NATIONAL UNIVERSITY OF SINGAPORE AND ITS SUBSIDIARIES

(INCORPORATED IN SINGAPORE, REGISTRATION NUMBER: 200604346E)

FULL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

31 MARCH 2011

NUS
National University
of Singapore

NATIONAL UNIVERSITY OF SINGAPORE AND ITS SUBSIDIARIES

Trustees' Report and Consolidated Financial Statements

For the financial year ended 31 March 2011

CONTENTS

Report of the Trustees

The Board of Trustees are pleased to present their report to the members together with the audited consolidated financial statements of the National University of Singapore ("the Company") and its subsidiaries (collectively, "the Group") and statement of financial position, statement of comprehensive income and statement of changes in funds and reserves of the Company as of and for the financial year ended 31 March 2011.

TRUSTEES

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

ARRANGEMENTS TO ENABLE TRUSTEES TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the Trustees of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Report of the Trustees

TRUSTEES' INTERESTS IN SHARES OR DEBENTURES

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

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

TRUSTEES CONTRACTUAL BENEFITS

Since the beginning of the financial year, no Trustee has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the Trustee or with a firm of which he/she is a member or with a company in which he/she has a substantial financial interest except for salaries, bonuses and other benefits and transactions with corporations in which certain trustees have an interest as disclosed in the financial statements.

On behalf of the Trustees

Mr Wong Ngit Liong
Trustee

Professor Tan Chorh Chuan
Trustee

22 August 2011

Statement by Trustees

In the opinion of the Trustees,

a) the consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in funds and reserves of the Company as set out on pages 7 to 76 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2011, and of the results, changes in funds and reserves of the Group and the Company and cash flows of the Group for the financial year from 1 April 2010 to 31 March 2011; and

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

On behalf of the Trustees

Mr Wong Ngit Liong
Trustee

Professor Tan Chorh Chuan
Trustee

22 August 2011

Independent Auditors' report to the Board of Trustees of National University of Singapore

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the National University of Singapore ("the Company") and its subsidiaries (collectively, "the Group") which comprise the statements of financial position of the Group and the Company as at 31 March 2011, the statements of comprehensive income and statements of changes in funds and reserves of the Group and the Company and consolidated statement of cash flows of the Group for the financial year from 1 April 2010 to 31 March 2011, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 76.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Independent Auditors' report to the Board of Trustees of National University of Singapore

OPINION

In our opinion, the consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in funds and reserves of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2011 and of the results and changes in funds and reserves of the Group and the Company and cash flows of the Group for the financial year from 1 April 2010 to 31 March 2011.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

During the course of our audit, nothing has come to our attention that,

a) the 30% cap mentioned in Regulation15(1) of the Charities Act, Cap. 37 (Institutions of a Public Character) (Amendment) Regulations 2008 has been exceeded; and

b) the use of the donation money are not in accordance with the objectives of the Company.

Deloitte & Touche

Deloitte & Touche LLP
Public Accountants and Certified Public Accountants

Singapore
22 August 2011

Statements of Financial Position

As at 31 March 2011

		GROUP		COMPANY	
		2011	**2010**	**2011**	**2010**
	Note	S$'000	S$'000	S$'000	S$'000
ACCUMULATED SURPLUS	5	2,648,161	2,280,442	2,596,355	2,247,779
ENDOWMENT FUNDS	6	1,812,328	1,688,844	1,811,972	1,688,500
SERVICE INCOME FUND	5	353,280	250,133	353,280	250,133
FAIR VALUE RESERVE		1,195	406	566	396
TRANSLATION RESERVE		(78)	(19)	–	–
TOTAL EQUITY		**4,814,886**	**4,219,806**	**4,762,173**	**4,186,808**
NON-CURRENT ASSETS					
Subsidiary companies	7	–	–	200	200
Associated companies	8	18,837	12,816	500	500
Fixed assets	9	2,580,244	2,088,413	2,577,651	2,085,525
Intangible assets	10	19,801	19,169	19,560	18,964
Available-for-sale investments	11,14	37,595	7,122	4,172	3,997
Student loans (repayable after 12 months)	15	236,157	252,395	236,157	252,395
Long-term loan to subsidiary companies	16	–	–	28,250	250
Amount owing by an investee company	17	53,351	53,351	53,351	53,351
Prepayments (to be utilised after 12 months)	19	25,992	37,236	25,992	37,236
Total Non-Current Assets		**2,971,977**	**2,470,502**	**2,945,833**	**2,452,418**
CURRENT ASSETS					
Student loans (repayable within 12 months)	15	60,484	62,193	60,484	62,193
Debtors	18	396,529	361,897	394,823	360,478
Consumable stores		871	642	379	213
Deposits and prepayments (to be utilised within 12 months)	19	36,499	92,272	35,880	91,324
Amount owing by subsidiary companies	16	–	–	783	463
Investments at fair value through income or expenditure	12,14	3,346,197	2,804,148	3,346,197	2,804,148
Derivative financial instruments	13,14	9,008	1,238	9,008	1,238
Fixed deposits	20	376,570	385,055	376,570	385,055
Cash and bank balances	21	398,167	298,924	365,633	270,946
Total Current Assets		**4,624,325**	**4,006,369**	**4,589,757**	**3,976,058**
TOTAL ASSETS		**7,596,302**	**6,476,871**	**7,535,590**	**6,428,476**

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

Statements of Financial Position

As at 31 March 2011

		GROUP		COMPANY	
		2011	**2010**	**2011**	**2010**
	Note	S$'000	S$'000	S$'000	S$'000
CURRENT LIABILITIES					
Creditors and accrued expenses	22	263,295	274,551	258,689	270,285
Provisions	22	57,963	53,500	57,491	53,108
Grants received in advance		96,950	121,154	96,837	113,463
Derivative financial instruments	13,14	641	874	641	874
Total Current Liabilities		**418,849**	**450,079**	**413,658**	**437,730**
NON-CURRENT LIABILITIES					
Deferred capital grants	23	1,472,034	1,284,711	1,469,226	1,281,663
Advances from Government for student loans	24	290,533	272,275	290,533	272,275
Fixed rate notes and term loan	25	600,000	250,000	600,000	250,000
Total Non-Current Liabilities		**2,362,567**	**1,806,986**	**2,359,759**	**1,803,938**
TOTAL LIABILITIES		**2,781,416**	**2,257,065**	**2,773,417**	**2,241,668**
NET ASSETS		**4,814,886**	**4,219,806**	**4,762,173**	**4,186,808**

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

Statements of Comprehensive Income

For the financial year ended 31 March 2011

		GROUP		COMPANY	
		2011	**2010**	**2011**	**2010**
	Note	S$'000	S$'000	S$'000	S$'000
OPERATING INCOME					
Tuition and other fees		307,282	275,227	302,795	271,009
Other income	27	189,234	188,652	186,080	184,910
		496,516	463,879	488,875	455,919
OPERATING EXPENDITURE					
Expenditure on manpower	28	887,067	804,848	869,907	791,388
Depreciation and amortisation expenditure	9,10	242,649	224,662	241,843	223,899
Other operating expenditure		689,628	611,593	681,459	606,808
		1,819,344	1,641,103	1,793,209	1,622,095
Operating deficit		(1,322,828)	(1,177,224)	(1,304,334)	(1,166,176)
Net investment income	30	251,572	365,224	250,656	365,136
Gain on disposal of fixed assets held for sale		–	239,306	–	239,306
Share of results (net of tax) of associated companies	8	6,021	12,246	–	–
Deficit before Grants	31	(1,065,235)	(560,448)	(1,053,678)	(561,734)
GRANTS					
Operating Grants:					
Government	32a	1,199,805	1,032,660	1,170,119	1,016,953
Agency for Science, Technology & Research	32b	65,528	68,426	65,528	68,426
Others	32c	110,324	92,645	110,320	92,527
Deferred capital grants amortised	23	160,751	182,722	159,741	181,709
		1,536,408	1,376,453	1,505,708	1,359,615
SURPLUS FOR THE YEAR BEFORE TAX		471,173	816,005	452,030	797,881
Income tax	33	–	–	–	–
SURPLUS FOR THE YEAR	34	**471,173**	**816,005**	**452,030**	**797,881**
OTHER COMPREHENSIVE INCOME:					
Exchange differences on translating foreign operations		(59)	48	–	–
Change in fair value of available-for-sale investments		789	1,143	170	1,143
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		730	1,191	170	1,143
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**471,903**	**817,196**	**452,200**	**799,024**

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

Statements of Changes in Funds and Reserves

For the financial year ended 31 March 2011

GROUP	Note	Accumulated Surplus S$'000	Endowment Funds S$'000	Service Income Fund S$'000	Capital Preservation Account S$'000	Fair Value Reserve S$'000	Translation Reserve S$'000	Total S$'000
Balance as at 1 April 2010		**2,280,442**	**1,688,844**	**250,133**	**–**	**406**	**(19)**	**4,219,806**
Matching grants received/accrued	6	–	89,364	–	–	–	–	**89,364**
Donations received	6	–	33,813	–	–	–	–	**33,813**
Total comprehensive income for the year		471,173	–	–	–	789	(59)	**471,903**
Total recognised gains and losses for the year		471,173	123,177	–	–	789	(59)	**595,080**
Transfer to endowment funds	6	(307)	307	–	–	–	–	**–**
Transfer to service income fund	5	(103,147)	–	103,147	–	–	–	–
Balance at 31 March 2011		**2,648,161**	**1,812,328**	**353,280**	**–**	**1,195**	**(78)**	**4,814,886**
Balance at 1 April 2009 (as previously reported)		**1,591,358**	**1,559,182**	**–**	**124,275**	**(737)**	**(67)**	**3,274,011**
Effects of transfer to service income fund	5	(179,766)	–	179,766	–	–	–	–
As restated		**1,411,592**	**1,559,182**	**179,766**	**124,275**	**(737)**	**(67)**	**3,274,011**
Matching grants received/accrued	6	–	88,945	–	–	–	–	**88,945**
Donations received	6	–	39,654	–	–	–	–	**39,654**
Total comprehensive income for the year		816,005	–	–	–	1,143	48	**817,196**
Total recognised gains and losses for the year		816,005	128,599	–	–	1,143	48	**945,795**
Transfer to endowment funds	6	(1,063)	1,063	–	–	–	–	**–**
Transfer from Capital Preservation Account	6	124,275	–	–	(124,275)	–	–	**–**
Transfer to service income fund	5	(70,367)	–	70,367	–	–	–	–
Balance at 31 March 2010		**2,280,442**	**1,688,844**	**250,133**	**–**	**406**	**(19)**	**4,219,806**

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

Statements of Changes in Funds and Reserves

For the financial year ended 31 March 2011

COMPANY	Note	Accumulated Surplus S$'000	Endowment Funds S$'000	Service Income Fund S$'000	Capital Preservation Account S$'000	Fair Value Reserve S$'000	Total S$'000
Balance as at 1 April 2010		**2,247,779**	**1,688,500**	**250,133**	**–**	**396**	**4,186,808**
Matching grants received/accrued	6	–	89,358	–	–	–	**89,358**
Donations received	6	–	33,807	–	–	–	**33,807**
Total comprehensive income for the year		452,030	–	–	–	170	**452,200**
Total recognised gains and losses for the year		452,030	123,165	–	–	170	**575,365**
Transfer to endowment funds	6	(307)	307	–	–	–	**–**
Transfer to service income fund	5	(103,147)	–	103,147	–	–	–
Balance at 31 March 2011		**2,596,355**	**1,811,972**	**353,280**	**–**	**566**	**4,762,173**
Balance at 1 April 2009 (as previously reported)		**1,576,819**	**1,558,901**	**–**	**124,275**	**(747)**	**3,259,248**
Effects of transfer to service income fund	5	(179,766)	–	179,766	–	–	–
As restated		**1,397,053**	**1,558,901**	**179,766**	**124,275**	**(747)**	**3,259,248**
Matching grants received/accrued	6	–	88,894	–	–	–	**88,894**
Donations received	6	–	39,642	–	–	–	**39,642**
Total comprehensive income for the year		797,881	–	–	–	1,143	**799,024**
Total recognised gains and losses for the year		797,881	128,536	–	–	1,143	**927,560**
Transfer to endowment funds	6	(1,063)	1,063	–	–	–	**–**
Transfer from capital preservation account	6	124,275	–	–	(124,275)	–	**–**
Transfer to service income fund	5	(70,367)	–	70,367	–	–	–
Balance at 31 March 2010		**2,247,779**	**1,688,500**	**250,133**	**–**	**396**	**4,186,808**

