FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

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

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

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

In our opinion,

(a) the financial statements are properly drawn up in accordance with the provisions of the National
University of Singapore Act (the "Act"), Cap. 204 and Singapore Financial Reporting Standards
so as to give a true and fair view of the state of affairs of the University as at 31 March 2005
and the results, changes in funds and reserves, and cash flows of the University for the financial
year then ended; and

(b) the accounting and other records required by the Act to be kept by the University have been
properly kept in accordance with the provisions of the Act, including records of all assets of the
University whether purchased, donated or otherwise.

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

Deloitte & Touche
Certified Public Accountants

Singapore, 28 July 2005
## BALANCE SHEET
**AS AT 31 MARCH 2005**

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
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<tr>
<td><strong>ACCUMULATED SURPLUS</strong></td>
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</tr>
<tr>
<td>General funds</td>
<td>481,976</td>
<td>420,282</td>
</tr>
<tr>
<td>Restricted funds</td>
<td>788,820</td>
<td>597,127</td>
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<tr>
<td><strong>ENDOWMENT FUNDS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
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<td>935,488</td>
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<tr>
<td><strong>CAPITAL PRESERVATION ACCOUNT</strong></td>
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<td></td>
</tr>
<tr>
<td>4</td>
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<td>55,009</td>
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<td><strong>INVESTMENT REVALUATION RESERVE</strong></td>
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<td>14,704</td>
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<tr>
<td><strong>TOTAL</strong></td>
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<td>2,022,696</td>
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<td></td>
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<tr>
<td>Subsidiary companies</td>
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<tr>
<td>Associated company</td>
<td>6</td>
<td>80,410</td>
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<tr>
<td>Fled assets</td>
<td>7</td>
<td>1,413,536</td>
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<tr>
<td>Investments</td>
<td>8</td>
<td>387,713</td>
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<tr>
<td>Investment properties</td>
<td>9</td>
<td>17,010</td>
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<tr>
<td>Student loans (repayable after 12 months)</td>
<td>10</td>
<td>166,120</td>
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<tr>
<td>Long-term loan to subsidiary company</td>
<td>11</td>
<td>350</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>2,075,239</td>
<td>2,022,825</td>
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<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
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<tr>
<td>Student loans (repayable within 12 months)</td>
<td>10</td>
<td>48,935</td>
</tr>
<tr>
<td>Debtors</td>
<td>12</td>
<td>124,700</td>
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<tr>
<td>Consumable stores</td>
<td>13</td>
<td>214</td>
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<tr>
<td>Deposits and prepayments</td>
<td>13</td>
<td>8,345</td>
</tr>
<tr>
<td>Amount owing by subsidiary company</td>
<td>11</td>
<td>193</td>
</tr>
<tr>
<td>Amount owing by associated company</td>
<td>11</td>
<td>1,000</td>
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<tr>
<td>Investments</td>
<td>8</td>
<td>725,156</td>
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<tr>
<td>Fled deposits</td>
<td>14</td>
<td>955,557</td>
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<tr>
<td>Cash</td>
<td>15</td>
<td>48,339</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>1,919,994</td>
<td>1,771,936</td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>3,998,335</td>
<td>3,804,759</td>
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<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors and accrued expenses</td>
<td>15</td>
<td>116,962</td>
</tr>
<tr>
<td>Grants received in advance</td>
<td>16</td>
<td>92,862</td>
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<tr>
<td>Amount owing to subsidiary company</td>
<td>11</td>
<td>926</td>
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<tr>
<td>Long-term loan (repayable within 12 months)</td>
<td>16</td>
<td>821</td>
</tr>
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<td><strong>TOTAL</strong></td>
<td>249,611</td>
<td>326,555</td>
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<tr>
<td><strong>NON-CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred capital grants</td>
<td>17</td>
<td>1,364,601</td>
</tr>
<tr>
<td>Advance from government for student loans</td>
<td>15</td>
<td>200,193</td>
</tr>
<tr>
<td>Long-term loan (repayable after 12 months)</td>
<td>16</td>
<td>609</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>1,585,223</td>
<td>1,416,414</td>
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<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>1,715,480</td>
<td>1,782,069</td>
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<tr>
<td><strong>NET ASSETS</strong></td>
<td>2,238,935</td>
<td>2,022,696</td>
</tr>
</tbody>
</table>

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

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Prof Shih Chwee Peng  
President  
26 July 2005

Ajith Pradeep  
Director of Finance  
26 July 2005
# INCOME AND EXPENDITURE STATEMENT

