

NATIONAL UNIVERSITY OF SINGAPORE

(ESTABLISHED UNDER THE NATIONAL UNIVERSITY OF SINGAPORE ACT, CHAPTER 204)

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

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AUDITORS' REPORT TO THE COUNCIL OF THE NATIONAL UNIVERSITY OF SINGAPORE

We have audited the accompanying financial statements of the National University of Singapore ("University") for the financial year ended 31 March 2005 set out on pages 81 to 102. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the National University of Singapore Act (the "Act"), Cap. 204 and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the University as at 31 March 2005 and the results, changes in funds and reserves, and cash flows of the University for the financial year then ended; and
- (b) the accounting and other records required by the Act to be kept by the University have been properly kept in accordance with the provisions of the Act, including records of all assets of the University whether purchased, donated or otherwise.

During the course of our audit, nothing came to our notice that caused us to believe that the receipt, expenditure and investment of monies and the acquisition and disposal of assets by the University during the financial year have not been in accordance with the provisions of the Act.



Deloitte & Touche
Certified Public Accountants

Singapore, 26 July 2005

BALANCE SHEET
AS AT 31 MARCH 2005

		2004/2005	2003/2004
	Note	S\$'000	S\$'000
ACCUMULATED SURPLUS			
General Funds		481,976	420,282
Restricted Funds	3	708,820	597,127
		1,190,796	1,017,409
ENDOWMENT FUNDS	4	978,356	935,488
CAPITAL PRESERVATION ACCOUNT	4	55,089	55,089
INVESTMENT REVALUATION RESERVE		14,694	14,704
		2,238,935	2,022,690
NON-CURRENT ASSETS			
Subsidiary companies	5	-	-
Associated company	6	80,450	89,898
Fixed assets	7	1,413,536	1,360,697
Investments	8	397,773	398,031
Investment properties	9	17,010	17,020
Student loans (repayable after 12 months)	10	166,120	167,079
Long-term loan to subsidiary company	11	350	100
		2,075,239	2,032,825
CURRENT ASSETS			
Student loans (repayable within 12 months)	10	48,535	42,342
Debtors	12	124,703	87,866
Consumable stores		214	184
Deposits and prepayments	13	8,345	9,831
Amount owing by subsidiary company	11	193	49
Amount owing by associated company	11	1,000	1,000
Investments	8	752,156	648,011
Fixed deposits	14	935,657	828,995
Cash		48,293	153,656
		1,919,096	1,771,934
TOTAL ASSETS		3,994,335	3,804,759
CURRENT LIABILITIES			
Creditors and accrued expenses	15	154,962	198,992
Grants received in advance		92,962	120,412
Amount owing to subsidiary company	11	926	-
Long-term loan (repayable within 12 months)	16	821	1,151
		249,671	320,555
NON-CURRENT LIABILITIES			
Deferred capital grants	17	1,304,601	1,263,972
Advances from government for student loans	18	200,519	196,256
Long-term loan (repayable after 12 months)	16	609	1,286
		1,505,729	1,461,514
TOTAL LIABILITIES		1,755,400	1,782,069
NET ASSETS		2,238,935	2,022,690

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



Prof Shih Choon Fong
President
26 July 2005



Ajith Prasad
Director of Finance
26 July 2005

INCOME AND EXPENDITURE STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

		GENERAL FUNDS		RESTRICTED FUNDS		TOTAL	
	Note	2004/2005 S\$'000	2003/2004 S\$'000	2004/2005 S\$'000	2003/2004 S\$'000	2004/2005 S\$'000	2003/2004 S\$'000
OPERATING INCOME							
Tuition and other fees		161,080	160,730	13,532	10,310	174,612	171,040
Other income	19	19,997	20,077	132,248	103,186	152,245	123,263
		181,077	180,807	145,780	113,496	326,857	294,303
OPERATING EXPENDITURE							
Expenditure on manpower	20	496,539	531,069	18,382	17,073	514,921	548,142
Depreciation	7	148,258	161,367	3,112	3,310	151,370	164,677
Other operating expenditure		331,939	346,760	66,020	53,073	397,959	399,833
		976,736	1,039,196	87,514	73,456	1,064,250	1,112,652
Operating (Deficit)/Surplus		(795,659)	(858,389)	58,266	40,040	(737,393)	(818,349)
Investment income	21	14,059	7,700	56,162	65,020	70,221	72,720
(Deficit)/Surplus before Grants	22	(781,600)	(850,689)	114,428	105,060	(667,172)	(745,629)
GRANTS							
Operating Grants :							
Government	23a	607,830	618,383	-	-	607,830	618,383
Agency for Science, Technology & Research	23b	53,048	65,812	-	-	53,048	65,812
Others	23c	39,952	49,714	-	1,349	39,952	51,063
Deferred Capital Grants amortised	17	142,464	155,974	1,069	1,056	143,533	157,030
		843,294	889,883	1,069	2,405	844,363	892,288
SURPLUS FOR THE YEAR		61,694	39,194	115,497	107,465	177,191	146,659