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

Consolidated Statement of Cash Flows

For the financial year ended 31 March 2011

	2011	2010
	S$'000	S$'000
Cash flows from operating activities:		
Deficit before Grants	(1,065,235)	(560,448)
Adjustments for:		
Depreciation of fixed assets	238,621	221,352
Amortisation of intangible assets	4,028	3,310
Net investment income	(251,572)	(365,224)
Loss on disposal of fixed and intangible assets	135	2,520
Bad and doubtful debts	698	417
Allowance for prepayment for fixed assets	–	3,209
Gain on disposal of fixed assets held for sale	–	(239,306)
Exchange differences arising on translation of foreign subsidiary	(59)	48
Donated artifacts additions	(1,019)	–
Share of results (net of tax) of associated companies	(6,021)	(12,246)
Deficit before working capital changes	(1,080,424)	(946,368)
Change in operating assets and liabilities:		
Decrease (increase) in debtors, consumable stores, deposits and prepayments	67,885	(194,369)
Increase in creditors and accrued expenses and provisions	498	127,651
Cash used in operations	(1,012,041)	(1,013,086)
Agency for Science, Technology & Research grants received, net of refund	74,709	73,543
Other grants received, net of refund	163,476	179,239
Donations received for endowment funds	33,813	39,654
Student loans granted	(72,440)	(69,943)
Student loans repaid	90,005	18,033
Net cash outflow from operating activities	(722,478)	(772,560)
Cash flows from investing activities:		
Payments for purchase of fixed assets	(723,904)	(444,967)
Payments for purchase of intangible assets	(4,664)	(7,298)
Proceeds from disposal of fixed assets	431	1,177
Proceeds from disposal of fixed assets held for sale	–	269,550
Net purchase of investments	(471,389)	(534,621)
Interest and dividend received	25,886	18,598
Net settlement of foreign exchange contracts	118,372	90,160
Increase in amount owing by investee company	–	(38,730)
Net cash outflow from investing activities	(1,055,268)	(646,131)

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

Consolidated Statement of Cash Flows

For the financial year ended 31 March 2011

	2011 S$'000	**2010** S$'000
Cash flows from financing activities:		
Government grants received, net of refund	1,459,562	1,477,487
Government grants received for endowment funds	40,319	88,819
Student tuition fee loan funds received from government	17,491	12,897
Student loan funds received from government	509	5,000
Overseas student loan funds received from government	623	500
Proceeds from issue of Fixed Rate Notes and Term Loan	350,000	250,000
Short-term loan repaid	–	(207,000)
Net cash inflow from financing activities	1,868,504	1,627,703
Net increase in cash and cash equivalents	90,758	209,012
Cash and cash equivalents at the beginning of the year	**683,979**	**474,967**
Cash and cash equivalents at the end of the year	**774,737**	**683,979**

Note A

During the financial year, the Group acquired fixed assets amounting to S$731,014,000 (2010: S$460,363,000), out of which S$723,904,000 (2010: S$444,967,000) was paid by cash. The remaining balance represents donated assets and other non-cash items.

Note B

Cash and cash equivalents comprises:

	2011 S$'000	**2010** S$'000
Fixed deposits	376,570	385,055
Cash and bank balances	398,167	298,924
	774,737	**683,979**

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

Notes to the Financial Statements

For the financial year ended 31 March 2011

1 GENERAL

The Company (Registration Number 200604346E) is incorporated in Singapore as a company limited by guarantee and its registered office and place of business is 21 Lower Kent Ridge Road Singapore 119077. The financial statements are expressed in Singapore dollars.

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

The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

The consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in funds and reserves of the Company as of and for the year ended 31 March 2011 were authorised for issue in accordance with a resolution of the Board of Trustees on 22 August 2011.

2 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

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

ADOPTION OF NEW AND REVISED STANDARDS – In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2010. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the management has considered and anticipated that the adoption of the FRSs, INT FRSs and amendments to FRS that were issued but not effective until future periods will have no material impact on the financial statements of the Group and the Company in the year of their initial adoption except for:

Notes to the Financial Statements

For the financial year ended 31 March 2011

2 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

a) Basis of Accounting *(cont'd)*

FRS 24 (Revised) Related Party Disclosures

FRS 24 (Revised) Related Party Disclosures is effective for annual periods beginning on or after 1 January 2011. The revised Standard clarifies the definition of a related party and consequently additional parties may be identified as related to the reporting entity.

In addition, the revised Standard provides partial exemption for government-related entities, in relation to the disclosure of transactions, outstanding balances and commitments. Where such exemptions apply, the reporting entity has to make additional disclosures, including the nature of the government's relationship with the reporting entity and information on significant transactions or group of transactions involved.

In the period of initial adoption, the changes to related party disclosures, if any, will be applied retrospectively with restatement of the comparative information.

The management anticipates the adoption of FRS 24 will have no material impact as the Group and Company currently provide full related party disclosures as shown in Note 36 to the financial statements.

b) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Notes to the Financial Statements

For the financial year ended 31 March 2011

2 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

b) Basis of Consolidation *(cont'd)*

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the Company's financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in income or expenditure.

c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Where a group entity transacts with an associate of the Group, income and expenditure are eliminated to the extent of the Group's interest in the relevant associate.

2 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

d) Financial Instruments

Financial assets and liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income is recognised on an effective interest rate basis for debt instruments, other than those financial instruments "at fair value through income or expenditure".

Financial Assets

i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and fixed deposits.

ii) Student loans and debtors

Student loans and debtors are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Interest is recognised by applying the effective interest rate method, except for debtors when the recognition of interest would be immaterial. Appropriate allowances for doubtful debts are recognised in income or expenditure 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.

iii) Investments

Investments are recognised and de-recognised on a trade date basis when the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through income or expenditure which are initially measured at fair value.

Investments designated as at fair value through income or expenditure at inception

Investments designated as at fair value through income or expenditure at inception are those that are managed, and their performances are evaluated on a fair value basis, in accordance with a documented Group's investment strategy. Financial assets at fair value through income or expenditure are stated at fair value, with any resultant gain or loss recognised in income or expenditure. The net gain or loss recognised in income or expenditure incorporates any dividend or interest earned on the investments. Fair value is determined in the manner described in the notes to the financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

d) Financial Instruments *(cont'd)*

Held-to-maturity investments

Debt securities with fixed or determinable payments and fixed maturity dates where the Group has a positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Available-for-sale investments

Certain unquoted equity securities held by the Group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in the notes to the financial statements. Gains and losses arising from changes in fair value are recognised directly in the other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in income or expenditure. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in fair value reserve is included in income or expenditure for the period. Dividends on available-for-sale equity instruments are recognised in income or expenditure when the Group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in income or expenditure, and other changes are recognised in other comprehensive income.

Impairment of financial assets

Financial assets, other than those at fair value through income or expenditure, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to income or expenditure. Changes in the carrying amount of the allowance account are recognised in income or expenditure.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through income or expenditure to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Notes to the Financial Statements

For the financial year ended 31 March 2011

2 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

d) Financial Instruments *(cont'd)*

Impairment of financial assets *(cont'd)*

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss, is recognised directly in other comprehensive income.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Classification as debt or equity – Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments – An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities – Financial liabilities are classified as either financial liabilities "at fair value through income or expenditure" or other financial liabilities.

Derecognition of financial liabilities – The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

i) Creditors and accrued expenses

Creditors and accrued expenses are measured at fair value, and are subsequently measured at amortised cost, using effective rate method.

ii) Fixed rate notes and term loan

Fixed rate notes and term loan are initially recognised at fair value incurred and subsequently stated at amortised cost, using the effective interest rate method.

Notes to the Financial Statements

For the financial year ended 31 March 2011

2 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

d) Financial Instruments *(cont'd)*

Financial liabilities and equity *(cont'd)*

iii) Derivative financial instruments and hedge accounting

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 13 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in income or expenditure immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in income or expenditure depends on the nature of the hedge relationship. The Group designates certain derivatives as hedges of the fair value of net investments.

Derivatives not designated into an effective hedge relationship are classified as a current asset or a current liability.

e) Foreign Currency Transactions and Translation

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing as at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical costs in foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in income or expenditure for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in income or expenditure for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

2 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

e) Foreign Currency Transactions and Translation *(cont'd)*

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign subsidiaries (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the Group's translation reserve in equity. Such translation differences will be reclassified from equity to income or expenditure, as a reclassification adjustment, in the period in which the foreign subsidiary is disposed of.

f) Revenue Recognition

Tuition and other fees for the academic year and all other income are accrued on a time proportionate basis.

Non-endowed 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.

Rental income is recognised on a straight-line basis over the term of the relevant lease.

g) Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to income or expenditure.

h) 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 income or expenditure for purchases of assets which are expensed off. Donated tangible fixed assets, with the exception of non-depreciable fixed assets donated for use by the Group, are valued and taken to deferred capital grants and the debit taken to the relevant fixed asset category. Donated non-depreciable assets are taken to income or expenditure.

Deferred capital grants are recognised in the income or expenditure 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 income or expenditure to match the net book value of fixed assets disposed off.

2 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

h) Grants *(cont'd)*

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.

i) Endowment Funds

Donations received and Government matching grants received/receivable during the year, which are required to be kept intact as capital, are taken directly to the endowment funds.

j) Funds

General funds

Income and expenditure of the Group are generally accounted for under General Funds in the Group's statement of comprehensive income. General Funds include funds set aside for specific purposes such as halls of residences and self-financing activities by the Group. Although set aside for specific or committed purposes, such funds may at the discretion of the Board of Trustees, be used for other purposes. Income and expenditure relating to these funds are accounted for directly in the funds to which they relate.

Restricted funds

The income and expenditure relating to funds that are subject to legal or grantor/donor imposed stipulation are accounted for under Restricted Funds in the Group's statement of comprehensive income. The following are classified under Restricted Funds:

i) income generated from the endowment funds;

ii) funds created from non-endowed donations for specific purposes; and

iii) external grants received from grantors as they are received for restricted purpose specified by grantors.

k) Service Income Fund

This relates to fund balance under the annual service income from the Government to fund the following:

i) future redevelopment and continuous improvement projects;

ii) future acquisition and replacement of furniture, equipment and information and technology assets;

iii) debt principal repayment for development projects that fall under the Debt-Grant Framework initiated by the Government; and

iv) future depreciation of assets acquired using the annual service income.

l) Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation and any accumulated impairment loss.

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 income or expenditure.

Depreciation is charged so as to write off the cost of fixed assets over the shorter of period of leases or their estimated useful lives, using the straight-line method, on the following bases:

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

Depreciation is not provided for capital work-in-progress, artifacts and freehold land.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with effect of any changes in estimate accounted for on a prospective basis.

m) Intangible Assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

n) Impairment of Tangible and Intangible Assets

At the end each reporting period, the Group reviews the carrying amounts of its tangible and intangible 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). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

n) Impairment of Tangible and Intangible Assets *(cont'd)*

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in income or expenditure.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in income or expenditure.

o) Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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.

p) Retirement Benefit Costs

Payments to defined contribution retirement benefit plans are charged as expenses as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligation under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

q) 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 end of the reporting period.

2 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

r) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as income or expenditure except when they relate to items credited or debited outside income or expenditure (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside income or expenditure (either in other comprehensive income or directly in equity), or where they arise from the initial accounting for a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over costs.

Notes to the Financial Statements

For the financial year ended 31 March 2011

2 SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

s) Research Expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a) Critical judgments in applying the Group's accounting policies

There are no critical judgements, apart from those involving estimates (see below), that Management has made in the process of applying the entity's accounting policies and that have significant effect on the amounts recognised in financial statements.

b) 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 amounts of assets and liabilities within the next financial year, are discussed below.

i) Fair value estimation

The Group holds unquoted equity securities that are not traded in an active market. The Group has used the net asset value disclosed in the financial statements of the entities (as these pertain mainly to funds whose investments are stated at fair value) and external valuations as the fair value for these financial assets. The carrying amounts of these unquoted securities for Group and Company at the end of the reporting period were S$2,175,269,000 (2010: S$1,695,804,000) and S$2,142,061,000 (2010: S$1,692,739,000) respectively.

ii) Provision for employee leave liability

Determining the amount of provision to be made for employee leave liability requires an estimation of the employer's portion of the retirement benefit. Standard rates, based on the Singapore Central Provident Fund contribution rate for employers, are used to compute the retirement benefit. The carrying amount of the provision for employee leave liability for Group and Company at the end of the reporting period were S$57,963,000 (2010: S$53,500,000) and S$57,491,000 (2010: S$53,108,000) respectively.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

a) Categories of financial instruments

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

	Group		Company	
	2011	**2010**	**2011**	**2010**
	S$'000	S$'000	S$'000	S$'000
Financial Assets				
At fair value through income or expenditure (FVTIE):				
Investments	3,346,197	2,804,148	3,346,197	2,804,148
Derivative financial instruments	9,008	1,238	9,008	1,238
Loans and receivables (including cash and cash equivalents) at amortised cost	1,527,569	1,467,266	1,522,362	1,438,582
Available-for-sale financial assets, at fair value through other comprehensive income	37,595	7,122	4,172	3,997
Financial Liabilities				
At fair value through income or expenditure (FVTIE):				
Derivative financial instruments	641	874	641	874
Loans, advances, creditors and accrued expenses at amortised cost	1,153,828	796,826	1,149,222	792,560

b) Financial risk management policies and objectives

The Group invests in a variety of market instruments such as bonds and quoted/unquoted equities under its investment strategy. This exposes the Group 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 Group's Investment Committee, with the advice from its investment consultant.

The Group manages its exposure to financial risks using a variety of techniques and instruments.

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management policies.

