



SINGAPORE UNIVERSITY OF
TECHNOLOGY AND DESIGN

A BETTER WORLD BY DESIGN.

ANNUAL REPORT 2017/18

THE FUTURE IS YOURS TO CREATE

WHAT'S NEXT



ANNUAL REPORT 2017/18

A BETTER WORLD BY DESIGN

THE SUTD VISION

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

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

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

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

Its faculty, students and staff will have

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

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

MISSION

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

ABOUT SUTD

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

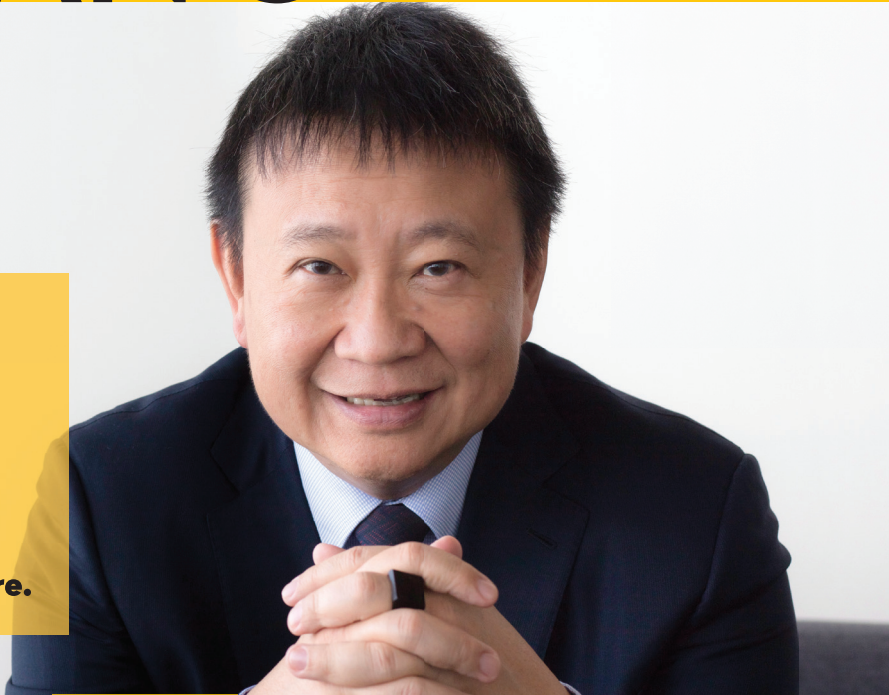
The principal activities of SUTD are in the advancement and dissemination of knowledge, the promotion of research and scholarships, and the conferring and awarding of degrees.



**Students from SUTD
Mountaineering Club
scaled a virgin Himalayan
mountain, which they
named Mt SUTD.**

CHAIRMAN'S MESSAGE

In addition to 21st century education, in our research and life-long learning SUTD will extend our multi-disciplinary design-centric approach to enhance our impact, to prepare our students for the challenges of the knowledge transformations we expect for the future.



With the rapid global rise in digital and technological innovations, design is increasingly solving problems, highlighting emerging issues, creating new markets and value, and impacting people. DesignSingapore Council's Design 2025 report proposed strategies to move Singapore to a global city for design to enhance the quality of life. It highlighted the importance of design as a national competency, and of multi-disciplinary design talent.

At SUTD, we believe leading in design grounded in technology will help us prepare for innovation and growth, and for a future in which new enterprises and jobs will be created. SUTD has made considerable progress to prepare our students for this design and digital transformation. Through our various programmes and research clusters, we are geared towards achieving our mission of nurturing technically-grounded leaders and innovators to serve societal needs.

Setting us apart from others

As a young university for students with a passion for science, technology, engineering and mathematics, SUTD stands out by emphasising the holistic value of design in integrating multi-disciplinary approaches to solving real-world challenges. The study of humanities, arts and social sciences, which make up over 20% of our undergraduate curriculum, provides the context for design for humanity. Our undergraduate students will complete over 20 multi-disciplinary projects, one or more internships with companies, and hone their design and critical thinking skills, adaptability and attitudes to be "future ready". In the annual survey conducted by MOE, our graduates rate themselves more prepared to solve problems and higher in creativity and innovation than others.

To deliver this opportunity, SUTD has built successful working relationships with more than 800 companies from different industry sectors for students' projects

and internships. We partner with more than 30 educational institutions in over 14 countries to offer students a variety of global opportunities, in exchange and summer programmes. Currently, about 75% of our students have at least one overseas experience. We aim for all students to have the opportunity for overseas exposure in the near future. Results of our three graduating batches to-date have been very encouraging. More than 90% secured employment within six months of their final exams with relatively high starting pay. Their mean gross monthly starting salary for full-time permanent employment remained robust at \$3,859 in 2017 from \$3,853 in 2016 despite poorer economic conditions. The top hiring sectors included Information & Communication, Scientific Research & Development and Financial & Insurance. Graduates from SUTD's Information Systems Technology and Design pillar achieved 100% full-time employment with average starting monthly salary rising above \$4,000.

The inaugural batch of students who graduated from the SUTD-SMU dual degree programme in technology and management found employment or founded start-ups within one month of their finals. Most secured jobs from MNCs with a large percentage joining the technology and financial industry.

Growth plans

SUTD will strengthen strategic collaborations with industry, government and academia, to pioneer new multi-disciplinary work in four strategic areas: Healthcare, Cities, Aviation and Artificial Intelligence/Data Science.

In Healthcare, through collaborations with Changi General Hospital (CGH), a range of innovations have been developed in healthcare product/equipment design, automated drug dispensing and delivery systems, hospital layout and process optimisation. Our partnership with CGH will develop more specialised undergraduate programmes in healthcare-related applications utilising multi-disciplines, as well as provide more opportunities for research, innovation and enterprise. SUTD has also commenced a partnership with Duke-NUS Medical School to

offer the SUTD-Duke-NUS Special Track to train future clinicians who will be skilled at harnessing cross-disciplinary healthcare-related technology for the advancement of medicine.

We continue to co-create programmes and initiatives with other strategic partners in our chosen strategic areas for deep knowledge, research and experience, to increase internship opportunities for our students with local and overseas companies from these sectors, and ultimately enhance the impact and work prospects of our graduates.


In addition to 21st century education, in our research and life-long learning SUTD will extend our multi-disciplinary design-centric approach to enhance our impact, to prepare our students for the challenges of the knowledge transformations we expect for the future.

Our thanks

As a young university, SUTD has seen tremendous growth under founding President, Professor Thomas Magnanti's leadership. He stepped down at end 2017 and is now SUTD's President Emeritus. I wish to thank Tom for his dedication and contribution to the setting up of SUTD.

Professor Chong Tow Chong, SUTD's founding Provost was appointed our new President on 1 April 2018. Building on his experience and his commitment to realising SUTD's vision, to better the world through technology and design, he helms the leadership of SUTD as the architect of SUTD's future growth plans.

I wish to express our thanks to all our partners, stakeholders and benefactors for their support as we continue to work for continued growth and progress.



Mr. Lee Tzu Yang
Chairman

PRESIDENT'S MESSAGE

A photograph of the President of SUTD, a man with glasses wearing a dark suit and a light blue shirt, sitting in a red and grey upholstered chair in a lecture hall. He is smiling and has his hand near his chin. The background shows rows of similar chairs in a well-lit room.

SUTD topped a list of top 10 “emerging leaders” in engineering education in MIT’s Global State of the Art in Engineering Education report, which was released in March this year.

SUTD has come a long way in the eight years since its establishment. Many changes took place in the past year, which saw the university growing from strength to strength, further moulding and refining our story.

Firstly, SUTD’s Founding President, Professor Thomas Magnanti stepped down end of last year and took on the role of President Emeritus. As the incoming President, I would like to thank him for his unstinting effort and leadership in guiding SUTD during our foundation years. As SUTD’s Founding Provost, I had worked closely with Prof Magnanti, and his stewardship has left an indelible mark not just on us but also on the education landscape in Singapore.

Another major transition for us was the successful completion of our education collaboration with the Massachusetts Institute of Technology (MIT). We are grateful for the seven-year partnership with MIT, who helped co-develop over 90 per cent of our unique

design-focused, multi-disciplinary undergraduate curriculum. Our continued collaboration with Zhejiang University allows us to give our students a holistic learning experience, with a blend of Eastern and Western academic programmes, while the partnership with Singapore Management University continues to provide more academic options to students. In fact, SUTD topped a list of top 10 “emerging leaders” in engineering education in MIT’s Global State of the Art in Engineering Education report, which was released in March this year.

