

## NATIONAL UNIVERSITY OF SINGAPORE

(Established under the National University  
of Singapore Act, Chapter 204)

### FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004

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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 2004 set out on pages 83 to 114. 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. The financial statements for the financial year ended 31 March 2003 were audited by another auditor whose report dated 10 July 2003 expressed an unqualified opinion on those statements.

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 2004 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, 8 July 2004

**BALANCE SHEET**  
**AS AT 31 MARCH 2004**

	Note	2003/2004 S\$'000	2002/2003 S\$'000
<b>ACCUMULATED SURPLUS</b>			
General Funds		420,282	381,117
Restricted Funds		597,127	512,555
		<b>1,017,409</b>	<b>893,672</b>
<b>ENDOWMENT FUNDS</b>			
	3	935,488	857,779
<b>CAPITAL PRESERVATION ACCOUNT</b>	3	55,089	42,993
<b>INVESTMENT REVALUATION RESERVE</b>		14,704	15,194
<b>DEFERRED CAPITAL GRANTS</b>	4	1,263,972	1,302,625
<b>STAFF AND STUDENT LOANS FUNDS</b>	5	196,257	204,176
		<b>3,482,919</b>	<b>3,316,439</b>
<b>NON-CURRENT ASSETS</b>			
Subsidiary companies	6	–	–
Associated company	7	89,898	89,898
Fixed assets	8	1,360,697	1,391,638
Investments	9	398,031	242,983
Investment properties	10	17,020	17,510
Staff and student loans (repayable after 12 months)	11	167,079	170,748
Long-term loan to subsidiary company	12	100	500
Other long-term receivable		–	48
		<b>2,032,825</b>	<b>1,913,325</b>

**BALANCE SHEET**  
**AS AT 31 MARCH 2004 (CONT'D)**

	Note	2003/2004 S\$'000	2002/2003 S\$'000
<b>CURRENT ASSETS</b>			
Staff and student loans (repayable within 12 months)	11	42,343	33,341
Debtors	13	87,865	77,001
Consumable stores		184	189
Deposits and prepayments	14	9,831	17,655
Amount owing by subsidiary company	12	49	149
Amount owing by associated company	12	1,000	1,000
Investments	9	648,011	689,487
Fixed deposits	15	828,995	882,763
Cash and cash equivalents		153,656	86,377
		<b>1,771,934</b>	<b>1,787,962</b>
<b>TOTAL ASSETS</b>		<b>3,804,759</b>	<b>3,701,287</b>
<b>CURRENT LIABILITIES</b>			
Creditors and accrued expenses	16	198,991	221,636
Grants received in advance		120,412	159,748
Long-term loan (repayable within 12 months)	17	1,151	1,339
		<b>320,554</b>	<b>382,723</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term loan (repayable after 12 months)	17	1,286	2,125
<b>TOTAL LIABILITIES</b>		<b>321,840</b>	<b>384,848</b>
<b>NET ASSETS</b>		<b>3,482,919</b>	<b>3,316,439</b>