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S$'000</td>
<td>S$'000</td>
<td>S$'000</td>
<td>S$'000</td>
<td>S$'000</td>
<td>S$'000</td>
</tr>
<tr>
<td><strong>OPERATING INCOME</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition and other fees</td>
<td>161,080</td>
<td>160,730</td>
<td>13,532</td>
<td>10,310</td>
<td>174,612</td>
<td>171,040</td>
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<tr>
<td>Other income</td>
<td>19,997</td>
<td>20,077</td>
<td>132,248</td>
<td>103,186</td>
<td>152,245</td>
<td>123,263</td>
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<tr>
<td></td>
<td>181,077</td>
<td>180,807</td>
<td>145,780</td>
<td>113,496</td>
<td>326,857</td>
<td>294,303</td>
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<td><strong>OPERATING EXPENDITURE</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditure on manpower</td>
<td>496,539</td>
<td>531,069</td>
<td>18,382</td>
<td>17,073</td>
<td>514,921</td>
<td>548,142</td>
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<td>Depreciation</td>
<td>148,258</td>
<td>161,367</td>
<td>3,112</td>
<td>3,310</td>
<td>151,370</td>
<td>164,677</td>
</tr>
<tr>
<td>Other operating expenditure</td>
<td>331,939</td>
<td>346,760</td>
<td>66,020</td>
<td>53,073</td>
<td>397,959</td>
<td>399,833</td>
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<td></td>
<td>976,736</td>
<td>1,039,196</td>
<td>87,514</td>
<td>73,456</td>
<td>1,064,250</td>
<td>1,112,652</td>
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<tr>
<td>Operating (Deficit)/Surplus</td>
<td>(795,659)</td>
<td>(858,389)</td>
<td>58,266</td>
<td>40,040</td>
<td>(737,393)</td>
<td>(818,349)</td>
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<tr>
<td>Investment income</td>
<td>14,059</td>
<td>7,700</td>
<td>56,162</td>
<td>65,020</td>
<td>70,221</td>
<td>72,720</td>
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<tr>
<td></td>
<td>(781,600)</td>
<td>(850,689)</td>
<td>114,428</td>
<td>105,060</td>
<td>(667,172)</td>
<td>(745,629)</td>
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<td>(Deficit)/Surplus before Grants</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>GRANTS</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<td>Operating Grants :</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Government</td>
<td>607,830</td>
<td>616,383</td>
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<td>-</td>
<td>607,830</td>
<td>616,383</td>
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<td>Agency for Science, Technology &amp; Research</td>
<td>53,048</td>
<td>65,812</td>
<td>-</td>
<td>-</td>
<td>53,048</td>
<td>65,812</td>
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<tr>
<td>Others</td>
<td>39,952</td>
<td>49,714</td>
<td>-</td>
<td>1,349</td>
<td>39,952</td>
<td>51,063</td>
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<td>Deferred Capital Grants amortised</td>
<td>142,464</td>
<td>155,074</td>
<td>1,069</td>
<td>1,056</td>
<td>143,533</td>
<td>156,130</td>
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<td></td>
<td>843,294</td>
<td>889,983</td>
<td>2,105</td>
<td>2,405</td>
<td>845,399</td>
<td>892,388</td>
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<tr>
<td>SURPLUS FOR THE YEAR</td>
<td>61,694</td>
<td>39,194</td>
<td>115,497</td>
<td>107,465</td>
<td>177,191</td>
<td>146,659</td>
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</tbody>
</table>

The accompanying notes form an integral part of these financial statements.
### STATEMENT OF CHANGES IN FUNDS AND RESERVES
#### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

<table>
<thead>
<tr>
<th>Note</th>
<th>General Funds</th>
<th>Restricted Funds</th>
<th>Pre-Funds</th>
<th>Capital Preservation Account</th>
<th>Revaluation Reserve</th>
<th>TOTAL</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td></td>
<td>Balance at 1 April 2004</td>
<td>420,282</td>
<td>597,127</td>
<td>935,488</td>
<td>55,089</td>
<td>14,704</td>
</tr>
<tr>
<td></td>
<td>Loss on revaluation of investment properties</td>
<td>9</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(10)</td>
</tr>
<tr>
<td></td>
<td>Grants accrued</td>
<td>-</td>
<td>-</td>
<td>32,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Donations received</td>
<td>-</td>
<td>-</td>
<td>10,782</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Net gains and losses not recognised in income statement</td>
<td>-</td>
<td>-</td>
<td>42,782</td>
<td>-</td>
<td>(10)</td>
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<tr>
<td></td>
<td>Surplus for the year</td>
<td>61,694</td>
<td>115,497</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Total recognised gains and losses for the financial year</td>
<td>61,694</td>
<td>115,497</td>
<td>42,782</td>
<td>-</td>
<td>(10)</td>
</tr>
<tr>
<td></td>
<td>Transfer to Deferred Capital Grants</td>
<td>17</td>
<td>(2,752)</td>
<td>-</td>
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<td>Transfer to Endowment Funds</td>
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<td>(86)</td>
<td>86</td>
<td>-</td>
<td>-</td>
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<td></td>
<td>Transfer to Capital Preservation Account</td>
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<td>-</td>
<td>-</td>
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<td>-</td>
</tr>
<tr>
<td></td>
<td>Funds transferred</td>
<td>25</td>
<td>(966)</td>
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<td>-</td>
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<td></td>
<td>Balance at 31 March 2005</td>
<td>481,976</td>
<td>708,820</td>
<td>978,356</td>
<td>55,089</td>
<td>14,694</td>
</tr>
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<table>
<thead>
<tr>
<th>Note</th>
<th>General Funds</th>
<th>Restricted Funds</th>
<th>Pre-Funds</th>
<th>Capital Preservation Account</th>
<th>Revaluation Reserve</th>
<th>TOTAL</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
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<td>Balance at 1 April 2003</td>
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<td>Loss on revaluation of investment properties</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>(490)</td>
</tr>
<tr>
<td></td>
<td>Grants received/accrued</td>
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<td></td>
<td>Donations received</td>
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<td>36,372</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Net gains and losses not recognised in income statement</td>
<td>-</td>
<td>-</td>
<td>77,719</td>
<td>-</td>
<td>(490)</td>
</tr>
<tr>
<td></td>
<td>Surplus for the year</td>
<td>39,194</td>
<td>107,465</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Total recognised gains and losses for the financial year</td>
<td>39,194</td>
<td>107,465</td>
<td>77,719</td>
<td>-</td>
<td>(490)</td>
</tr>
<tr>
<td></td>
<td>Transfer to Deferred Capital Grants</td>
<td>17</td>
<td>(1,372)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Transfer from Endowment Funds</td>
<td>-</td>
<td>10</td>
<td>(10)</td>
<td>-</td>
<td>-</td>
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<tr>
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<td>Transfer to Capital Preservation Account</td>
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<td>(12,096)</td>
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<td>12,096</td>
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<td>Funds transferred</td>
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<td>(9,435)</td>
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<tr>
<td></td>
<td>Balance at 31 March 2004</td>
<td>420,282</td>
<td>597,127</td>
<td>935,488</td>
<td>55,089</td>
<td>14,704</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these financial statements.
CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>53,000</td>
<td>57,000</td>
</tr>
</tbody>
</table>