The Group invests in a variety of investments globally. These investments expose the Group to various financial risks including liquidity risk, market risk (including currency hedging risk, price risk and interest rate risk of its investments) and credit risk. The Group seeks to minimize potential adverse effects from these exposures. The Group's overall risk management strategy is to ensure adequate diversification across its investments through its long term asset allocation policy as agreed by the Group's Investment Committee. It seeks to moderate the effects of volatility on its financial performance or across financial institutions to minimise the risk of a credit event.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT *(cont'd)*

b) Financial risk management policies and objectives *(cont'd)*

The long term asset allocation policy is the long-term normal asset mix of the Group's portfolio of investments and defines the assets that the Group can invest in. The long term asset allocation policy is the central tenet of endowment risk management. It sets the acceptable risk for the funds and ensures adequate diversification across asset classes. Deviation from the policy targets changes the risk and returns profile of the endowment fund, and increases the risk that the objectives of the endowment will not be met. Furthermore, any deviation from the policy targets for one asset class will result in a deviation in policy targets for another asset class.

There has been no significant change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

i) Market risk – price risk management

The Group is exposed to price risk arising from the investments, invested either directly or through externally managed funds in the various asset classes under the long term asset allocation policy. The Group manages its price risk through target weights and portfolio diversification across asset classes to control exposure risk. The investment objectives, risk tolerance threshold and constraints are approved by the Investment Committee, which is delegated with the oversight of investments of the Group. The performance of the managed funds is regularly reviewed by the Investment Office, which manages the portfolio of externally managed funds under the guidance and purview of the Investment Committee.

In respect of quoted and unquoted equity securities, a +/-5% change in investment value as at March 2011 will result in a +/- S$122,194,000 (March 2010: +/- S$102,483,000) gain / loss in net surplus for the Group and Company. This analysis has been performed for reasonably possible movements in prices with all other variables constant. The correlation between the other variables has been assumed to be constant.

In Management's opinion, the sensitivity analysis is not fully representative of the risk considerations for its investments. The Group's investments are regularly assessed with a larger spectrum of risk considerations included in the long term asset allocation policy.

ii) Interest rate risk management

The Group'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 Group monitors interest rates regularly to ensure excess funds are invested at competitive rates.

The Group's investments are subject to interest rate risk as a portion of the Group's portfolio is invested in fixed income securities, either directly or through externally managed funds. The Group's operating cash flows are invested in fixed rate instruments and hence are substantially independent of changes in market interest rates. The Group monitors interest rates regularly to ensure excess funds are invested at competitive rates.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT *(cont'd)*

b) Financial risk management policies and objectives *(cont'd)*

ii) Interest rate risk management *(cont'd)*

Both market and interest rate movements will affect the target weights of asset class in the long term asset allocation policy. The sensitivity analysis below has been determined based on exposures to price and interest rate risks at the reporting date.

In respect of the quoted and unquoted Government bonds and debt securities, a +/-1% change in interest rates as at March 2011 will result in a -/+ S$46,076,000 (March 2010: -/+ S$28,860,000) gain / loss in net surplus (comprising of interest income and anticipated fair value changes) for the Group and Company. Similarly this analysis was performed for reasonably possible movements in interest rates with all other variables constant. The correlation of the other variables has been assumed to be constant.

In Management's opinion, the sensitivity analysis is not fully representative of the risk considerations for its investments. The Group's investments are regularly assessed with a larger spectrum of risk considerations included in the long term asset allocation policy.

The Group's income, expenditure and equity are not affected by the changes in interest rates as the interest-bearing instruments carry fixed interests and are measured at amortised cost.

iii) Foreign exchange risk management

Some of the Group's transactions and investments are conducted in various foreign currencies, including United States dollars, Euro, Japanese Yen and Sterling Pounds, and therefore is exposed to foreign exchange risk. The Group manages its currency exposure by hedging its foreign currency investments through currency swap contracts as stipulated in the Group's foreign currency hedging policy.

a) Investments

The Group's foreign currency exposure for investments as at end of each reporting period are as follows:

	2011	2010
	Investments at FVTIE S$'000	**Investments at FVTIE** S$'000
United States Dollars	2,095,013	1,729,059
Other Currencies	43,451	106,649

In Management's opinion, no sensitivity analysis for investments is presented as its foreign currency investments are hedged through currency swap contracts. The exposure to foreign exchange risk is minimal and any impact to income or expenditure is not considered material by Management.

Notes to the Financial Statements

For the financial year ended 31 March 2011

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT *(cont'd)*

b) Financial risk management policies and objectives *(cont'd)*

iii) Foreign exchange risk management *(cont'd)*

b) Other Financial Assets and Financial Liabilities

The Group transacts business in various currencies, including the United States dollar, Japanese Yen and the Euro and there is exposure to foreign exchange risk.

The Group's foreign currency exposures arise mainly from the exchange rate movements of the United States dollar, Japanese Yen and Euro against the Singapore dollar.

Those exposures are managed primarily by using natural hedges that arise from offsetting assets and liabilities that are denominated in foreign currencies.

At the end of each reporting period, the carrying amounts of monetary assets and monetary liabilities (other than investments) denominated in currencies other than the functional currency of entities in the Group are as follows:

	Group				Company			
	Assets		Liabilities		Assets		Liabilities	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
United States Dollars	45,129	72,650	2,293	1,135	44,825	71,625	2,104	769
Euro	23,423	1,988	110	–	23,423	1,988	110	–

The sensitivity rate used when reporting foreign currency risk to key management personnel is 10%, which is the change in foreign exchange rate that Management deems reasonably possible which will affect outstanding foreign currency denominated monetary items at period end.

If the Euro were to change by 10% against the Singapore dollar, Group's and Company's surplus will increase/decrease by S$2,331,000 (2010: increase/decrease by S$199,000).

If the United States dollars were to change by 10% against the Singapore dollar, Group's and Company's surplus will increase/decrease by S$4,283,000 and S$4,272,000 respectively (2010: increase/decrease by S$7,152,000 and S$7,086,000 respectively).

iv) Liquidity risk management

The Group maintains sufficient cash and cash equivalents, and internally generates cash flows to finance its activities.

Notes to the Financial Statements

For the financial year ended 31 March 2011

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT *(cont'd)*

b) Financial risk management policies and objectives *(cont'd)*

iv) Liquidity risk management *(cont'd)*

a) Non-derivative financial liabilities

The following table details the remaining contractual maturity for non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table excludes advances for student loans from Government as the advances are for the purpose of extending loans to students (reflected as financial assets) mainly to assist them in paying their tuition fees. They are unsecured and repayable following the collection of the underlying loan by the Group from the students.

GROUP	**Weighted average effective interest rate** %	**On demand or within 1 year** S$'000	**Within 2-5 years** S$'000	**Adjustment** S$'000	**Total** S$'000
2011					
Non-interest bearing	–	263,295	–	–	263,295
Interest bearing	2.4	14,339	639,723	(54,062)	600,000
Total		**277,634**	**639,723**	**(54,062)**	**863,295**
2010					
Non-interest bearing	–	274,551	–	–	274,551
Interest bearing	3.2	8,000	275,600	(33,600)	250,000
Total		**282,551**	**275,600**	**(33,600)**	**524,551**

COMPANY	**Weighted average effective interest rate** %	**On demand or within 1 year** S$'000	**Within 2-5 years** S$'000	**Adjustment** S$'000	**Total** S$'000
2011					
Non-interest bearing	–	258,689	–	–	258,689
Interest bearing	2.4	14,339	639,723	(54,062)	600,000
Total		**273,028**	**639,723**	**(54,062)**	**858,689**
2010					
Non-interest bearing	–	270,285	–	–	270,285
Interest bearing	3.2	8,000	275,600	(33,600)	250,000
Total		**278,285**	**275,600**	**(33,600)**	**520,285**

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT *(cont'd)*

b) Financial risk management policies and objectives *(cont'd)*

iv) Liquidity risk management *(cont'd)*

b) Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The tables below exclude student loans which are mainly disbursed from advances from the Government and have been drawn up based on the undiscounted expected maturities of the financial assets.

GROUP	Weighted average effective interest rate %	On demand or within 1 year S$'000	Within 2-5 years S$'000	After 5 years S$'000	Adjustment S$'000	Total S$'000
2011						
Non-interest bearing	–	712,896	–	–	–	712,896
Interest bearing	0.85	467,586	59,761	–	(9,315)	518,032
Investments at fair value through income or expenditure (FVTIE)	–	2,388,781	743,633	213,783	–	3,346,197
Available-for-sale investments	–	–	–	37,595	–	37,595
Total		**3,569,263**	**803,394**	**251,378**	**(9,315)**	**4,614,720**
2010						
Non-interest bearing	–	659,607	–	–	–	659,607
Interest bearing	0.79	445,729	63,114	–	(15,772)	493,071
Investments at FVTIE	–	1,920,795	744,752	138,601	–	2,804,148
Available-for-sale investments	–	–	–	7,122	–	7,122
Total		**3,026,131**	**807,866**	**145,723**	**(15,772)**	**3,963,948**

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT *(cont'd)*

b) Financial risk management policies and objectives *(cont'd)*

iv) Liquidity risk management *(cont'd)*

b) Non-derivative financial assets *(cont'd)*

COMPANY	Weighted average effective interest rate %	On demand or within 1 year S$'000	Within 2-5 years S$'000	After 5 years S$'000	Adjustment S$'000	Total S$'000
2011						
Non-interest bearing	–	679,439	28,250	–	–	707,689
Interest bearing	0.85	467,586	59,761	–	(9,315)	518,032
Investments at FVTIE	–	2,388,781	743,633	213,783	–	3,346,197
Available-for-sale investments	–	–	–	4,172	–	4,172
Total		**3,535,806**	**831,644**	**217,955**	**(9,315)**	**4,576,090**
2010						
Non-interest bearing	–	630,673	250	–	–	630,923
Interest bearing	0.79	445,729	63,114	–	(15,772)	493,071
Investments at FVTIE	–	1,920,795	744,752	138,601	–	2,804,148
Available-for-sale investments	–	–	–	3,997	–	3,997
Total		**2,997,197**	**808,116**	**142,598**	**(15,772)**	**3,932,139**

Investments at fair value through income or expenditure (FVTIE) are actively managed on a portfolio basis by the Group's Investment Office. For investments without lock up clauses, the expected maturity of these investments are categorised as on demand or within 1 year. For those investments with lock up clauses, their expected maturities are categorised based on the expiration of their lock up periods. The above categorisation is in accordance with the disclosure requirements of FRS 107 and does not necessarily represent the period in which the investments classified as FVTIE are expected to be realised. The Investment Office manages these investments under the long term asset allocation policy described in Note 4 (b) financial risk management policies and objectives and the actual realisation of these investments is dependent on several factors, which include performance of the investments, prevailing market conditions and the funding needs of the Group.

c) Derivative financial instruments

The following table details the liquidity analysis for derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period.

Notes to the Financial Statements

For the financial year ended 31 March 2011

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT *(cont'd)*

b) Financial risk management policies and objectives *(cont'd)*

iv) Liquidity risk management *(cont'd)*

c) Derivative financial instruments *(cont'd)*

GROUP AND COMPANY	On demand or within 1 year S$'000
2011	
Net settled:	
Foreign exchange forward contracts	8,367
2010	
Net settled:	
Foreign exchange forward contracts	513
Futures	(149)

v) Counterparty and credit risk management

The Group 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.

The Group has adopted a risk capital based methodology for limiting counterparty exposure. The Group will only transact with counterparties with a minimum credit rating of at least an A- credit rating by Standard & Poor's and Fitch and A3 credit rating by Moody's.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of comprehensive income.

The Group has also adopted procedures in extending credit terms to customers and in monitoring its credit risk for miscellaneous sales. The Group only grants credit to creditworthy customers based on the credit evaluation process performed by Management.

As any impairment for student tuition fee loans and study loans is funded by the Government, there is no exposure to credit risk for these 2 categories of student loans. For notebook computer loans and other student loans, the maximum exposure to credit risk is the carrying amount of the loans.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT *(cont'd)*

b) Financial risk management policies and objectives *(cont'd)*

vi) Fair Value of financial assets and liabilities

The carrying amounts of short-term financial assets and liabilities approximate their respective fair values due to the relatively short term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The following describes the hierarchy of inputs used to measure the fair value and the primary valuation methodologies used by the Group for investments measured at fair value on a recurring basis. The three levels of inputs are as follows:

Level 1

Fair value are measured based on quoted prices (unadjusted) from active markets for identical financial instruments. Prices are generally obtained from relevant exchange or dealer markets. The Group does not adjust the quoted prices for such investments.

Level 2

Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities and quoted prices in markets that are not active. Inputs are obtained from various sources including market participants, dealers, and brokers.

Level 3

Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Investments in Level 3 primarily consist of the Group's ownership in alternative investments (principally limited partnership interests in hedge, private equity, real estate, and other similar funds). The fair value of certain alternative investments represents the ownership interest in the net asset value (NAV) of the respective funds. The fair values of such funds that do not have readily determinable fair values may be determined by the alternative investment managers.

There were no transfers between Level 1 and 2 of the fair value hierarchy during the financial years ended 31 March 2011 and 31 March 2010.