I am pleased to report that we have now graduated three batches of students and the strong academic foundation they received has put them in good stead. Some of our graduates have gone on to become innovators, setting up their own start-ups, while those who have entered the workforce have been very well-received by employers as shown by our sustained trend of high overall employment rate and starting salaries for

over the past three years. A number have also gotten into renowned graduate schools such as Cambridge, Harvard, MIT, etc.

SUTD is also entering into its next phase of growth and has identified four key areas to focus on – Healthcare, Cities and Aviation, supported by capabilities in Artificial Intelligence/Data Science. These are in addition to our existing capabilities in Design and Digital Manufacturing. With the strong support from the Ministry of Education, a \$75-million budget has been set aside to help us spearhead these growth plans. The funds will be used to develop a suite of integrated, cross-disciplinary programmes in key economic sectors that will further enhance our education and research offerings, allowing us to better prepare graduates for the future economy, and support national growth priorities.

Some examples of what we have already implemented include launching the SUTD-Duke-NUS Special track, which aims to nurture future clinician innovators who are adept at both practising medicine and harnessing technological advancements across disciplines to impact healthcare; integrating artificial intelligence-related subjects into our undergraduate curriculum; and developing five new minor programmes that are focused on the areas of entrepreneurship, artificial intelligence, digital humanities and computational social sciences. Furthermore, we have also added more graduate programmes to our portfolio of education options – the Master of Science in Urban Science, Policy and Planning and the SUTD-Chang Gung University (CGU) Dual Masters Programme in Nano-Electronic Engineering and Design.

This year, we also stepped up our efforts in lifelong learning with the opening of our SUTD Academy, which provides skills-based professional education and training courses for adult learners. The Academy aims to help up-skill and re-skill adult learners in emerging areas such as data analytics and cybersecurity as well as create more education pathways for them. We are currently working with various partners from the private and public sector to gain industry perspectives and co-develop courses that will impart skills to

help workers stay relevant in today's knowledge-intensive and technology-driven economy.

We have now grown our research capacity to 11 research centres, the newest of which is the LTA-SUTD Transport Research Centre that will focus on research in key areas such as cybersecurity, automation and robotics, data analytics, behavioural studies and user-centric design in transport solutions. In addition, I am happy to note that Clarivate Analytics' 2017 State of Innovation Report has ranked SUTD as the fifth-most influential scientific research institution in telecommunications, based on the citation impact of research papers.

This is a good affirmation of our research development and we will of course continue to work hard to further progress our research, especially in the four key areas we have identified.

We have definitely grown a lot as a university over this past year and I would like to thank faculty, staff, students, parents, partners, benefactors and many others stakeholders who have helped contribute to our achievements. We hope to continue building upon the strong foundation we have achieved over the past eight years and ensure that SUTD continues to deliver a truly unique and world-class university experience for our students to impact the world by design.

I am happy to note that Clarivate Analytics' 2017 State of Innovation Report has ranked SUTD as the fifth-most influential scientific research institution in telecommunications, based on the citation impact of research papers.



Professor Chong Tow Chong
SUTD President

SUTD AT A GLANCE

OVERVIEW

The Singapore University of Technology and Design (SUTD) is one of the first universities in the world to incorporate the art and science of design and technology into a transdisciplinary, human-centric curriculum. SUTD seeks to advance knowledge and nurture technically-grounded leaders and innovators to serve societal needs. A research-intensive university, SUTD is distinguished by its unique East and West academic programmes which incorporate elements of innovation, entrepreneurship, design thinking and local and international industry collaborations. SUTD is focused in key areas – Healthcare, Cities and Aviation, supported by capabilities in Artificial Intelligence/Data Science and Digital Manufacturing.



EDUCATION

SUTD undergraduate programmes begins with a three-term Freshmore curriculum that is grounded in the fundamentals of science, mathematics, design and Humanities, Arts and Social Sciences (HASS), followed by a specialisation in one of four pillars for the next five terms.

The four pillars of study are:

- Architecture and Sustainable Design (ASD)
- Engineering Product Development (EPD)
- Engineering Systems and Design (ESD)
- Information Systems Technology and Design (ISTD)

SUTD also offers graduate opportunities such as the Master of Architecture, Master of Science in Technology Entrepreneurship, the Master of Science in Security by Design, the Master of Science in Urban Science, Planning and Policy as well as other Master and PhD programmes.

SUTD ACADEMY

The SUTD Academy was launched on 10 January 2018, with a mission to up-skill and re-skill our working professionals in emerging areas such as data analytics, cybersecurity, artificial intelligence, etc., so as to stay relevant in the fast-evolving working environment brought about by the advent of new technologies. The Academy adopts the same education philosophy of SUTD, where its training courses and programmes promote a multi-disciplinary approach, design thinking, an entrepreneurial spirit and active learning, among

other things. Currently, the Academy is working with various partners from the private and public sectors, as well as professional bodies under a partnership model, where industry partners can co-develop customised programmes for company participants as well as working adults and the public, to help them stay relevant in today's knowledge-intensive and technology-driven economy.

EXPANDING SUTD'S GLOBAL FOOTPRINT ACROSS THE GLOBE

SUTD students are in more classrooms all over the world. Continuing our mission to nurture global citizens, SUTD now partners with more than 34 institutions in over 14 countries to offer a variety of global opportunities. Through these increased partner networks, our most sought-after Global Exchange Programme saw a 125% increase in the number of semester exchange opportunities overseas. New exchange partners include Aalto University in Finland, Universite Catholique de Louvain in Belgium, University of Twente in Netherlands, Mahidol University in Thailand, Sungkyunkwan University in South Korea and Lehigh University in Pennsylvania, USA. To encourage international diversity and interaction in our student community, we continue to build a diverse community of exceptional students from around the world through exchange partnerships to create a melting pot of cultures and ideas on campus, bringing the world to SUTD.



SUTD Capstone (Final Year) Projects

SUTD's Summer Opportunities offer more than 25 programmes in 10 countries. SUTD students can also choose from a wide range of summer programmes which include short-term overseas exchanges, internships and immersion opportunities. Today, students already participate in programmes at the following universities among others:

- Stanford University, USA
- The University of California, Berkeley, USA
- Zhejiang University, China
- Tokyo Institute of Technology, Japan

2018 also saw new additions to the summer programme offerings in the following partner universities - the Technische Universität Berlin (TU Berlin), one of Europe's most prestigious educational institutions and also Yale University in the US.

34 PARTNERSHIPS IN 3 Years

SUTD's Footprints Across The Globe



A group of graduates in black gowns and caps, with red and white confetti falling around them. The graduates are smiling and looking towards the camera. The background is a light purple color.

**More than 90% of
SUTD fresh graduates
were employed within
six months of completing
their final examinations.**

GRADUATE EMPLOYMENT

SUTD has graduated its third batch of students, who continued to be well-received by the industry. As reported in the joint annual graduate employment survey, over 90% of SUTD's fresh graduates found employment within six months of completing their final examinations – a 0.4 percentage point increase from last year. The full-time permanent employment rate for engineering graduates was a 3.5 percentage point increase compared to 2016. Students also received a 1.4% increase in the median gross monthly salaries compared to last year. The strong employment numbers and high graduate starting salaries were possible in part due to companies providing our students meaningful and enriching internship opportunities in real working environments, and mentoring students through the capstone (final year) projects so that they can develop innovative multi-disciplinary solutions to solve real-world problems.

