interdisciplinary Graduate School (1 September 2011 – 1 January 2013)
- Director, Institute for Sports Research (15 July 2011 – 31 May 2012)

Assoc Prof Kwok Kian Woon

Associate Provost (Student Life)

Appointed on 1 July 2011

- Associate Provost-Designate (Student Life) (1 April – 30 June 2011)
- Associate Chair (Academic), School of Humanities & Social Sciences (1 August 2006 – 30 June 2011)
- Head, Division of Sociology, School of Humanities & Social Sciences (1 June 2004 – 30 June 2013)

Prof Kam Chan Hin

Associate Provost

(Undergraduate Education)

Appointed on 1 July 2011

- Associate Provost-Designate (Undergraduate Education) (1 April – 30 June 2011)
- Chair, School of Electrical & Electronic Engineering (1 August 2006 – 31 March 2011)

Deans of Colleges

Prof Ravi Kumar

Dean, Nanyang Business School
Appointed on 1 June 2013

Prof Ng Wun Jern

Acting Dean, College of Engineering
Appointed on 1 July 2013

- Executive Director, Nanyang Environment & Water Research Institute (18 June 2007 – 17 June 2016)

Prof Alan Chan

Dean, College of Humanities, Arts, & Social Sciences
Appointed on 1 October 2009

Prof Ling San

Dean, College of Science
Appointed on 1 August 2011

- Chair, School of Physical & Mathematical Sciences (1 April 2008 – 31 December 2010)
- Head, Division of Mathematical Sciences, School of Physical & Mathematical Sciences (1 July 2005 – 31 March 2008)
- Head-Designate, Division of Mathematical Sciences, School of Physical & Mathematical Sciences (1 April – 30 June 2005)

Prof Dermot Kelleher

Dean, Lee Kong Chian School of Medicine
Appointed on 1 August 2012

Heads of Autonomous Institutes

Prof Lee Sing Kong

Director, National Institute of Education
Appointed on 1 November 2006

- Managing Director, National Institute of Education International (from 1 July 2009)
- Acting Director, National Institute of Education (16 January – 28 February 2006)
- Dean, External Programmes (Knowledge Horizon), National Institute of Education (1 October 2005 – 30 June 2009)

Ambassador Barry Desker

Dean, S Rajaratnam School of International Studies
Appointed on 1 January 2007

- Director, Institute of Defence & Strategic Studies (1 October 2000 – 2 October 2008)

Prof Kerry Sieh

Director, Earth Observatory of Singapore
Appointed on 1 July 2008

Prof Staffan Kjelleberg

Director, Singapore Centre on Environmental Life Sciences Engineering
Appointed on 1 January 2011

FINANCIAL REVIEW

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CORPORATE GOVERNANCE

Introduction

In April 2006, under the Nanyang Technological University (Corporatisation) Act (Cap. 192A) (“NTU Act”), NTU was corporatised from a statutory board to a not-for-profit company limited by guarantee (Reg. No. 200604393R) formed under the Companies Act (Cap. 50) of Singapore. The governance of the University takes place within the NTU Act and its key constitutive document, its Memorandum and Articles of Association.

NTU is committed to high standards of corporate governance, professionalism, integrity and commitment at all levels, underpinned by strong internal controls and risk management systems.

Governance Evaluation Checklist

In addition to the application of good governance practices as a company and registered charity (Reg. No. 01955), we have, as an institution of public character (“IPC”), adopted best practices in key areas of governance that are closely aligned to the principles and guidelines in the Code of Governance for Charities and Institutions of a Public Character (the “Code”). In line with the disclosure requirement by the Charity Council that all IPCs are required to disclose the extent of their compliance with the Code, NTU’s Governance Evaluation Checklist can be found at the Charity Portal website (www.charities.gov.sg).

Board of Trustees

The NTU Board of Trustees is the highest governing organ within the University’s governance framework. The Board comprises 18 members appointed by the Minister for Education, and is chaired by Mr Koh Boon Hwee. Our Board of Trustees includes eminent business leaders, academics, alumni, entrepreneurs and professionals from the public service and private sectors. Each member is appointed on the strength of his/her calibre, experience, stature and ability to contribute to NTU, and brings with him/her independent judgment on issues of strategy, performance, resource allocation and risk and compliance, as well as valuable relationships and networks which are essential for the growth of NTU.

The Board of Trustees is responsible for ensuring that the University acts in the furtherance of its objectives in education and research, and properly accounts for and safeguards the funds and assets of the University. The Board of Trustees works closely with the Management and stakeholders of the University to shape the vision, chart the major directions, and develop programmes and initiatives to produce a strong and enduring impact for the University, and for Singapore and beyond. The Board also approves the annual budget, the use of the University’s operating reserves and the annual audited financial statements of NTU, among other responsibilities.

The NTU Board of Trustees has in place a framework with systems and processes for an effective Board based on the following governance principles and practices:

1. Effective recruitment and induction of Trustees. The Nominating Committee is delegated the responsibility of recommending suitable candidates and has in place an induction programme comprising interactive briefing sessions. In addition, a Board Manual is available.
2. Board Committees are structured to assist the Board to fulfil its governance role, tapping each Trustee’s competencies, skills and experience.
3. The Board works with Management to set the vision, mission and strategy of NTU.
4. The Board has an executive succession plan tailored to reflect NTU’s current strategy and organisation.
5. The Board has a system for effective consultation and decision-making with executive sessions and board meetings scheduled in advance, professional expertise advice available, internal guidelines and procedures for conduct of board meetings and obtaining board approvals via circulation, and a Trustees’ portal as a secured web-based resource centre for information relevant to the Board.
6. The Board evaluates and reviews its own performance and has appointed an independent third party to collate and analyse the returns of the Trustees.
7. The Board delineates roles and responsibilities between the Board and Management. All members of the Board, including the Chairman, are non-executive with the exception of the President of NTU. This ensures Board independence from Management.
8. The Board has a rotation plan for continuous self-renewal, with staggering of Trustees’ terms to ensure continuity. There are policies and procedures for nomination and retirement of Trustees to ensure a formal board nomination and election.

Board Committees

Eight Board Committees and one Advisory Committee have been established to support the Board. These are the Academic Affairs Committee, Alumni and Development Committee, Audit and Risk Committee, Enterprise Committee, Finance Committee, Investment Committee, Nominating Committee, Remuneration Committee and Campus Planning Advisory Committee.

The roles of the Board and Advisory Committees are briefly described below:

- The Academic Affairs Committee provides oversight and policy guidance for and directly supports the academic concerns of the University as well as the management of faculty and related matters.

- The Alumni and Development Committee provides oversight of issues relating to the advancement of the university as a great university founded on science and technology and its relationship with its students, alumni and external communities.
- The Audit and Risk Committee oversees the University's internal controls, financial reporting and enterprise risk management.
- The Enterprise Committee provides oversight and policy guidance for, and directly supports, the University's strategic directions and policies on innovation, technology transfer and entrepreneurship.
- The Finance Committee provides oversight of the financial management of the University.
- The Investment Committee oversees the management and investment of the funds of the University.
- The Nominating Committee nominates suitable persons to serve on the Board and committees.
- The Remuneration Committee provides oversight and policy guidance in employee compensation matters.
- The Campus Planning Advisory Committee provides oversight and advice on the implementation of the campus master plan.

The Committees operate based on the principle of delegated authority from the Board and are required to observe their respective Terms of Reference as set by the Board. The Terms of Reference of each of these Committees set out the role, powers and rules applicable to these Committees. Where necessary, non-Board members who have expertise in their respective fields are also co-opted to enhance the deliberations and decision-making process of some of the Board Committees.

University Leadership

The President is the University's Chief Executive Officer as well as its academic and administrative head. He is accountable to the Board for the conduct, coordination and quality of all of NTU's programmes and for their future development. He has the authority to perform all acts which are necessary to give effect to the policies and statutes of the Board.

The Provost is the Chief Academic and Budget Officer of the University appointed by the President with the approval of the Board of Trustees. The Provost is responsible for the University's academic endeavours and development. This includes graduate and undergraduate education, research, faculty development, student life, external academic liaison and coordination of supporting administrative efforts. He deputises for the President in his absence.

Policies to Manage Conflict of Interest

Members of the Board of Trustees and staff are required in their respective capacities to act at all times in the best interest of the University. Clear policies and procedures are designed to prevent and address potential conflict-of-interest situations while promoting ethical business conduct of faculty and staff.

Trustees have a fiduciary duty not to allow themselves to get into a position where there is a conflict between what they ought to do for NTU and what they might do for themselves. The NTU Board of Trustees subscribes to a code of conduct to uphold a high standard of integrity and commitment in serving the University and in the event of a conflict of interest, members of the Board shall recuse themselves from decisions where such a conflict exists.

In addition, NTU's Articles of Association contain provisions for the management and avoidance of conflicts of interest by members of its Board of Trustees. Such provisions include (a) permitting a Board member to be interested in any transaction with NTU provided that the member has declared the nature of the interest to the Board of Trustees and abstains from participating in the Board's decision in respect of the transaction concerned, (b) permitting a Board member, or a firm associated with the member, to act in any professional capacity for the University and to be remunerated for professional services as if the Board member was not a Trustee, and (c) permitting a Board member to be reimbursed for out-of-pocket expenses, travelling and other expenses properly incurred by the Board member in attending and returning from meetings of the Board of Trustees, any of its committees, or any general meeting of the University or otherwise in connection with the affairs of the University. NTU's Articles expressly stipulate that Board members shall not receive any remuneration for services rendered by them as members of the Board of Trustees.

Under the University Code of Conduct, faculty and staff owe their primary professional allegiance to the University. To protect the University and its mission, all faculty and staff must comply with policies on conflict of interest as laid down from time to time. The current Policy requires faculty and staff to ensure that their private activities and interests do not conflict with their professional obligations to the University. They should take care to avoid conflict between their own personal interests and the interests of the University and should avoid or withdraw from situations where there may be a perception of such conflict. Where there is potential violation of the Policy, the faculty or staff shall fully and frankly disclose the nature and extent of their interest to the University as soon as possible.

TRUSTEES' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

Report of the Trustees

The Board of Trustees present their report to the members together with the audited consolidated financial statements of Nanyang Technological University (the "University Company") and its subsidiaries (collectively the "Group") and statement of financial position and statement of changes in funds and reserves of the University Company for the financial year ended 31 March 2013.