Notes to the Financial Statements

For the financial year ended 31 March 2011

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT *(cont'd)*

b) Financial risk management policies and objectives *(cont'd)*

vi) Fair Value of financial assets and liabilities *(cont'd)*

Financial instruments carried at fair value as at the end of the reporting period:

GROUP	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2011				
Financial Assets				
Available for sale investments				
Unquoted equity securities	–	3,417	33,963	37,380
Redeemable convertible loan stocks	–	–	215	215
Sub-total	**–**	**3,417**	**34,178**	**37,595**
Investments at fair value through income or expenditure				
Quoted Government bonds	840,991	–	–	840,991
Quoted debt securities	61,330	–	–	61,330
Quoted equity securities	305,987	–	–	305,987
Unquoted equity securities	–	–	2,137,889	2,137,889
Sub-total	**1,208,308**	**–**	**2,137,889**	**3,346,197**
Derivative financial instruments				
Forward foreign exchange contracts	9,008	–	–	9,008
Total	**1,217,316**	**3,417**	**2,172,067**	**3,392,800**
Financial Liabilities				
Derivative financial instruments				
Forward foreign exchange contracts	641	–	–	641
Total	**641**	**–**	**–**	**641**

Notes to the Financial Statements

For the financial year ended 31 March 2011

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT *(cont'd)*

b) Financial risk management policies and objectives *(cont'd)*

vi) Fair Value of financial assets and liabilities *(cont'd)*

GROUP	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2010				
Financial Assets				
Available for sale investments				
Unquoted equity securities	–	3,326	3,736	7,062
Redeemable convertible loan stocks	–	–	60	60
Sub-total	**–**	**3,326**	**3,796**	**7,122**
Investments at fair value through income or expenditure				
Quoted Government bonds	680,408	–	–	680,408
Quoted debt securities	74,085	–	–	74,085
Quoted equity securities	360,913	–	–	360,913
Unquoted equity securities	–	–	1,688,742	1,688,742
Sub-total	**1,115,406**	**–**	**1,688,742**	**2,804,148**
Derivative financial instruments				
Forward foreign exchange contracts	1,119	–	–	1,119
Futures Assets	119	–	–	119
Sub-total	**1,238**	**–**	**–**	**1,238**
Total	**1,116,644**	**3,326**	**1,692,538**	**2,812,508**
Financial Liabilities				
Derivative financial instruments				
Forward foreign exchange contracts	606	–	–	606
Futures	268	–	–	268
Total	**874**	**–**	**–**	**874**

Notes to the Financial Statements

For the financial year ended 31 March 2011

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT *(cont'd)*

b) Financial risk management policies and objectives *(cont'd)*

vi) Fair Value of financial assets and liabilities *(cont'd)*

COMPANY	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2011				
Financial Assets				
Available for sale investments				
Unquoted equity securities	–	3,417	755	4,172
Sub-total	**–**	**3,417**	**755**	**4,172**
Investments at fair value through income or expenditure				
Quoted Government bonds	840,991	–	–	840,991
Quoted debt securities	61,330	–	–	61,330
Quoted equity securities	305,987	–	–	305,987
Unquoted equity securities	–	–	2,137,889	2,137,889
Sub-total	**1,208,308**	**–**	**2,137,889**	**3,346,197**
Derivative financial instruments				
Forward foreign exchange contracts	9,008	–	–	9,008
Total	**1,217,316**	**3,417**	**2,138,644**	**3,359,377**
Financial Liabilities				
Derivative financial instruments				
Forward foreign exchange contracts	641	–	–	641
Total	**641**	**–**	**–**	**641**

Notes to the Financial Statements

For the financial year ended 31 March 2011

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT *(cont'd)*

b) Financial risk management policies and objectives *(cont'd)*

vi) Fair Value of financial assets and liabilities *(cont'd)*

COMPANY	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2010				
Financial Assets				
Available for sale investments				
Unquoted equity securities	–	3,326	671	3,997
Sub-total	**–**	**3,326**	**671**	**3,997**
Investments at fair value through income or expenditure				
Quoted Government bonds	680,408	–	–	680,408
Quoted debt securities	74,085	–	–	74,085
Quoted equity securities	360,913	–	–	360,913
Unquoted equity securities	–	–	1,688,742	1,688,742
Sub-total	**1,115,406**	**–**	**1,688,742**	**2,804,148**
Derivative financial instruments				
Forward foreign exchange contracts	1,119	–	–	1,119
Futures Assets	119	–	–	119
Sub-total	**1,238**	**–**	**–**	**1,238**
Total	**1,116,644**	**3,326**	**1,689,413**	**2,809,383**
Financial Liabilities				
Derivative financial instruments				
Forward foreign exchange contracts	606	–	–	606
Futures	268	–	–	268
Total	**874**	**–**	**–**	**874**

Notes to the Financial Statements

For the financial year ended 31 March 2011

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT *(cont'd)*

b) Financial risk management policies and objectives *(cont'd)*

vi) Fair Value of financial assets and liabilities *(cont'd)*

Movements of the Level 3 financial assets during the reporting period:

	GROUP $'000	COMPANY $'000
Fair value as at 1 April 2010	1,692,538	1,689,413
Realised gains	20,781	19,865
Unrealised gains	57,299	56,510
Net purchases	401,449	372,856
Fair value as at 31 March 2011	**2,172,067**	**2,138,644**
Fair value as at 1 April 2009	1,220,216	1,218,454
Realised gains	836	748
Unrealised gains	168,174	168,174
Impairment loss	(259)	–
Net purchases	303,571	302,037
Fair value as at 31 March 2010	**1,692,538**	**1,689,413**

c) Capital risk management policies and objectives

The Group reviews its capital structure at least annually to ensure that the Group will be able to continue as a going concern. The capital structure of the Group comprises of reserves as disclosed in Notes 5 and 6 and fixed rate notes and fixed rate term loan disclosed in Note 25. The Group is required to maintain a ratio where the total liabilities to total assets shall not at any time be more than 0.65:1. The Group is in compliance with externally imposed capital requirements for the reporting period ended 31 March 2011. The Group's overall strategy remains unchanged from 2010.

5 ACCUMULATED SURPLUS

Accumulated surplus under the statements of financial position comprise General Funds and Restricted Funds. Income and expenditure of the Group are generally accounted for under General Funds in the Group's statement of comprehensive income. General Funds include funds set aside for specific purposes such as halls of residences and self-financing activities by the Group. Although set aside for specific or committed purposes, such funds may at the discretion of the Board of Trustees, be used for other purposes. Restricted Funds relate to funds that are subject to legal or grantor/donor imposed stipulation.

In 2011, the Board of Trustees approved the transfer of S$353,280,000 from Accumulated Surplus (Restricted Funds) to the Service Income Fund. This transfer is to reflect specifically the intended use of the fund balance of the annual service income received from Government of S$138,900,000 (2010: S$97,860,000) for debt principal repayment under the Debt-Grant Framework, future asset acquisitions and replacements and of S$214,380,000 (2010: S$152,273,000) funds utilised to acquire assets, which will be amortised to match future depreciation when assets are put into use.

Total accumulated surplus of the Group of S$2,648,161,000 (March 2010: S$2,280,442,000) and the Company of S$2,596,355,000 (2010: S$2,247,779,000) comprise the following:

		GROUP		COMPANY	
		2011	**2010**	**2011**	**2010**
	Note	S$'000	S$'000	S$'000	S$'000
General Funds under Accumulated Surplus					
Funds set aside for specific purposes and commitments [a]		1,322,360	1,237,397	1,270,659	1,204,829
Funds utilised to acquire assets, which will be amortised to match future depreciation when assets are put into use		407,446	310,957	407,446	310,957
Accumulated surplus from non-endowed donations	6	105	95	–	–
		1,729,911	1,548,449	1,678,105	1,515,786
Restricted Funds under Accumulated Surplus					
Accumulated surplus from non-endowed donations	6	451,280	410,465	451,280	410,465
Accumulated surplus from endowment funds	6	466,970	321,528	466,970	321,528
		918,250	731,993	918,250	731,993
Total Accumulated Surplus		**2,648,161**	**2,280,442**	**2,596,355**	**2,247,779**

[a] These are funds allocated for planned operational activities of faculties, departments and halls of residences.

Notes to the Financial Statements

For the financial year ended 31 March 2011

6 ENDOWED AND NON-ENDOWED DONATIONS

The Company is registered as a charity and is given Institute of Public Character (IPC) status under the Education Sector. The financial position of the Company's endowed and non-endowed donations has been disclosed separately below to facilitate the submission of the Company's IPC returns to its Sector Administrator, Ministry of Education.

During the financial year, total donations received by the Group and the Company amounted to S$88,540,000 (2010: S$93,620,000) and S$88,524,000 (2010: S$93,592,000) respectively. Of this, S$33,813,000 (2010: S$39,654,000) for the Group and S$33,807,000 (2010: S$39,642,000) for the Company represent endowed donations while the balance represents non-endowed donations. Endowed donations received are taken directly to the endowment funds. The non-endowed donations are received for specific purposes and cannot be used towards the general operating expenses of the Group and Company.

			2011			2010	
GROUP	Note	**Endowed Donations** S$'000	**Non-endowed Donations** S$'000	**Total** S$'000	**Endowed Donations** S$'000	**Non-endowed Donations** S$'000	**Total** S$'000
Accumulated Surplus	5	466,970	451,385	918,355	321,528	410,560	732,088
Endowment Funds		1,812,328	–	1,812,328	1,688,844	–	1,688,844
		2,279,298	**451,385**	**2,730,683**	**2,010,372**	**410,560**	**2,420,932**
Represented by:							
Non-Current Assets							
Fixed assets		18,178	76,735	94,913	17,608	60,491	78,099
Student loans		5,683	20,272	25,955	1,694	19,867	21,561
		23,861	97,007	120,868	19,302	80,358	99,660
Current Assets							
Debtors		148,086	5	148,091	154,301	45	154,346
Investments at fair value through income or expenditure		2,101,492	355,521	2,457,013	1,941,426	240,056	2,181,482
Derivative financial instruments		7,658	–	7,658	1,125	–	1,125
Fixed deposits		806	11,105	11,911	794	91,720	92,514
		2,258,042	366,631	2,624,673	2,097,646	331,821	2,429,467
Total Assets		2,281,903	463,638	2,745,541	2,116,948	412,179	2,529,127
Current Liabilities							
Creditors and accrued expenses		1,965	–	1,965	105,919	–	105,919
Derivative financial instruments		640	–	640	657	–	657
		2,605	–	2,605	106,576	–	106,576
Non-Current Liabilities							
Deferred capital grants		–	12,253	12,253	–	1,619	1,619
Total Liabilities		2,605	12,253	14,858	106,576	1,619	108,195
Net Assets		**2,279,298**	**451,385**	**2,730,683**	**2,010,372**	**410,560**	**2,420,932**

Notes to the Financial Statements

For the financial year ended 31 March 2011

6 ENDOWED AND NON-ENDOWED DONATIONS *(Cont'd)*

GROUP	2011 Endowed Donations S$'000	2011 Non-endowed donations S$'000	2011 Total S$'000	2010 Endowed Donations S$'000	2010 Non-endowed Donations S$'000	2010 Total S$'000
Accumulated Surplus:						
Balance as at 1 April	321,528	410,560	732,088	(71,513)	361,640	290,127
Donations received	–	54,727	54,727	–	53,966	53,966
Donated artifacts additions	–	1,019	1,019	–	–	–
Investment income (including change in fair value of investment held for trading)	195,022	17,429	212,451	310,986	20,381	331,367
Other operating income	265	447	712	1	170	171
Expenditure on manpower	(20,718)	(7,343)	(28,061)	(19,552)	(5,107)	(24,659)
Depreciation	(3,005)	(5,172)	(8,177)	(2,428)	(3,076)	(5,504)
Other operating expenditure	(25,815)	(20,282)	(46,097)	(19,178)	(17,414)	(36,592)
Amount transferred to endowment funds	(307)	–	(307)	(1,063)	–	(1,063)
Transfer from capital preservation account [(a)]	–	–	–	124,275	–	124,275
Balance as at 31 March	466,970	451,385	918,355	321,528	410,560	732,088
Endowment Funds:						
Balance as at 1 April	1,688,844	–	1,688,844	1,559,182	–	1,559,182
Matching grants received/accrued	89,364	–	89,364	88,945	–	88,945
Donations received	33,813	–	33,813	39,654	–	39,654
Amount transferred from accumulated surplus	307	–	307	1,063	–	1,063
Balance as at 31 March	1,812,328	–	1,812,328	1,688,844	–	1,688,844
Capital Preservation Account:						
Balance as at 1 April	–	–	–	124,275	–	124,275
Amount transferred to accumulated surplus [(a)]	–	–	–	(124,275)	–	(124,275)
Balance as at 31 March	–	–	–	–	–	–
Balance as at 31 March	**2,279,298**	**451,385**	**2,730,683**	**2,010,372**	**410,560**	**2,420,932**