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

STATEMENT OF CHANGES IN FUNDS AND RESERVES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

		ACCUMULATED General Funds	SURPLUS Restricted Funds	ENDOWMENT FUNDS	CAPITAL PRESERVATION ACCOUNT	INVESTMENT REVALUATION RESERVE	TOTAL
	Note	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 April 2004		420,282	597,127	935,488	55,089	14,704	2,022,690
Loss on revaluation of investment properties	9	-	-	-	-	(10)	(10)
Grants accrued		-	-	32,000	-	-	32,000
Donations received		-	-	10,782	-	-	10,782
Net gains and losses not recognised in income statement		-	-	42,782	-	(10)	42,772
Surplus for the year		61,694	115,497	-	-	-	177,191
Total recognised gains and losses for the financial year		61,694	115,497	42,782	-	(10)	219,963
Transfer to Deferred Capital Grants	17	-	(2,752)	-	-	-	(2,752)
Transfer to Endowment Funds		-	(86)	86	-	-	-
Transfer to Capital Preservation Account		-	-	-	-	-	-
Funds transferred	25	-	(966)	-	-	-	(966)
Balance at 31 March 2005		481,976	708,820	978,356	55,089	14,694	2,238,935
Balance at 1 April 2003		381,117	512,555	857,779	42,993	15,194	1,809,638
Loss on revaluation of investment properties	9	-	-	-	-	(490)	(490)
Grants received/accrued		-	-	41,447	-	-	41,447
Donations received		-	-	36,272	-	-	36,272
Net gains and losses not recognised in income statement		-	-	77,719	-	(490)	77,229
Surplus for the year		39,194	107,465	-	-	-	146,659
Total recognised gains and losses for the financial year		39,194	107,465	77,719	-	(490)	223,888
Transfer to Deferred Capital Grants	17	(29)	(1,372)	-	-	-	(1,401)
Transfer from Endowment Funds		-	10	(10)	-	-	-
Transfer to Capital Preservation Account		-	(12,096)	-	12,096	-	-
Funds transferred		-	(9,435)	-	-	-	(9,435)
Balance at 31 March 2004		420,282	597,127	935,488	55,089	14,704	2,022,690

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

CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

	2004/2005	2003/2004
	S\$'000	S\$'000
Cash flows from operating activities:		
Deficit before Grants	(667,172)	(745,629)
Adjustments for:		
Depreciation of property, plant and equipment	151,370	164,677
Net investment income	(70,221)	(72,720)
Loss on disposal of property, plant and equipment	915	953
Rental income from investment properties	(149)	(125)
Deficit before working capital changes	(585,257)	(652,844)
Change in operating assets and liabilities:		
Decrease (increase) in debtors, consumable stores, deposits and prepayments	11,648	(1,811)
Decrease (increase) in amount owing by subsidiary company	(144)	100
Increase in amount owing to subsidiary	926	-
Increase (decrease) in creditors and accrued expenses	(61,091)	1,695
Cash used in operations	(633,918)	(652,860)
Agency for Science, Technology & Research grants received, net of refund	52,515	38,497
Other grants received, net of refund	57,420	49,277
Donations received for endowment funds	10,782	36,272
Student loans granted	(52,248)	(53,517)
Student loans repaid	47,000	48,153
Cash transferred to Association of Pacific Rim Universities/research institutes (note 25)	(966)	(29,154)
Net cash outflow from operating activities	(519,415)	(563,332)
Cash flows from investing activities:		
Payments for purchase of property, plant and equipment	(203,752)	(168,023)
Proceeds from disposal of property, plant and equipment	190	87
Net purchase of investments	(78,782)	(84,129)
Investment in fixed deposits	(106,662)	53,768
Interest and dividend received	53,894	43,129
Income received from rental of investment properties	149	125
Long-term loan to subsidiary (granted)/repaid	(250)	400
Other long-term loan repaid	-	48
Net cash outflow from investing activities	(335,213)	(154,595)
Cash flows from financing activities:		
Government grants received, net of refund	745,995	756,574
Government grants received for endowment funds	-	37,547
Student loan funds received from government	4,277	4,279
Student loan funds returned to government	-	(12,167)
Long-term loan repaid	(1,007)	(1,027)
Net cash inflow from financing activities	749,265	785,206
Net increase in cash	(105,363)	67,279
Cash at the beginning of the year	153,656	86,377
Cash at the end of the year	48,293	153,656

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

1 GENERAL

The University, established by the National University of Singapore Act (Chapter 204), is domiciled in Singapore. The address of the University's registered office and place of business is 21 Lower Kent Ridge Road, Singapore 119077. The financial statements are expressed in Singapore dollars.

The University is principally engaged in the advancement and dissemination of knowledge, and the promotion of research and scholarship.

The financial statements of the University for the year ended 31 March 2005 were authorised for issue by the Council on 26 July 2005.