Cash flows from operating activities:
Deficit before Grants: 
(667,712) (747,629)

Adjustments for:
- Depreciation of property, plant and equipment: 151,370 164,677
- Net investment income: (78,221) (72,748)
- Loss on disposal of property, plant and equipment: 915 953
- Rental income from investment properties: (168) (125)

Deficit before working capital changes: (585,257) (652,846)

Change in operating assets and liabilities:
- Decrease (increase) in debtors, consumable stores, deposits and prepayments: 11,648 (1,811)
- Decrease (increase) in amount owing by subsidiary company: (148) 100
- Increase in amount owing to subsidiary: 926
- Increase (decrease) in creditors and accrued expenses: (8,091) 1,695

Cash used in operations: (533,938) (552,840)

Agency for Science, Technology & Research grants received, net of refund: 52,515 36,987

Other grants received, net of refund: 57,420 49,277

Donations received for endowment funds: 10,782 38,272

Student loans granted: (52,240) (53,517)

Student loans repaid: 47,000 48,153

Cash transferred to Association of Pacific Rim Universities/Research Institutes (note 25): (966) (29,154)

Net cash outflow from operating activities: (519,415) (583,332)

Cash flows from investing activities:

Payments for purchase of property, plant and equipment: (205,751) (118,023)
Proceeds from disposal of property, plant and equipment: 190 87
Net purchases of Investments: (76,782) (84,129)
Investment in fixed deposits: (106,661) 53,764
Interest and dividend received: 53,894 40,128
Income received from rental of investment properties: 169 120
Long-term loan to subsidiary (granted)/repaid: (250) 400
Other long-term loan repaid: 68

Net cash outflow from investing activities: (355,213) (154,595)

Cash flows from financing activities:
Government grants received, net of refund: 745,395 756,574
Government grants received for endowment funds: 37,567 37,567
Student loan funds received from government: 4,277 4,277
Student loan funds returned to government: (12,167) (12,167)
Long-term loan repaid: (1,027) (1,027)

Net cash inflow from financing activities: 742,265 792,206

Net increase in cash: (105,263) 67,279

Cash at the beginning of the year: 113,656 86,377

Cash at the end of the year: 48,293 153,656

The accompanying notes form an integral part of these financial statements.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

1 General
The University, established by the National University of Singapore Act (Chapter 248), is domiciled in Singapore. The address of the University’s registered office and place of business is 21 Lower Kent Ridge Road, Singapore 119077. The financial statements are expressed in Singapore dollars.

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

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

2 Significant Accounting Policies
a) Basis of accounting
The financial statements are prepared in accordance with the historical cost convention modified to include the revaluation of certain properties and are drawn up in accordance with the provisions of the Singapore Financial Reporting Standards.

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

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

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

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

Any derivative transactions which are entered for non-hedging purposes and are outstanding at year end will be revalued at balance sheet date with such unrealised gain or loss on non-hedging derivatives taken to the Income and Expenditure Statement.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

f) Basis of recognizing income
Tuition and other fees for the academic year and all other income are recognised on an accrual basis.

Donations are recognised in the financial year they are received.

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

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

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

Donated assets at valuation are taken to the Deferred Capital Grants account in the year they are received.

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

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

Grants are accounted for on the accrual basis.

h) Capital preservation
The Capital Preservation Account is to preserve the value of the capital of National University of Singapore Endowment Fund as stipulated in NUS Statute 15. The amount transferred to the Capital Preservation Account for the financial year is determined based on the change in Consumer Price Index (“Index”) as at each financial year end, and is transferred from the year’s surplus. In the year of a net deficit, the required transfer is made in the future year(s) when adequate surplus is available to meet the required amount. No adjustment is made where there is a decrease in the index.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

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

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

(i) funds created from donations from external sources for specific purposes; and

(ii) funds maintained separately to account for the self-financing activities carried out by the University. Income and expenditure relating to these funds are accounted for directly in the funds to which they relate.

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

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

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

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

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

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

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

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

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

The results of the subsidiaries and associated companies have not been consolidated with the University's financial statements as they are not material.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

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

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

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

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

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

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>No. of Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold land</td>
<td>30 to 90</td>
</tr>
<tr>
<td>Buildings</td>
<td>30</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>10</td>
</tr>
<tr>
<td>Equipment, furniture and fittings</td>
<td>3 to 10</td>
</tr>
</tbody>
</table>

Depreciation is not provided for capital work-in-progress. Equipment, furniture and fittings costing less than $5,000 each and library books are charged to the Income and Expenditure Statement in the year of purchase.

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

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

q) Retirement benefit costs
The University, apart from legally required social security schemes, operates defined contribution plans. Payments to defined contribution retirement benefit plans (including state-managed retirement benefit schemes, such as the Singapore Central Provident Fund), are charged as an expense when incurred.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

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

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

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

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

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

Cash and fixed deposits are held with creditworthy financial institutions.

(iv) Liquidity risk
The University maintains sufficient cash and cash equivalents, and internally generated cash flows to
finance their activities.

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

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

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

It is not practicable within the constraint of cost to reliably determine the fair value of unquoted
equity securities. These instruments are shown at cost subject to impairment in value.
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

3  ACCUMULATED SURPLUS
Restricted Funds include $5419,124,000 (2003/2004: $3346,890,000) accumulated surplus under the NUS Fund.