Notes to the Financial Statements

For the financial year ended 31 March 2011

6 ENDOWED AND NON-ENDOWED DONATIONS *(Cont'd)*

		2011			2010		
COMPANY	Note	**Endowed Donation** S$'000	**Non-endowed Donations** S$'000	**Total** S$'000	**Endowed Donations** S$'000	**Non-endowed Donations** S$'000	**Total** S$'000
Accumulated Surplus	5	466,970	451,280	918,250	321,528	410,465	731,993
Endowment Funds		1,811,972	–	1,811,972	1,688,500	–	1,688,500
		2,278,942	**451,280**	**2,730,222**	**2,010,028**	**410,465**	**2,420,493**
Represented by:							
Non-Current Assets							
Fixed assets		18,178	76,735	94,913	17,608	60,491	78,099
Student loans		5,683	20,272	25,955	1,694	19,867	21,561
		23,861	97,007	120,868	19,302	80,358	99,660
Current Assets							
Debtors		148,086	5	148,091	154,301	45	154,346
Investments at fair value through income or expenditure		2,101,492	355,521	2,457,013	1,941,426	240,056	2,181,482
Derivative financial instruments		7,658	–	7,658	1,125	–	1,125
Fixed deposits		450	11,000	11,450	450	91,625	92,075
		2,257,686	366,526	2,624,212	2,097,302	331,726	2,429,028
Total Assets		2,281,547	463,533	2,745,080	2,116,604	412,084	2,528,688
Current Liabilities							
Creditors and accrued expenses		1,965	–	1,965	105,919	–	105,919
Derivative financial instruments		640	–	640	657	–	657
		2,605	–	2,605	106,576	–	106,576
Non-Current Liabilities							
Deferred capital grants		–	12,253	12,253	–	1,619	1,619
Total Liabilities		2,605	12,253	14,858	106,576	1,619	108,195
Net Assets		**2,278,942**	**451,280**	**2,730,222**	**2,010,028**	**410,465**	**2,420,493**

Notes to the Financial Statements

For the financial year ended 31 March 2011

6 ENDOWED AND NON-ENDOWED DONATIONS *(Cont'd)*

COMPANY	2011 Endowed Donations S$'000	2011 Non-endowed Donations S$'000	2011 Total S$'000	2010 Endowed Donations S$'000	2010 Non-Endowed Donations S$'000	2010 Total S$'000
Accumulated Surplus:						
Balance as at 1 April	321,528	410,465	731,993	(71,513)	361,571	290,058
Donations received	–	54,717	54,717	–	53,950	53,950
Donated artifacts additions	–	1,019	1,019	–	–	–
Investment income (including change in fair value of investment held for trading)	195,022	17,429	212,451	310,986	20,381	331,367
Other operating income	265	447	712	1	160	161
Expenditure on manpower	(20,718)	(7,343)	(28,061)	(19,552)	(5,107)	(24,659)
Depreciation	(3,005)	(5,172)	(8,177)	(2,428)	(3,076)	(5,504)
Other operating expenditure	(25,815)	(20,282)	(46,097)	(19,178)	(17,414)	(36,592)
Amount transferred to endowment funds	(307)	–	(307)	(1,063)	–	(1,063)
Transfer from capital preservation account [(a)]	–	–	–	124,275	–	124,275
Balance as at 31 March	466,970	451,280	918,250	321,528	410,465	731,993
Endowment Funds:						
Balance as at 1 April	1,688,500	–	1,688,500	1,558,901	–	1,558,901
Matching grants accrued	89,358	–	89,358	88,894	–	88,894
Donations received	33,807	–	33,807	39,642	–	39,642
Amount transferred from accumulated surplus	307	–	307	1,063	–	1,063
Balance as at 31 March	1,811,972	–	1,811,972	1,688,500	–	1,688,500
Capital Preservation Account:						
Balance as at 1 April	–	–	–	124,275	–	124,275
Amount transferred to accumulated surplus [(a)]	–	–	–	(124,275)	–	(124,275)
Balance as at 31 March	–	–	–	–	–	–
Balance as at 31 March	**2,278,942**	**451,280**	**2,730,222**	**2,010,028**	**410,465**	**2,420,493**

[(a)] In January 2009, the Board of Trustee (BOT) approved the adoption of a rate smoothing endowment spending policy that was applied to all endowments with effect from the reporting period beginning 1 April 2009. As the new endowment spending rule ensures long-run endowment sustainability and thus preservation of capital, there is no need for the current practice of explicitly setting aside funds in Capital Preservation Account (CPA) for each endowment. Hence with the BOT's approval, the balance in the CPA was transferred to the accumulated surplus of each endowment in April 2009.

Notes to the Financial Statements

For the financial year ended 31 March 2011

7 SUBSIDIARY COMPANIES

COMPANY	2011 S$'000	2010 S$'000
Unquoted equity shares at cost	300	300
Impairment loss	(100)	(100)
Carrying amount	200	200

Name of Company	Principal Activities	Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held 2011	2010
Singapore University Press Pte Ltd [(a)]	Publisher	Singapore	100%	100%
NUS Technology Holdings Pte Ltd [(a)]	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%
NUS High School of Mathematics and Science [(a)]	To 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 [(d)]	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	#	#
NUSSU Enterprise Pte Ltd [(a) (c)]	To manage the commercial activities of NUS Student Union.	Singapore	100%	100%
Lanthanum Pte Ltd [(a) (e)]	Investment holding company to hold NUS' direct investments.	Singapore	100%	–

Notes to the Financial Statements

For the financial year ended 31 March 2011

7 SUBSIDIARY COMPANIES *(cont'd)*

Name of Company	Principal Activities	Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held 2011	2010
Held by Subsidiaries				
NUS Press Pte Ltd [(a)]	Publishers	Singapore	100%	100%
NUS Ventures Pte Ltd [(a)]	Distributor of new telecommunication technologies via direct selling and licensing.	Singapore	100%	100%
Bioinformatics Technology Group Pte Ltd [(a)]	IT development, IT services, research and experimental development on technology.	Singapore	100%	100%
Shanghai NUS Enterprise Services Co Ltd [(f)]	Sourcing of student internship opportunities with Shanghai companies and developing increased research opportunities and forging closer partnerships.	People's Republic of China	100%	100%
KR Consulting Pte Ltd [(a)]	Provide consulting services	Singapore	100%	100%
Star Incubator Sdn Bhd [(b)]	Management of incubator activities	Brunei Darussalam	100%	100%

\# These corporations do not have share capitals. NUS High School of Mathematics and Science is a company limited by guarantee.

(a) Audited by Deloitte & Touche LLP, Singapore.

(b) Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

(c) Held in trust by NUS Technology Holdings Pte Ltd on behalf of the Company.

(d) Not required to be audited in country of incorporation.

(e) Incorporated on 15 November 2010.

(f) Audited by other auditors in country of incorporation.

8 ASSOCIATED COMPANIES

	GROUP 2011 S$'000	GROUP 2010 S$'000	COMPANY 2011 S$'000	COMPANY 2010 S$'000
Unquoted equity shares at cost	550	550	500	500
Share of post-acquisition profits, net of dividend received	18,287	12,266	–	–
	18,837	12,816	500	500

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For the financial year ended 31 March 2011

8 ASSOCIATED COMPANIES *(cont'd)*

Name of Company	Principal Activities	Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held 2011	2010
National University Health System Pte Ltd	Clinical service, education and research	Singapore	33%	33%
Held by Subsidiaries				
Munchie Monkey Pte Ltd	Café operator	Singapore	50%	50%

All of the above associates are audited by other auditors.

Summarised financial information in respect of the Group's associates is set out below:

	2011 S$'000	**2010** S$'000
Total assets	83,713	55,638
Total liabilities	(26,763)	(17,010)
Net assets	56,950	38,628
Group's share of associates' net assets	18,837	12,816

	2011 S$'000	**2010** S$'000
Revenue	10,753	10,401
Government subvention income	20,930	45,144
	31,683	55,545
Profit after tax for the year	18,309	36,913
Group's share of associates' profit after tax for the year	6,099	12,300
Elimination of profit element of transactions between the associate and Company	(78)	(54)
Group's share of associates' profit after tax for the year	6,021	12,246

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9 FIXED ASSETS

GROUP	Freehold Land S$'000	Leasehold Land S$'000	Buildings S$'000	Leasehold Improvements S$'000	Infrastructure S$'000	Equipment, Furniture & Fittings, Library Materials S$'000	Artifacts S$'000	Capital Work-in Progress S$'000	Total S$'000
COST									
At 1 April 2009	2,007	286,271	1,545,828	486,793	–	1,186,925	10,589	147,484	**3,665,897**
Additions	–	10	69,575	73,261	–	114,756	–	202,761	**460,363**
Transfers	–	–	11,503	15,301	–	16,390	–	(43,194)	**–**
Disposals	–	–	(560)	(15,942)	–	(30,256)	–	(1,914)	**(48,672)**
Fixed assets written off against allowance	–	–	–	–	–	–	–	(24,518)	**(24,518)**
At 1 April 2010	2,007	286,281	1,626,346	559,413	–	1,287,815	10,589	280,619	**4,053,070**
Additions	–	–	22,097	69,195	–	128,382	1,019	510,321	**731,014**
Transfers	–	–	(5,397)	22,144	38,718	32,265	–	(87,730)	**–**
Disposals	–	–	(322)	–	–	(32,188)	–	–	**(32,510)**
At 31 March 2011	2,007	286,281	1,642,724	650,752	38,718	1,416,274	11,608	703,210	**4,751,574**
ACCUMULATED DEPRECIATION									
At 1 April 2009	–	25,450	712,688	201,896	–	848,246	–	–	**1,788,280**
Depreciation	–	5,438	48,790	56,564	–	110,560	–	–	**221,352**
Transfers	–	–	411	(660)	–	249	–	–	**–**
Disposals	–	–	(127)	(15,666)	–	(29,182)	–	–	**(44,975)**
At 1 April 2010	–	30,888	761,762	242,134	–	929,873	–	–	**1,964,657**
Depreciation	–	5,438	52,004	63,115	161	117,903	–	–	**238,621**
Transfers	–	–	(74)	(514)	–	588	–	–	**–**
Disposals	–	–	(171)	(12)	–	(31,765)	–	–	**(31,948)**
At 31 March 2011	–	36,326	813,521	304,723	161	1,016,599	–	–	**2,171,330**
ALLOWANCE FOR IMPAIRMENT									
At 1 April 2009	–	–	–	–	–	–	–	24,518	**24,518**
Fixed assets written off against allowance	–	–	–	–	–	–	–	(24,518)	**(24,518)**
At 31 March 2010 and 31 March 2011	–	–	–	–	–	–	–	–	**–**
CARRYING AMOUNT									
At 31 March 2011	2,007	249,955	829,203	346,029	38,557	399,675	11,608	703,210	**2,580,244**
At 31 March 2010	2,007	255,393	864,584	317,279	–	357,942	10,589	280,619	**2,088,413**

Notes to the Financial Statements

For the financial year ended 31 March 2011

9 FIXED ASSETS *(Cont'd)*

COMPANY	Freehold Land S$'000	Leasehold Land S$'000	Buildings S$'000	Leasehold Improve-ments S$'000	Infra-structure S$'000	Equipment, Furniture & Fittings, Library Materials S$'000	Artifacts S$'000	Capital Work-in Progress S$'000	Total S$'000
COST									
At 1 April 2009	2,007	286,271	1,544,912	486,789	–	1,184,250	10,589	146,957	**3,661,775**
Additions	–	10	69,575	72,531	–	113,688	–	202,761	**458,565**
Transfers	–	–	11,503	15,301	–	16,390	–	(43,194)	**–**
Disposals	–	–	(560)	(15,648)	–	(30,234)	–	(1,387)	**(47,829)**
Fixed assets written off against allowance	–	–	–	–	–	–	–	(24,518)	**(24,518)**
At 1 April 2010	2,007	286,281	1,625,430	558,973	–	1,284,094	10,589	280,619	**4,047,993**
Additions	–	–	22,097	69,182	–	127,723	1,019	510,321	**730,342**
Transfers	–	–	(5,397)	22,144	38,718	32,265	–	(87,730)	**–**
Disposals	–	–	(111)	–	–	(32,001)	–	–	**(32,112)**
At 31 March 2011	2,007	286,281	1,642,019	650,299	38,718	1,412,081	11,608	703,210	**4,746,223**
ACCUMULATED DEPRECIATION									
At 1 April 2009	–	25,450	712,581	201,892	–	846,840	–	–	**1,786,763**
Depreciation	–	5,438	48,759	56,498	–	109,947	–	–	**220,642**
Transfers	–	–	411	(660)	–	249	–	–	**–**
Disposals	–	–	(127)	(15,637)	–	(29,173)	–	–	**(44,937)**
At 1 April 2010	–	30,888	761,624	242,093	–	927,863	–	–	**1,962,468**
Depreciation	–	5,438	51,981	63,070	161	117,238	–	–	**237,888**
Transfers	–	–	(74)	(514)	–	588	–	–	**–**
Disposals	–	–	(139)	(12)	–	(31,633)	–	–	**(31,784)**
At 31 March 2011	–	36,326	813,392	304,637	161	1,014,056	–	–	**2,168,572**
ALLOWANCE FOR IMPAIRMENT									
At 1 April 2009	–	–	–	–	–	–	–	24,518	**24,518**
Fixed assets written off against allowance	–	–	–	–	–	–	–	(24,518)	**(24,518)**
At 31 March 2010 and 31 March 2011	–	–	–	–	–	–	–	–	**–**
CARRYING AMOUNT									
At 31 March 2011	2,007	249,955	828,627	345,662	38,557	398,025	11,608	703,210	**2,577,651**
At 31 March 2010	2,007	255,393	863,806	316,880	–	356,231	10,589	280,619	**2,085,525**

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For the financial year ended 31 March 2011