Trustees

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

Mr Koh Boon Hwee (Chairman)
Mr Alwi Bin Abdul Hafiz
Ms Jennie Chua
Mr Kwek Leng Joo
Mrs Lee Suet Fern
Ms Lien Siaou-Sze
Mr Lim Chuan Poh
Prof Haresh Shah
Mr Inderjit Singh
Mr Ernest Wong
Mr Lim Chee Onn
Prof Alexander JB Zehnder
Mr Wong Yew Meng
Sir Keith O'Nions
Prof Bertil Andersson
Ms Chan Lai Fung
Mr Goh Sin Teck
BG (NS) Tan Meng Dui

Mr Chia Ban Seng and Mr Goh Geok Ling resigned as Trustees of the University Company on 31 March 2013.

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 or debentures of the University Company or any other body corporate.

TRUSTEES' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Trustees' Interests in Shares And Debentures

The Trustees of the University Company at the end of the financial year have no interest in the share capital (including any share options) and debentures of the University Company's related corporations as recorded in the register of the directors' shareholdings kept by the University Company's related corporations under Section 164 of the Singapore Companies Act.

As the University Company is limited by guarantee and not having a share capital, there are no matters to be disclosed under Section 201(6)(g), Section 201(6A)(h), Section 201(11) and Section 201(12) of the Singapore Companies Act, Chapter 50.

Trustee Contractual Benefits

Since the beginning of the 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 for remuneration paid to a trustee in respect of his employment with the University Company as well as consultancy fees paid to another trustee as disclosed in Note 28 to the financial statements.

Auditors

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE BOARD OF TRUSTEES



Mr Koh Boon Hwee
Chairman of the Board of Trustees
Trustee



Prof Bertil Andersson
President of Nanyang Technological University
Trustee

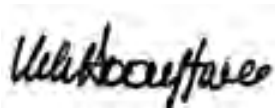
15 August 2013

STATEMENT BY TRUSTEES

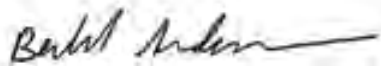
In the opinion of the Trustees,

- (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in funds and reserves of the University Company as set out on pages 19 to 66 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the University Company as at 31 March 2013, and of 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 financial year from 1 April 2012 to 31 March 2013; 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 when they fall due.

ON BEHALF OF THE BOARD OF TRUSTEES



Mr Koh Boon Hwee
Chairman of the Board of Trustees
Trustee



Prof Bertil Andersson
President of Nanyang Technological University
Trustee

15 August 2013

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF TRUSTEES OF NANYANG TECHNOLOGICAL UNIVERSITY

Report on the Financial Statements

We have audited the accompanying financial statements of Nanyang Technological University (the "University Company") and its subsidiaries ("the Group") which comprise the statements of financial position of the Group and the University Company as at 31 March 2013, and the statement of comprehensive income, statement 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 financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 19 to 66.

Management's Responsibility for the Financial Statements

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

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 about whether the financial statements are free from material misstatement.

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE BOARD OF TRUSTEES OF NANYANG TECHNOLOGICAL UNIVERSITY

Opinion

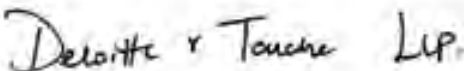
In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in funds and reserves of the University Company are properly drawn up in accordance with the provisions of the Act, the Charities Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the University Company as at 31 March 2013 and of 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.

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 Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

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

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



Public Accountants and
Chartered Accountants
Singapore

15 August 2013

STATEMENTS OF FINANCIAL POSITION

31 March 2013

| | | Group | | University Company | |
|---|------|------------------|------------------|--------------------|------------------|
| | Note | 2013 \$'000 | 2012 \$'000 | 2013 \$'000 | 2012 \$'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 3 | 1,141,779 | 1,140,633 | 1,140,490 | 1,138,875 |
| Prepaid lease | 4 | 3,267 | 3,433 | 3,267 | 3,433 |
| Subsidiaries | 5 | - | - | 791 | 791 |
| Student loans | 6 | 4,018 | 4,268 | 4,018 | 4,268 |
| Finance lease receivables | 7 | 21,706 | 22,358 | 21,706 | 22,358 |
| | | <u>1,170,770</u> | <u>1,170,692</u> | <u>1,170,272</u> | <u>1,169,725</u> |
| Current assets | | | | | |
| Derivative financial instruments | 8 | 1,011 | 4,065 | 1,011 | 4,065 |
| Loan to a subsidiary | 9 | - | - | - | 3,000 |
| Student loans | 6 | 2,721 | 3,028 | 2,721 | 3,028 |
| Trade and other receivables | 10 | 327,575 | 286,156 | 324,648 | 283,336 |
| Financial assets at fair value through profit or loss | 11 | 1,462,564 | 1,212,845 | 1,462,564 | 1,212,845 |
| Finance lease receivables | 7 | 652 | 636 | 652 | 636 |
| Cash and cash equivalents | 12 | 1,181,113 | 1,093,652 | 1,161,810 | 1,074,261 |
| | | <u>2,975,636</u> | <u>2,600,382</u> | <u>2,953,406</u> | <u>2,581,171</u> |
| Total assets | | <u>4,146,406</u> | <u>3,771,074</u> | <u>4,123,678</u> | <u>3,750,896</u> |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Derivative financial instruments | 8 | 2,578 | 12 | 2,578 | 12 |
| Other payables and accruals | | 146,060 | 109,768 | 140,610 | 105,113 |
| Provisions | 13 | 97,856 | 75,070 | 97,695 | 74,933 |
| Grant received in advance – Operating grants | 14 | 1,210 | 499 | - | - |
| Grant received in advance – Information technology and furniture and equipment (“IT and F&E”) | 15 | 39,234 | 35,035 | 39,234 | 35,035 |
| Sinking fund received in advance | 15 | 6,600 | - | 6,600 | - |
| Short-term borrowings | 16 | 81,600 | 90,900 | 81,600 | 90,900 |
| Deferred tuition and other fees | | 69,995 | 64,467 | 69,995 | 64,467 |
| Research grants received in advance | 17 | 127,382 | 77,441 | 127,228 | 76,881 |
| Income tax payable | | 366 | 475 | - | - |
| | | <u>572,881</u> | <u>453,667</u> | <u>565,540</u> | <u>447,341</u> |
| Non-current liabilities | | | | | |
| Deferred capital grants | 18 | 812,549 | 821,503 | 811,622 | 820,162 |
| Other non-current liabilities | | 3,431 | 3,324 | 3,431 | 3,324 |
| Sinking fund received in advance | 15 | 234,228 | 205,529 | 234,228 | 205,529 |
| | | <u>1,050,208</u> | <u>1,030,356</u> | <u>1,049,281</u> | <u>1,029,015</u> |
| Total liabilities | | <u>1,623,089</u> | <u>1,484,023</u> | <u>1,614,821</u> | <u>1,476,356</u> |
| Net assets | | <u>2,523,317</u> | <u>2,287,051</u> | <u>2,508,857</u> | <u>2,274,540</u> |

STATEMENTS OF FINANCIAL POSITION (CONT'D)

31 March 2013

| | | Group | | University Company | |
|---|------|------------------|------------------|--------------------|------------------|
| | Note | 2013 \$'000 | 2012 \$'000 | 2013 \$'000 | 2012 \$'000 |
| FUNDS AND RESERVES | | | | | |
| Capital account | 19 | 200,858 | 200,858 | 200,858 | 200,858 |
| Endowment fund | 20 | 1,266,322 | 1,130,908 | 1,266,322 | 1,131,283 |
| Accumulated surplus | | | | | |
| – General fund | | 561,930 | 497,394 | 545,840 | 484,040 |
| – Other restricted fund | | 494,207 | 457,891 | 495,837 | 458,359 |
| Funds and reserves | | 2,523,317 | 2,287,051 | 2,508,857 | 2,274,540 |
| Funds managed on behalf of the Government Ministry | 21 | 219,864 | 233,464 | 219,864 | 233,464 |
| Represented by: Net assets managed on behalf of the Government Ministry | 21 | 219,864 | 233,464 | 219,864 | 233,464 |

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2013

| | Note | General fund | | Endowment fund | | Other restricted fund | | Total | |
|---|------|----------------|----------------|----------------|----------------|-----------------------|----------------|----------------|----------------|
| | | 2013 \$'000 | 2012 \$'000 | 2013 \$'000 | 2012 \$'000 | 2013 \$'000 | 2012 \$'000 | 2013 \$'000 | 2012 \$'000 |
| Group | | | | | | | | | |
| Income | | | | | | | | | |
| Tuition and other fees | | 244,439 | 226,910 | - | - | 28,785 | 29,303 | 273,224 | 256,213 |
| Rental income | | 1,602 | 1,444 | - | - | 35,035 | 32,195 | 36,637 | 33,639 |
| Research grants | 17 | 231,068 | 206,506 | - | - | - | - | 231,068 | 206,506 |
| Interest income | 22 | 3,759 | 3,503 | - | 16 | 582 | 478 | 4,341 | 3,997 |
| Donations | | 773 | 7 | - | - | 28,786 | 25,438 | 29,559 | 25,445 |
| Other grants | | 2,956 | 3,592 | - | - | 15,032 | 7,076 | 17,988 | 10,668 |
| Sundry income | | 56,886 | 37,916 | - | - | 21,314 | 31,775 | 78,200 | 69,691 |
| Deferred capital grants amortised (non-ministry) | 18 | 7,584 | 7,666 | - | - | 6,730 | 5,924 | 14,314 | 13,590 |
| Total income before profit on investments | | 549,067 | 487,544 | - | 16 | 136,264 | 132,189 | 685,331 | 619,749 |
| Profit on investments | 23 | 18,113 | 4,451 | 75,715 | 8,024 | 139 | 9 | 93,967 | 12,484 |
| Total income after profit on investments | | 567,180 | 491,995 | 75,715 | 8,040 | 136,403 | 132,198 | 779,298 | 632,233 |
| Expenditure | | | | | | | | | |
| Expenditure on manpower | | 583,240 | 563,992 | 999 | 993 | 90,003 | 73,826 | 674,242 | 638,811 |
| Teaching/research | | 118,519 | 110,137 | - | - | 52,256 | 48,274 | 170,775 | 158,411 |
| Administration | | 66,794 | 65,715 | - | - | 44,466 | 42,088 | 111,260 | 107,803 |
| Scholarship expenses | | 81,664 | 76,823 | - | - | 61,237 | 54,392 | 142,901 | 131,215 |
| Maintenance | | 76,484 | 76,030 | - | - | 12,704 | 12,723 | 89,188 | 88,753 |
| Library books and periodicals | | 4,644 | 5,247 | - | - | - | - | 4,644 | 5,247 |
| Depreciation of property, plant and equipment | 3 | 157,055 | 159,011 | - | - | 16,655 | 11,618 | 173,710 | 170,629 |
| Amortisation of prepaid lease | 4 | 166 | 166 | - | - | - | - | 166 | 166 |
| Balance carried forward | | 1,088,566 | 1,057,121 | 999 | 993 | 277,321 | 242,921 | 1,366,886 | 1,301,035 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