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

Total donations received by NUS Fund amounted to $559,541,000 (2003/2004: $663,367,000).

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated Surplus</td>
<td>55,000</td>
<td>55,000</td>
</tr>
<tr>
<td>Endowment Funds</td>
<td>419,124</td>
<td>346,890</td>
</tr>
<tr>
<td>Capital Preservation Account</td>
<td>978,356</td>
<td>933,484</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,452,549</td>
<td>1,337,467</td>
</tr>
</tbody>
</table>

Represented by:

Non-Current Assets:
- Associated company: $80,050 (2003/2004: $89,039)
- Fixed assets: $14,000 (2003/2004: $11,740)
- Student loans: $19,914 (2003/2004: $16,817)

Current Assets:
- Amount owing by associated company: $1,000 (2003/2004: $1,000)


Current Liabilities:

Non-Current Liabilities:
- Deferred capital grants: $14,000 (2003/2004: $11,740)


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

4 NUS FUND (cont’d)

Movements in NUS Fund

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at 1 April</td>
<td>1,337,467</td>
<td>1,187,050</td>
</tr>
</tbody>
</table>

Movements in Accumulated Surplus:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants received</td>
<td>48,719</td>
<td>33,106</td>
</tr>
<tr>
<td>Donations received</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>97,308</td>
<td>59,171</td>
</tr>
<tr>
<td>Other operating income</td>
<td>2,767</td>
<td>2,444</td>
</tr>
<tr>
<td>Expenditure on manpower</td>
<td>(2,621)</td>
<td>(973)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(1,335)</td>
<td>(1,679)</td>
</tr>
<tr>
<td>Other operating expenditure</td>
<td>(22,658)</td>
<td>(19,529)</td>
</tr>
<tr>
<td>Amount transferred from Endowment Funds</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>Transfer to Capital Preservation Account</td>
<td></td>
<td>(12,096)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>72,234</td>
<td>60,572</td>
</tr>
</tbody>
</table>

Movements in Endowment Funds:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants received/accrued</td>
<td>32,000</td>
<td>41,447</td>
</tr>
<tr>
<td>Donations received</td>
<td>78,762</td>
<td>36,272</td>
</tr>
<tr>
<td>Amount transferred from/to Accumulated Surplus</td>
<td>(86)</td>
<td>(10)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>42,868</td>
<td>77,769</td>
</tr>
</tbody>
</table>

Movements in Capital Preservation Account:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision for Capital Preservation for the year</td>
<td>-</td>
<td>12,096</td>
</tr>
</tbody>
</table>

Balance as at 31 March

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,452,349</td>
<td>1,337,467</td>
</tr>
</tbody>
</table>

5 SUBSIDIARY COMPANIES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>55,000</td>
<td>55,000</td>
</tr>
</tbody>
</table>

Unquoted equity shares at cost

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Impairment loss

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(100)</td>
<td>(100)</td>
</tr>
</tbody>
</table>

Carrying amount

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Movement in impairment loss:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Balance at beginning and end of year

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>
### Subsidiary Companies (Cont’d)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore University Press (Pte) Ltd (Singapore)</td>
<td>Publishers</td>
<td>Singapore</td>
<td>100%</td>
<td>100%</td>
<td>100,001</td>
<td>100,001</td>
</tr>
<tr>
<td>NUS Technology Holdings Pte Ltd (Singapore)</td>
<td>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</td>
<td>Singapore</td>
<td>100%</td>
<td>100%</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Centre for Testing &amp; Assessment Pte Ltd (Singapore)</td>
<td>Providing and administering test and assessment programmes as well as to conduct research and development of such programmes for individuals, educational institutions, corporates and other organisations</td>
<td>Singapore</td>
<td>100%</td>
<td>100%</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>NUS High School of Mathematics and Science</td>
<td>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.</td>
<td>Singapore</td>
<td>#</td>
<td>#</td>
<td>#</td>
<td>#</td>
</tr>
<tr>
<td>NUS America, Inc (United States of America)</td>
<td>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 purpose of the National University of Singapore.</td>
<td>United States of America</td>
<td>#</td>
<td>#</td>
<td>#</td>
<td>#</td>
</tr>
</tbody>
</table>

*These corporations do not have a share capital. NUS High School of Mathematics and Science is limited by guarantee.*
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

5 SUBSIDIARY COMPANIES (cont’d)

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Wiltham Pte Ltd * (Singapore)</td>
<td>Provide computer software services and develop computer software programs relating to electronic learning, publishing and management services</td>
<td>Singapore</td>
<td>78% 78%</td>
<td>500,000 500,000</td>
</tr>
<tr>
<td>NUS Ventures Pte Ltd * (Singapore)</td>
<td>Distributor of new telecommunication technologies via direct selling and licensing</td>
<td>Singapore</td>
<td>100% 100%</td>
<td>100,000 100,000</td>
</tr>
<tr>
<td>Bioinformatics Technology Group Pte Ltd * (Singapore)</td>
<td>IT development, IT services, research and experimental development on technology.</td>
<td>Singapore</td>
<td>100% 100%</td>
<td>500,000 500,000</td>
</tr>
</tbody>
</table>

Total: 1,100,000 1,100,000

a. The financial year end of the subsidiary is 30 June.
b. The financial year end of the subsidiary is 31 March.
c. The financial year end of the subsidiary is 31 July.