10 INTANGIBLE ASSETS

GROUP	Computer Software S$'000	Purchased Curriculum S$'000	Total S$'000
COST			
At 1 April 2009	7,874	11,878	**19,752**
Additions	7,303	–	**7,303**
At 1 April 2010	15,177	11,878	**27,055**
Additions	4,664	–	**4,664**
Disposals	(7)	–	**(7)**
At 31 March 2011	19,834	11,878	**31,712**
ACCUMULATED AMORTISATION			
At 1 April 2009	334	4,242	**4,576**
Amortisation	765	2,545	**3,310**
At 1 April 2010	1,099	6,787	**7,886**
Amortisation	1,483	2,545	**4,028**
Disposals	(3)	–	**(3)**
At 31 March 2011	2,579	9,332	**11,911**
CARRYING AMOUNT			
At 31 March 2011	17,255	2,546	**19,801**
At 31 March 2010	14,078	5,091	**19,169**

Notes to the Financial Statements

For the financial year ended 31 March 2011

10 INTANGIBLE ASSETS *(cont'd)*

COMPANY	Computer Software S$'000	Purchased Curriculum S$'000	Total S$'000
COST			
At 1 April 2009	7,674	11,878	**19,552**
Additions	7,195	–	**7,195**
At 1 April 2010	14,869	11,878	**26,747**
Additions	4,554	–	**4,554**
Disposals	(7)	–	**(7)**
At 31 March 2011	19,416	11,878	**31,294**
ACCUMULATED AMORTISATION			
At 1 April 2009	284	4,242	**4,526**
Amortisation	712	2,545	**3,257**
At 1 April 2010	996	6,787	**7,783**
Amortisation	1,410	2,545	**3,955**
Disposals	(4)	–	**(4)**
At 31 March 2011	2,402	9,332	**11,734**
CARRYING AMOUNT			
At 31 March 2011	17,014	2,546	**19,560**
At 31 March 2010	13,873	5,091	**18,964**

Computer software has finite economic useful life, over which the assets are amortised. The amortisation period for computer software is three to five years. Computer software includes computer software work-in-progress of S$19,000 (2010: S$11,849,000) for the Group and Company, which amortisation is not provided for. The purchased curriculum has finite economic useful life, over which the asset is amortised. The amortisation period for the purchased curriculum is five years.

11 AVAILABLE-FOR-SALE INVESTMENTS

	GROUP		COMPANY	
	2011 S$'000	**2010** S$'000	**2011** S$'000	**2010** S$'000
AT FAIR VALUE				
Unquoted equity securities	37,380	7,062	4,172	3,997
Redeemable convertible loan stocks	215	60	–	–
	37,595	7,122	4,172	3,997

The fair value of unquoted equity securities available for sale is estimated based on the net asset values disclosed in the financial statements of the entities.

Notes to the Financial Statements

For the financial year ended 31 March 2011

12 INVESTMENTS AT FAIR VALUE THROUGH INCOME OR EXPENDITURE

	GROUP AND COMPANY	
	2011	**2010**
	S$'000	S$'000
AT FAIR VALUE		
Quoted Government bonds	840,991	680,408
Quoted debt securities	61,330	74,085
Quoted equity securities	305,987	360,913
Unquoted equity securities	2,137,889	1,688,742
	3,346,197	**2,804,148**

These investments are actively managed and monitored by the Investment Office under the guidance and purview of the Group's Investment Committee. They are classified as investments designated at fair value through income or expenditure at inception under FRS 39.

The weighted average effective interest rate of debt securities designated at fair value through income or expenditure at the end of the reporting period was 1.72% (2010: 2.1%) per annum. The fair value of quoted equity securities and quoted debt securities are based on the last bid quoted market prices on the last market day of the financial year.

The investments in unquoted equity securities represent investments in venture capital funds and hedge funds. The fair values of these unquoted equity securities are estimated by reference to the net asset values disclosed in the financial statements of venture funds (as these pertain mainly to funds whose investments are stated at fair value) and external valuations. Changes in fair value of the above investments amounting to positive S$91,051,000 (2010: positive S$243,786,000) have been included in income or expenditure (Note 30).

Under the terms of certain limited partnership agreements, the Group is obligated to make additional capital contributions up to contractual levels. As at the reporting period ended 31 March 2011, the Group has commitments of S$166,913,000 (2010: S$241,341,000) for which capital calls had not been excercised. Such commitments generally have fixed expiration dates or other termination clauses.

Notes to the Financial Statements

For the financial year ended 31 March 2011

12 INVESTMENTS AT FAIR VALUE THROUGH INCOME OR EXPENDITURE *(cont'd)*

Investments at fair value through income or expenditure that are not denominated in the functional currency of the respective entities are as follows:

	GROUP AND COMPANY	
	2011	**2010**
	S$'000	S$'000
United States dollars	2,095,013	1,729,059
Euro	27,921	81,939
Japanese yen	6,456	12,987
Australian dollars	2,966	2,211
Sterling pounds	1,929	3,947
Canadian dollars	317	1,342
Others	3,862	4,223
	2,138,464	1,835,708

13 DERIVATIVE FINANCIAL INSTRUMENTS

	GROUP AND COMPANY			
	2011		**2010**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	S$'000	S$'000	S$'000	S$'000
Forward foreign exchange contracts	9,008	(641)	1,119	(606)
Futures	–	–	119	(268)
	9,008	(641)	1,238	(874)
Analysed as:				
Current	9,008	(641)	1,238	(874)

Forward foreign exchange contracts and futures are entered into mainly for hedging purposes to manage exposure to fluctuations in foreign currency exchange rates and interest rates of investments respectively.

At 31 March 2011, the settlement dates on open forward contracts and futures ranged from between one month to up to a year (2010: one month to up to a year).

The fair values of forward foreign exchange contracts and futures have been calculated using rates quoted by the Group's fund administrator up to the terminal dates of the contracts at the end of the reporting period.

Notes to the Financial Statements

For the financial year ended 31 March 2011

13 DERIVATIVE FINANCIAL INSTRUMENTS *(cont'd)*

At 31 March 2011, the contractual/notional amount of outstanding forward foreign exchange contracts and futures to which the Group is committed are as follows:

	GROUP AND COMPANY	
	2011	**2010**
	S$'000	S$'000
Forward foreign exchange contracts	1,638,638	1,201,133
Futures	–	94,831
	1,638,638	1,295,964

14 MOVEMENTS IN FAIR VALUE OF INVESTMENTS AND DERIVATIVE FINANCIAL INSTRUMENTS

(For Information Only)

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	S$'000	S$'000	S$'000	S$'000
Non-current investments				
Fair value as at 1 April	7,122	4,354	3,997	2,854
Increase due to net purchases	28,768	1,796	5	–
Realised gain on sale of investments	916	88	–	–
Impairment loss	–	(259)	–	–
Gain (loss) arising from changes in fair values	789	1,143	170	1,143
Fair value at 31 March	37,595	7,122	4,172	3,997
Current investments				
Fair value as at 1 April	2,804,512	2,015,107	2,804,512	2,015,107
Increase due to net purchases	442,621	532,825	442,621	532,825
Realised gain on sale of investments	16,380	12,794	16,380	12,794
Gain arising from changes in fair values	91,051	243,786	91,051	243,786
Fair value at 31 March	3,354,564	2,804,512	3,354,564	2,804,512
Total				
Fair value as at 1 April	2,811,634	2,019,461	2,808,509	2,017,961
Increase due to net purchases	471,389	534,621	442,626	532,825
Realised gain on sale of investments	17,296	12,882	16,380	12,794
Impairment loss	–	(259)	–	–
Gain arising from changes in fair values	91,840	244,929	91,221	244,929
Fair value at 31 March	3,392,159	2,811,634	3,358,736	2,808,509

15 STUDENT LOANS

	GROUP AND COMPANY	
	2011	**2010**
	S$'000	S$'000
Student tuition fee loans [a]	226,976	242,036
Study loans [a]	57,407	59,159
Notebook computer loans [b]	5,768	8,398
Overseas student programme loans [c]	2,376	1,458
Other student loans [d]	4,114	3,537
	296,641	314,588
Represented by:		
Amount repayable within 12 months – current assets	60,484	62,193
Amount repayable after 12 months – non-current assets	236,157	252,395
	296,641	314,588

(a) The student tuition fee and study loans are repayable by monthly instalments over periods of up to 20 years. The interest at 4.750% (2010: 4.750%) per annum is based on average prime rate of the 3 major local banks. The interest on the loans is remitted in full to the Government every 6 months.

(b) The interest-free notebook computer loans to students are repayable by monthly instalments, over periods up to 2.5 years.

(c) The overseas student programme loans repayable by monthly instalments over periods up to 5 years. The interest at 4.750% (2010: 4.750%) per annum is based on average prime rate of the 3 major local banks.

(d) 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.

There are no significant differences between fair values and carrying amounts of the above loans.

Credit risk

As any impairment for student tuition fee loans and study loans is funded by the Government, there is no exposure to credit risk for these 2 categories of student loans. For overseas student programme loans, 50% of any impairment is funded by the Government, hence the maximum exposure to credit risk is 50% of the carrying amount of the loans. For notebook computer loans and other student loans, the maximum exposure to credit risk is the carrying amount of the loans.

15 STUDENT LOANS *(cont'd)*

The table below is an analysis of student loans (notebook computer loans, 50% of overseas student programme loans and other student loans) as at 31 March:

	GROUP AND COMPANY	
	2011	**2010**
	S$'000	S$'000
Not past due and not impaired	9,497	11,805
Past due but not impaired (i)	1,573	859
	11,070	12,664
Impaired student loans – individually assessed (ii)	179	102
Less: Allowance for doubtful debts	(179)	(102)
	–	–
Total student loans	**11,070**	**12,664**
(i) Aging of student loans that are past due but not impaired		
Past due < 3 months	1,147	31
Past due 3 to 6 months	148	7
Past due 6 to 12 months	167	64
Past due over 12 months	111	757
	1,573	859

(ii) These amounts are stated before any deduction for impairment losses.

Movement in the allowance for doubtful debts for student loans

	GROUP AND COMPANY	
	2011	**2010**
	S$'000	S$'000
Balance as at 1 April	102	–
Amounts written off during the year	(20)	–
Increase in allowance recognised in income or expenditure	97	102
Balance as at 31 March	179	102

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

The long-term loan to subsidiary company is unsecured, interest-free and not expected to be repaid within the next twelve months. The amounts owing by/to subsidiary are unsecured, interest-free and repayable upon demand.

17 AMOUNT OWING BY AN INVESTEE COMPANY

This pertains to a shareholder loan to an investee company. The total committed loan amount is S$57,000,000, of which S$53,351,000 has been drawn down as at the reporting periods ended 31 March 2011 and 31 March 2010. The effective interest rate for the loan is 3.51% (2010: 3.66%) per annum and is expected to be repaid in August 2014. There is no significant difference between amortised cost and carrying amount of the loan. The fair value of the loan as at the reporting period ended 31 March 2011 is estimated to be S$53,790,000 (2010: S$53,646,000).

18 DEBTORS

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	S$'000	S$'000	S$'000	S$'000
Grants receivable	268,886	275,558	268,886	275,558
Trade debtors	47,541	47,816	45,860	46,489
Interest receivable	7,572	4,863	7,572	4,863
Receivables from sale of investments	52,358	18,059	52,358	18,059
Others	20,172	15,601	20,147	15,509
	396,529	361,897	394,823	360,478

The average credit period of trade debtors is 30 days (2010: 30 days). No interest is charged on the trade receivables.

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For the financial year ended 31 March 2011

18 DEBTORS *(cont'd)*

The table below is an analysis of trade debtors as at 31 March:

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	S$'000	S$'000	S$'000	S$'000
Not past due and not impaired	30,048	31,169	28,367	29,842
Past due but not impaired (i)	17,493	16,647	17,493	16,647
	47,541	47,816	45,860	46,489
Impaired trade debtors – individually assessed (ii)	266	441	266	441
Less: Allowance for doubtful debts	(266)	(441)	(266)	(441)
	–	–	–	–
Total trade debtors, net	**47,541**	**47,816**	**45,860**	**46,489**
(i) Aging of trade debtors that are past due but not impaired				
Past due < 3 months	2,341	2,004	2,341	2,004
Past due 3 to 6 months	602	312	602	312
Past due 6 to 12 months	14,452	14,089	14,452	14,089
Past due over 12 months	98	242	98	242
	17,493	16,647	17,493	16,647

The Group's trade debtors balance which are past due but not impaired at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

(ii) These amounts are stated before any deduction for impairment losses.