Year ended 31 March 2013

| | Note | General fund | | Endowment fund | | Other restricted fund | | Total | |
|--|------|----------------|----------------|----------------|----------------|-----------------------|----------------|----------------|----------------|
| | | 2013 \$'000 | 2012 \$'000 | 2013 \$'000 | 2012 \$'000 | 2013 \$'000 | 2012 \$'000 | 2013 \$'000 | 2012 \$'000 |
| Group | | | | | | | | | |
| Balance brought forward | | 1,088,566 | 1,057,121 | 999 | 993 | 277,321 | 242,921 | 1,366,886 | 1,301,035 |
| Capital expenditure not capitalised | | 21,937 | 16,486 | - | - | 2,203 | 2,512 | 24,140 | 18,998 |
| Loss on disposal of property, plant and equipment | | 720 | 145 | - | - | 60 | 431 | 780 | 576 |
| Other expenses | | 41 | - | 2,074 | 2,190 | 23,523 | 21,816 | 25,638 | 24,006 |
| Total expenses | | 1,111,264 | 1,073,752 | 3,073 | 3,183 | 303,107 | 267,680 | 1,417,444 | 1,344,615 |
| (Deficit)/Surplus before grants from ministries | 24 | (544,084) | (581,757) | 72,642 | 4,857 | (166,704) | (135,482) | (638,146) | (712,382) |
| Grants from ministries | | | | | | | | | |
| Development grants | 15 | 23,369 | 17,002 | - | - | - | - | 23,369 | 17,002 |
| Operating grants | 25 | 503,000 | 514,975 | - | - | - | - | 503,000 | 514,975 |
| Other grants | | 3,215 | 2,867 | - | - | 107,655 | 102,234 | 110,870 | 105,101 |
| Deferred capital grants amortised | 18 | 144,984 | 146,619 | - | - | 5,032 | 3,376 | 150,016 | 149,995 |
| Total grants from ministries | | 674,568 | 681,463 | - | - | 112,687 | 105,610 | 787,255 | 787,073 |
| Surplus/(Deficit) after grants from ministries | | 130,484 | 99,706 | 72,642 | 4,857 | (54,017) | (29,872) | 149,109 | 74,691 |
| Taxation | 26 | 347 | 446 | - | - | - | - | 347 | 446 |
| Surplus/(Deficit) for the year | | 130,137 | 99,260 | 72,642 | 4,857 | (54,017) | (29,872) | 148,762 | 74,245 |
| Other comprehensive income, net of tax | | - | - | - | - | - | - | - | - |
| Total comprehensive income/(loss) for the year | | 130,137 | 99,260 | 72,642 | 4,857 | (54,017) | (29,872) | 148,762 | 74,245 |

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

STATEMENTS OF CHANGES IN FUNDS AND RESERVES

Year ended 31 March 2013

| | Accumulated surplus | | | | Total \$'000 |
|--|---------------------------|--------------------------|------------------------|------------------------------------|-----------------|
| | Capital account \$'000 | Endowment fund \$'000 | General fund \$'000 | Other restricted fund \$'000 | |
| Group | | | | | |
| At 1 April 2011 | 200,858 | 893,523 | 471,703 | 391,883 | 1,957,967 |
| Total comprehensive income/ (loss) for the year | - | 4,857 | 99,260 | (29,872) | 74,245 |
| Donations | - | 54,593 | - | - | 54,593 |
| Grants from ministries – other grants | - | 202,470 | - | - | 202,470 |
| Transfer from endowment fund | - | (24,535) | 11,856 | 12,679 | - |
| Transfer to research grants received in advance | - | - | (1,962) | - | (1,962) |
| Transfer to deferred capital grants | - | - | (99) | - | (99) |
| Utilisation of other restricted fund/general fund | - | - | - | (275) | (275) |
| Transfer to other restricted fund | - | - | (88,417) | 88,417 | - |
| Transfer to general fund | - | - | 5,025 | (5,025) | - |
| Fair value adjustment | - | - | 28 | 84 | 112 |
| At 31 March 2012 | 200,858 | 1,130,908 | 497,394 | 457,891 | 2,287,051 |
| Total comprehensive income/ (loss) for the year | - | 72,642 | 130,137 | (54,017) | 148,762 |
| Donations | - | 61,612 | - | - | 61,612 |
| Grants from ministries – other grants | - | 25,892 | - | - | 25,892 |
| Transfer from endowment fund | - | (24,732) | 13,653 | 11,079 | - |
| Transfer to other restricted fund | - | - | (90,259) | 90,259 | - |
| Transfer to general fund | - | - | 11,005 | (11,005) | - |
| At 31 March 2013 | 200,858 | 1,266,322 | 561,930 | 494,207 | 2,523,317 |

STATEMENTS OF CHANGES IN FUNDS AND RESERVES (CONT'D)

Year ended 31 March 2013

| | Capital account \$'000 | Endowment fund \$'000 | General fund \$'000 | Accumulated surplus Other restricted fund \$'000 | Total \$'000 |
|--|---------------------------|--------------------------|------------------------|---|-----------------|
| University Company | | | | | |
| At 1 April 2011 | 200,858 | 893,898 | 462,660 | 391,487 | 1,948,903 |
| Total comprehensive income/ (loss) for the year | - | 4,857 | 94,949 | (29,008) | 70,798 |
| Donations | - | 54,593 | - | - | 54,593 |
| Grants from ministries – other grants | - | 202,470 | - | - | 202,470 |
| Transfer from endowment fund | - | (24,535) | 11,856 | 12,679 | - |
| Transfer to research grants received in advance | - | - | (1,962) | - | (1,962) |
| Transfer to deferred capital grants | - | - | (99) | - | (99) |
| Utilisation of other restricted fund/general fund | - | - | - | (275) | (275) |
| Transfer to other restricted fund | - | - | (88,417) | 88,417 | - |
| Transfer to general fund | - | - | 5,025 | (5,025) | - |
| Fair value adjustment | - | - | 28 | 84 | 112 |
| At 31 March 2012 | 200,858 | 1,131,283 | 484,040 | 458,359 | 2,274,540 |
| Total comprehensive income/ (loss) for the year | - | 72,642 | 127,026 | (52,855) | 146,813 |
| Donations | - | 61,612 | - | - | 61,612 |
| Grants from ministries – other grants | - | 25,892 | - | - | 25,892 |
| Transfer from endowment fund | - | (25,107) | 14,028 | 11,079 | - |
| Transfer to other restricted fund | - | - | (90,259) | 90,259 | - |
| Transfer to general fund | - | - | 11,005 | (11,005) | - |
| At 31 March 2013 | 200,858 | 1,266,322 | 545,840 | 495,837 | 2,508,857 |

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2013

| | Note | 2013 \$'000 | 2012 \$'000 |
|---|------|------------------|------------------|
| Operating activities | | | |
| Deficit before grants from ministries | | (638,146) | (712,382) |
| Adjustments for: | | | |
| Research grant income | | (231,068) | (206,506) |
| Depreciation of property, plant and equipment | | 173,710 | 170,629 |
| Amortisation of prepaid lease | | 166 | 166 |
| Loss on disposal of property, plant and equipment | | 780 | 576 |
| Profit on investments | | (93,967) | (12,484) |
| Deferred capital grants amortised (non-ministry) | | (14,314) | (13,590) |
| Interest income | | (4,341) | (3,997) |
| Provision made for undergraduate funding | | (23,479) | (10,243) |
| | | <u>(830,659)</u> | <u>(787,831)</u> |
| Changes in working capital: | | | |
| Other payables | | 52,965 | 13,761 |
| Trade and other receivables | | (36,784) | 16,453 |
| Deferred tuition and other fees | | 5,528 | 5,843 |
| Loans extended to students | | 557 | 1,297 |
| Cash generated from operating activities | | <u>(808,393)</u> | <u>(750,477)</u> |
| Donations received for Endowment Fund | | 61,612 | 54,593 |
| Income taxes paid | | (441) | (306) |
| Cash flows used in operating activities | | <u>(747,222)</u> | <u>(696,190)</u> |
| Investing activities | | | |
| Acquisition of property, plant and equipment | | (175,636) | (121,037) |
| Purchase of other financial assets | | (318,930) | (273,277) |
| Proceeds from sale of other financial assets | | 132,535 | 51,846 |
| Increase/(Decrease) in cash held by fund managers | 12 | 36,263 | (17,390) |
| Interest received | | 5,492 | 4,070 |
| Cash flows used in investing activities | | <u>(320,276)</u> | <u>(355,788)</u> |

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

Year ended 31 March 2013

| | Note | 2013 \$'000 | 2012 \$'000 |
|--|------|------------------|------------------|
| Financing activities | | | |
| Sinking fund received | | 29,888 | 40,991 |
| IT and F&E grant received | | 36,268 | 47,195 |
| Research grants received | | 313,118 | 227,743 |
| Operating grants received, net of payment of goods and service tax expense on tuition fees and tuition grants | | 462,209 | 623,455 |
| Development grants and related income received | | 59,435 | 75,240 |
| Government ministry grants received | | 263,341 | 183,247 |
| Utilisation of other restricted funds | | - | (275) |
| Proceeds from borrowings | | 17,700 | 42,000 |
| Repayments of borrowings | | (27,000) | (80,100) |
| Cash flows from financing activities | | 1,154,959 | 1,159,496 |
| Net increase in cash and cash equivalents | | 87,461 | 107,518 |
| Cash and cash equivalents at beginning of the year | | 1,093,652 | 986,134 |
| Cash and cash equivalents at end of the year | 12 | 1,181,113 | 1,093,652 |

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

NOTES TO FINANCIAL STATEMENTS

31 March 2013

1 GENERAL

Nanyang Technological University (“NTU” or 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 financial statements are expressed in Singapore dollars.

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 “Government Ministry”) through 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”). The consolidated financial statements of the Group and statement of financial position and statement of changes in funds and reserves of the University Company for the year ended 31 March 2013 were authorised for issue by the Board of Trustees on 15 August 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, the Charities Act and Singapore Financial Reporting Standards (FRS).

(b) Basis of measurement

The financial statements have been prepared in historical cost basis except otherwise disclosed below.