FACULTY PROFILES

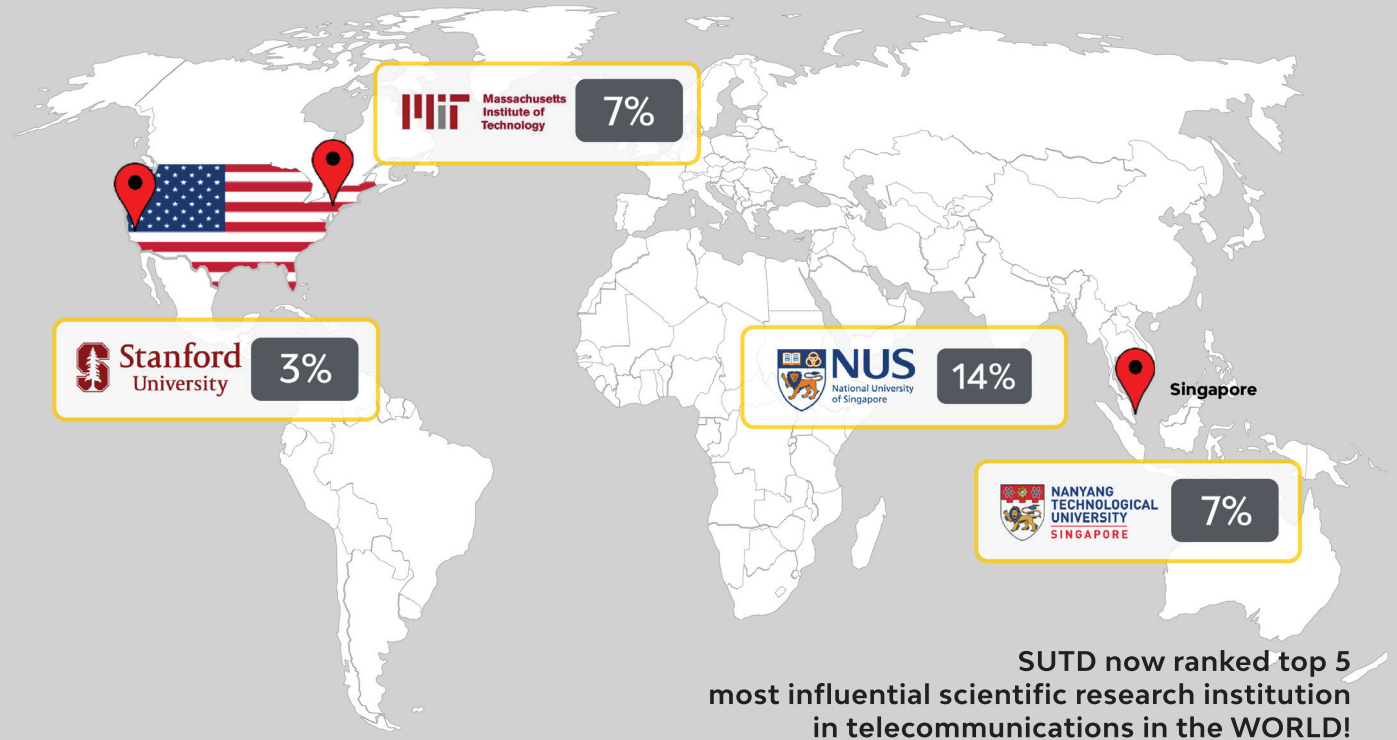


Diverse workforce made up of 47 nationalities

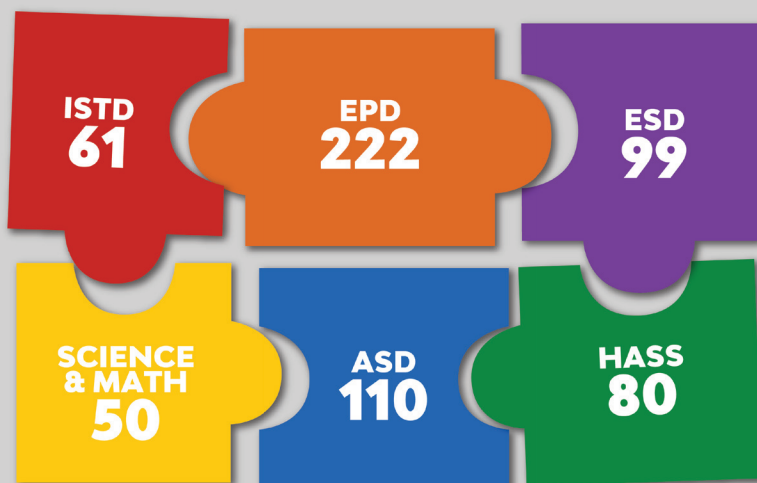


GLOBAL STANDING

1/3 of our faculty members come from the **Top 10** universities in the world



RESEARCH INTEREST



A total of 622 Faculty Research Interests

To view our faculty profiles from different pillars and clusters, please visit:

- <https://asd.sutd.edu.sg/people/faculty/>
- <https://epd.sutd.edu.sg/people/faculty/>
- <https://esd.sutd.edu.sg/people/faculty/>
- <https://istd.sutd.edu.sg/people/faculty/>
- <https://hass.sutd.edu.sg/faculty/>
- <https://academics.sutd.edu.sg/science-math/science-faculty/>

RESEARCH

SUTD has since established 11 research centres. To date, SUTD has published more than 3,000 papers in peer-reviewed journals, conference papers, books and secured more than \$340 million in research funding from NRF, MOE, A*STAR, MINDEF, MOH and industry. We have filed over 160 technology disclosures and 110 patent applications, and spun-off more than 30 start-up companies. We have also fostered more than 800 industry partnerships, which provide our students with research, internship and employment opportunities.

ENTREPRENEURSHIP

SUTD set up the Entrepreneurship Centre with the aim of creating an entrepreneurial ecosystem that is fully integrated within the fabric of SUTD. The Centre aims to promote the entrepreneurial spirit and passion in SUTD, and provides support for faculty and students to turn their ideas into reality. The Centre's activities include entrepreneurship education, experiential programmes, overseas entrepreneurship exposure, entrepreneurship capstone, incubation, mentoring and entrepreneurship-related events. The SUTD ecosystem consists of a growing Start-up Network of 23 Student Start-ups, nine Faculty/Researcher Start-ups with another 11 teams in incubation.

GIVING TO SUTD

Each and every donation to SUTD has an impact, no matter the size. All thanks to the generosity of the many individuals, organisations and foundations that have supported our young university, our mission can become a reality. Philanthropy makes it possible for us to be an innovative leader in architecture and engineering education, to address critical issues of our time, to create opportunities for new discoveries and to develop a better world by design. Through your gift, we are able to provide important resources such as professorships to inspire and support the best minds, scholarships to nurture future-ready talents and financial aid to help the most financially disadvantaged meet their cost of studies. Together, we can impact lives. We invite you to speak with us to find out how you can turn your philanthropy into impact. Email us today at giving@sutd.edu.sg.



CORPORATE GOVERNANCE

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

GOVERNANCE EVALUATION CHECKLIST

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

BOARD OF TRUSTEES

The SUTD Board of Trustees comprises 20 trustees appointed by the Minister of Education. The Board of Trustees is responsible for ensuring that the University acts in accordance with its objects and to ensure that the funds and assets of the University are properly accounted for and safeguarded.

The objects of the University are to:-

- a. establish, operate, maintain and promote the University as a going concern;
- b. promote and undertake the advancement of education by providing educational facilities and course of study or instruction; and
- c. advance and disseminate knowledge and to promote and engage in research and scholarship.

The trustees are not paid any remuneration for services rendered by them as trustees of the University.



SUTD has over 90 Fifth Row or co-curricular activities

BOARD OF TRUSTEES

Name	Designation	Date of Appointment	Attendance Percentage
Mr Lee Tzu Yang	Chairman	1 April 2016	100
Dr Syed Fidah Bin Ismail Alsagoff	Member	11 August 2012	100
Mr Choo Chiau Beng	Member	11 August 2009	75
Ms Jennie Chua Kheng Yeng	Member	11 August 2015	0
Ms Cordelia Chung	Member	1 June 2011	75
Mr Patrick Daniel	Member	11 August 2009	50
Mrs Fang Ai Lian	Member	24 July 2009	75
Ms Goh Swee Chen	Member	11 August 2015	50
Mr Sam Goi Seng Hui	Member	11 August 2009	50
Mr Philip Antony Jeyaretnam	Member	11 August 2009	0
Ms Lai Wei Lin	Member	1 January 2017	100
Mr Lim Siong Guan	Member	11 August 2017	50
Ms Low Sin Leng	Member	1 June 2011	75
Prof Lui Pao Chuen	Member	11 August 2009	50
Mr Ong Peng Tsin	Member	24 July 2009	50
Mr Charles Marshall Ormiston	Member	11 August 2009	75
Prof Quek Tong Boon	Member	11 August 2009	75
Mr Anthony Sun	Member	1 March 2010	75
Mr Tai Lee Siang	Member	11 August 2009	50
Mr Ronny Tan Chong Tee	Member	11 August 2009	100

BOARD OF TRUSTEES SUBCOMMITTEES

Academic and Research Committee

Prof Lui Pao Chuen	Chairman
Prof Quek Tong Boon	Member
Mr Ong Peng Tsin	Member

Advancement Committee

Mr Sam Goi Seng Hui	Chairman
Ms Jennie Chua Kheng Yeng	Member
Mr Anthony Sun	Member
Mr Ong Peng Tsin	Member