2 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified to include the revaluation of certain properties and are drawn up in accordance with the provisions of the Singapore Financial Reporting Standards.

b) Financial assets

The University's principal financial assets are cash and cash equivalents, fixed deposits, student loans, debtors, deposits and prepayments and investments. Student loans, debtors, deposits and prepayments are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts. Investments are accounted for on the basis described in the following paragraphs.

c) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are creditors, accrued expenses, grants received in advance and deferred capital grants which are stated at their nominal values.

d) Foreign currency transactions

Transactions in foreign currencies are recorded using the rates ruling at the dates of the transactions. At each balance sheet date, recorded monetary balances and balances carried at fair value that are denominated in foreign currencies are reported at the rates ruling at the balance sheet date. All realised and unrealised exchange adjustment surplus and deficit are dealt with in the Income and Expenditure Statement.

e) Derivative transactions

Derivative transactions such as forward foreign exchange contracts, interest rate swaps and total return swap designated for hedging purposes on a total portfolio basis are valued on a basis consistent with assets and liabilities which are the subject of the hedge. Profit and losses on these transactions are recognised on a basis consistent with the transactions they apply.

Any derivative transactions which are entered for non-hedging purposes and are outstanding at year end will be revalued at balance sheet date with such unrealised gain or loss on non-hedging derivatives taken to the Income and Expenditure Statement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

f) Basis of recognising income

Tuition and other fees for the academic year and all other income are recognised on an accrual basis.

Donations are recognised in the financial year they are received.

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the interest rate applicable, on an effective yield basis.

Dividend income from investments is recognised when the right to receive payment has been established.

g) Grants

Government grants and contributions from other organisations for the purchase of fixed assets or to finance capital projects are taken to the Grants Received In Advance in the first instance. They are taken to the Deferred Capital Grants account upon utilisation of the grants for the purchase of assets which are capitalised, or to the Statement of Income and Expenditure for purchases of assets which are expensed off. Donated assets at valuation are taken to the Deferred Capital Grants account in the year they are received.

Deferred capital grants are recognised in the Income and Expenditure Statement over the periods necessary to match the depreciation of the assets purchased with the related grants. Upon the disposal of the fixed assets, the balance of the related deferred capital grants is recognised in the Income and Expenditure Statement to match the net book value of fixed assets disposed of.

Government and other grants in respect of the current year's operating expenses are recognised as income in the same year. Such grants which are received but not utilised are included in the Grants Received In Advance account.

Grants are accounted for on the accrual basis.

h) Capital preservation

The Capital Preservation Account is to preserve the value of the capital of National University of Singapore Endowment Fund as stipulated in NUS Statute 15. The amount transferred to the Capital Preservation Account for the financial year is determined based on the change in Consumer Price Index ("index") as at each financial year end, and is transferred from the year's surplus. In the year of a net deficit, the required transfer is made in the future year(s) when adequate surplus is available to meet the required amount. No adjustment is made where there is a decrease in the index.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

i) Funds

Income and expenditure are generally accounted for under the General Funds in the Statement of Income and Expenditure. The income and expenditure relating to funds that are set up for specific purposes are accounted for under Restricted Funds in the Statement of Income and Expenditure as detailed below.

The following funds termed as "Restricted Funds" are set up and disclosed separately from the University's General Funds:

- (i) funds created from donations from external sources for specific purposes; and
- (ii) funds maintained separately to account for the self-financing activities carried out by the University. Income and expenditure relating to these funds are accounted for directly in the funds to which they relate.

The operating results of both the General Funds and Restricted Funds (as described in (i) and (ii) above) maintained by the University are included in the Income and Expenditure Statement of the University.

Government grants and donations from external sources, to set up or augment the capital of the endowment funds, are taken directly to these funds. Income and expenditure of endowment funds are taken directly to the Restricted Funds.

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

j) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and bank balances.

k) Student loans and debtors

Student loans and debtors are carried at nominal values as reduced by appropriate allowances for doubtful debts based on a review of all outstanding amounts as at the year end. Bad debts are written off during the financial year in which they are identified.

l) Investments

Quoted and unquoted investments, including the investment in subsidiaries and associated companies, that are intended to be held for the long term, are stated in the financial statements at cost less any impairment in net recoverable value.

Short-term investments are stated at the lower of cost and market value determined on a portfolio basis.

Profits or losses on disposal of investments are taken to the Income and Expenditure Statement.

Subsidiaries are enterprises controlled by the University. Control is achieved when the University has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. Associates are entities over which the University exercises significant influence, through participation in the financial and operating decisions of the investee.

The results of the subsidiaries and associated company have not been consolidated with the University's financial statements as they are not material.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

m) Investment properties

Investment properties are held on a long term basis for investment potential and income. Investments are stated at annual valuation on an open market value for existing use basis. The surplus or deficit on revaluation is taken to the investment revaluation reserve except when the total of the reserve relating to investment properties is not sufficient to cover a deficit, in which case the amount by which the deficit exceeds the amount in the asset revaluation reserve is charged to the Income and Expenditure Statement. The investment revaluation reserve is released to the Income and Expenditure Statement as and when the related revalued property is sold.

n) Fixed assets and depreciation

Fixed assets are carried at cost less accumulated depreciation and any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

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

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Income and Expenditure Statement.