(c) Functional and presentation currency

The financial statements are presented in Singapore dollars which is the functional currency of the University Company and the presentation currency for the consolidated financial statements. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

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 the reported amounts of assets, liabilities, income and expenditure. 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.

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

- (d) Use of estimates and judgements (cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are discussed below.

- Note 2.7 – impairment of property, plant and equipment

The Group performs periodic assessment of its property, plant and equipment to determine if any of these assets are impaired. The Group has evaluated the carrying amount of the property, plant and equipment included in the statement of financial position as at 31 March 2013 of \$1,141,779,000 (2012: \$1,140,633,000) for the Group and is of the opinion that no provision for impairment is required.

- Notes 2.8, 8 and 11 – valuation of financial instruments

Derivative financial instruments

The fair value of derivatives (foreign currency forwards) 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.

Financial assets at fair value through profit or loss

The fair values of financial instruments traded in active markets are based on quoted market prices at the end of the reporting period. The Group also holds unquoted equity securities, of which the valuation methodologies are set out in Note 11.

- Note 2.10 – measurement of provisions

Provision for undergraduate funding

Provision for undergraduate funding relates to the adjustment to the undergraduate output funding from MOE in the event the University achieves fewer undergraduates than MOE's output target. The provision is based on the University's actual and projected number of undergraduates.

- (e) Adoption of new and revised standards

On 1 April 2012, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations. The adoption of these new/revised FRSs does not result in changes to the Group's and University Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as funds and reserves, it is not remeasured and settlement is accounted for within funds and reserves. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the statement of comprehensive income.

Subsidiaries

Subsidiaries are entities controlled by the Group. 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

Investments in subsidiaries are stated in the University Company's statement of financial position at cost less accumulated impairment losses.

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 profit or loss.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Foreign currencies (cont'd)

Foreign operations

The assets and liabilities of foreign operations are translated to the functional currency of the University Company and the presentation currency for the consolidated financial statements 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 profit or loss as part of the gain or loss on disposal.

2.4 Funds

Assets and liabilities of all funds are pooled in the statements of financial position.

General and other restricted funds

Income and expenditure are generally accounted for under the "General Fund" in the statement of comprehensive income. 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 statement of comprehensive income.

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.

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

Endowment fund

Grants from ministries and statutory boards and donations from external sources are taken directly to the statement of funds and reserves 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 statement of comprehensive income of the Endowment Fund.

2.5 Grants and sinking fund

Grants and sinking fund from the Government 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 profit or loss for purchase of assets which are written off in the year of purchase.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Grants and sinking fund (cont'd)

Deferred capital grants are recognised in the profit or loss 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 property, plant and equipment, the balance of the related deferred capital grants is recognised in the profit or loss to match the net book value of the property, plant and equipment written off.

Development 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.

Information Technology and Furniture and Equipment ("IT and F&E") grants received from the Government 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 grants received in advance account in the first instance. They are taken to deferred capital grants account upon the utilisation of the grants for purchase of assets, which are capitalised, or to the profit or loss for purchase of assets which are written off in the year of purchase.

Grants from the Government 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.

All grants and contributions are accounted for on the accrual basis.

Special Employment Credit scheme

Cash grants received from the government in relation to the Special Employment Credit ("SEC") scheme are recognised upon receipt. The Special Employment Credit scheme was introduced as a 2011 Budget Initiative to support employers as well as to raise the employability of older low-wage Singaporeans. The SEC was significantly enhanced in 2012 to provide employers with continuing support to hire older Singaporean workers. The enhanced SEC will apply for five years from 1 January 2012.

2.6 Property, plant and equipment

Recognition and measurement

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

The freehold land 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. This revaluation surplus was credited directly to 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.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Property, plant and equipment (cont'd)

Recognition and measurement (cont'd)

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.

Property, plant and equipment costing less than \$2,000 each, renovation costing below \$100,000 and library books are generally charged to the profit or loss in the year of purchase.

The gain or loss on disposal of an item of property, plant and equipment recognised in the profit or loss is derived from the proceeds from disposal and the carrying amount of property, plant and equipment.

Subsequent cost

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 profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Except for freehold land and buildings under construction which are not depreciated, depreciation on other property, plant and equipment is recognised in the statement of comprehensive income 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 infrastructure | 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 |

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

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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the assets shall be fully depreciated over the shorter of the lease term and their useful lives.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 statement of comprehensive income 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets 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 assets

The Group initially recognises loans and receivables and deposits on the date that they originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position, when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative assets into the following categories: financial assets at fair value through profit or loss and loans and receivables.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial instruments (cont'd)

Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss 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 profit or loss 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 the profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in the profit or loss.

Financial assets designated at fair value through profit or loss comprise fixed income, quoted equity, unquoted equity and other investments.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables, student loans, grant receivables and cash and cash equivalents.

Cash and cash equivalents comprise cash balances and bank deposits.

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.

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 profit or loss.

Non-derivative financial liabilities

The Group recognises financial liabilities when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial instruments (cont'd)

Non-derivative financial liabilities (cont'd)

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Non-derivative financial liabilities comprise loans and borrowings, and other payables and accruals.

Bank overdrafts that are repayable on demand and 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 consolidated statement of cash flows.

Derivative financial instruments and hedging instruments

The Group holds derivative financial instruments, through its professional fund managers, to hedge its foreign currency exposure. Further details of derivative financial instruments are disclosed in Note 8 to the financial statements.

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 profit or loss.

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

2.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the profit or loss in the periods during which services are rendered by employees.

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.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income.

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 in respect of 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 temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income and expenditure; temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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.

Licence fees

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

Royalties

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

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Income recognition (cont'd)

Dividends

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

Rental Income

Rental income receivable under operating leases is recognised in the profit or loss on a straight-line basis over the term of the lease.

2.13 Finance income and finance costs

Finance income comprises interest income generated from fixed deposits, bank deposits and finance leases. Interest income is recognised as it accrues in the profit or loss, using the effective interest method. Interest income on the finance lease is recognised in the profit or loss 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.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the profit or loss using the effective interest method.

2.14 Lease payments

Payments made under operating leases are recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

2.15 Prepaid lease

Prepaid lease is recognised in the statement of financial position and amortised to profit or loss on a straight-line basis over the term of the lease.

2.16 Finance lease receivables

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

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 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.

2.18 New standards and on interpretations not yet adopted

At the date of authorisation of these financial statements, the following FRSs and amendments to FRS that are relevant to the Group and the University Company were issued but not effective:

- Amendments to FRS 1 *Presentation of Financial Statements – Amendments relating to Presentation of Items of Other Comprehensive Income*
- Amendments to FRS 32 *Financial Instruments: Presentation* and FRS 107 *Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities*
- FRS 110 *Consolidated Financial Statements*
- FRS 113 *Fair Value Measurement*

Management anticipates that the adoption of the above FRS and amendment to FRS in future periods will not have a material impact on the financial statements of the Group and of the University Company in the period of their adoption, except for the following:

Amendments to FRS 32 *Financial Instruments: Presentation* and FRS 107 *Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities*

The amendments to FRS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of 'currently has a legal enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to FRS 107 require entities to disclose information about rights of set-off and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to FRS 107 are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to FRS 32 are effective for annual periods beginning on or after 1 January 2014, with retrospective application required.

Management is currently assessing the impact that FRS 32 and 107 will have on the financial position and disclosures.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 New standards and on interpretations not yet adopted (cont'd)

FRS 113 Fair Value Measurement

FRS 113 is a single new Standard that applies to both financial and non-financial items. It replaces the guidance on fair value measurement and related disclosures in other Standards, with the exception of measurement dealt with under FRS 102 *Share-based Payment*, FRS 17 *Leases*, net realisable value in FRS 2 *Inventories* and value-in-use in FRS 36 *Impairment of Assets*.

FRS 113 provides a common fair value definition and hierarchy applicable to the fair value measurement of assets, liabilities, and an entity's own equity instruments within its scope, but does not change the requirements in other Standards regarding which items should be measured or disclosed at fair value.

The disclosure requirements in FRS 113 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under FRS 107 *Financial Instruments: Disclosures* will be extended by FRS 113 to cover all assets and liabilities within its scope.

FRS 113 will be effective prospectively from annual periods beginning on or after 1 January 2013. Comparative information is not required for period before initial application.

Management is currently assessing the impact that FRS 113 will have on the financial position and disclosures.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

3 PROPERTY, PLANT AND EQUIPMENT

| | Freehold land \$'000 | Buildings and infrastructure \$'000 | Buildings under construction \$'000 | Renovation \$'000 | Machinery, laboratory and workshop equipment \$'000 | Furniture and office equipment \$'000 | Transportation equipment \$'000 | Others \$'000 | Total \$'000 |
|---------------------------------|----------------------------|---|--|----------------------|--|--|---------------------------------------|------------------|-----------------|
| Group | | | | | | | | | |
| Cost | | | | | | | | | |
| At 1 April 2011 | 200,858 | 1,786,279 | 11,258 | 91,710 | 697,083 | 262,838 | 6,704 | 4,334 | 3,061,064 |
| Additions | - | 4,278 | 35,768 | 10,146 | 57,178 | 13,390 | 152 | 125 | 121,037 |
| Adjustments | - | - | - | - | 50 | 8 | - | - | 58 |
| Disposals | - | (4,461) | - | (56) | (15,260) | (21,943) | (304) | (41) | (42,065) |
| Reclassifications | - | (1) | (7,622) | 5,525 | 1,834 | 264 | - | - | - |
| At 31 March 2012 | 200,858 | 1,786,095 | 39,404 | 107,325 | 740,885 | 254,557 | 6,552 | 4,418 | 3,140,094 |
| Additions | - | 27,561 | 58,606 | 8,162 | 65,073 | 15,877 | 60 | 297 | 175,636 |
| Disposals | - | (1,874) | - | (128) | (17,742) | (25,904) | - | (142) | (45,790) |
| Reclassifications | - | 31,657 | (51,211) | 10,733 | 6,525 | 2,296 | - | - | - |
| At 31 March 2013 | 200,858 | 1,843,439 | 46,799 | 126,092 | 794,741 | 246,826 | 6,612 | 4,573 | 3,269,940 |
| Accumulated depreciation | | | | | | | | | |
| At 1 April 2011 | - | 1,109,844 | - | 42,809 | 503,834 | 208,420 | 2,883 | 2,531 | 1,870,321 |
| Depreciation for the year | - | 71,146 | - | 16,069 | 61,995 | 20,443 | 778 | 198 | 170,629 |
| Disposals | - | (4,417) | - | (63) | (14,855) | (21,809) | (304) | (41) | (41,489) |
| Reclassifications | - | (1) | - | - | 10 | (9) | - | - | - |
| At 31 March 2012 | - | 1,176,572 | - | 58,815 | 550,984 | 207,045 | 3,357 | 2,688 | 1,999,461 |
| Depreciation for the year | - | 71,441 | - | 19,338 | 61,593 | 20,356 | 780 | 202 | 173,710 |
| Disposals | - | (1,423) | - | (128) | (17,358) | (25,959) | - | (142) | (45,010) |
| At 31 March 2013 | - | 1,246,590 | - | 78,025 | 595,219 | 201,442 | 4,137 | 2,748 | 2,128,161 |
| Carrying amount | | | | | | | | | |
| At 31 March 2012 | 200,858 | 609,523 | 39,404 | 48,510 | 189,901 | 47,512 | 3,195 | 1,730 | 1,140,633 |
| At 31 March 2013 | 200,858 | 596,849 | 46,799 | 48,067 | 199,522 | 45,384 | 2,475 | 1,825 | 1,141,779 |