Audit Committee

Mrs Fang Ai Lian	Chairman
Ms Cordelia Chung	Member
Ms Goh Swee Chen	Member

Campus Infrastructure and Facilities Committee

Mr Tai Lee Siang	Chairman
Mr Philip Antony Jeyaretnam	Member
Mr Tan Siong Leng*	Member
Mr Fong Kok Wai*	Member

Executive Committee

Mr Lee Tzu Yang	Chairman
Mr Choo Chiau Beng	Member
Ms Lai Wei Lin	Member
Prof Cheong Hee Kiat*	Member

Finance Committee

Mr Ronny Tan Chong Tee	Chairman
Dr Syed Fidah Bin Ismail Alsagoff	Member
Ms Low Sin Leng	Member
Mr Nels Friet*	Member
Mr Tan Bien Kiat*	Member

Investment Committee

Mr Ong Peng Tsin	Chairman
Dr Syed Fidah Bin Ismail Alsagoff	Member
Mr Charles Marshall Ormiston	Member
Mr Bill Chua*	Member
Ms Celestine Khoo*	Member
Mr Young Lok Kuan*	Member

Promotion and Development Committee

Mr Patrick Daniel	Chairman
Ms Cordelia Chung	Member
Prof Quek Tong Boon	Member

*Non Board of Trustee member

BOARD COMMITTEES

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

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

KEY MANAGEMENT

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

Name	Designation
Prof Pey Kin Leong	Associate Provost, Education, SUTD Academy & Digital Learning
Prof Lim Seh Chun	Associate Provost, Student Affairs
Prof Yeo Kiat Seng	Associate Provost, Research & International Relations
Prof Kristin L. Wood	Associate Provost, Graduate Studies, Co-director, SUTD-MIT International Design Centre
Prof Erwin Viray	Head of Pillar, Architecture and Sustainable Design
Prof Peter Jackson	Head of Pillar, Engineering Systems and Design
Prof Ricky Ang	Interim Head of Pillar, Engineering Product Development
Prof Aditya Mathur	Head of Pillar, Information Systems Technology and Design, Centre Director, iTrust
Prof Lim Sun Sun	Head, Humanities, Arts and Social Sciences, HASS
Ms Giselia Giam	Senior Director, Finance & Corporate Services
Dr Jaclyn Lee	Senior Director, Human Resources and Organisation Development
Ms Corinna Choong	Senior Director, Marketing & Communications
Ms Neo Chin	Chief Investment Officer

POLICY ON MANAGING CONFLICTS OF INTEREST


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

POLICY ON WHISTLE-BLOWING

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

RESERVE POLICY

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



The SUTD campus was designed to enable open and inclusive interactions between students, faculty members and the entire SUTD community.

TRUSTEES' STATEMENT AND FINANCIAL STATEMENTS

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TRUSTEES' STATEMENT

Trustees' Statement

The Board of Trustees present their statement to the members together with the audited financial statements of Singapore University of Technology and Design (the "University") and statement of financial position and statement of changes in funds and reserves of the University for the financial year ended 31 March 2018.

In the opinion of the Trustees:

- (a) the financial statements of the University as set out on pages 26 to 52 are drawn up so as to give a true and fair view of the financial position of the University as at 31 March 2018, and the financial performance, changes in funds and reserves and cash flows of the University for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the University will be able to pay its debts when they fall due.

Arrangements to Enable Trustees to Acquire Shares and Debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the Trustees of the University to acquire benefits by means of the acquisition of shares or debentures in the University or any other body corporate.

Trustees' Interests in Shares and Debentures

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

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

Auditors

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

ON BEHALF OF THE BOARD OF TRUSTEES



Mr Lee Tzu Yang
Chairman
Trustee
19 July 2018

Trustees

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

Mr Lee Tzu Yang (*Chairman*)
Dr Syed Fidah Bin Ismail Alsagoff
Mr Choo Chiau Beng
Ms Jennie Chua Kheng Yeng
Ms Cordelia Chung
Mr Patrick Daniel
Mrs Fang Ai Lian
Ms Goh Swee Chen
Mr Sam Goi Seng Hui
Mr Philip Antony Jeyaretnam
Ms Lai Wei Lin
Mr Lim Siong Guan
(*Appointed on 11 August 2017*)
Ms Low Sin Leng
Professor Lui Pao Chuen
Mr Ong Peng Tsin
Mr Charles Marshall Ormiston
Professor Quek Tong Boon
Mr Anthony Sun
Mr Tai Lee Siang
Mr Ronny Tan Chong Tee



Mrs Fang Ai Lian
Trustee
19 July 2018

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Singapore University of Technology and Design (the "University") which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss and other comprehensive income, statement of changes in funds and reserves and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 26 to 52.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act"), the Singapore Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the University as at 31 March 2018 and of the financial performance, changes in funds and reserves and cash flows of the University for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements section of our report*. We are independent of the University in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The financial statements of the University for the year ended 31 March 2017 were audited by another firm of auditors who expressed an unmodified opinion on those financial statements in their report dated 20 July 2017.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Trustees' Statement set out on page 23.

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

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

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

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

The trustees' responsibilities include overseeing the University's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions

are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.

- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

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

- (a) the University has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) The University has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

Deloitte & Touche LLP

Public Accountants and Chartered Accountants
Singapore
19 July 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2018

	Note	General fund		Non-endowment fund		Endowment fund		Total	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Income									
Tuition and other fees	3	34,493	30,083	-	-	-	-	34,493	30,083
Donations and sponsorships		7,697	60	4,582	3,775	-	-	12,279	3,835
Other income	3	9,717	9,749	2	4	-	6	9,719	9,759
Total income		51,907	39,892	4,584	3,779	-	6	56,491	43,677
Expenses									
Employee compensation	4	(92,802)	(83,034)	(459)	(331)	(2,317)	(1,925)	(95,578)	(85,290)
Programme-related expenses		(10,076)	(19,795)	-	-	-	-	(10,076)	(19,795)
Research-related expenses		(16,433)	(14,042)	-	-	-	-	(16,433)	(14,042)
Depreciation	14	(36,527)	(34,129)	(4)	(3)	(1)	(1)	(36,532)	(34,133)
Amortisation	15	(770)	(1,315)	-	-	-	-	(770)	(1,315)
Interest expense		(9,723)	(10,366)	-	-	-	-	(9,723)	(10,366)
Other operating expenses	5	(33,327)	(33,035)	(2,766)	(2,016)	(8,767)	(8,572)	(44,860)	(43,623)
Total expenses		(199,658)	(195,716)	(3,229)	(2,350)	(11,085)	(10,498)	(213,972)	(208,564)
(Deficit)/surplus before investment income and government grants		(147,751)	(155,824)	1,355	1,429	(11,085)	(10,492)	(157,481)	(164,887)
Net investment income	6	418	276	117	76	65,679	87,536	66,214	87,888
(Deficit)/surplus before government grants		(147,333)	(155,548)	1,472	1,505	54,594	77,044	(91,267)	(76,999)
Government and other grants	7	169,726	175,595	-	-	-	-	169,726	175,595
Net surplus and total comprehensive income		22,393	20,047	1,472	1,505	54,594	77,044	78,459	98,596

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

STATEMENT OF FINANCIAL POSITION

31 March 2018

	Note	2018 \$'000	2017 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	9	188,101	173,346
Grants and other receivables	10	72,979	117,718
Financial assets at fair value through income and expenditure	11	980,160	816,265
Derivative financial instruments	12	-	5,034
Other current assets	13	9,522	14,594
		1,250,762	1,126,957
Non-current assets			
Grants and other receivables	10	364,405	373,264
Property, plant and equipment	14	733,645	745,702
Intangible assets	15	2,169	1,901
		1,100,219	1,120,867
Total assets		2,350,981	2,247,824
LIABILITIES			
Current liabilities			
Grants received in advance	16	33,705	26,593
Fees received in advance		3,859	3,441
Other payables	17	37,837	41,351
Derivative financial instruments	12	-	1,845
Borrowings	18	15,210	14,911
		90,611	88,141
Non-current liabilities			
Borrowings	18	368,770	376,183
Deferred capital grants	19	728,478	747,450
		1,097,248	1,123,633
Total liabilities		1,187,859	1,211,774
NET ASSETS		1,163,122	1,036,050
FUNDS AND RESERVES			
Endowment fund	21	898,755	850,142
Accumulated Surplus			
- General fund		97,588	75,195
- Non-endowment fund	20	12,367	10,895
- Endowment fund	21	154,412	99,818
		1,163,122	1,036,050
Funds' net assets managed on behalf of Ministry of Education ("MOE")	22	10,172	8,450