Depreciation is charged so as to write off the cost of fixed assets over the period of leases or their estimated useful lives as follows:

	No. of Years
Leasehold land	30 to 90
Buildings	30
Leasehold improvements	10
Equipment, furniture and fittings	3 to 10

Depreciation is not provided for capital work-in-progress. Equipment, furniture and fittings costing less than S\$1,000 each and library books are charged to the Income and Expenditure Statement in the year of purchase.

o) Impairment of assets

At each balance sheet date, the University reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

p) Provisions

Provisions are recognised when the University has a present obligation as a result of past event where it is probable that the obligation will result in an outflow of economic benefits that can be reasonably estimated.

q) Retirement benefit costs

The University, apart from legally required social security schemes, operates defined contribution plans. Payments to defined contribution retirement benefit plans (including state-managed retirement benefit schemes, such as the Singapore Central Provident Fund), are charged as an expense when incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

r) 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.

s) Financial risk management

The University invests in a variety of market instruments such as bonds and quoted/unquoted equities under its investment strategy. This exposes the University to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign exchange rates and interest rates. The investment mandate seeks to minimise potential adverse effects from these exposures and is carried out in accordance with the policies agreed by the University's Investment Committee, with the advice from its Investment Consultant.

(i) Foreign exchange risk

Some of the University's transactions and investments are conducted in various foreign currencies, including United States dollars, The Euro, Japanese Yen and Sterling Pounds, and therefore is exposed to foreign exchange risk. Where appropriate, the University uses forward contracts to hedge its exposure to foreign currency risk in the local reporting currency.

(ii) Interest rate risk

The University's surplus and operating cash flows are mainly invested in fixed rate instruments and hence are substantially independent of changes in market interest rates. The University monitors interest rates regularly to ensure excess funds are invested at competitive rates.

(iii) Credit risk

The University has no significant concentrations of credit risk. Measures are in place to ensure that loans or debts are collected on a timely basis.

Cash and fixed deposits are held with creditworthy financial institutions.

(iv) Liquidity risk

The University maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities.

(v) Fair Value of Financial Assets and Financial Liabilities

Except for derivative financial instruments as disclosed in Note 8, the carrying values of cash and cash equivalents, and other receivables and payables, and accrued operating expenses approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

Other than the fair value of investments, student loans and long-term loan payable as detailed in the respective notes to the financial statements, the carrying amounts of the other financial assets and financial liabilities approximate their fair values.

It is not practicable within the constraint of cost to reliably determine the fair value of amounts receivable and payable to related parties as these balances have no fixed repayment terms.

It is not practicable within the constraint of cost to reliably determine the fair value of unquoted equity securities. These instruments are shown at cost subject to impairment in value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

3 ACCUMULATED SURPLUS

Restricted Funds include S\$419,124,000 (2003/2004 : S\$346,890,000) accumulated surplus under the NUS Fund.

4 NUS FUND

On 1 April 2003, NUS Fund was registered as a specific member of the Education Central Fund of Ministry of Education, which has been designated as an institution of a public character under Section 37(2) of the Income Tax Act. The University and NUS Fund have become two separate charities and donations received by the University are channelled to the NUS Fund. The financial position of the NUS Fund has to be disclosed separately in compliance with the requirements imposed by Inland Revenue Authority of Singapore and is shown below. The NUS Fund comprises the accumulated surplus (included in Restricted Funds), Endowment Funds and Capital Preservation Account.

Total donations received by NUS Fund amounted to S\$59,541,000 (2003/2004 : S\$69,367,000).

The operating rules for the NUS Fund have been complied with and funds raised have been used for approved purposes.

NUS Fund Position

		2004/2005	2003/2004
	Note	S\$'000	S\$'000
Accumulated Surplus	3	419,124	346,890
Endowment Funds		978,356	935,488
Capital Preservation Account		55,089	55,089
		1,452,569	1,337,467

Represented by:

Non-Current Assets

Associated company	80,450	89,898
Fixed assets	14,080	11,745
Investments	266,138	323,119
Student loans	19,014	18,817
	379,682	443,579

Current Assets

Debtors	46,976	27,036
Amount owing by associated company	1,000	1,000
Investments	752,156	648,011
Fixed deposits	325,422	268,524
Cash	10,293	14,542
	1,135,847	959,113

Total Assets	1,515,529	1,402,692
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Current Liabilities

Creditors	47,999	52,001
Accrued expenses	881	1,479
	48,880	53,480

Non-Current Liabilities

Deferred capital grants	14,080	11,745
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Total Liabilities	62,960	65,225
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Net Assets	1,452,569	1,337,467
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

4 NUS FUND (cont'd)

Movements in NUS Fund

	2004/2005	2003/2004
	S\$'000	S\$'000
Balance as at 1 April	1,337,467	1,187,090
Movements in Accumulated Surplus:		
Grants received	-	8
Donations received	48,759	33,106
Investment income	47,308	59,171
Other operating income	2,767	2,449
Expenditure on manpower	(2,621)	(873)
Depreciation	(1,331)	(1,679)
Other operating expenditure	(22,654)	(19,529)
Amount transferred from Endowment Funds	6	15
Transfer to Capital Preservation Account	-	(12,096)
	72,234	60,572
Movements in Endowment Funds:		
Grants received/accrued	32,000	41,447
Donations received	10,782	36,272
Amount transferred from/(to) Accumulated Surplus	(86)	(10)
	42,868	77,709
Movements in Capital Preservation Account:		
Provision for Capital Preservation for the year	-	12,096
Balance as at 31 March	1,452,569	1,337,467