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Freehold land \$'000 | Buildings and infrastructure \$'000 | Buildings under construction \$'000 | Renovation \$'000 | Machinery, laboratory and workshop equipment \$'000 | Furniture and office equipment \$'000 | Transportation equipment \$'000 | Others \$'000 | Total \$'000 |
|---------------------------------|----------------------------|---|--|----------------------|--|--|---------------------------------------|------------------|-----------------|
| University Company | | | | | | | | | |
| Cost | | | | | | | | | |
| At 1 April 2011 | 200,858 | 1,786,279 | 11,258 | 90,208 | 696,661 | 261,774 | 6,704 | 4,334 | 3,058,076 |
| Additions | - | 4,278 | 35,768 | 10,112 | 57,123 | 12,997 | 152 | 125 | 120,555 |
| Adjustments | - | - | - | - | 50 | 8 | - | - | 58 |
| Disposals | - | (4,461) | - | - | (15,245) | (21,901) | (304) | (41) | (41,952) |
| Reclassifications | - | (1) | (7,622) | 5,525 | 1,834 | 264 | - | - | - |
| At 31 March 2012 | 200,858 | 1,786,095 | 39,404 | 105,845 | 740,423 | 253,142 | 6,552 | 4,418 | 3,136,737 |
| Additions | - | 27,561 | 58,606 | 8,140 | 65,039 | 15,725 | 60 | 297 | 175,428 |
| Disposals | - | (1,874) | - | (128) | (17,737) | (25,862) | - | (142) | (45,743) |
| Reclassifications | - | 31,657 | (51,211) | 10,733 | 6,525 | 2,296 | - | - | - |
| At 31 March 2013 | 200,858 | 1,843,439 | 46,799 | 124,590 | 794,250 | 245,301 | 6,612 | 4,573 | 3,266,422 |
| Accumulated depreciation | | | | | | | | | |
| At 1 April 2011 | - | 1,109,844 | - | 42,473 | 503,558 | 207,969 | 2,883 | 2,531 | 1,869,258 |
| Depreciation for the year | - | 71,146 | - | 15,785 | 61,956 | 20,120 | 778 | 198 | 169,983 |
| Disposals | - | (4,417) | - | - | (14,840) | (21,777) | (304) | (41) | (41,379) |
| Reclassifications | - | (1) | - | - | 10 | (9) | - | - | - |
| At 31 March 2012 | - | 1,176,572 | - | 58,258 | 550,684 | 206,303 | 3,357 | 2,688 | 1,997,862 |
| Depreciation for the year | - | 71,441 | - | 19,056 | 61,548 | 20,011 | 780 | 202 | 173,038 |
| Disposals | - | (1,423) | - | (128) | (17,354) | (25,921) | - | (142) | (44,968) |
| At 31 March 2013 | - | 1,246,590 | - | 77,186 | 594,878 | 200,393 | 4,137 | 2,748 | 2,125,932 |
| Carrying amount | | | | | | | | | |
| At 31 March 2012 | 200,858 | 609,523 | 39,404 | 47,587 | 189,739 | 46,839 | 3,195 | 1,730 | 1,138,875 |
| At 31 March 2013 | 200,858 | 596,849 | 46,799 | 47,404 | 199,372 | 44,908 | 2,475 | 1,825 | 1,140,490 |

The freehold land 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.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

4 PREPAID LEASE

| | Group and University Company | |
|----------------------------------|---------------------------------|----------------|
| | 2013 \$'000 | 2012 \$'000 |
| Cost | | |
| At 31 March | 4,982 | 4,982 |
| Accumulated amortisation | | |
| At 1 April | 1,549 | 1,383 |
| Amortisation charge for the year | 166 | 166 |
| At 31 March | 1,715 | 1,549 |
| Carrying amount | | |
| At 1 April | 3,433 | 3,599 |
| At 31 March | 3,267 | 3,433 |

5 SUBSIDIARIES

| | University Company | |
|----------------------------|--------------------|----------------|
| | 2013 \$'000 | 2012 \$'000 |
| Equity investments at cost | 500 | 500 |
| Loans to subsidiaries | 291 | 291 |
| | 791 | 791 |

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.

Details of subsidiaries are as follows:

| Name of subsidiary | Country of incorporation | Ownership interest | | Principal activities |
|---|-----------------------------|--------------------|-----------|---|
| | | 2013 % | 2012 % | |
| Held by the University Company | | | | |
| @ NTU Ventures Private Limited | Singapore | 100 | 100 | Promote innovation and entrepreneurship |
| @ Singapore Centre for Chinese Language Limited | Singapore | 100 | 100 | Provision of training / professional development courses for Chinese Language teachers and conduct of educational research and activities |

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

5 SUBSIDIARIES (CONT'D)

| Name of subsidiary | Country of incorporation | Ownership interest | | Principal activities |
|--|--------------------------|--------------------|-----------|---|
| | | 2013 % | 2012 % | |
| @ NIE International Private Limited | Singapore | 100 | 100 | Provision of training programmes and consultancy in teacher education and school leadership |
| # Friends of NTU | United States | 100 | 100 | Promote the advancement of NTU in United States |
| <i>Held by NTU Ventures Private Limited</i> | | | | |
| @ Confucius Institute, NTU Pte Ltd | Singapore | 100 | 100 | Promotion of Chinese language, culture and support of local Chinese teaching |
| @ TechBiz Xccelerator Pte Ltd | Singapore | 100 | 100 | Technology acceleration |
| @ Institute of Environmental Science and Engineering Pte Ltd | Singapore | 100 | 100 | Development and commercialisation in environmental science and engineering |
| @ Systemed Pte Ltd | Singapore | 100 | 100 | Development and commercialisation in medical technology |
| @ NTUV International Pte Ltd | Singapore | 100 | 100 | Investment holding |
| @ Interactive Digital Media Ltd | Singapore | 100 | 100 | Research and development in interactive digital media |
| <i>Held by NTUV International Pte Ltd</i> | | | | |
| * Nanyang Venture Consulting (Shanghai) Co., Ltd | China | 100 | 100 | Consultant for enterprise management, technology and education |

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

5 SUBSIDIARIES (CONT'D)

| Name of subsidiary | Country of incorporation | Ownership interest | | Principal activities |
|---|-----------------------------|--------------------|------|--|
| | | 2013 | 2012 | |
| | | % | % | |
| Held by Nanyang Venture Consulting (Shanghai) Co., Ltd | | | | |
| * Nanyang Venture Consulting (Beijing) Co., Ltd | China | 100 | 100 | Consultant for enterprise management, technology and education |

* Audited by overseas practices of Deloitte Touche Tohmatsu Limited for consolidation purposes.

@ Audited by Deloitte & Touche LLP, Singapore.

Not required to be audited in the country of incorporation.

6 STUDENT LOANS

| | Group and University Company | |
|-----------------------------------|---------------------------------|----------------|
| | 2013 \$'000 | 2012 \$'000 |
| Student loans | 6,739 | 7,296 |
| Represented by: | | |
| Amount repayable within 12 months | 2,721 | 3,028 |
| Amount repayable after 12 months | 4,018 | 4,268 |
| | 6,739 | 7,296 |

Included in student loans are personal computer loans of \$1,647,000 (2012: \$2,157,000), 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 6.50% (2012: 6.50%) per annum. These loans are subsequently measured at amortised cost, using the effective interest method.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

7 FINANCE LEASE RECEIVABLES

| | Minimum lease payments | | Present value of minimum lease payments | |
|---|---------------------------|----------------|--|----------------|
| | 2013 \$'000 | 2012 \$'000 | 2013 \$'000 | 2012 \$'000 |
| Group and University Company | | | | |
| Amounts receivable under finance leases: | | | | |
| Within one year | 1,190 | 1,190 | 652 | 636 |
| In the second to fifth year inclusive | 5,510 | 5,259 | 3,550 | 3,218 |
| After fifth year | 21,659 | 23,099 | 18,156 | 19,140 |
| | <u>28,359</u> | <u>29,548</u> | <u>22,358</u> | <u>22,994</u> |
| Less: Unearned finance income | (6,001) | (6,554) | | |
| Present value of minimum lease payments receivable | 22,358 | 22,994 | | |
| Allowance for uncollectible lease payments | - | - | | |
| Present value of minimum lease payments receivable | <u>22,358</u> | <u>22,994</u> | | |

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

| | Group and University Company | |
|--|---------------------------------|----------------|
| | 2013 \$'000 | 2012 \$'000 |
| Current finance lease receivables (recoverable within 12 months) | 652 | 636 |
| Non-current finance lease receivables (recoverable after 12 months) | 21,706 | 22,358 |
| | <u>22,358</u> | <u>22,994</u> |

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

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

8 DERIVATIVE FINANCIAL INSTRUMENTS

The table below sets out the notional principal amounts and the positive and negative fair values of the Group's and University Company's outstanding derivative financial instruments at the end of the reporting period. 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 end of reporting date.

| | Contractual maturity | | Carrying amount | |
|-------------------------------------|----------------------------|-----------------|-------------------------------|-------------------------------------|
| | Within 1 year \$'000 | Total \$'000 | Derivative asset \$'000 | Derivative liabilities \$'000 |
| Group and University Company | | | | |
| 2013 | | | | |
| Foreign currency forwards | 569,682 | 569,682 | 1,011 | 2,578 |
| 2012 | | | | |
| Foreign currency forwards | 498,162 | 498,162 | 4,065 | 12 |

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

9 LOAN TO A SUBSIDIARY

The loan to a subsidiary was unsecured, interest free and repayable on demand. The loan has been fully repaid during the year.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