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

STATEMENT OF CHANGES IN FUNDS AND RESERVES

Year ended 31 March 2018

	Note	Endowment fund	Accumulated surplus			Total
			General fund	Non-endowment fund	Endowment fund	
			\$'000	\$'000	\$'000	
Balance as at 1 April 2017		850,142	75,195	10,895	99,818	1,036,050
Total comprehensive income for the year		-	22,393	1,472	54,594	78,459
Government grants	21	26,068	-	-	-	26,068
Donations received	21	22,545	-	-	-	22,545
Balance as at 31 March 2018		898,755	97,588	12,367	154,412	1,163,122
Balance as at 1 April 2016		783,253	55,148	9,390	22,774	870,565
Total comprehensive income for the year		-	20,047	1,505	77,044	98,596
Government grants	21	47,802	-	-	-	47,802
Donations received	21	19,087	-	-	-	19,087
Balance as at 31 March 2017		850,142	75,195	10,895	99,818	1,036,050

STATEMENT OF CASH FLOWS

Year ended 31 March 2018

	Note	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Deficit before government grants		(91,267)	(76,999)
Adjustments for:			
- Depreciation		36,532	34,133
- Amortisation		770	1,315
- Interest expense		9,723	10,366
- Loss on disposal of property, plant and equipment and intangible assets		144	1
- Asset written off		282	-
- Interest income		(4,216)	(3,211)
- Fair value gains on net financial assets at fair value through income and expenditure		(61,998)	(84,677)
- Donation in kind	14	(7,697)	-
Operating cash flow before working capital change		(117,727)	(119,072)
Change in working capital:			
- Other receivables		18,499	(17,561)
- Other current assets		5,072	3,394
- Fees received in advance		418	573
- Other payables		(2,338)	2,242
Net cash used in operating activities		(96,076)	(130,424)
Cash flows from investing activities			
Additions to property, plant and equipment		(18,274)	(19,591)
Additions to intangible assets		(950)	(625)
Investments in financial assets at fair value through income and expenditure		(104,551)	(87,073)
Derivative financial instruments		3,189	(185)
Interest received		6,801	613
Net cash used in investing activities		(113,785)	(106,861)
Cash flows from financing activities			
Operating grants received		68,366	74,017
Research grants received		68,830	26,531
Debt grants received		32,176	34,511
Development grants received		-	4,838
Proceeds from borrowings		7,873	6,964
Repayment of borrowings		(14,987)	(19,746)
Interest paid		(9,917)	(10,330)
Government grants and donations received for Endowment fund		72,275	153,001
Net cash from financing activities		224,616	269,786
Net increase in cash and cash equivalents		14,755	32,501
Cash and cash equivalents at beginning of financial year		173,346	140,845
Cash and cash equivalents at end of financial year	9	188,101	173,346

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

1. GENERAL

Singapore University of Technology and Design (the "University") is incorporated and domiciled in Singapore as a University limited by guarantee under the provisions of the Companies Act, Chapter 50. The address of its registered office and place of business is located at 8 Somapah Road Singapore 487372.

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

Under Clause 9 of the Memorandum of Association of the University, each member of the University undertakes to contribute a sum not exceeding \$1 (2017: \$1) to the assets of the University in the event of it being wound up. The number of members at the balance sheet date is 4 (2017: 4).

These financial statements were authorised for issue in accordance with a resolution of the Board of Trustees of Singapore University of Technology and Design on 19 July 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

(a) Basis of accounting

The financial statements have been prepared in accordance with the historical cost basis except otherwise disclosed below, and are drawn up in accordance with the provisions of the Singapore Companies Act, the Charities Act and Financial Reporting Standards in Singapore ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the University takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based

payment transactions that are within the scope of FRS 102 Share-based Payment, leasing transactions that are within the scope of FRS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 Inventories or value in use in FRS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(b) Functional and presentation currency

The financial statements of the University are measured and presented in Singapore dollars which is the currency of the primary economic environment in which the University operates (its functional currency).

All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

(c) 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 THE FINANCIAL STATEMENTS

31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(c) Use of estimates and judgements (continued)

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.

(a) Fair value estimation on other investments

The University holds other investments that are not traded in an active market. The University has used the net asset values provided by fund managers and fund administrators. The carrying amount of these other investments at the end of the reporting period was \$229,947,000 (2017: \$102,973,000) (Note 11).

(b) Property, plant and equipment

The University reviews the residual values and useful lives of property, plant and equipment at each reporting date in accordance with the accounting policy in Note 2.9. The estimation of the residual values and useful lives involves significant judgement. The net book value of property, plant and equipment at 31 March 2018 is \$733,645,000 (2017: \$745,702,000) (Note 14) and the annual depreciation charge for the financial year ended 31 March 2018 is \$36,532,000 (2017: \$34,133,000) (Note 14). If the actual useful lives of the property, plant and equipment are longer or shorter than the management's estimate, the University annual depreciation charge will be decreased or increased accordingly.

(c) Provision for graduate output adjustment

Provision for graduate output adjustment relates to the portion of the grants to be refunded to Ministry of Education ("MOE") in the event that the University achieves fewer graduates than MOE's output target. The provision for graduate output adjustment is assessed by the management on the estimated graduate output in each year for the undergraduate degree programmes.

With effect from FY2018, MOE will move all MOE-subsidised full-time undergraduate degree programme at Singapore University of Technology and Design ("SUTD") that are currently funded on an output basis to Enrolment Based Funding ("EBF") model for new and

existing cohorts. Accordingly, the University has fully reversed the provision for graduate output adjustment of \$3,046,391, resulting in a nil balance as disclosed in Note 10(i) and Note 16 to the financial statements.

2.2 Funds

(a) General fund

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

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

(b) Non-endowment fund

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

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

(c) Endowment fund

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

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

2.3 Revenue recognition

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

(a) Tuition and other fees

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Revenue recognition (continued)

(b) Donations and sponsorships

Donations (in cash or in-kinds) and sponsorships are recognised in the financial year they are received/receivable.

(c) Housing income

Housing income is recognised over the housing lease period.

(d) Rental income

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

(e) Interest income

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

2.4 Grants

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

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

Debt grant receivable is recognised for the purchase of property, plant and equipment when there is reasonable assurance that the University will comply with the government's debt grant framework conditions and that the grants will be received.

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

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

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

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

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

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

2.6 Employee compensation

(a) Defined contribution plans

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

(b) Employee leave entitlement

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

2.7 Operating leases

Lessee

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

Lessor

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Property, plant and equipment

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

The cost of an item of property, plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The construction-in-progress consists of construction costs and related expenses incurred during the period of construction.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the University and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in income and expenditure when incurred.

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

	Estimated useful lives
Leasehold land	99 years
Buildings	30 years
Plant and machinery	10 years
Computer systems, communications and laboratory equipment	5 to 6 years
Personal computers and equipment	3 years
Furniture and fittings	7 years
Audio visual and office equipment	5 to 8 years
Motor vehicle	10 years

Property, plant and equipment costing less than \$2,000 (2017: \$2,000) each are taken to income and expenditure when purchased.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in income and expenditure when the changes arise.

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

2.9 Intangible assets

Computer software licences costs

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

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

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

2.10 Impairment of non-financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Impairment of non-financial assets (continued)

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

2.11 Financial assets

(a) Classification

The University classifies its financial assets in the following categories: loans and receivables, and at fair value through income and expenditure. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at each balance sheet date.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "cash and cash equivalents" (Note 9), "grants and other receivables" (Note 10), "deposits" under "other current assets" (Note 13) and "student loans" (Note 22) on the balance sheet.

(ii) Financial assets at fair value through income and expenditure

This category has two sub-categories: financial assets held for trading, and those designated at fair value through income and expenditure at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through income and expenditure at inception are

those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented University investment strategy. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

(b) Recognition and derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the University has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in income and expenditure.

(c) Initial measurement

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

(d) Subsequent measurement

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

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

(e) Impairment

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Financial assets (continued)

(e) Impairment (continued)

Loans and receivables

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

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

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

2.12 Fees received in advance

Fees received in advance represents tuition fees received in advance for the next financial year.

2.13 Derivative financial instruments

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

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

2.14 Other payables

Other payables represent liabilities for goods and services provided to the University prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

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

The University derecognises other payables when its contractual obligations are discharged or cancelled or expired.