The results of the above subsidiaries have not been consolidated as they are not material to the University’s financial statements.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

6 ASSOCIATED COMPANY

<table>
<thead>
<tr>
<th>Name of Company/ Country of Incorporation</th>
<th>Principal Activities</th>
<th>Country of Business</th>
<th>Percentage of Equity Held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savu Investments Ltd (Singapore)</td>
<td>Property development and investment</td>
<td>Singapore</td>
<td>58%</td>
</tr>
</tbody>
</table>

The results of the associated company have not been consolidated as the University does not prepare consolidated accounts. Had equity accounting been adopted for the investment in the associated company, the share of profits and revaluation losses of the associated company for the financial year ended 31 March 2005 is $52,316,000 (2004: $35,950,000) and $513,762,000 (2004: $353,606,000) respectively and the equity accounted interest in the associated company incorporating the equity accounted results based on unaudited management accounts for the financial year ended 31 March 2005 and 31 March 2004 are set out below:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of investment</td>
<td>89,898</td>
<td>89,898</td>
</tr>
<tr>
<td>Share of asset revaluation reserve</td>
<td>(26,212)</td>
<td>(12,449)</td>
</tr>
<tr>
<td>Share of retained earnings</td>
<td>18,106</td>
<td>15,789</td>
</tr>
<tr>
<td>Capitalised expenses written off</td>
<td>(1,342)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>90,650</td>
<td>91,238</td>
</tr>
</tbody>
</table>

7 FIXED ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Land</th>
<th>Building</th>
<th>Leasehold Improvement</th>
<th>Equipment, Furniture &amp; Fittings</th>
<th>Capital Work-In Progress</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>COST</td>
<td>65,870</td>
<td>1,340,600</td>
<td>149,511</td>
<td>794,854</td>
<td>84,992</td>
<td>2,475,631</td>
</tr>
<tr>
<td>At 1 April 2005</td>
<td>65,760</td>
<td>1,340,967</td>
<td>149,511</td>
<td>794,854</td>
<td>84,992</td>
<td>2,475,631</td>
</tr>
<tr>
<td>Transfers</td>
<td>-</td>
<td>(1,810)</td>
<td>(1,132)</td>
<td>4,265</td>
<td>(1,323)</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>(49)</td>
<td>-</td>
<td>(23,915)</td>
<td>-</td>
<td>-</td>
<td>(24,404)</td>
</tr>
<tr>
<td>At 31 March 2005</td>
<td>65,901</td>
<td>1,312,263</td>
<td>149,634</td>
<td>843,775</td>
<td>80,985</td>
<td>2,456,547</td>
</tr>
</tbody>
</table>

ACCUMULATED DEPRECIATION

|                  | 10,776    | 560,967  | 28,669               | 513,482                         | -                        | 1,114,064   |
| Depreciation     | 1,067     | 45,952   | 15,379               | 88,972                          | -                        | 151,370     |
| Transfers        | (191)     | (360)    | 55                   | -                               | -                        | -           |
| Disposals        | (371)     | -        | (22,285)             | (23,239)                        | -                        | (23,239)    |
| At 31 March 2005 | 11,863    | 606,377  | 14,700               | 560,077                         | -                        | 1,243,085   |
| Depreciation for 2005/2006 | 1,067 | 45,949 | 15,364 | 102,377 | - | 164,677 |

CARRYING AMOUNT

|                  | 54,058    | 774,886  | 104,826              | 263,698                         | 215,906                  | 1,413,536   |
| At 31 March 2005 | 55,094    | 819,413  | 119,826              | 281,372                         | 84,992                   | 1,360,697   |
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

8 INVESTMENTS

(a) Long-term investments

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£1,000</td>
<td>£1,000</td>
</tr>
<tr>
<td>Quoted investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government bonds</td>
<td>176,048</td>
<td>137,113</td>
</tr>
<tr>
<td>Equity shares in corporations</td>
<td>66,410</td>
<td>73,543</td>
</tr>
<tr>
<td>Bond/loan stocks in corporations</td>
<td>84,726</td>
<td>81,645</td>
</tr>
<tr>
<td>Total quoted</td>
<td>327,184</td>
<td>392,298</td>
</tr>
<tr>
<td>Unquoted investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity shares in corporations</td>
<td>29,367</td>
<td>17,677</td>
</tr>
<tr>
<td>Bond/loan stocks in corporations</td>
<td>21,222</td>
<td>28,053</td>
</tr>
<tr>
<td>Bonds issued by associated company</td>
<td>65,501</td>
<td>58,500</td>
</tr>
<tr>
<td>Total unquoted</td>
<td>116,090</td>
<td>104,228</td>
</tr>
<tr>
<td>Total long-term investments</td>
<td>443,274</td>
<td>496,526</td>
</tr>
</tbody>
</table>

The weighted average effective interest rate of government bonds and bond/loan stocks in corporations/associated company at the balance sheet date was 3.70% (2003/2004: 4.65%). The fair value of unquoted long-term investments is mainly based on fair values provided by third parties.

(b) Short-term investments

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£1,000</td>
<td>£1,000</td>
</tr>
<tr>
<td>Quoted investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government bonds</td>
<td>128,296</td>
<td>132,842</td>
</tr>
<tr>
<td>Equity shares in corporations</td>
<td>309,900</td>
<td>289,928</td>
</tr>
<tr>
<td>Bond/loan stocks in corporations</td>
<td>94,285</td>
<td>78,716</td>
</tr>
<tr>
<td>Total quoted</td>
<td>532,489</td>
<td>500,486</td>
</tr>
<tr>
<td>Unquoted investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government bonds</td>
<td>35,833</td>
<td>17,134</td>
</tr>
<tr>
<td>Equity shares in corporations</td>
<td>-</td>
<td>715</td>
</tr>
<tr>
<td>Bond/loan stocks in corporations</td>
<td>133,826</td>
<td>128,674</td>
</tr>
<tr>
<td>Bonds issued by associated company</td>
<td>10,000</td>
<td>50,485</td>
</tr>
<tr>
<td>Total unquoted</td>
<td>199,667</td>
<td>148,525</td>
</tr>
<tr>
<td>Total short-term investments</td>
<td>752,156</td>
<td>649,011</td>
</tr>
</tbody>
</table>