10 TRADE AND OTHER RECEIVABLES

| | Note | Group 2013 \$'000 | Group 2012 \$'000 | University Company 2013 \$'000 | University Company 2012 \$'000 |
|--|------|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Trade receivables | | 23,085 | 21,551 | 21,890 | 19,601 |
| Interest receivables | | 1,793 | 2,944 | 1,793 | 2,944 |
| Operating grant receivables | | 90,372 | - | 90,372 | - |
| Research grant receivables | | 38,808 | 45,028 | 38,808 | 45,028 |
| Endowment matching grant receivables | | 25,892 | 152,471 | 25,892 | 152,471 |
| Grants receivables | 15 | 24,254 | 362 | 24,254 | 362 |
| Other receivables | | 116,365 | 60,535 | 114,771 | 59,794 |
| Allowance for doubtful receivables | | (544) | (531) | (530) | (531) |
| | | 115,821 | 60,004 | 114,241 | 59,263 |
| 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) |
| | | - | - | - | - |
| Loans and receivables | | 320,025 | 282,360 | 317,271 | 279,690 |
| Prepayments | | 7,550 | 3,796 | 7,377 | 3,646 |
| | | 327,575 | 286,156 | 324,648 | 283,336 |

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 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 Government Ministry.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | Group and University Company | |
|-----------------------------|---------------------------------|----------------|
| | 2013 \$'000 | 2012 \$'000 |
| Fixed income investments | 211,181 | 173,121 |
| Quoted equity investments | 444,575 | 355,436 |
| Unquoted equity investments | 720,539 | 606,559 |
| Other investments | 86,269 | 77,729 |
| | 1,462,564 | 1,212,845 |

The Group's and University Company's investments are managed by professional fund managers. The fair values of the financial instruments traded in active markets are based on quoted market prices at the end of the reporting period. The investments in unquoted equities represent investments in private equity funds, hedge funds and limited partnerships. The fair values of these unquoted equity investments are based on net asset values provided by fund managers and external valuations.

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

| | Note | Group and University Company | |
|---|------|---------------------------------|----------------|
| | | 2013 \$'000 | 2012 \$'000 |
| Financial assets at fair value through profit or loss | | 1,462,564 | 1,212,845 |
| Cash balances and bank deposits | 12 | 83,474 | 47,840 |
| | | 1,546,038 | 1,260,685 |

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 end of the reporting period and the periods in which they mature are as follows:

| | Effective interest rate per annum % | Fixed interest rate maturing | | | Total \$'000 |
|---|--|-------------------------------|------------------------------|----------------------------|-----------------|
| | | Less than 1 year \$'000 | In 1 to 5 years \$'000 | After 5 years \$'000 | |
| Group and University Company | | | | | |
| 2013 | 0.2 to 3.6 | - | 87,973 | 122,127 | 210,100 |
| 2012 | 0.2 to 3.9 | - | 80,967 | 91,977 | 172,944 |

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

12 CASH AND CASH EQUIVALENTS

| | Note | Group | | University Company | |
|-------------------------------------|------|----------------|----------------|--------------------|----------------|
| | | 2013 \$'000 | 2012 \$'000 | 2013 \$'000 | 2012 \$'000 |
| Investments | | | | | |
| Cash at bank and in hand | | 3,316 | 3,945 | 3,316 | 3,945 |
| Cash held by fund managers | | 80,158 | 43,895 | 80,158 | 43,895 |
| | 11 | 83,474 | 47,840 | 83,474 | 47,840 |
| Others | | | | | |
| Cash at bank and in hand | | 124,628 | 60,158 | 106,556 | 42,395 |
| Deposit with financial institutions | | 973,011 | 985,654 | 971,780 | 984,026 |
| | | 1,097,639 | 1,045,812 | 1,078,336 | 1,026,421 |
| Cash and cash equivalents | | 1,181,113 | 1,093,652 | 1,161,810 | 1,074,261 |

The University Company manages 2 bank accounts on behalf of the NTU Students' Union. As at end of the reporting period, the bank balance of \$5,149,000 (2012: \$4,761,000) has not been included in the cash and cash equivalents of the University Company.

13 PROVISIONS

| | Note | Group | | University Company | |
|--|------|----------------|----------------|--------------------|----------------|
| | | 2013 \$'000 | 2012 \$'000 | 2013 \$'000 | 2012 \$'000 |
| Provision for unutilised compensated leave | (a) | 43,257 | 41,317 | 43,096 | 41,180 |
| Provision for undergraduate funding | (b) | 54,599 | 33,753 | 54,599 | 33,753 |
| | | 97,856 | 75,070 | 97,695 | 74,933 |

(a) The movement in the provision for unutilised compensated leave is as follows:

| | Group | | University Company | |
|--------------------------------|----------------|----------------|--------------------|----------------|
| | 2013 \$'000 | 2012 \$'000 | 2013 \$'000 | 2012 \$'000 |
| At 1 April | 41,317 | 37,271 | 41,180 | 37,148 |
| Provision made during the year | 1,940 | 4,046 | 1,916 | 4,032 |
| At 31 March | 43,257 | 41,317 | 43,096 | 41,180 |

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

13 PROVISIONS (CONT'D)

(b) The movement in the provision for undergraduate funding is as follows:

| | Group | | University Company | |
|--------------------------------|----------------|----------------|--------------------|----------------|
| | 2013 \$'000 | 2012 \$'000 | 2013 \$'000 | 2012 \$'000 |
| At 1 April | 33,753 | 25,401 | 33,753 | 25,401 |
| Provision made during the year | 23,479 | 10,243 | 23,479 | 10,243 |
| Provision utilised | (2,633) | (1,891) | (2,633) | (1,891) |
| At 31 March | 54,599 | 33,753 | 54,599 | 33,753 |

Provision for undergraduate funding relates to the adjustment to the undergraduate output funding from MOE in the event the University Company achieves fewer undergraduates than MOE's output target. The provision is based on the University Company's actual and projected number of undergraduates.

14 GRANTS RECEIVED IN ADVANCE – OPERATING GRANTS

| | Group | |
|--|----------------|----------------|
| | 2013 \$'000 | 2012 \$'000 |
| At 1 April | 499 | 864 |
| Grants received during the year | 3,065 | 4,046 |
| | 3,564 | 4,910 |
| Less: | | |
| Amounts taken to profit or loss | 2,283 | 4,258 |
| Amounts transferred to deferred capital grants | 71 | 153 |
| At 31 March | 1,210 | 499 |

This relates to grants received from the Government Ministry to finance the subsidiary's operations. The balance in this account represents grant received but not utilised at the end of the financial year.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

15 GRANTS RECEIVABLE/IT AND F&E GRANTS/SINKING FUND RECEIVED IN ADVANCE

| | Note | Group and University Company | |
|--|------|---------------------------------|------------------|
| | | 2013 \$'000 | 2012 \$'000 |
| Grants receivable within 12 months | | | |
| – Development grant | | 13,051 | 362 |
| – IT and F&E grant | | 5,792 | - |
| – Sinking fund | | 5,411 | - |
| | 10 | <u>24,254</u> | <u>362</u> |
| Grants received in advance | | | |
| – IT and F&E | (a) | (39,234) | (35,035) |
| – Sinking fund | (b) | (240,828) | (205,529) |
| | | <u>(255,808)</u> | <u>(240,202)</u> |
| Grants received in advance represented as: | | | |
| Current portion | | | |
| – IT and F&E | | (39,234) | (35,035) |
| – Sinking fund | | (6,600) | - |
| | | <u>(45,834)</u> | <u>(35,035)</u> |
| Non-current portion | | | |
| – Sinking fund | | (234,228) | (205,529) |
| | | <u>(280,062)</u> | <u>(240,564)</u> |

Movements in grants (received in advance)/receivable:

| | Note | Group and University Company | |
|---|------|---------------------------------|------------------|
| | | 2013 \$'000 | 2012 \$'000 |
| At 1 April | | (240,202) | (175,857) |
| Grants received during the year | | (125,591) | (163,426) |
| | | <u>(365,793)</u> | <u>(339,283)</u> |
| Less: | | | |
| Amounts transferred to deferred capital grants | 18 | 86,616 | 82,079 |
| Amounts taken to profit or loss | | 23,369 | 17,002 |
| At 31 March | | <u>(255,808)</u> | <u>(240,202)</u> |

These are grants from the Government Ministry for financing development projects.

- (a) This amount relates to grants received in advance for the purchase of IT and F&E items to support teaching and administrative functions.
- (b) This amount relates to sinking fund received in advance from the Government Ministry for the purpose of maintenance and replacement of property, plant and equipment.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

16 SHORT-TERM BORROWINGS

The borrowings are unsecured, bear interest at 0.94% (2012: 0.88%) per annum and are repayable within the next twelve months from the financial year end.

17 RESEARCH GRANTS RECEIVED IN ADVANCE

| | Note | Group 2013 \$'000 | Group 2012 \$'000 | University Company 2013 \$'000 | University Company 2012 \$'000 |
|---|------|-------------------------|-------------------------|--------------------------------------|--------------------------------------|
| At 1 April | | 77,441 | 67,411 | 76,881 | 66,584 |
| Grants received during the year | | 313,118 | 227,743 | 312,815 | 227,227 |
| | | 390,559 | 295,154 | 389,696 | 293,811 |
| Less: | | | | | |
| Amounts transferred to deferred capital grants | 18 | 25,889 | 19,633 | 25,889 | 19,633 |
| Amounts taken to profit or loss | | 231,068 | 206,506 | 230,359 | 205,723 |
| Amounts transferred from/(to) grant receivables | | 6,220 | (8,426) | 6,220 | (8,426) |
| At 31 March | | 127,382 | 77,441 | 127,228 | 76,881 |

These are grants received from the Government Ministry, other ministries, statutory boards, Agency for Science, Technology & Research ("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.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