2.15 Borrowings

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

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

2.16 Cash and cash equivalents

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

2.17 Borrowing costs

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

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit are capitalised in the cost of the assets under construction.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Fair value estimation of financial assets and liabilities

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

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

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

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

2.19 Provision

Provisions are recognised when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that the University will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. INCOME

	2018 \$'000	2017 \$'000
Tuition and other fees		
Tuition fees	33,834	29,525
Other student related fees	659	558
	34,493	30,083
Other income		
Housing income	6,088	6,194
Rental Income	687	616
Wage Credit	308	227
Other	2,636	2,722
	9,719	9,759

4. EMPLOYEE COMPENSATION

	2018 \$'000	2017 \$'000
Wages and salaries	86,751	77,608
Employer's contribution to Central Provident Fund	7,588	6,730
Other benefits	1,239	952
	95,578	85,290

Key management personnel compensation is as follows:

	2018 \$'000	2017 \$'000
Wages and salaries	8,802	8,849
Employer's contribution to Central Provident Fund	154	329
Other benefits	881	266
	9,837	9,444

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

5. OTHER OPERATING EXPENSES

	2018 \$'000	2017 \$'000
Rental expense on operating leases	2	6
Utilities and facility management	15,079	12,588
Marketing and advertising expenses	3,356	4,154
Information technology expenses	4,125	3,986
Travelling expenses	1,696	2,190
Library books, periodicals and databases	3,370	2,453
Scholarship and awards	9,444	8,512
Loss on disposal of property, plant and equipment and intangible assets	144	1
Others	7,644	9,733
	44,860	43,623

6. NET INVESTMENT INCOME

	2018 \$'000	2017 \$'000
Interest income	4,216	3,211
Fair value gains on net financial assets at fair value through income and expenditure	61,998	84,677
	66,214	87,888

7. GOVERNMENT AND OTHER GRANTS

	2018 \$'000	2017 \$'000
Operating grants (Note 10(i))	72,013	84,596
Research grants utilised (Note 10(ii))	47,194	41,847
Development grants utilised (Note 10(iii))	-	378
Debt grants utilised (Note 10(iv))	13,638	13,356
Deferred capital grants amortised (Note 19)	36,881	35,418
	169,726	175,595

8. INCOME TAXES

The University obtained Charity and Institution of Public Character ("IPC") status on 21 July 2009 under the Charities Act and Charities (Institutions of a Public Character) Regulations 2008. With effect from the Year of Assessment 2009, all registered charities will enjoy automatic income tax exemption. The University is exempted from filing income tax returns.

9. CASH AND CASH EQUIVALENTS

	2018 \$'000	2017 \$'000
Cash at bank and on hand	71,049	26,440
Short-term bank deposits	117,052	146,906
	188,101	173,346

The short-term bank deposits at balance sheet date have a weighted average effective interest rate of 1.27% (2017: 0.71%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

10. GRANTS AND OTHER RECEIVABLES

	2018 \$'000	2017 \$'000
Current		
Operating grants receivable (Note (i))	6,923	2,973
Operating grants receivable from Government - MIT Education Component (Note (i))	-	949
Research grants receivable (Note (ii))	18,573	29,747
Development grants receivable (Note (iii))	-	-
Debt grant receivable (Note (iv))	22,635	20,773
Matching endowment grant receivable	19,361	39,360
Other receivables from MOE	4,261	21,851
Fee and other receivables	1,155	2,065
Interest receivable	71	-
	72,979	117,718
Non-current		
Debt grant receivable (Note (iv))	364,405	373,264
Total grants and other receivables	437,384	490,982

(i) Movement in operating grants receivable/ (received in advance)

	2018 \$'000	2017 \$'000
Balance as at 1 April	521	(10,143)
Operating grants received during the year	(68,366)	(74,017)
Transferred to deferred capital grants (Note 19)	535	85
Transferred to income statement (Note 7)	72,013	84,596
Balance as at 31 March	4,703	521
Comprising:		
Operating grants receivable (as above)	6,923	2,973
Operating grants (received in advance)/ receivable from Government - MIT Education Component (as above) (Note 16)	(2,043)	949
Provision for graduate output adjustment (Note 16)	-	(3,046)
Other operating grant received in advance - Government (Note 16)	(177)	(355)
	4,703	521

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

10. GRANTS AND OTHER RECEIVABLES (continued)

(ii) Movement in research grants (received in advance) /receivable

	2018 \$'000	2017 \$'000
Balance as at 1 April	6,555	(17,255)
Research grants received during the year	(68,830)	(26,531)
Transferred to deferred capital grants (Note 19)	5,833	8,494
Transferred to income statement (Note 7)	47,194	41,847
Balance as at 31 March	(9,248)	6,555
Comprising:		
Research grants receivable (as above)	18,573	29,747
Research grants received in advance - MIT Research Component (Note 16)	(5,504)	(3,946)
Other research grants received in advance - Government (Note 16)	(14,793)	(10,265)
Research grants received in advance - government agencies and others (Note 16)	(7,524)	(8,981)
	(9,248)	6,555

(iii) Movement in development grants receivable

	2018 \$'000	2017 \$'000
Balance as at 1 April	-	1,877
Development grants received during the year	-	(4,838)
Transferred to deferred capital grants (Note 19)	-	2,583
Transferred to income statement (Note 7)	-	378
Balance as at 31 March	-	-

(iv) Movement in debt grant receivable

	2018 \$'000	2017 \$'000
Balance as at 1 April	394,037	411,539
Debt grant received during the year	(32,176)	(34,511)
Transferred to deferred capital grants (Note 19)	11,541	3,653
Transferred to income statement (Note 7)	13,638	13,356
Balance as at 31 March	387,040	394,037
Current	22,635	20,773
Non-current	364,405	373,264
	387,040	394,037

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

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME AND EXPENDITURE

	2018 \$'000	2017 \$'000
Designated at fair value on initial recognition		
Quoted debt securities	196,041	218,206
Quoted unit trusts	521,076	465,101
Quoted equity securities	33,096	29,985
Other investments	229,947	102,973
	980,160	816,265

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME AND EXPENDITURE (continued)

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

The fair values of quoted debt securities, quoted unit trusts and quoted equity securities are based on quoted market prices at the balance sheet date. The other investments represent investments in hedge funds, multi-asset fund and limited partnership. The fair values of these unquoted investments are based on net asset values provided by fund managers and fund administrators.

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

	2018 \$'000	2017 \$'000
Financial assets at fair value through income and expenditure (as above)	980,160	816,265
Derivative financial assets (Note 12)	-	5,034
Derivative financial liabilities (Note 12)	-	(1,845)
Investment payables (Note 17)	-	(2,722)
	980,160	816,732

12. DERIVATIVE FINANCIAL INSTRUMENTS

	Contract notional amount \$'000	Fair value	
		Asset \$'000	Liability \$'000
2018			
Currency forwards	-	-	-
2017			
Currency forwards	686,501	5,034	(1,845)

13. OTHER CURRENT ASSETS

	2018 \$'000	2017 \$'000
Prepayments		
- Education Component	1,976	5,412
- Research Component	5,504	6,831
- Others	1,966	2,233
Deposits	76	118
	9,522	14,594

Prepayments comprise primarily of advance payments made to the Massachusetts Institute of Technology ("MIT") in accordance with the SUTD-MIT Collaboration Agreement for education and research purposes (Note 23(c)).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

14. PROPERTY, PLANT AND EQUIPMENT

	Construction- in-progress	Leasehold Land	Buildings and plant and machinery	Computer systems, communications and laboratory equipment	Personal computers and equipment	Furniture and fittings	Audio visual and office equipment	Motor vehicle	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Cost</i>									
Balance as at 1 April 2017	1,955	209,718	554,280	45,189	3,423	7,328	11,681	218	833,792
Additions	665	-	7,749	15,082	656	215	436	186	24,989
Transfer	(1,621)	-	90	1,528	2	1	-	-	-
Reclassified to intangible assets (Note 15)	(88)	-	-	-	-	-	-	-	(88)
Reclassification between categories	-	-	1,785	-	-	-	(1,785)	-	-
Asset written off	-	-	(3)	-	-	-	(279)	-	(282)
Disposals	-	-	(57)	(44)	(5)	-	(279)	(209)	(594)
Balance as at 31 March 2018	911	209,718	563,844	61,755	4,076	7,544	9,774	195	857,817
<i>Accumulated depreciation</i>									
Balance as at 1 April 2017	-	11,474	48,662	16,534	1,987	2,785	6,525	123	88,090
Depreciation charge	-	2,119	22,857	9,159	877	1,061	614	22	36,709
Asset written off	-	-	-	-	-	-	(177)	-	(177)
Disposals	-	-	(57)	(28)	(5)	-	(222)	(138)	(450)
Balance as at 31 March 2018	-	13,593	71,462	25,665	2,859	3,846	6,740	7	124,172
Net book value Balance as at 31 March 2018	911	196,125	492,382	36,090	1,217	3,698	3,034	188	733,645