5 SUBSIDIARY COMPANIES

	2004/2005	2003/2004
	S\$'000	S\$'000
Unquoted equity shares at cost	100	100
Impairment loss	(100)	(100)
Carrying amount	-	-
Movement in impairment loss:		
Balance at beginning and end of year	100	100

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

5 SUBSIDIARY COMPANIES (cont'd)

Name of Company/ Country of Incorporation	Principal Activities	Country of Business	Percentage of Equity Held		Cost of Investment	
			2004/2005	2003/2004	2004/2005 S\$	2003/2004 S\$
Singapore University Press (Pte) Ltd (Singapore)	Publishers	Singapore	100%	100%	100,001	100,001
NUS Technology Holdings Pte Ltd (Singapore)	To carry out research and development, to own and exploit all forms of intellectual property interests and to engage in the acquisition, dissemination and transfer of technologies	Singapore	100%	100%	2	2
Centre for Testing & Assessment Pte Ltd (Singapore)	Providing and administering test and assessment programmes as well as to conduct research and development of such programmes for individuals, educational institutions, corporate and other organisations	Singapore	100%	100%	2	2
NUS High School of Mathematics and Science	Promote and undertake the advancement of education, with particular emphasis on mathematics and science at secondary and junior college levels and to participate in schemes established to promote research, development and education, in particular in relation to mathematics and science and to a high school for that purpose.	Singapore	#	-	#	-
NUS America, Inc (United States of America)	This is a nonprofit public benefit corporation organised under the Nonprofit Public Corporation Law for public and charitable purposes. It performs the functions of or to carry out the purposes of the National University of Singapore.	United States of America	#	#	#	#
			# These corporations do not have share capitals. NUS High School of Mathematics and Science is limited by guarantee			
					100,005	100,005

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

5 SUBSIDIARY COMPANIES (cont'd)

As at 31 March 2005, the investments in subsidiaries held through NUS Technology Holdings Pte Ltd, a wholly owned subsidiary of the University, are as follows:

Name of Company/ Country of Incorporation	Principal Activities	Country of Business	Percentage of Equity Held		Cost of Investment	
			2004/2005	2003/2004	2004/2005	2003/2004
					S\$	S\$
Wizlearn Pte Ltd ^a (Singapore)	Provide computer software services and develop computer software programs relating to electronic learning, publishing and management services	Singapore	78%	78%	500,000	500,000
NUS Ventures Pte Ltd ^b (Singapore)	Distributor of new telecommunication technologies via direct selling and licensing	Singapore	100%	100%	100,000	100,000
Bioinformatics Technology Group Pte Ltd ^c (Singapore)	IT development, IT services, research and experimental development on technology.	Singapore	100%	100%	500,000	500,000
					1,100,000	1,100,000

a. The financial year end of the subsidiary is 30 June

b. The financial year end of the subsidiary is 31 March

c. The financial year end of the subsidiary is 31 July

The results of the above subsidiaries have not been consolidated as they are not material to the University's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

6 ASSOCIATED COMPANY

	2004/2005	2003/2004
	S\$'000	S\$'000
Unquoted equity shares at cost	89,898	89,898
Impairment loss	(9,448)	-
	80,450	89,898

Name of Company/ Country of Incorporation	Principal Activities	Country of Business	Percentage of Equity Held	
			2004/2005	2003/2004
Savu Investments Ltd (Singapore)	Property development and investment	Singapore	50%	50%

The results of the associated company have not been consolidated as the University does not prepare consolidated accounts. Had equity accounting been adopted for the investment in the associated company, the share of profits and revaluation losses of the associated company for the financial year ended 31 March 2005 is S\$2,316,000 (2003/2004: S\$3,950,000) and S\$13,762,000 (2003/2004: S\$3,606,000) respectively and the equity accounted interest in the associated company incorporating the equity accounted results based on unaudited management accounts for the financial year ended 31 March 2005 and 31 March 2004 are set out below:

	2004/2005	2003/2004
	S\$'000	S\$'000
Cost of investment	89,898	89,898
Share of asset revaluation reserve	(26,212)	(12,449)
Share of retained earnings	18,106	15,789
Capitalised expenses written off	(1,342)	-
	80,450	93,238

7 FIXED ASSETS

	Leasehold Land	Building	Leasehold Improvement	Equipment, Furniture & Fittings	Capital Work-in Progress	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
COST						
At 1 April 2004	65,870	1,380,400	149,515	794,854	84,992	2,475,631
Additions	31	3,162	1,251	68,571	132,299	205,314
Transfers	-	(1,810)	(1,132)	4,265	(1,323)	-
Disposals	-	(489)	-	(23,915)	-	(24,404)
At 31 March 2005	65,901	1,381,263	149,634	843,775	215,968	2,656,541
ACCUMULATED DEPRECIATION						
At 1 April 2004	10,776	560,987	29,689	513,482	-	1,114,934
Depreciation	1,067	45,952	15,379	88,972	-	151,370
Transfers	-	(191)	(360)	551	-	-
Disposals	-	(371)	-	(22,928)	-	(23,299)
At 31 March 2005	11,843	606,377	44,708	580,077	-	1,243,005
Depreciation for 2003/2004	1,067	45,849	15,384	102,377	-	164,677
CARRYING AMOUNT						
At 31 March 2005	54,058	774,886	104,926	263,698	215,968	1,413,536
At 31 March 2004	55,094	819,413	119,826	281,372	84,992	1,360,697