18 DEFERRED CAPITAL GRANTS

| | Ministries | | Statutory boards | | Others | | Total | |
|---|----------------|----------------|------------------|----------------|----------------|----------------|----------------|----------------|
| | 2013 \$'000 | 2012 \$'000 | 2013 \$'000 | 2012 \$'000 | 2013 \$'000 | 2012 \$'000 | 2013 \$'000 | 2012 \$'000 |
| Group | | | | | | | | |
| At 1 April | 765,958 | 782,008 | 45,776 | 50,218 | 9,769 | 7,121 | 821,503 | 839,347 |
| Add: | | | | | | | | |
| Grants received for capital expenditure and development project transferred from: | | | | | | | | |
| – Operating grants (Note 25) | 25,391 | 26,335 | - | - | - | - | 25,391 | 26,335 |
| – Research grants (Note 17) | 18,673 | 15,861 | 6,422 | 3,198 | 794 | 574 | 25,889 | 19,633 |
| – Development grants (Note 15) | 86,616 | 82,079 | - | - | - | - | 86,616 | 82,079 |
| – Accumulated surplus | - | 25 | - | 60 | - | 14 | - | 99 |
| – Other grants | 8,966 | 9,236 | 6,425 | 4,997 | 2,065 | 3,215 | 17,456 | 17,448 |
| Assets donated by various organisations | - | - | - | - | 24 | 89 | 24 | 89 |
| Adjustments/Reclassifications | - | 56 | - | 2 | - | - | - | 58 |
| | 139,646 | 133,592 | 12,847 | 8,257 | 2,883 | 3,892 | 155,376 | 145,741 |
| Less: | | | | | | | | |
| Grants taken to profit or loss | | | | | | | | |
| Amortisation charge for the year | 149,331 | 149,836 | 12,656 | 12,321 | 1,596 | 1,260 | 163,583 | 163,417 |
| On disposal of fixed assets | 685 | 159 | 59 | 6 | 3 | 3 | 747 | 168 |
| | 150,016 | 149,995 | 12,715 | 12,327 | 1,599 | 1,263 | 164,330 | 163,585 |
| Adjustments/Reclassifications | (2) | (353) | 51 | 372 | (49) | (19) | - | - |
| At 31 March | 755,590 | 765,958 | 45,857 | 45,776 | 11,102 | 9,769 | 812,549 | 821,503 |

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

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

18 DEFERRED CAPITAL GRANTS (CONT'D)

| | Ministries | | Statutory boards | | Others | | Total | |
|---|----------------|----------------|------------------|----------------|----------------|----------------|----------------|----------------|
| | 2013 \$'000 | 2012 \$'000 | 2013 \$'000 | 2012 \$'000 | 2013 \$'000 | 2012 \$'000 | 2013 \$'000 | 2012 \$'000 |
| University Company | | | | | | | | |
| At 1 April | 764,770 | 780,480 | 45,623 | 50,218 | 9,769 | 7,121 | 820,162 | 837,819 |
| Add: | | | | | | | | |
| Grants received for capital expenditure and development project transferred from: | | | | | | | | |
| – Operating grants | 25,320 | 26,182 | - | - | - | - | 25,320 | 26,182 |
| – Research grants (Note 17) | 18,673 | 15,861 | 6,422 | 3,198 | 794 | 574 | 25,889 | 19,633 |
| – Development grants (Note 15) | 86,616 | 82,079 | - | - | - | - | 86,616 | 82,079 |
| – Accumulated surplus | - | 25 | - | 60 | - | 14 | - | 99 |
| – Other grants | 8,966 | 9,236 | 6,317 | 4,817 | 2,065 | 3,215 | 17,348 | 17,268 |
| Assets donated by various organisations | - | - | - | - | 24 | 89 | 24 | 89 |
| Adjustments/Reclassifications | - | 56 | - | 2 | - | - | - | 58 |
| | 139,575 | 133,439 | 12,739 | 8,077 | 2,883 | 3,892 | 155,197 | 145,408 |
| Less: | | | | | | | | |
| Grants taken to profit or loss | | | | | | | | |
| Amortisation charge for the year | 148,866 | 149,344 | 12,528 | 12,294 | 1,596 | 1,260 | 162,990 | 162,898 |
| On disposal of fixed assets | 685 | 158 | 59 | 6 | 3 | 3 | 747 | 167 |
| | 149,551 | 149,502 | 12,587 | 12,300 | 1,599 | 1,263 | 163,737 | 163,065 |
| Adjustments/Reclassifications | (2) | (353) | 51 | 372 | (49) | (19) | - | - |
| At 31 March | 754,796 | 764,770 | 45,724 | 45,623 | 11,102 | 9,769 | 811,622 | 820,162 |

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

19 CAPITAL ACCOUNT

The capital account represents the revaluation of the freehold land alienated to Nanyang Technological University (details are set out in Note 3).

20 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.

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.

21 FUNDS MANAGED ON BEHALF OF THE GOVERNMENT MINISTRY

Pursuant to the Tuition Fee Loan (TFL), Study Loan (SL) and Overseas Student Program Loan - 50% funded by MOE (OSP) schemes, the University Company acts as agent for these loans schemes and the Government Ministry as the financier providing the advances.

| | Group and University Company | |
|--|---|---------------|
| | 2013 | 2012 |
| | \$'000 | \$'000 |
| Advances from the Government Ministry: | | |
| At 1 April | 233,464 | 225,125 |
| Advances received | 55,245 | 9,569 |
| Interest income | 3,633 | 4,248 |
| Advances repaid | (67,570) | - |
| Bad debts incurred | (1,275) | (1,230) |
| Interest expense | (3,633) | (4,248) |
| | 219,864 | 233,464 |
| Represented by: | | |
| Cash and bank balances held on behalf | 1,715 | 12,525 |
| TFL, SL and OSP | 218,149 | 220,939 |
| Net assets | 219,864 | 233,464 |

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

21 FUNDS MANAGED ON BEHALF OF THE GOVERNMENT MINISTRY (CONT'D)

Cash and bank balances of \$1,715,000 (2012: \$12,525,000) are held on behalf of the Government Ministry for the purpose of extending study loans to students.

Students on TFL, SL and OSP are to commence repayment upon graduation. Students are given an option to repay by monthly instalments of minimum amount of \$100 over a period of up to 20 years (for TFL and SL) and 5 years (for OSP) 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 2013 is 4.75% (2012: 4.75%) per annum.

The interest on the TFL, SL and OSP is remitted in full to the Government Ministry on half yearly basis.

22 INTEREST INCOME

| | Group | |
|---|--------|--------|
| | 2013 | 2012 |
| | \$'000 | \$'000 |
| Interest received/receivable: | | |
| – fixed deposits (placed with financial institutions) | 3,751 | 3,392 |
| – bank balances | 37 | 38 |
| – finance leases | 553 | 567 |
| | 4,341 | 3,997 |

23 PROFIT ON INVESTMENTS

| | Group | |
|--|--------|--------|
| | 2013 | 2012 |
| | \$'000 | \$'000 |
| Interest income | 4,319 | 3,702 |
| Dividend income | 2,736 | 3,930 |
| Fair value gain on financial assets through profit or loss | 80,855 | 4,555 |
| Fair value gain on derivative financial instruments | 6,057 | 297 |
| | 93,967 | 12,484 |

24 DEFICIT BEFORE GRANTS FROM MINISTRIES

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

| | Group | |
|--|--------|--------|
| | 2013 | 2012 |
| | \$'000 | \$'000 |
| Allowance/(Reversal of) for doubtful receivables | 13 | (97) |
| Exchange gain | (709) | (255) |
| Operating lease expense | 4,090 | 3,121 |
| Contribution to defined contribution plans included in expenditure on manpower | 46,066 | 42,226 |
| Government grants – Special Employment Credit, offset against manpower costs | (478) | (13) |

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

25 OPERATING GRANTS FROM GOVERNMENT MINISTRY

| | Note | 2013 \$'000 | Group 2012 \$'000 |
|---|------|----------------|-------------------------|
| Operating grants received and receivable during the year | | 603,117 | 602,323 |
| Payment for goods and services tax on tuition fees and tuition grants | | (50,536) | (51,135) |
| Amounts transferred (to)/from | | | |
| – deferred capital grants | 18 | (25,391) | (26,335) |
| – grant received in advance | 14 | (711) | 365 |
| Provision for undergraduate funding | 13 | (23,479) | (10,243) |
| Operating grants taken to profit or loss | | <u>503,000</u> | <u>514,975</u> |

26 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 \$27,000 (2012: \$182,000) and \$1,464,000 (2012: \$1,399,000) 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.

| | 2013 \$'000 | Group 2012 \$'000 |
|---|-----------------|-------------------------|
| Current tax expense | | |
| Current year | <u>347</u> | <u>446</u> |
| Reconciliation of effective tax | | |
| Surplus before income tax | <u>149,109</u> | <u>74,691</u> |
| Income tax using Singapore tax rates of 17% | 25,349 | 12,697 |
| Income not subject to tax | <u>(25,002)</u> | <u>(12,251)</u> |
| | <u>347</u> | <u>446</u> |

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

27 COMMITMENTS

Operating lease commitments

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

| | 2013 \$'000 | Group 2012 \$'000 |
|---|----------------|-------------------------|
| Not later than one year | 6,146 | 4,037 |
| Later than one year but not later than five years | 10,884 | 14,277 |

The Group and the University Company leases office properties, personal computer, printers and servers under operating leases. The leases typically run for a period of 1 to 5 years.

Capital commitments

| | 2013 \$'000 | Group 2012 \$'000 |
|-----------------------------------|----------------|-------------------------|
| Contracted but not provided for | 174,654 | 65,170 |
| Authorised but not contracted for | 689,030 | 718,837 |

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

| | 2013 \$'000 | Group 2012 \$'000 |
|--|----------------|-------------------------|
| Purchase of unquoted equity investments – contracted but not provided for | 97,698 | 56,899 |

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

NTU has entered into a Singapore-MIT Alliance (SMA) agreement with MIT and NUS to establish collaborative efforts in research and education in engineering, science and technology, including interface with business and industry. The agreement was effective from 17 September 2004 and as at 31 March 2013, NTU's outstanding commitment under SMA-2 is estimated at USD1.2 million (\$1.5 million) (2012: USD2.7 million (\$3.4 million)) till the expiry of the agreement on 30 June 2015.

Collaboration with Imperial College of Science, Technology and Medicine

On 27 August 2010, NTU and Imperial College of Science, Technology and Medicine entered into an agreement in relation to a collaboration for the establishment and operation of a medical school in Singapore. As at 31 March 2013, NTU's outstanding commitment under the collaboration is estimated at £35.0 million (\$67.3 million) (2012: £43.5 million (\$89.0 million)) till the expiry of the agreement on 31 July 2028.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

28 SIGNIFICANT RELATED PARTY INFORMATION

Related party transactions

The Government of Singapore has control over the Group as the operations of the University Company is substantially funded through Government grants, with MOE having the power to appoint and remove members to the Board of Trustees of the University Company. Consequently, the Group has invoked the exemption from disclosure requirements of FRS 24 in relation to related party transactions and outstanding balances (including commitments) with the Government of Singapore.

The Group has significant transactions with the Government of Singapore in the form of purchase of goods and services and sale of services. Such purchases and sales are made to various Government agencies in Singapore and collectively approximate \$13.1 million (2012: \$8.9 million) and \$17.1 million (2012: \$18.4 million).