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

14. PROPERTY, PLANT AND EQUIPMENT (continued)

	Construction- in-progress	Leasehold Land	Buildings and plant and machinery	Computer systems, communications and laboratory equipment	Personal computers and equipment	Furniture and fittings	Audio visual and office equipment	Motor vehicle	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Cost</i>									
Balance as at 1 April 2016	1,873	209,718	552,248	35,360	2,552	6,998	10,645	209	819,603
Additions	1,768	-	1,436	8,849	842	330	1,039	9	14,273
Reclassified from intangible assets (Note 15)	-	-	-	7	-	-	-	-	7
Transfer	(1,686)	-	596	1,054	36	-	-	-	-
Disposals	-	-	-	(81)	(7)	-	(3)	-	(91)
Balance as at 31 March 2017	1,955	209,718	554,280	45,189	3,423	7,328	11,681	218	833,792
<i>Accumulated depreciation</i>									
Balance as at 1 April 2016	-	9,356	27,327	9,831	1,256	1,693	4,476	101	54,040
Depreciation charge	-	2,118	21,335	6,776	738	1,092	2,052	22	34,133
Reclassified from intangible assets (Note 15)	-	-	-	7	-	-	-	-	7
Disposals	-	-	-	(80)	(7)	-	(3)	-	(90)
Balance as at 31 March 2017	-	11,474	48,662	16,534	1,987	2,785	6,525	123	88,090
Net book value Balance as at 31 March 2017	1,955	198,244	505,618	28,655	1,436	4,543	5,156	95	745,702

During the year, the University received donated assets included as part of computer systems, communications and laboratory equipment amounting to \$7,697,000 (2017: \$60,000). These assets are not eligible for the deferred capital grant.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

15. INTANGIBLE ASSETS

	2018 \$'000	2017 \$'000
Computer software licenses costs		
<i>Cost</i>		
Balance as at 1 April	8,054	7,443
Additions	950	625
Reclassified from construction in progress (Note 14)	88	-
Disposals	(28)	(7)
Reclassified to property, plant and equipment (Note 14)	-	(7)
Balance as at 31 March	9,064	8,054
<i>Accumulated amortisation</i>		
Balance as at 1 April	6,153	4,852
Amortisation	770	1,315
Disposals	(28)	(7)
Reclassified to property, plant and equipment (Note 14)	-	(7)
Balance as at 31 March	6,895	6,153
Net book value	2,169	1,901

16. GRANTS RECEIVED IN ADVANCE

	2018 \$'000	2017 \$'000
Operating grants received in advance from Government- MIT Education Component (Note 10(i))	2,043	-
Provision for graduate output adjustment (Note 10(i))	-	3,046
Other operating grants received in advance- Government (Note 10(i))	177	355
Research grants received in advance from Government - MIT Research Component (Note 10(ii))	5,504	3,946
Other research grants received in advance- Government (Note 10(ii))	14,793	10,265
Research grants received in advance - government agencies and others (Note 10(ii))	7,524	8,981
Matching grants payable	3,664	-
	33,705	26,593

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

17. OTHER PAYABLES

	2018 \$'000	2017 \$'000
Other payables	6,870	7,102
Payables for capital expenditure	1,083	992
Investment payables	-	2,722
Accruals for		
- Operating expenses	18,789	18,458
- Capital expenditure	11,095	12,077
	37,837	41,351

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

18. BORROWINGS

	2018 \$'000	2017 \$'000
Bank borrowings		
Current	15,210	14,911
Non-current	368,770	376,183
	383,980	391,094

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

	2018 \$'000	2017 \$'000
Fixed rate - unsecured	377,538	389,803
Variable rate - unsecured	6,442	1,291
	383,980	391,094

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

As at 31 March 2018, the fair value of the non-current borrowings is \$356,508,000 (2017: \$360,707,000). The fair value is determined from the cash flow analysis, discounted at market borrowing rates of 2.67% (2017: 2.11% to 3.01%) per annum, which management expects to be available to the University at the balance sheet date.

19. DEFERRED CAPITAL GRANTS

	2018 \$'000	2017 \$'000
Balance as at 1 April	747,450	768,053
Transferred from		
- Operating grants (Note 10(i))	535	85
- Research grants (Note 10(ii))	5,833	8,494
- Development grants (Note 10(iii))	-	2,583
- Debt grant (Note 10(iv))	11,541	3,653
Amortisation of deferred capital grants (Note 7)	(36,881)	(35,418)
Balance as at 31 March	728,478	747,450

20. NON-ENDOWMENT FUND

	2018 \$'000	2017 \$'000
Non-endowment fund		
Accumulated surplus	12,367	10,895
Represented by:		
Cash and cash equivalents	13,159	11,518
Grants and other receivables	56	39
Property, plant and equipment	38	20
Other payables	(886)	(682)
	12,367	10,895

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

21. ENDOWMENT FUND

	2018 \$'000	2017 \$'000
Endowment fund		
Capital		
- Government grants	747,259	721,191
- Donations	151,496	128,951
	898,755	850,142
Accumulated surplus	154,412	99,818
	1,053,167	949,960
Represented by:		
Cash and cash equivalents	57,946	96,864
Grants and other receivables	12,089	39,428
Property, plant and equipment	25	2
Financial assets at fair value through income and expenditure	980,160	816,265
Derivative financial instruments	-	3,189
Other payables	(717)	(5,788)
Grants received in advance	3,664	-
	1,053,167	949,960

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

Donations from external parties and government matching grants which are to be kept intact as capital of \$22,545,000 (2017: \$19,087,000) and \$26,068,000 (2017: \$47,802,000) respectively, are taken directly to endowment fund - capital during the current financial year.

22. FUNDS MANAGED ON BEHALF OF MINISTRY OF EDUCATION ("MOE")

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

	2018 \$'000	2017 \$'000
Balance as at 1 April	8,450	6,705
Student loan granted to students	3,536	3,122
Repayments received from students	(1,814)	(1,377)
Balance as at 31 March	10,172	8,450
Represented by:		
TFL receivables	8,833	7,278
SL receivables	1,339	1,172
Net assets	10,172	8,450

Student tuition fee and study loans are unsecured, interest-free during the course of study and are repayable by monthly instalments over period of up to 20 years after the students' graduation. Interest is charged based on the average of the prevailing prime rates of the 3 local banks. The interest rate as at the end of reporting period is 4.75% (2017: 4.75%) per annum.

23. COMMITMENTS

(a) Lessee - Operating lease commitments

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

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

	2018 \$'000	2017 \$'000
Within one year	-	99
	-	99

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

23. COMMITMENTS (continued)

(b) Lessor - Operating lease commitments

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

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

	2018 \$'000	2017 \$'000
Within one year	725	704
Within 2 to 5 years	383	1,130
	1,108	1,834

(c) Collaboration agreement with Massachusetts Institute of Technology

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

Under the Education Component, MIT will provide its assistance, advice and sharing of its academic and administrative expertise to help shape the University into a world class educational institution. In addition, MIT will establish an endowment fund for which income generated will be used for the furtherance of the objective of the education component. The Education collaboration has been successfully completed on 30 June 2017.

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

Under the SUTD-MIT Collaboration Agreement, the University is required to make payments relating to the Education Undergraduate and Graduate Component up to 30 June 2017 and 28 February 2018 respectively. For Research Component, payment will be made up to 31 March 2020.

During the year, the education expenses and research expenses incurred and taken up by SUTD are \$3,792,000 and \$3,608,000 respectively.

(d) Collaboration agreement with Zhejiang University

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

Under the SUTD-ZJU Collaboration Agreement, the University is required to contribute to the collaboration up to December 2023.

As at 31 March 2018, SUTD's outstanding commitment under the collaboration is estimated at \$373,000.

During the year, the operating expenses incurred and taken up by SUTD are \$718,000.

(e) Capital commitments

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

	2018 \$'000	2017 \$'000
Property, plant and equipment	7,504	4,898

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

24. RELATED PARTIES TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

The University receives grants from the Ministry of Education ("MOE") to fund its operations and is subject to certain controls set by MOE and considers MOE a related party. Hence, other government-controlled entities are considered related parties of the University. The University has applied the exemption from disclosure requirements of FRS 24 in relation to related party transactions and outstanding balances (including commitments) with MOE and other government-controlled entities.