The weighted average effective interest rate of government bonds and bond/loan stocks in corporations/associated company at the balance sheet date was 3.96% (2003/2004: 3.71%). The fair value of unquoted short-term investments is based on fair values provided by the third party custodian bank.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

8 INVESTMENTS (cont’d)
(c) Movements in Market/Fair Value of Investments (For Information Only)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market/Fair value at the beginning of the year</td>
<td>494,744</td>
<td>309,444</td>
</tr>
<tr>
<td>Increase due to net purchases</td>
<td>49,742</td>
<td>155,046</td>
</tr>
<tr>
<td>Decrease due to transfers</td>
<td>675,000</td>
<td></td>
</tr>
<tr>
<td>Realised gain on sale of investments</td>
<td>(9,006)</td>
<td>(1,472)</td>
</tr>
<tr>
<td>Gain arising from changes in market/Fair values</td>
<td>47,770</td>
<td>47,004</td>
</tr>
<tr>
<td>Market/Fair value at the end of the year</td>
<td>499,770</td>
<td>494,744</td>
</tr>
<tr>
<td>Short-term investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market/Fair value at the beginning of the year</td>
<td>695,905</td>
<td>685,992</td>
</tr>
<tr>
<td>Increase/(decrease) due to net purchases/(disposals)</td>
<td>54,886</td>
<td>(57,710)</td>
</tr>
<tr>
<td>Increase due to transfers</td>
<td>42,500</td>
<td></td>
</tr>
<tr>
<td>Realised gain on sale of investments</td>
<td>(12,264)</td>
<td>(28,093)</td>
</tr>
<tr>
<td>Gain arising from changes in market/Fair values</td>
<td>23,285</td>
<td>92,716</td>
</tr>
<tr>
<td>Market/Fair value at the end of the year</td>
<td>811,489</td>
<td>695,905</td>
</tr>
<tr>
<td>Total</td>
<td>1,511,259</td>
<td>995,346</td>
</tr>
<tr>
<td>Increase due to net purchases</td>
<td>103,846</td>
<td>97,338</td>
</tr>
<tr>
<td>Increase/(decrease) due to transfers</td>
<td>21,210</td>
<td>(23,905)</td>
</tr>
<tr>
<td>Realised gain on sale of investments</td>
<td>825</td>
<td>132,746</td>
</tr>
<tr>
<td>Gain arising from changes in market/Fair values</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Market/Fair value at the end of the year</td>
<td>1,535,684</td>
<td>1,191,642</td>
</tr>
</tbody>
</table>

(d) Forward Foreign Exchange Contracts and Interest Rate Swaps

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

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

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractual/Notional amount</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forward foreign exchange contracts</td>
<td>1,017,736</td>
<td>804,436</td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>201,384</td>
<td>175,525</td>
</tr>
<tr>
<td>Total return swaps</td>
<td>825</td>
<td></td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15’000</td>
<td>15’000</td>
</tr>
<tr>
<td></td>
<td>55’000</td>
<td>55’000</td>
</tr>
<tr>
<td></td>
<td>favourable</td>
<td>unfavourable</td>
</tr>
<tr>
<td>Forward foreign exchange contracts</td>
<td>4,751</td>
<td>(7,851)</td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>1,765</td>
<td>(1,653)</td>
</tr>
<tr>
<td>Total return swaps</td>
<td>6,526</td>
<td>(9,504)</td>
</tr>
</tbody>
</table>

The fair values of forward foreign exchange contracts, interest rate and total return swaps have been calculated using rates quoted by the University’s master custodian to terminate the contracts at the balance sheet date.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

9 INVESTMENT PROPERTIES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at 1 April</td>
<td>17,820</td>
<td>17,510</td>
</tr>
<tr>
<td>Deficit on revaluation</td>
<td>(10)</td>
<td>(90)</td>
</tr>
<tr>
<td>Balance as at 31 March</td>
<td>17,810</td>
<td>17,420</td>
</tr>
</tbody>
</table>

The revaluation at the balance sheet date was based on estimated market values based on their existing use, contained in a valuation report dated 22 July 2005 (2003/2004: 1 April 2004) made by a firm of professional valuers, Anns Lang Lekale Property Consultants Pte Ltd (2003/2004: by an employee of the University, Associate Professor Lim Lan Yuan who is a licensed appraiser). The deficit on revaluation of $510,000 (2003/2004: $5490,000) was offset against the investment revaluation reserve account.

10 STUDENT LOANS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Student tuition fee loans (a)</td>
<td>162,685</td>
<td>160,610</td>
</tr>
<tr>
<td>Study loans (a)</td>
<td>33,791</td>
<td>29,422</td>
</tr>
<tr>
<td>Notebook computer loans (b)</td>
<td>16,937</td>
<td>16,410</td>
</tr>
<tr>
<td>Other student loans (c)</td>
<td>1,262</td>
<td>956</td>
</tr>
<tr>
<td>Total</td>
<td>214,655</td>
<td>209,431</td>
</tr>
</tbody>
</table>

Represented by:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount repayable within 12 months - current assets</td>
<td>46,535</td>
<td>42,242</td>
</tr>
<tr>
<td>Amount repayable after 12 months - non-current assets</td>
<td>166,120</td>
<td>167,193</td>
</tr>
<tr>
<td>Total</td>
<td>214,655</td>
<td>209,431</td>
</tr>
</tbody>
</table>

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

Secured Assets:
The student loans are unsecured.