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

8 INVESTMENTS

(a) Long-term investments

	2004/2005 S\$'000		2003/2004 S\$'000	
Quoted investments	At cost	At market value	At cost	At market value
Government bonds	176,048	178,725	137,113	143,528
Equity shares in corporations	66,410	173,051	73,543	168,757
Bonds/loan stocks in corporations	94,726	97,493	91,645	96,476
	337,184	449,269	302,301	408,761
Unquoted investments	At cost	At fair value	At cost	At fair value
Equity shares in corporations	39,367	31,727	17,677	10,117
Bonds/loan stocks in corporations	21,222	18,754	28,053	28,366
Bonds issued by associated company	-	-	50,000	47,500
	60,589	50,481	95,730	85,983
Total long-term investments	397,773	499,750	398,031	494,744

The weighted average effective interest rate of government bonds and bonds/loan stocks in corporations/associated company at the balance sheet date was 3.70% (2003/2004: 4.45%). The fair value of unquoted long-term investments is mainly based on fair values provided by third parties.

(b) Short-term investments

	2004/2005 S\$'000		2003/2004 S\$'000	
Quoted investments	At cost	At market value	At cost	At market value
Government bonds	128,294	137,758	132,842	142,796
Equity shares in corporations	309,900	355,215	289,928	322,690
Bonds/loan stocks in corporations	94,295	98,152	78,716	81,860
	532,489	591,125	501,486	547,346
Unquoted investments	At cost	At fair value	At cost	At fair value
Government bonds	35,833	35,594	17,134	16,684
Equity shares in corporations	-	-	715	723
Bonds/loan stocks in corporations	133,834	138,266	128,676	132,152
Bonds issued by associated company	50,000	50,445	-	-
	219,667	224,305	146,525	149,559
Total short-term investments	752,156	815,430	648,011	696,905

The weighted average effective interest rate of government bonds and bonds/loan stocks in corporations/associated company at the balance sheet date was 3.96% (2003/2004: 3.71%). The fair value of unquoted short-term investments is based on fair values provided by the third party custodian bank.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

8 INVESTMENTS (cont'd)

(c) Movements in Market/Fair Value of Investments (For Information Only)

	2004/2005	2003/2004
	S\$'000	S\$'000
Long-term investments		
Market/fair value at the beginning of the year	494,744	300,444
Increase due to net purchases	49,742	155,048
Decrease due to transfers	(47,500)	-
Realised gain on sale of investments	(9,006)	(1,812)
Gain arising from changes in market/fair values	11,770	41,064
Market/fair value at the end of the year	499,750	494,744
Short-term investments		
Market/fair value at the beginning of the year	696,905	689,992
Increase/(decrease) due to net purchases/(disposals)	54,144	(57,710)
Increase due to transfers	47,500	-
Realised gain on sale of investments	(12,204)	(28,093)
Gain arising from changes in market/fair values	29,085	92,716
Market/fair value at the end of the year	815,430	696,905
Total		
Market/fair value at the beginning of the year	1,191,649	990,436
Increase due to net purchases	103,886	97,338
Increase/(decrease) due to transfers	-	-
Realised gain on sale of investments	(21,210)	(29,905)
Gain arising from changes in market/fair values	40,855	133,780
Market/fair value at the end of the year	1,315,180	1,191,649

(d) Forward Foreign Exchange Contracts and Interest Rate Swaps

Forward foreign exchange contracts, interest rate and total return swaps are entered into for hedging purposes to manage exposure to fluctuations in the foreign currency exchange rates and interest rates respectively.

At 31 March 2005, the settlement dates on open forward contracts, interest rate and total return swaps are ranged from between one month to greater than a year.

At 31 March 2005, the contractual/notional amount of outstanding forward foreign exchange contracts, interest rate and total return swaps are as follows:

	2004/2005	2003/2004
	S\$'000	S\$'000
Contractual/Notional amount		
Forward foreign exchange contracts	1,017,734	804,436
Interest rate swaps	201,384	175,525
Total return swaps	825	-

Net fair value of forward foreign exchange contracts and interest rate swaps

At 31 March 2005, the net fair values of outstanding forward foreign exchange contracts, interest rate and total return swaps are as follows:

	2004/2005		2003/2004	
	S\$'000	S\$'000	S\$'000	S\$'000
	Favourable	Unfavourable	Favourable	Unfavourable
Forward foreign exchange contracts	4,751	(7,851)	9,600	(3,826)
Interest rate swaps	1,769	(1,653)	1,221	(4,728)
	6,520	(9,504)	10,821	(8,554)

The fair values of forward foreign exchange contracts, interest rate and total return swaps have been calculated using rates quoted by the University's master custodian to terminate the contracts at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

9 INVESTMENT PROPERTIES

	2004/2005	2003/2004
	S\$'000	S\$'000
Balance as at 1 April	17,020	17,510
Deficit on revaluation	(10)	(490)
Balance as at 31 March	17,010	17,020

The revaluation at the balance sheet date was based on estimated market values based on their existing use, contained in a valuation report dated 22 July 2005 (2003/2004: 1 April 2004) made by a firm of professional valuers, Jones Lang LaSalle Property Consultants Pte Ltd (2003/2004: by an employee of the University, Associate Professor Lim Lan Yuan who is a licensed appraiser). The deficit on revaluation of S\$10,000 (2003/2004: S\$490,000) was offset against the investment revaluation reserve account.