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:

| | Group | |
|--|----------------|----------------|
| | 2013 \$'000 | 2012 \$'000 |
| (a) Key management personnel compensation | | |
| Short-term employee benefits (includes the remuneration of an executive trustee) | 4,268 | 3,663 |
| (b) Services rendered | | |
| Consultancy fees paid to a Trustee | 235 | 152 |

29 FINANCIAL INSTRUMENTS

Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

| | Group | | University Company | |
|--|------------------|------------------|--------------------|------------------|
| | 2013 \$'000 | 2012 \$'000 | 2013 \$'000 | 2012 \$'000 |
| Financial Assets | | | | |
| Loans and receivables (including cash and cash equivalents) | 1,530,235 | 1,406,302 | 1,508,178 | 1,387,241 |
| Fair value through profit or loss | 1,462,564 | 1,212,845 | 1,462,564 | 1,212,845 |
| Derivative financial instruments | 1,011 | 4,065 | 1,011 | 4,065 |
| | <u>2,993,810</u> | <u>2,623,212</u> | <u>2,971,753</u> | <u>2,604,151</u> |
| Financial Liabilities | | | | |
| Amortised cost | 231,091 | 203,992 | 225,641 | 199,337 |
| Derivative financial instruments | 2,578 | 12 | 2,578 | 12 |
| | <u>233,669</u> | <u>204,004</u> | <u>228,219</u> | <u>199,349</u> |

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

29 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk

The carrying amount of financial assets, grossed up for any provision, represents the maximum credit exposure. At the end of the reporting period, there is no significant concentration of credit risk other than grant receivables.

The aging of loans and receivables at the reporting date is:

| | 2013 | | 2012 | |
|---------------------------|----------------|--------------|----------------|--------------|
| | Gross | Allowance | Gross | Allowance |
| | \$'000 | for doubtful | \$'000 | for doubtful |
| | | receivables | | receivables |
| | | \$'000 | | \$'000 |
| Group | | | | |
| Not past due | 305,456 | - | 271,096 | - |
| Past due 1 to 30 days | 3,258 | - | 4,784 | - |
| Past due 31 to 150 days | 8,056 | - | 4,792 | - |
| More than 151 days | 3,799 | 544 | 2,219 | 531 |
| | <u>320,569</u> | <u>544</u> | <u>282,891</u> | <u>531</u> |
| University Company | | | | |
| Not past due | 302,549 | - | 268,780 | - |
| Past due 1 to 30 days | 3,203 | - | 4,674 | - |
| Past due 31 to 150 days | 8,166 | - | 4,527 | - |
| More than 151 days | 5,045 | 1,692 | 3,402 | 1,693 |
| | <u>318,963</u> | <u>1,692</u> | <u>281,383</u> | <u>1,693</u> |

The movement in the allowance for doubtful receivables in respect of loans and receivables during the year is as follows:

| | Group | | University Company | |
|------------------------------|------------|------------|--------------------|--------------|
| | 2013 | 2012 | 2013 | 2012 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| At 1 April | 531 | 628 | 1,693 | 1,790 |
| Allowance charged/(reversed) | 13 | (97) | (1) | (97) |
| At 31 March | <u>544</u> | <u>531</u> | <u>1,692</u> | <u>1,693</u> |

Liquidity risk

The contracted undiscounted cash outflows on financial liabilities approximate their carrying amounts and are generally settled within one year.

Interest risk

Surplus funds from the Group's operations are invested in bank deposits and with fund managers. The Group has no material exposure to interest rate risk from fixed deposits and borrowings as the interest rates are on 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 profit or loss) are exposed to interest rate risk.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

29 FINANCIAL INSTRUMENTS (CONT'D)

Interest risk (cont'd)

Sensitivity analysis for interest risk

If movements in interest rates result in a 3% (2012: 3%) appreciation/depreciation in the value of the fixed income investments, all other variables being held constant, the Group's surplus would have been higher/lower by \$6,335,000 (2012: \$5,194,000).

Price risk

The Group is exposed to equity securities price risk from investments classified as financial assets at fair value through profit or loss. 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.

Sensitivity analysis for price risk

If movements in financial markets result in a 5% (2012: 5%) appreciation/depreciation in the value of the quoted equity and other investments, all other variables being held constant, the Group's surplus would have been higher/lower by \$26,542,000 (2012: \$21,658,000).

If movements in financial markets result in a 5% (2012: 5%) appreciation/depreciation in the value of the unquoted equity investments, all other variables being held constant, the Group's surplus would have been higher/lower by \$36,027,000 (2012: \$30,328,000).

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. Additional information is set out in Note 8.

The main foreign currency exposure of investments (net of foreign currency forwards) based on information provided to management is as follows:

| | US Dollar \$'000 | Euro \$'000 | Japanese Yen \$'000 | Pound Sterling \$'000 | Others \$'000 |
|-------------|---------------------|----------------|---------------------------|-----------------------------|------------------|
| 2013 | 335,307 | 47,937 | 24,773 | 27,929 | 183,046 |
| 2012 | 257,737 | 31,737 | 23,168 | 17,683 | 160,211 |

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

29 FINANCIAL INSTRUMENTS (CONT'D)

Foreign currency risk (cont'd)

Sensitivity analysis for currency risk

If the relevant foreign currency changes against the Singapore dollar by 5% (2012: 5%), all other variables being held constant, the effects will be as follows:

| | Profit or Loss | |
|--|----------------|----------------|
| | 2013 \$'000 | 2012 \$'000 |
| Increase/(Decrease) | | |
| <i>US Dollar against Singapore Dollar</i> | | |
| Strengthened | 16,765 | 12,887 |
| Weakened | (16,765) | (12,887) |
| <i>Euro against Singapore Dollar</i> | | |
| Strengthened | 2,397 | 1,587 |
| Weakened | (2,397) | (1,587) |
| <i>Japanese Yen against Singapore Dollar</i> | | |
| Strengthened | 1,239 | 1,158 |
| Weakened | (1,239) | (1,158) |
| <i>Pound Sterling against Singapore Dollar</i> | | |
| Strengthened | 1,396 | 884 |
| Weakened | (1,396) | (884) |

Estimating the fair values

Financial assets at fair value through profit or loss

The fair values of financial instruments traded in active markets are based on quoted market prices at the end of the reporting period. The fair values of unquoted equity investments are based on net asset values provided by fund managers and external valuations.

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 loan to a subsidiary, trade and other receivables, cash and cash equivalents, other payables and accruals, and short-term borrowings) are assumed to approximate their fair values. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

29 FINANCIAL INSTRUMENTS (CONT'D)

Interest rates used in determining fair values

The Group uses the government yield curve as of 31 March 2013 plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

| | 2013 % p.a. | 2012 % p.a. |
|---------------------------|----------------|----------------|
| Finance lease receivables | 2.44 | 2.44 |
| Receivables | 6.50 | 6.50 |

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
|---|-------------------|-------------------|-------------------|------------------|
| Group and University Company | | | | |
| 31 March 2013 | | | | |
| Financial assets at fair value through profit or loss | 742,025 | 386,853 | 333,686 | 1,462,564 |
| Derivative financial assets | - | 1,011 | - | 1,011 |
| | <u>742,025</u> | <u>387,864</u> | <u>333,686</u> | <u>1,463,575</u> |
| Derivative financial liabilities | - | 2,578 | - | 2,578 |
| 31 March 2012 | | | | |
| Financial assets at fair value through profit or loss | 606,285 | 311,226 | 295,334 | 1,212,845 |
| Derivative financial assets | - | 4,065 | - | 4,065 |
| | <u>606,285</u> | <u>315,291</u> | <u>295,334</u> | <u>1,216,910</u> |
| Derivative financial liabilities | - | 12 | - | 12 |

There were no transfers between Level 1, 2 and 3 of the fair value hierarchy in 2012 and 2013.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

29 FINANCIAL INSTRUMENTS (CONT'D)

Fair value hierarchy (cont'd)

Assets measured at fair value based on Level 3:

| | Financial assets designated at fair value through profit or loss |
|--|---|
| | Unquoted equity investments |
| | \$'000 |
| <hr/> | |
| Group and University Company | |
| At 1 April 2012 | 295,334 |
| Total gains or losses in profit or loss | 22,058 |
| Subscriptions/Contributions | 27,546 |
| Redemptions/Distributions | (11,252) |
| At 31 March 2013 | <u>333,686</u> |
| Gains or losses included in profit or loss for the period (above) are presented as follows: | |
| Total gains or losses included in profit or loss for the period | <u>22,058</u> |
| Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period | <u>22,058</u> |

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

29 FINANCIAL INSTRUMENTS (CONT'D)

Fair value hierarchy (cont'd)

Assets measured at fair value based on Level 3:

| | Financial assets designated at fair value through profit or loss |
|--|---|
| | Unquoted equity investments |
| | \$'000 |
| <hr/> | |
| Group and University Company | |
| At 1 April 2011 | 282,460 |
| Total gains or losses in profit or loss | 11,403 |
| Subscriptions/Contributions | 10,839 |
| Redemptions/Distributions | (9,368) |
| At 31 March 2012 | <u>295,334</u> |
| Gains or losses included in profit or loss for the period (above) are presented as follows: | |
| Total gains or losses included in profit or loss for the period | <u>11,403</u> |
| Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period | <u>11,403</u> |

30 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Capital risk management policies and objectives

The capital structure of the Group consists of funds and accumulated surplus. Risk management is integral to the activities of the Group. The Group has controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors its risk management processes to ensure that an appropriate balance between risk and control is achieved. Risk management processes are reviewed regularly to reflect changes in the Group's activities. The Group's overall strategy remains unchanged from 2012.

NOTES TO FINANCIAL STATEMENTS (CONT'D)

31 March 2013

30 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

Credit risk management

Trade and other receivables

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 Notes 10 and 29.

Investments

Cash and deposits are placed with reputable financial institutions. Investment portfolios are managed by professional fund managers.

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

The credit risk is diversified over a range of institutions.

Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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.
- \$220 million that can be drawn down to meet short-term financing needs.

Market risk – Price risk management

The Group is exposed to price risk arising from investments invested through funds managed by professional managers in the various asset classes. The Group manages its price risk through portfolio diversification across asset classes to manage exposure risk.

31 CHARITY ACT AND REGULATIONS

As required for disclosure under Section 17(1) of the Charities (Institutions of a Public Character) Regulations, the University Company has received total tax deductible donations of \$71,930,000 (2012: \$50,365,000) in the current financial year.



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