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

The fair values of the notebook computer loans and other student loans are $516,154,000 (2003/2004: $517,801,000) and $51,179,000 (2003/2004: $33920,000) respectively. The fair values are calculated based on discounted cash flows using a discount rate that approximates the relevant market rate which the management expects to be available to the University at balance sheet date.

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

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

The amounts owing by/to subsidiary/associated company are unsecured, interest-free and repayable upon demand.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

12 DEBTORS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants receivable</td>
<td>80,753</td>
<td>30,282</td>
</tr>
<tr>
<td>Trade debtors</td>
<td>17,607</td>
<td>21,228</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>9,768</td>
<td>9,959</td>
</tr>
<tr>
<td>Receivables from sale of investments</td>
<td>2,895</td>
<td>16,055</td>
</tr>
<tr>
<td>Others</td>
<td>9,680</td>
<td>13,205</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>124,783</td>
<td>87,866</td>
</tr>
</tbody>
</table>

13 DEPOSITS AND PREPAYMENTS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits paid</td>
<td>379</td>
<td>336</td>
</tr>
<tr>
<td>Prepayments for fixed assets</td>
<td>1,137</td>
<td>3,152</td>
</tr>
<tr>
<td>Other prepayments</td>
<td>679</td>
<td>5,653</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8,365</td>
<td>5,831</td>
</tr>
</tbody>
</table>

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

15 CREDITORS AND ACCRUED EXPENSES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Creditors</td>
<td>56,955</td>
<td>80,719</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>97,814</td>
<td>115,239</td>
</tr>
<tr>
<td>Deposits received</td>
<td>1,879</td>
<td>3,034</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>114,642</td>
<td>198,992</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount repayable within 12 months</td>
<td>821</td>
<td>1,151</td>
</tr>
<tr>
<td>Amount repayable after 12 months</td>
<td>609</td>
<td>1,286</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,450</td>
<td>2,437</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Between 1 and 2 years</td>
<td>609</td>
<td>1,286</td>
</tr>
<tr>
<td>Between 2 and 5 years</td>
<td>609</td>
<td>1,286</td>
</tr>
</tbody>
</table>
### 17 Deferred Capital Grants

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>55,000</td>
<td>55,000</td>
</tr>
</tbody>
</table>

**Government and Agency for Science, Technology & Research**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at 1 April</td>
<td>1,111,322</td>
<td>1,139,703</td>
</tr>
<tr>
<td>Capital grants utilized during the year</td>
<td>138,102</td>
<td>101,706</td>
</tr>
<tr>
<td>Amount transferred from operating grants (Note 23)</td>
<td>99,453</td>
<td>46,532</td>
</tr>
<tr>
<td>Amount reclassified from Deferred Capital Grants - Others</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>Amount reclassified from self-financing fund</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>Amount reclassified from Accumulated Surplus</td>
<td>72</td>
<td>519</td>
</tr>
<tr>
<td>Deferred capital grants amortised</td>
<td>1,289,715</td>
<td>1,288,260</td>
</tr>
<tr>
<td>Deferred capital grants transferred to research institutes</td>
<td>(130,167)</td>
<td>(142,669)</td>
</tr>
<tr>
<td>Balance as at 31 March</td>
<td>1,159,548</td>
<td>1,111,522</td>
</tr>
</tbody>
</table>

**Others**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at 1 April</td>
<td>152,450</td>
<td>162,932</td>
</tr>
<tr>
<td>Capital grants utilized during the year and donated assets</td>
<td>574</td>
<td>5,168</td>
</tr>
<tr>
<td>Amount transferred from operating grants (Note 23)</td>
<td>1,808</td>
<td>2,532</td>
</tr>
<tr>
<td>Amount transferred from Accumulated Surplus</td>
<td>3,635</td>
<td>1,041</td>
</tr>
<tr>
<td>Amount reclassified to Deferred Capital Grants - Government</td>
<td>(160)</td>
<td></td>
</tr>
<tr>
<td>Amount reclassified to self-financing fund</td>
<td>(0)</td>
<td></td>
</tr>
<tr>
<td>Deferred capital grants amortised</td>
<td>158,419</td>
<td>167,011</td>
</tr>
<tr>
<td>Deferred capital grants transferred to research institutes</td>
<td>(13,343)</td>
<td>(14,342)</td>
</tr>
<tr>
<td>Balance as at 31 March</td>
<td>145,073</td>
<td>152,469</td>
</tr>
</tbody>
</table>

**Total Deferred Capital Grants balance as at 31 March**

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1,304,621</td>
<td>1,263,972</td>
</tr>
</tbody>
</table>

### 18 Advances from the Government for Student Loans

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>55,000</td>
<td>55,000</td>
</tr>
</tbody>
</table>

**Balance as at 1 April**

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>198,256</td>
<td>204,173</td>
</tr>
</tbody>
</table>

**Advances received from government during the year**

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>6,277</td>
<td>6,279</td>
</tr>
</tbody>
</table>

**Advances repaid to government during the year**

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(11,167)</td>
<td>(11)</td>
</tr>
</tbody>
</table>

**Miscellaneous expenditure**

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>199</td>
</tr>
</tbody>
</table>

**Balance as at 31 March**

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>206,519</td>
<td>198,256</td>
</tr>
</tbody>
</table>

**Represented by:**

- **Student tuition fee loans**
  - 2004/2005: 162,665

- **Study loans**
  - 2004/2005: 33,791

- **Posed investments, fixed deposits and bank balances**
  - 2004/2005: 4,063
  - 2003/2004: 5,261

**Total**

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>206,519</td>
<td>198,256</td>
</tr>
</tbody>
</table>