Movement in the allowance for doubtful debts for trade debtors

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	S$'000	S$'000	S$'000	S$'000
Balance as at 1 April	441	707	441	707
Amounts written off during the year	–	(581)	–	(581)
Amounts recovered during the year	(247)	(202)	(247)	(202)
Increase in allowance recognised in income or expenditure	72	517	72	517
Balance as at 31 March	266	441	266	441

18 DEBTORS *(cont'd)*

Debtors that are not denominated in the functional currencies of the respective entities are as follows:

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	S$'000	S$'000	S$'000	S$'000
Euro	22,891	487	22,891	487
United States dollars	21,953	12,323	21,952	12,256
Japanese yen	3,469	–	3,469	–
Sterling pounds	1,826	32	1,826	32
Mexican peso	952	–	952	–
Swedish krona	585	93	585	93
Canadian dollars	533	–	533	–
Danish Krone	483	–	483	–
Australian dollars	34	29	34	29
Others	13	10	13	10
	52,739	12,974	52,738	12,907

19 DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	S$'000	S$'000	S$'000	S$'000
Deposits paid	1,056	693	1,056	693
Prepayment for investment in funds	6,311	53,451	6,311	53,451
Prepayments for fixed assets	3,924	20,454	3,924	20,454
Other prepayments	51,200	58,119	50,581	57,171
	62,491	132,717	61,872	131,769
Less: Allowance for prepayments for fixed assets	–	(3,209)	–	(3,209)
	62,491	129,508	61,872	128,560
Other prepayments represented by:				
Amount to be utilised within 12 months – current assets	25,208	20,883	24,589	19,935
Amount to be utilised after 12 months – non-current assets	25,992	37,236	25,992	37,236
	51,200	58,119	50,581	57,171

Notes to the Financial Statements

For the financial year ended 31 March 2011

19 DEPOSITS AND PREPAYMENTS *(cont'd)*

Movement in the allowance for prepayments for fixed assets

	GROUP		COMPANY	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Balance as at 1 April	3,209	–	3,209	–
Increase in allowance recognised in income or expenditure	–	3,209	–	3,209
Amount written off during the year	(3,209)	–	(3,209)	–
Balance as at 31 March	–	3,209	–	3,209

Deposits and prepayments that are not denominated in the functional currencies of the respective entities are as follows:

	GROUP		COMPANY	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
United States dollars	6,367	53,489	6,320	53,445
Euro	38	28	38	28
Indian Rupee	27	–	27	–
Swiss Franc	1	–	1	–
	6,433	53,517	6,386	53,473

20 FIXED DEPOSITS

The effective interest rates of fixed deposits at the balance sheet date are between 0.18% to 0.76% (2010: 0.16% to 0.625%) per annum and for an average tenor of 9.95 months (2010: 7.4 months). The carrying amounts of the fixed deposits approximate their fair values.

Fixed deposits that are not denominated in the functional currencies of the respective entities are as follows:

	GROUP AND COMPANY	
	2011 S$'000	2010 S$'000
United States dollars	15,731	1,684

Notes to the Financial Statements

For the financial year ended 31 March 2011

21 CASH AND BANK BALANCES

The carrying amounts of the cash and bank balances approximate their fair values.

Cash and bank balances that are not denominated in the functional currencies of the respective entities are as follows:

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	S$'000	S$'000	S$'000	S$'000
United States dollars	1,141	5,199	838	4,241
Euro	532	1,501	532	1,501
Australian dollars	34	38	34	38
Swiss Franc	25	1	25	1
Canadian dollars	2	81	2	81
South African rand	–	25	–	25
Japanese yen	–	96	–	96
Others	6	18	6	18
	1,740	6,959	1,437	6,001

22 CREDITORS AND ACCRUED EXPENSES/PROVISIONS

a) Creditors and accrued expenses

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	S$'000	S$'000	S$'000	S$'000
Creditors	11,798	37,594	7,389	34,907
Payable for purchase of investments	52,358	114,217	52,358	114,217
Accrued expenses	195,999	120,305	195,802	118,726
Deposits received	3,140	2,435	3,140	2,435
	263,295	274,551	258,689	270,285

The average credit period on purchases of goods is 30 days (2010: 30 days). No interest is charged on the creditors.

Notes to the Financial Statements

For the financial year ended 31 March 2011

22 CREDITORS AND ACCRUED EXPENSES/PROVISIONS *(cont'd)*

Creditors and accrued expenses that are not denominated in the functional currencies of the respective entities are as follows:

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	S$'000	S$'000	S$'000	S$'000
United States dollars	2,293	1,135	2,104	769
Euro	110	–	110	–
Sterling pounds	71	96	71	96
Thai Baht	25	–	25	–
Swiss Franc	20	–	20	–
German Mark	–	532	–	532
Hong Kong Dollar	–	56	–	56
Australian Dollar	4	32	4	32
Japanese yen	2	20	2	20
Others	3	87	3	87
	2,528	1,958	2,339	1,592

b) Provisions

Movement in the provisions for employee leave liability

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	S$'000	S$'000	S$'000	S$'000
Balance as at 1 April	53,500	47,081	53,108	46,764
Increase in provisions recognised in income or expenditure	4,463	6,419	4,383	6,344
Balance as at 31 March	57,963	53,500	57,491	53,108

Notes to the Financial Statements

For the financial year ended 31 March 2011

23 DEFERRED CAPITAL GRANTS

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	S$'000	S$'000	S$'000	S$'000
Fixed Assets				
Government and Agency for Science, Technology & Research				
Balance as at 1 April	1,146,371	1,132,269	1,143,702	1,129,929
Capital grants utilised during the year	203,001	128,089	202,988	127,804
Amount transferred from operating grants (Note 32)	66,581	54,776	65,961	53,850
	1,415,953	1,315,134	1,412,651	1,311,583
Deferred capital grants amortised	(141,551)	(168,763)	(140,695)	(167,881)
Balance as at 31 March	1,274,402	1,146,371	1,271,956	1,143,702
Others				
Balance as at 1 April	128,568	103,394	128,393	103,185
Capital grants utilised during the year and donated assets	13,946	1,442	13,946	1,442
Amount transferred from operating grants (Note 32)	62,053	34,604	62,026	34,560
	204,567	139,440	204,365	139,187
Deferred capital grants amortised	(15,704)	(10,872)	(15,623)	(10,794)
Balance as at 31 March	188,863	128,568	188,742	128,393
Total deferred capital grants balance for fixed assets as at 31 March	1,463,265	1,274,939	1,460,698	1,272,095
Intangible Assets				
Government				
Balance as at 1 April	9,386	8,386	9,182	8,237
Amount transferred from operating grants (Note 32)	2,172	3,978	2,062	3,870
	11,558	12,364	11,244	12,107
Deferred capital grants amortised	(3,297)	(2,978)	(3,224)	(2,925)
Balance as at 31 March	8,261	9,386	8,020	9,182
Others				
Balance as at 1 April	386	268	386	268
Amount transferred from operating grants (Note 32)	321	227	321	227
	707	495	707	495
Deferred capital grants amortised	(199)	(109)	(199)	(109)
Balance as at 31 March	508	386	508	386
Total deferred capital grants balance for intangible assets as at 31 March	8,769	9,772	8,528	9,568
Total deferred capital grants balance as at 31 March	**1,472,034**	**1,284,711**	**1,469,226**	**1,281,663**

Notes to the Financial Statements

For the financial year ended 31 March 2011

24 ADVANCES FROM THE GOVERNMENT FOR STUDENT LOANS

	GROUP AND COMPANY	
	2011	**2010**
	S$'000	S$'000
Balance as at 1 April	272,275	255,105
Advances received from Government during the year	18,623	18,398
	290,898	273,503
Miscellaneous expenditure	(365)	(1,228)
Balance as at 31 March	290,533	272,275
Represented by:		
Student tuition fee loans	226,976	242,036
Study loans	57,407	59,159
Overseas student programme loans	1,123	500
Advances receivable, pooled investments, fixed deposits and bank balances	5,027	(29,420)
	290,533	272,275

The advances from the Government are for the purpose of extending loans to students mainly to assist them in paying their tuition fees. They are unsecured and repayable following the collection of the underlying loans (including interest as described in Note 15) by the Company from the students. The carrying amount of the advances approximate the fair value.

25 FIXED RATE NOTES AND TERM LOAN

a) Fixed rate notes

On 12 June 2009, the Company issued S$250,000,000 3.2% Singapore-dollar non-secured fixed rate notes due 12 June 2014 under the Multicurrency Medium Term Note (MTN) programme to finance development projects that fall under the debt-grant framework initiated by the Government. Unless previously redeemed or purchased and cancelled, the notes will be redeemed at its redemption amount on maturity date. The Company is required to maintain a ratio where the total liabilities to total assets shall not at any time be more than 0.65:1. There is no significant difference between amortised cost and carrying amount of the notes. The fair value of the notes as at the reporting period ended 31 March 2011 is S$261,250,000 (2010: S$260,600,000).

b) Fixed rate term loan

On 5 October 2010, the Company drew down a S$350,000,000, 5- years fixed rate term loan at 1.8% per annum to finance development projects that fall under the debt-grant framework initiated by the Government. The fixed rate term loan is payable in full on 5 October 2015. The Company may, with prior notice to the bank, prepay the whole or any part of the loan after 12 months from the drawdown date of the loan. The Company is required to maintain a ratio where the total liabilities to total assets shall not at any time be more than 0.65:1. There is no significant difference between amortised cost and carrying amount of the loan. The fair value of the loan as at the reporting period ended 31 March 2011 is S$350,000,000.

Notes to the Financial Statements

For the financial year ended 31 March 2011

26 SUPPLEMENTARY INFORMATION ON GENERAL FUNDS AND RESTRICTED FUNDS

		GENERAL FUNDS		RESTRICTED FUNDS		ELIMINATION (Note A)		TOTAL	
		2011	2010	2011	2010	2011	2010	2011	2010
GROUP	Note	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
OPERATING INCOME									
Tuition and other fees		307,282	274,932	–	295	–	–	307,282	275,227
Other income	27	157,861	152,291	63,185	59,620	(31,812)	(23,259)	189,234	188,652
		465,143	427,223	63,185	59,915	(31,812)	(23,259)	496,516	463,879
OPERATING EXPENDITURE									
Expenditure on manpower	28	688,396	637,733	198,671	167,115	–	–	887,067	804,848
Depreciation and amortisation expenditure	9,10	76,510	74,676	166,139	149,986	–	–	242,649	224,662
Other operating expenditure		314,629	271,408	406,811	363,444	(31,812)	(23,259)	689,628	611,593
		1,079,535	983,817	771,621	680,545	(31,812)	(23,259)	1,819,344	1,641,103
Operating Deficit		(614,392)	(556,594)	(708,436)	(620,630)	–	–	(1,322,828)	(1,177,224)
Net investment income (loss)	30	49,141	33,583	202,431	331,641	–	–	251,572	365,224
Gain on disposal of fixed assets held for sale		–	239,306	–	–	–	–	–	239,306
Share of results (net of tax) of associated companies	8	6,021	12,246	–	–	–	–	6,021	12,246
Deficit before Grants	31	(559,230)	(271,459)	(506,005)	(288,989)	–	–	(1,065,235)	(560,448)

Notes to the Financial Statements

For the financial year ended 31 March 2011

26 SUPPLEMENTARY INFORMATION ON GENERAL FUNDS AND RESTRICTED FUNDS *(cont'd)*

		GENERAL FUNDS		RESTRICTED FUNDS		ELIMINATION (Note A)		TOTAL	
GROUP	Note	**2011** S$'000	**2010** S$'000	**2011** S$'000	**2010** S$'000	**2011** S$'000	**2010** S$'000	**2011** S$'000	**2010** S$'000
GRANTS									
Operating Grants:									
Government	32a	741,777	629,777	458,028	402,883	–	–	1,199,805	1,032,660
Agency for Science, Technology & Research	32b	–	–	65,528	68,426	–	–	65,528	68,426
Others	32c	4	118	110,320	92,527	–	–	110,324	92,645
Deferred capital grants amortised	23	43,336	45,419	117,415	137,303	–	–	160,751	182,722
		785,117	675,314	751,291	701,139	–	–	1,536,408	1,376,453
SURPLUS (DEFICIT) FOR THE YEAR BEFORE TAX		225,887	403,855	245,286	412,150	–	–	471,173	816,005
Income tax	33	–	–	–	–	–	–	–	–
SURPLUS (DEFICIT) FOR THE YEAR	34	**225,887**	**403,855**	**245,286**	**412,150**	**–**	**–**	**471,173**	**816,005**
Accumulated Surplus Balance at 1 April		**1,548,449**	**1,123,631**	**731,993**	**287,961**	**–**	**–**	**2,280,442**	**1,411,592**
Transfer between General Funds and Restricted Funds **(Note B)**		(44,425)	20,963	44,425	(20,963)	–	–	–	–
Transfer to endowment funds		–	–	(307)	(1,063)	–	–	(307)	(1,063)
Transfer from capital preservation account	6	–	–	–	124,275	–	–	–	124,275
Transfer to service income fund	5	–	–	(103,147)	(70,367)	–	–	(103,147)	(70,367)
Accumulated Surplus Balance at 31 March		**1,729,911**	**1,548,449**	**918,250**	**731,993**	**–**	**–**	**2,648,161**	**2,280,442**