10 STUDENT LOANS

	2004/2005	2003/2004
	S\$'000	S\$'000
Student tuition fee loans (a)	162,665	160,630
Study loans (a)	33,791	29,425
Notebook computer loans (b)	16,957	18,410
Other student loans (c)	1,242	956
	214,655	209,421

Represented by:

Amount repayable within 12 months - current assets	48,535	42,342
Amount repayable after 12 months - non current assets	166,120	167,079
	214,655	209,421

- (a) The student tuition fee and study loans are repayable with interest at 4.750% (2003/2004: 4.750%) per annum by monthly instalments, over periods up to 20 years.
- (b) The interest-free notebook computer loans to students are repayable by monthly instalments, over periods up to 2.5 years.
- (c) The other student loans are interest-free and repayable by monthly instalments, over periods up to 5 years.

Secured Assets

The student loans are unsecured.

Fair values

Student tuition fee loans and study loans are disbursed from advances from the government. The carrying amount of student loans approximates its fair value.

The fair values of the notebook computer loans and other student loans are S\$16,154,000 (2003/2004: S\$17,801,000) and S\$1,178,000 (2003/2004: S\$928,000) respectively. The fair values are calculated based on discounted cash flows using a discount rate that approximates the relevant market rate which the management expects to be available to the University at balance sheet date.

11 LONG-TERM LOAN TO SUBSIDIARY COMPANY AND AMOUNTS OWING BY/TO SUBSIDIARY/ASSOCIATED COMPANY

The long-term loan to subsidiary company is unsecured, interest-free and has no fixed term of repayment. The fair value of this loan cannot be reliably determined.

The amounts owing by/to subsidiary/associated company are unsecured, interest-free and repayable upon demand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

12 DEBTORS

	2004/2005	2003/2004
	S\$'000	S\$'000
Grants receivable	84,753	30,282
Trade debtors	17,607	21,228
Interest receivable	9,768	9,098
Receivables from sale of investments	2,895	14,055
Others	9,680	13,203
	124,703	87,866

13 DEPOSITS AND PREPAYMENTS

	2004/2005	2003/2004
	S\$'000	S\$'000
Deposits paid	379	336
Prepayments for fixed assets	1,177	3,812
Other prepayments	6,789	5,683
	8,345	9,831

14 FIXED DEPOSITS

The effective interest rates of fixed deposits at the balance sheet date are 0.875% to 2.13% (2003/2004: 0.350% to 1.070%).

15 CREDITORS AND ACCRUED EXPENSES

	2004/2005	2003/2004
	S\$'000	S\$'000
Creditors	56,055	80,719
Accrued expenses	97,034	115,239
Deposits received	1,873	3,034
	154,962	198,992

16 LONG-TERM LOAN

The unsecured interest-free loan was provided by the Agency for Science, Technology & Research to finance the construction of a building extension. It is repayable from the rental income derived from the leasing of the extension.

	2004/2005	2003/2004
	S\$'000	S\$'000
Amount repayable within 12 months	821	1,151
Amount repayable after 12 months	609	1,286
	1,430	2,437

The fair value is calculated based on discounted cash flows using a discount rate that approximates the borrowing rate which the management expects to be available to the University at balance sheet date. The fair value of the long-term loan is S\$1,371,000 (2003/2004: S\$2,326,000).

The maturity of the amount repayable after 12 months is as follows:

	2004/2005	2003/2004
	S\$'000	S\$'000
Between 1 and 2 years	609	1,286
Between 2 and 5 years	-	-
	609	1,286

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

17 DEFERRED CAPITAL GRANTS

	2004/2005 S\$'000	2003/2004 S\$'000
Government and Agency for Science, Technology & Research		
Balance as at 1 April	1,111,522	1,139,703
Capital grants utilised during the year	138,302	101,706
Amount transferred from operating grants (Note 23)	39,743	44,332
Amount reclassified from Deferred Capital Grants - Others	36	-
Amount reclassified from self-financing funds	40	-
Amount reclassified from Accumulated Surplus	72	519
	1,289,715	1,286,260
Deferred capital grants amortised	(130,167)	(142,668)
Deferred capital grants transferred to research institutes	-	(32,070)
Balance as at 31 March	1,159,548	1,111,522
Others		
Balance as at 1 April	152,450	162,922
Capital grants utilised during the year and donated assets	574	1,166
Amount transferred from operating grants (Note 23)	1,804	2,322
Amount transferred from Accumulated Surplus	3,635	1,401
Amount reclassified to Deferred Capital Grant - Government	(36)	-
Amount reclassified to self-financing funds	(8)	-
	158,419	167,811
Deferred capital grants amortised	(13,366)	(14,362)
Deferred capital grants transferred to research institutes	-	(999)
Balance as at 31 March	145,053	152,450
Total Deferred Capital Grants balance as at 31 March	1,304,601	1,263,972