The University has significant transactions with MOE and other government-controlled entities in the form of purchase of goods and services and rendering of services. Such purchases and sales are collectively approximate to \$181,000 (2017: \$1,986,000) and \$138,000 (2017: \$ 61,000).

25. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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

(a) Market risk

(i) Currency risk

The University's operations are not exposed to significant currency risk as most of its transactions are transacted or invested in Singapore Dollar ("SGD") except for its investment portfolio. The currency risk related to the United States Dollar payments to MIT under the SUTD-MIT Collaboration Agreement is borne by the Ministry of Education ("MOE").

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

	2018 \$'000	2017 \$'000
Net financial assets at fair value through income and expenditure		
- SGD	486,887	524,042
- Non-SGD	493,273	292,690
Total	980,160	816,732

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

At 31 March 2018, if foreign currencies (i.e. currencies other than those denominated in SGD) had strengthened/weakened by 3% (2017: 3%) against the SGD with all other variables being held constant, it will result in a \$14,798,000 increase/decrease in the net surplus (2017: \$8,781,000 increase/decrease in the net surplus).

(ii) Interest rate risk

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

The University's borrowings as at 31 March 2018 include non-fixed rates loans amounting to \$6,442,000 (2017: \$1,291,000), which are exposed to interest rate risk. If interest rate had increased/decreased by 50 basis points, it will result in a \$32,210 decrease/increase in the net surplus (2017: \$6,460 decrease/increase in the net surplus). The University's investments in financial assets at fair value through income and expenditure as at 31 March 2018 include interest-bearing debt instruments amounting to \$325,606,000 (2017: \$218,206,000) which are exposed to interest rate risk. Changes in interest rates will have impact on the fair values of these investments. With all other variables held constant, 50 (2017: 50) basis points increase/decrease in interest rates will result in approximately \$7,582,000 (2017: \$9,195,000) decrease/increase in the fair value of financial assets at fair value through income and expenditure and the net surplus.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

25. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(iii) Price risk

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

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

	Financial assets at fair value through income and expenditure	
	2018 %	2017 %
By geographical area		
Singapore	37	36
Asia Pacific (excluding Singapore)	22	19
Europe	12	15
United States and Latin America	27	28
Middle East and Africa	2	2
Total	100	100

If prices for quoted unit trusts, quoted equity securities and other investments had increased/decreased by 5% (2017: 5%), with all other variables held constant, it will result in a \$28,595,000 increase/decrease (2017: \$25,890,000) in the fair value of financial assets at fair value through income and expenditure and the net surplus.

b) Liquidity risk

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

The table below analyses non-derivative financial liabilities of the University into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
At 31 March 2018				
Other payables	37,837	-	-	-
Borrowings	24,157	23,818	144,682	233,397
At 31 March 2017				
Other payables	41,351	-	-	-
Borrowings	24,949	24,551	153,222	244,211

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the University. The University places its cash and deposits with reputable financial institutions. The investment portfolio is managed by a professional fund manager and in-house investment team.

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

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Grant receivables are mainly due from the Government. Other receivables include grant and other receivables from other government agencies. The credit risk exposure of other receivables from non-government agencies is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

25. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk

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

The University is in compliance with all externally imposed capital requirements for the financial years ended 31 March 2018 and 2017.

(e) Fair value measurement

The University classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(i) quoted prices (unadjusted) from active markets for identical assets (Level 1);

(ii) inputs other than quoted prices in active markets included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset that are not based on observable market data (unobservable inputs) (Level 3).

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
At 31 March 2018				
Assets				
Financial assets at fair value through income and expenditure				
- Quoted debt securities	196,041	-	-	196,041
- Quoted unit trusts	89,662	431,414	-	521,076
- Quoted equity securities	33,096	-	-	33,096
- Other investments	-	164,649	65,298	229,947
Total assets	318,799	596,063	65,298	980,160

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
At 31 March 2017				
Assets				
Financial assets at fair value through income and expenditure				
- Quoted debt securities	218,206	-	-	218,206
- Quoted unit trusts	82,886	382,215	-	465,101
- Quoted equity securities	29,985	-	-	29,985
- Other investments	-	38,804	64,169	102,973
Derivative financial instruments				
- Currency forwards	-	5,034	-	5,034
Total assets	331,077	426,053	64,169	821,299
Liabilities				
Derivative financial instruments				
- Currency forwards	-	(1,845)	-	(1,845)

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

The fair value of financial instruments that are not traded in an active market (unlisted unit trusts and other investments) is based on price quotes by the brokers. The fair value of currency forwards is determined using quoted forward currency forward rates at the balance sheet date. These instruments are classified as Level 2. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy in the period.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

25. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurement (continued)

The following table presents the changes in Level 3 instruments:

	2018 \$'000	2017 \$'000
Financial assets at fair value through income and expenditure		
Balance as at 1 April	64,169	49,147
Purchases	2,110	9,484
Fair value (losses)/gains recognised in income and expenditure	(981)	5,538
Balance as at 31 March	65,298	64,169
Total (losses)/gains recognised in income and expenditure for assets held at the end of financial year	(981)	5,538

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

(f) Financial instruments by category

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

	2018 \$'000	2017 \$'000
Loans and receivables	625,561	664,446
Financial assets at fair value through income and expenditure	980,160	816,265
Derivative financial instruments	-	3,189
Financial liabilities at amortised cost	421,817	432,445

26. CHARITY ACT AND REGULATIONS

As required for disclosure under regulation 17 of the Charities (Institutions of a Public Character) Regulations, the University has received total tax deductible donations of \$24,117,052 (2017: \$19,509,434) in the current financial year.

27. ADOPTION OF NEW AND REVISED STANDARDS

On 1 April 2017, the University has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the University's accounting policies and has no material effects on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following new/revised FRSs that are relevant to the University were issued but not effective:

- FRS 109 Financial Instruments (effective 1 January 2018)
- FRS 115 Revenue from Contracts with Customers (effective 1 January 2018)
- FRS 116 Leases (effective 1 January 2019)

Consequential amendments were also made to various standards as a result of these new/revised standards.

The University anticipates that the adoption of the above FRSs in future periods will not have a material impact on the financial statements of the University in the period of their initial adoption except for the following:

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

27. ADOPTION OF NEW AND REVISED STANDARDS

(continued)

FRS 109 Financial Instruments

FRS 109 was issued in July 2015 to replace FRS 39 Financial Instruments: Recognition and Measurement and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

Key requirements for FRS 109 include:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss ("FVTPL"). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.
- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified

to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss. In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

FRS 109 will take effect from financial years beginning on or after 1 January 2018. Management anticipates that the initial application of the new FRS 109 will result in changes to the accounting policies relating to the impairment provisions of financial assets and liabilities. Management will consider whether a lifetime or 12-month expected credit losses on financial assets and liabilities should be recognised, which is dependent on whether there has been a significant increase in the credit risk of the assets and liabilities from initial recognition to the date of initial application of FRS 109. Additional disclosures will also be made. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the University's financial statements in the period of initial application as management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 109.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

27. ADOPTION OF NEW AND REVISED STANDARDS

(continued)

FRS 115 Revenue from Contracts with Customers

In July 2015, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 Revenue, FRS 11 Construction Contracts and the related interpretations when it becomes effective. The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

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

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

FRS 115 will take effect from financial years beginning on or after 1 January 2018. Management does not expect the adoption of the above FRS to have a material impact on the financial statements of the University in the period of their initial adoption. However, additional disclosures for trade receivables and revenue may be required including any significant judgement and estimation made. It is currently impracticable to disclose any further information on the known or reasonably estimated impact to the financial statements of the University in the period of initial adoption as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 115.

FRS 116 Leases

FRS 116 was issued in June 2016 and will supersede FRS 17 Leases and its associated interpretative guidance.

The standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

FRS 116 will take effect from financial years beginning on or after 1 January 2019. Management does not expect the adoption of the above FRS to have a material impact on the financial statements of the University in the period of their initial adoption, in particular on property, plant and equipment, finance lease liabilities and depreciation expenses. It is currently impracticable to disclose any further information on the known or reasonably estimated impact to the financial statements of the University in the period of initial adoption as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 116.

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**SINGAPORE UNIVERSITY OF
TECHNOLOGY AND DESIGN**

8 Somapah Road, Singapore 487372
T. +65 6303 6600

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

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

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