Notes to the Financial Statements

For the financial year ended 31 March 2011

26 SUPPLEMENTARY INFORMATION ON GENERAL FUNDS AND RESTRICTED FUNDS *(Cont'd)*

		GENERAL FUNDS		RESTRICTED FUNDS		ELIMINATION (Note A)		TOTAL	
		2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
COMPANY	Note	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
OPERATING INCOME									
Tuition and other fees		302,795	270,714	–	295	–	–	302,795	271,009
Other income	27	154,707	148,549	63,185	59,620	(31,812)	(23,259)	186,080	184,910
		457,502	419,263	63,185	59,915	(31,812)	(23,259)	488,875	455,919
OPERATING EXPENDITURE									
Expenditure on manpower	28	671,236	624,272	198,671	167,115	–	–	869,907	791,387
Depreciation and amortisation expenditure	9,10	75,704	73,913	166,139	149,986	–	–	241,843	223,899
Other operating expenditure		306,460	266,623	406,811	363,444	(31,812)	(23,259)	681,459	606,808
		1,053,400	964,808	771,621	680,545	(31,812)	(23,259)	1,793,209	1,622,094
Operating Deficit		(595,898)	(545,545)	(708,436)	(620,630)	–	–	(1,304,334)	(1,166,175)
Net investment (loss) income	30	48,225	33,495	202,431	331,641	–	–	250,656	365,136
Gain on disposal of fixed assets held for sale		–	239,306	–	–	–	–	–	239,306
Deficit before Grants	31	(547,673)	(272,744)	(506,005)	(288,989)	–	–	(1,053,678)	(561,733)

Notes to the Financial Statements

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26 SUPPLEMENTARY INFORMATION ON GENERAL FUNDS AND RESTRICTED FUNDS *(Cont'd)*

		GENERAL FUNDS		RESTRICTED FUNDS		ELIMINATION (Note A)		TOTAL	
		2011	2010	2011	2010	2011	2010	2011	2010
COMPANY	Note	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
GRANTS									
Operating Grants:									
Government	32a	712,091	614,069	458,028	402,883	–	–	1,170,119	1,016,952
Agency for Science, Technology & Research	32b	–	–	65,528	68,426	–	–	65,528	68,426
Others	32c	–	–	110,320	92,527	–	–	110,320	92,527
Deferred capital grants amortised	23	42,326	44,406	117,415	137,303	–	–	159,741	181,709
		754,417	658,475	751,291	701,139	–	–	1,505,708	1,359,614
SURPLUS (DEFICIT) FOR THE YEAR		**206,744**	**385,731**	**245,286**	**412,150**	**–**	**–**	**452,030**	**797,881**
Accumulated Surplus Balance at 1 April		**1,515,786**	**1,109,092**	**911,759**	**467,727**	**–**	**–**	**2,427,545**	**1,576,819**
Transfer between General Funds and Restricted Funds **(Note B)**		(44,425)	20,963	44,425	(20,963)	–	–	–	–
Transfer to endowment funds		–	–	(307)	(1,063)	–	–	(307)	(1,063)
Transfer from capital preservation account	6	–	–	–	124,275	–	–	–	124,275
Transfer to service income fund	5	–	–	(103,147)	(70,367)	–	–	(103,147)	(70,367)
Accumulated Surplus Balance at 31 March		**1,678,105**	**1,515,786**	**1,098,016**	**911,759**	**–**	**–**	**2,776,121**	**2,427,545**

Note A: The elimination of the interfund transactions relates mainly to transactions between Restricted Funds and funds maintained for self-financing activities under General Funds.

Note B: For the year ended 31 March 2011, transfer relates mainly to funds set aside from General Funds for asset acquisition and replacement purposes. For the year ended 31 March 2010, transfer relates mainly to transfer of funds from research projects (Restricted Funds) to a central pool (General Funds) for indirect overheads recovery and to self-financing funds (General Funds) for unspent grant balances as agreed by the grantors.

Notes to the Financial Statements

For the financial year ended 31 March 2011

27 OTHER INCOME

	GROUP		COMPANY	
	2011	2010	2011	2010
	S$'000	S$'000	S$'000	S$'000
Donations received	54,727	53,966	54,717	53,950
Rental income and student hostel residential fees	43,287	38,201	40,808	35,634
Courses and conference fees	32,858	26,534	32,573	26,307
Clinical fees/consultancy fees	14,850	16,352	14,850	16,352
Others	43,512	53,599	43,132	52,667
	189,234	188,652	186,080	184,910

28 EXPENDITURE ON MANPOWER

	GROUP		COMPANY	
	2011	2010	2011	2010
	S$'000	S$'000	S$'000	S$'000
Wages and salaries	817,357	742,510	801,479	729,879
Employer's contribution to Provident Funds	49,545	43,807	48,362	43,157
Other staff benefits	20,165	18,531	20,066	18,352
	887,067	804,848	869,907	791,388

29 KEY MANAGEMENT PERSONNEL COMPENSATION

The compensation for twenty-two (2010: twenty) and sixteen (2010: sixteen) key management personnel of the Group and the Company respectively, are as follows:

	GROUP		COMPANY	
	2011	2010	2011	2010
	S$'000	S$'000	S$'000	S$'000
Short-term benefits	10,611	9,032	9,673	8,419
Post-employment benefits	315	298	250	245
	10,926	9,330	9,923	8,664

30 NET INVESTMENT INCOME

	GROUP		COMPANY	
	2011 S$'000	**2010** S$'000	**2011** S$'000	**2010** S$'000
Interest income:				
Government bonds	16,650	8,898	16,650	8,898
Bonds/loan stocks in corporations/associated company	1,813	1,380	1,813	1,380
Fixed deposits and bank current accounts	2,905	6,009	2,905	6,009
	21,368	16,287	21,368	16,287
Dividend income:				
Quoted equity shares	1,910	1,731	1,910	1,731
Unquoted equity shares	1,575	378	1,575	378
	3,485	2,109	3,485	2,109
Net gain on sale of investments at fair value through income or expenditure (FVTIE)	16,380	12,794	16,380	12,794
Net gain on sale of available-for-sale investments	916	88	–	–
Net foreign currency exchange gains	118,372	90,160	118,372	90,160
Change in fair value of investments at FVTIE due to foreign currency changes (Note A)	(147,841)	(130,118)	(147,841)	(130,118)
	(29,469)	(39,958)	(29,469)	(39,958)
Change in fair value of investments at FVTIE due to price change (Note A)	238,892	373,904	238,892	373,904
	251,572	365,224	250,656	365,136
Note A				
Total change in fair value of investments at FVTIE comprises of:				
Change in fair value of investments due to foreign currency changes	(147,841)	(130,118)	(147,841)	(130,118)
Change in fair value of investments due to price change	238,892	373,904	238,892	373,904
Total change in fair value of investments at FVTIE	91,051	243,786	91,051	243,786

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For the financial year ended 31 March 2011

31 DEFICIT BEFORE GRANTS

This is arrived at after charging:

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	S$'000	S$'000	S$'000	S$'000
Bad and doubtful debts	698	417	698	417
Rental expenses	11,541	10,949	11,541	10,739
Borrowing costs expensed off	10,458	7,120	10,458	7,120
Loss on disposal of fixed and intangible assets	135	2,520	9	1,715
Allowance for prepayment for fixed assets	–	3,209	–	3,209
Research and development costs	479,149	375,040	479,149	375,040
Borrowing costs incurred during the year is analysed as follows:				
Interest on short-term loan	–	788	–	788
Interest on fixed rate notes	8,000	6,422	8,000	6,422
Interest on fixed rate term loan	3,072	–	3,072	–
Less: amounts included in cost of qualifying fixed assets	(614)	(90)	(614)	(90)
Borrowing costs expensed off	10,458	7,120	10,458	7,120

32 OPERATING GRANTS

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	S$'000	S$'000	S$'000	S$'000
(a) Operating Grants (Government)				
Operating grants utilised during the year	1,268,449	1,083,463	1,238,033	1,066,722
Amount transferred to deferred capital grants	(68,644)	(50,803)	(67,914)	(49,769)
	1,199,805	1,032,660	1,170,119	1,016,953
(b) Operating Grants (Agency for Science, Technology & Research)				
Operating grants utilised during the year	65,637	76,377	65,637	76,377
Amount transferred to deferred capital grants	(109)	(7,951)	(109)	(7,951)
	65,528	68,426	65,528	68,426
(c) Operating Grants (Others)				
Operating grants utilised during the year	172,698	127,476	172,667	127,314
Amount transferred to deferred capital grants	(62,374)	(34,831)	(62,347)	(34,787)
	110,324	92,645	110,320	92,527

Notes to the Financial Statements

For the financial year ended 31 March 2011

33 INCOME TAX

Income tax varies from the amount of income tax determined by applying the Singapore income tax rate of 17% (2010: 17%) to surplus before income tax as a result of the following differences:

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	S$'000	S$'000	S$'000	S$'000
Surplus for the year before income tax	471,173	816,005	452,030	797,881
Income tax expense calculated at statutory tax rate	80,099	138,721	76,845	135,640
Income not subject to tax	(78,951)	(136,623)	(76,845)	(135,640)
Tax effect of share of results of associate	(1,024)	(2,082)	–	–
Tax effect of (expense) income that is not (taxable) deductible	–	(5)	–	–
Statutory tax exemption	–	(17)	–	–
Others	(124)	6	–	–
	–	–	–	–

As the Company and its subsidiary, NUS High School of Mathematics and Science are charities registered under the Charity's Act, their income is not subject to tax under Section 13 of the Singapore Income Tax Act. NUS America, Inc, another subsidiary of the Company, is also not subject to tax as it is a nonprofit public benefit corporation registered in America.

34 SURPLUS FOR THE YEAR

The surplus for the year in the Statement of the comprehensive income of the Group and Company of S$471,173,000 (2010: surplus of S$816,005,000) and S$452,030,000 (2010: surplus of S$797,881,000) respectively includes the following:

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	S$'000	S$'000	S$'000	S$'000
Non-endowed donations	54,727	53,966	54,717	53,950
Net investment income (include change in fair value of investment)	251,572	365,224	250,656	365,136
Gain on disposal of fixed assets held for sale	–	239,306	–	239,306
	306,299	658,496	305,373	658,392

Notes to the Financial Statements

For the financial year ended 31 March 2011

35 CAPITAL COMMITMENTS

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

	GROUP AND COMPANY	
	2011	**2010**
	S$'000	S$'000
Authorised and contracted for	330,391	374,219

36 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 Group receives grants from the Ministry of Education (MOE) to fund its operations and is subject to certain controls set by MOE. Hence, other state-controlled enterprises are considered related parties of the Group. Many of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. For related parties debtors and creditors balances, the terms of these balances are disclosed in the respective notes to the financial statements.

There were transactions with corporations in which certain trustees have the ability to control or exercise significant influence.

Notes to the Financial Statements

For the financial year ended 31 March 2011

36 RELATED PARTIES TRANSACTIONS *(cont'd)*

Details of significant balances and transactions between the related parties are described below:

	GROUP		COMPANY	
	2011	**2010**	**2011**	**2010**
	S$'000	S$'000	S$'000	S$'000
State-controlled enterprises and companies within the Group				
Balances				
Debtors	264,300	278,450	264,099	277,960
Amount owing by subsidiary companies	–	–	783	463
Long-term loan to subsidiary companies	–	–	28,250	250
Creditors and accrued expenses	27,211	19,843	27,264	20,057
Deferred Capital Grants	1,315,433	1,171,874	1,312,625	1,168,827
Grants received in advance	28,670	49,767	27,812	43,174
Transactions				
Endowed donations	29	10	29	18
Non-endowed donations	5,199	5,921	5,672	6,092
Other income	–	–	3,502	2,667
Other operating expenditure	51,164	27,174	66,469	47,873
Operating/capital grants received	1,663,172	1,626,325	1,638,479	1,606,224
Corporations in which trustees have the ability to control or exercise significant influence (including donations received from trustees)				
Balances				
Debtors	17	87	17	87
Creditors and accrued expenses	35	13	35	13
Transactions				
Endowed donations	338	531	338	531
Non-endowed donations	607	375	607	375
Other income	146	348	146	348
Other operating expenditure	757	695	757	695
Operating/capital grants received	195	–	195	–

Notes to the Financial Statements

For the financial year ended 31 March 2011

37 FUNDS HELD IN TRUST

The Group acts as a trustee to the Derek Hewett Foundation 2009 (The Foundation), which was constituted by a trust deed dated 21 January 2010. The Foundation is a charity registered under the Charities Act.

The Foundation was established with the object of providing education for students of the Group through the award of bursaries.

Separate bank account has been set up to account for the funds under the Foundation. The Group will maintain the bank balance and make payments on behalf of the Foundation. As at the reporting period ended 31 March 2011, the fund balance held in trust by the Group is S$597.

38 COMPARATIVE FIGURES

Comparatives figures have been adjusted to conform with the current year's presentation due to transfer of fund balance under the annual service income from Government to fund debt principal repayment under the Debt-Grant Framework, asset acquisitions and replacements and funds utilised to acquire assets, which will be amortised to match future depreciation when assets are put into use, as disclosed in Note 5 to the financial statements. The comparative figures of the Company and the Group cover the financial period from 1 April 2009 to 31 March 2010.

Effects of the prior year reclassification are shown below:

GROUP	Balances as previously reported S$'000	Reclassification S$'000	Balances as restated S$'000
Statement of Financial Position as at 31 March 2010			
Accumulated Surplus	2,530,575	(250,133)	2,280,442
Service Income Fund	-	250,133	250,133

COMPANY	Balances as previously reported S$'000	Reclassification S$'000	Balances as restated S$'000
Statement of Financial Position as at 31 March 2010			
Accumulated Surplus	2,497,912	(250,133)	2,247,779
Service Income Fund	-	250,133	250,133

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