18 ADVANCES FROM THE GOVERNMENT FOR STUDENT LOANS

	2004/2005 S\$'000	2003/2004 S\$'000
Balance as at 1 April	196,256	204,175
Advances received from government during the year	4,277	4,279
	200,533	208,454
Advances repaid to government during the year	-	(12,167)
Miscellaneous expenditure	(14)	(31)
	(14)	(12,198)
Balance as at 31 March	200,519	196,256
Represented by:		
Student tuition fee loans	162,665	160,630
Study loans	33,791	29,425
Pooled investments, fixed deposits and bank balances	4,063	6,201
	200,519	196,256

The advances from the government are for the purpose of extending loans to students mainly to assist them in paying their tuition fees.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

19 OTHER INCOME

	2004/2005	2003/2004
	S\$'000	S\$'000
Courses and conference fees	16,137	12,743
Clinical fees/consultancy fees	15,128	9,731
Donations	48,759	33,106
Rental income and student hostel residential fees	27,964	24,232
Others	44,257	43,451
	152,245	123,263

Rental income includes S\$149,000 (2003/2004: S\$125,000) from investment properties. Others include S\$18,662,000 (2003/2004: S\$16,116,000) for interfund transactions between the General Funds and Restricted Funds; the corresponding interfund transactions for expenditure are included in Other Operating Expenditure.

20 EXPENDITURE ON MANPOWER

	2004/2005	2003/2004
	S\$'000	S\$'000
Wages and salaries	474,226	474,476
Employer's contribution to Provident Funds	33,531	40,062
Other staff benefits	7,164	33,604
	514,921	548,142
Number of persons employed as at the end of the financial year:		
Full time	6,463	6,516
Part time	4,191	3,678
	10,654	10,194

21 INVESTMENT INCOME

	2004/2005	2003/2004
	S\$'000	S\$'000
Interest income:		
Government bonds	13,422	10,270
Bonds/loan stocks in corporations/associated company	12,733	12,394
Fixed deposits and bank current accounts	9,010	6,168
	35,165	28,832
Dividend income:		
Quoted equity shares	18,494	14,184
Unquoted equity shares	905	261
	19,399	14,445
Net profit on sale of investments	21,210	29,905
Net foreign currency exchange adjustment loss	3,895	(16,697)
Reversal of impairment loss on investments	-	16,235
Impairment loss on Savu Investments Ltd	(9,448)	-
	70,221	72,720

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

22 (DEFICIT)/SURPLUS BEFORE GRANTS

This is arrived at after charging:

	2004/2005	2003/2004
	S\$'000	S\$'000
Bad and doubtful debts	190	350
Rental expenses	1,944	1,328
Loss on disposal of fixed assets	915	953

23 OPERATING GRANTS

(a) Operating Grants (Government)

	2004/2005	2003/2004
	S\$'000	S\$'000
Operating grants utilised during the year	636,495	650,468
Amount transferred to deferred capital grants	(28,665)	(32,085)
	607,830	618,383

(b) Operating Grants (Agency for Science, Technology & Research)

	2004/2005	2003/2004
	S\$'000	S\$'000
Operating grants utilised during the year	64,126	78,059
Amount transferred to deferred capital grants	(11,078)	(12,247)
	53,048	65,812

(c) Operating Grants (Others)

	2004/2005	2003/2004
	S\$'000	S\$'000
Operating grants utilised during the year	41,756	53,385
Amount transferred to deferred capital grants	(1,804)	(2,322)
	39,952	51,063

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

24 CAPITAL COMMITMENTS

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

	2004/2005	2003/2004
	S\$'000	S\$'000
Authorised and contracted for	192,869	199,953
Authorised but not yet contracted for	293,670	455,522
	486,539	655,475

25 REGISTRATION OF DEPARTMENT AS A SOCIETY

On 11 February 2004, The Association of Pacific Rim Universities (APRU) which was previously part of the University was registered as a society under the Societies Act.

Accordingly, the account balances of the above department were transferred to The Association of Pacific Rim Universities. The impact on the financial statements of the University for the financial year ending 31 March 2005 is to reduce assets by S\$966,000 and other fund balances by S\$966,000. A breakdown of the assets and other fund balances transferred is as follows:

	2004/2005	2003/2004
	S\$'000	S\$'000
Assets		
Cash	<u>966</u>	<u>-</u>
Other fund balances		
Restricted Funds	<u>966</u>	<u>-</u>

26 PRIOR YEAR'S RECLASSIFICATIONS

Certain reclassifications have been made to the prior year's financial statements as follows:

- the University has previously classified Deferred Capital Grants under Equity. They are now classified under Non-Current Liabilities. The reclassification is made in furtherance to the requirements laid down in Finance Circular Minute No. M4/2005 dated 11 February 2005 issued by the Ministry of Finance;
- the University has previously classified advances from the government for student loans under Equity. They are now classified under Non-Current Liabilities. The reclassification is made to better reflect the underlying nature of these advances; and
- the University has reclassified those external grants which were previously under Restricted Funds to General Funds. The reclassification is made to better reflect the underlying nature of these grants.

As a result, these items have been amended on the face of the Balance Sheet and Income and Expenditure Statement. Comparative figures have been adjusted to conform with current year's presentation.