The advances from the government are for the purpose of extending loans to students mainly to assist them in paying their tuition fees.
### NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

<table>
<thead>
<tr>
<th>19</th>
<th>OTHER INCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td>----</td>
<td>---------------</td>
</tr>
<tr>
<td></td>
<td>$'000</td>
</tr>
<tr>
<td>Courses and conference fees</td>
<td>16,137</td>
</tr>
<tr>
<td>Clinical fees/consultancy fees</td>
<td>15,128</td>
</tr>
<tr>
<td>Donations</td>
<td>40,759</td>
</tr>
<tr>
<td>Rental income and student hostel residential fees</td>
<td>27,964</td>
</tr>
<tr>
<td>Others</td>
<td>64,257</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>552,245</strong></td>
</tr>
</tbody>
</table>

Rental income includes $549,000 (2003/2004: $512,600) from investment properties. Others include $518,662,000 (2003/2004: $516,116,000) for interfund transactions between the General Funds and Restricted Funds; the corresponding interfund transactions for expenditure are included in Other Operating Expenditure.

<table>
<thead>
<tr>
<th>20</th>
<th>EXPENDITURE ON MANPOWER</th>
</tr>
</thead>
<tbody>
<tr>
<td>----</td>
<td>---------------</td>
</tr>
<tr>
<td></td>
<td>$'000</td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>474,226</td>
</tr>
<tr>
<td>Employer’s contribution to Provident Funds</td>
<td>33,331</td>
</tr>
<tr>
<td>Other staff benefits</td>
<td>7,164</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>514,721</strong></td>
</tr>
</tbody>
</table>

Number of persons employed at the end of the financial year:

| Full time | 6,463 | 6,519 |
| Part time | 4,191 | 3,670 |
| **Total** | **10,654** | **10,189** |

<table>
<thead>
<tr>
<th>21</th>
<th>INVESTMENT INCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td>----</td>
<td>---------------</td>
</tr>
<tr>
<td></td>
<td>$'000</td>
</tr>
</tbody>
</table>
| Interest income:
  Government bonds | 13,422 | 10,270 |
  Rand-based stocks in corporations/associated company | 12,771 | 12,394 |
  Fixed deposits and bank current accounts | 9,910 | 6,168 |
| **Total** | **35,103** | **28,832** |
| Dividend income:
  Quoted equity shares | 18,494 | 14,184 |
  Unquoted equity shares | 305 | 261 |
| **Total** | **18,800** | **14,445** |
| Net profit on sale of investments | 21,210 | 29,900 |
| Net foreign currency exchange adjustment loss | 3,895 | (16,657) |
| Reversal of impairment loss on investments | - | 16,235 |
| Impairment loss on SAV Investments Ltd | (9,448) | - |
| **Total** | **78,221** | **72,728** |
## NOTES TO THE FINANCIAL STATEMENTS
### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

### 22 (DEFICIT)/SURPLUS BEFORE GRANTS

This is arrived at after charging:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bad and doubtful debts</td>
<td>190</td>
<td>350</td>
</tr>
<tr>
<td>Rental expenses</td>
<td>1,364</td>
<td>1,328</td>
</tr>
<tr>
<td>Loss on disposal of fixed assets</td>
<td>915</td>
<td>953</td>
</tr>
</tbody>
</table>

### 23 OPERATING GRANTS

(a) Operating Grants (Government)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating grants utilised during the year</td>
<td>636,495</td>
<td>650,464</td>
</tr>
<tr>
<td>Amount transferred to deferred capital grants</td>
<td>(28,643)</td>
<td>(32,095)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>607,852</td>
<td>618,369</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating grants utilised during the year</td>
<td>64,129</td>
<td>79,053</td>
</tr>
<tr>
<td>Amount transferred to deferred capital grants</td>
<td>(13,078)</td>
<td>(12,267)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>51,051</td>
<td>66,786</td>
</tr>
</tbody>
</table>

(c) Operating Grants (Others)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating grants utilised during the year</td>
<td>41,756</td>
<td>53,385</td>
</tr>
<tr>
<td>Amount transferred to deferred capital grants</td>
<td>(3,808)</td>
<td>(2,322)</td>
</tr>
</tbody>
</table>

|                           | 37,948    | 51,063    |
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>55,000</td>
<td>55,000</td>
</tr>
<tr>
<td>Authorised and contracted for</td>
<td>192,869</td>
<td>199,953</td>
</tr>
<tr>
<td>Authorised but not yet contracted for</td>
<td>243,670</td>
<td>455,522</td>
</tr>
<tr>
<td></td>
<td>486,539</td>
<td>555,475</td>
</tr>
</tbody>
</table>

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

Accordingly, the account balances of the above department were transferred to The Association of Pacific Rim Universities. The impact on the financial statements of the University for the financial year ending 31 March 2005 is to reduce assets by $596,000 and other fund balances by $596,000. A breakdown of the assets and other fund balances transferred is as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>55,000</td>
<td>55,000</td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>965</td>
<td>965</td>
</tr>
<tr>
<td>Other fund balances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted Funds</td>
<td>965</td>
<td>965</td>
</tr>
</tbody>
</table>

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

(a)  the University has previously classified Deferred Capital Grants under Equity. They are now classified under Non-Current Liabilities. The reclassification is made in furtherance to the requirements laid down in Finance Circular Minute No. MA2005 dated 11 February 2005 issued by the Ministry of Finance;

(b)  the University has previously classified advances from the government for student loans under Equity. They are now classified under Non-Current Liabilities. The reclassification is made to better reflect the underlying nature of these advances; and

(c)  the University has reclassified those external grants which were previously under Restricted Funds to General Funds. The reclassification is made to better reflect the underlying nature of these grants.

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