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



**Prof Shih Choon Fong**  
 President  
 8 July 2004



**Ajith Prasad**  
 Director of Finance  
 8 July 2004

**INCOME AND EXPENDITURE STATEMENT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004**

	Note	GENERAL FUNDS		RESTRICTED FUNDS		TOTAL	
		2003/2004 S\$'000	2002/2003 S\$'000	2003/2004 S\$'000	2002/2003 S\$'000	2003/2004 S\$'000	2002/2003 S\$'000
<b>OPERATING INCOME</b>							
Tuition and other fees		160,730	161,384	10,310	10,660	171,040	172,044
Other income	18	20,077	20,438	103,186	80,207	123,263	100,645
		<b>180,807</b>	<b>181,822</b>	<b>113,496</b>	<b>90,867</b>	<b>294,303</b>	<b>272,689</b>
<b>OPERATING EXPENDITURE</b>							
Expenditure on manpower	19	531,069	555,554	17,073	15,424	548,142	570,978
Depreciation	8	161,362	160,701	3,315	3,102	164,677	163,803
Other operating expenditure		346,581	371,116	53,252	53,197	399,833	424,313
		<b>1,039,012</b>	<b>1,087,371</b>	<b>73,640</b>	<b>71,723</b>	<b>1,112,652</b>	<b>1,159,094</b>
Operating (Deficit)/Surplus		<b>(858,205)</b>	<b>(905,549)</b>	<b>39,856</b>	<b>19,144</b>	<b>(818,349)</b>	<b>(886,405)</b>
Investment income	20	7,698	8,096	65,022	(2,625)	72,720	5,471
(Deficit)/Surplus before Grants	21	<b>(850,507)</b>	<b>(897,453)</b>	<b>104,878</b>	<b>16,519</b>	<b>(745,629)</b>	<b>(880,934)</b>
<b>GRANTS</b>							
Operating Grants:							
Government	22a	618,383	646,406	–	46	618,383	646,452
Agency for Science, Technology & Research	22b	65,810	138,767	2	1,241	65,812	140,008
Others	22c	49,539	42,466	1,524	682	51,063	43,148
Deferred Capital Grants amortised	4	155,969	156,880	1,061	581	157,030	157,461
		<b>889,701</b>	<b>984,519</b>	<b>2,587</b>	<b>2,550</b>	<b>892,288</b>	<b>987,069</b>
<b>SURPLUS FOR THE YEAR</b>		<b>39,194</b>	<b>87,066</b>	<b>107,465</b>	<b>19,069</b>	<b>146,659</b>	<b>106,135</b>

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 2004**

	Note	ACCUMULATED SURPLUS General Funds S\$'000	Restricted Funds S\$'000	ENDOWMENT FUNDS S\$'000	CAPITAL PRESERVATION ACCOUNT S\$'000	INVESTMENT REVALUATION RESERVE S\$'000	TOTAL S\$'000
<b>Balance at 1 April 2003</b>		<b>381,117</b>	<b>512,555</b>	<b>857,779</b>	<b>42,993</b>	<b>15,194</b>	<b>1,809,638</b>
Loss on revaluation of investment properties	10	-	-	-	-	(490)	(490)
Grants received		-	-	41,447	-	-	41,447
Donations received		-	-	36,272	-	-	36,272
Net gains and losses not recognised in income statement		-	-	77,719	-	(490)	77,229
Surplus for the year		39,194	107,465	-	-	-	146,659
Total recognised gains and losses for the financial year		39,194	107,465	77,719	-	(490)	223,888
Transfer to Deferred Capital Grants	4	(29)	(1,372)	-	-	-	(1,401)
Transfer from Endowment Funds		-	10	(10)	-	-	-
Transfer to Capital Preservation Account		-	(12,096)	-	12,096	-	-
Funds transferred	25	-	(9,435)	-	-	-	(9,435)
<b>Balance at 31 March 2004</b>		<b>420,282</b>	<b>597,127</b>	<b>935,488</b>	<b>55,089</b>	<b>14,704</b>	<b>2,022,690</b>
<b>Balance at 1 April 2002</b>		<b>298,889</b>	<b>492,361</b>	<b>834,549</b>	<b>42,993</b>	<b>15,634</b>	<b>1,684,426</b>
Loss on revaluation of investment properties	10	-	-	-	-	(440)	(440)
Grants received		-	-	17,269	-	-	17,269
Donations received		-	-	5,897	-	-	5,897
Net gains and losses not recognised in income statement		-	-	23,166	-	(440)	22,726
Surplus for the year		87,066	19,069	-	-	-	106,135
Total recognised gains and losses for the financial year		87,066	19,069	23,166	-	(440)	128,861
Transfer from/(to) Grants Received in Advance		-	(141)	-	-	-	(141)
Transfer to Deferred Capital Grants	4	-	(3,508)	-	-	-	(3,508)
Transfer to Endowment Funds		-	(64)	64	-	-	-
Transfer to Restricted Funds for interfund transactions		(4,838)	4,838	-	-	-	-
<b>Balance at 31 March 2003</b>		<b>381,117</b>	<b>512,555</b>	<b>857,779</b>	<b>42,993</b>	<b>15,194</b>	<b>1,809,638</b>

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

**CASH FLOW STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004**

	2003/2004 S\$'000	2002/2003 S\$'000
<b>Cash flows from operating activities:</b>		
Deficit before Grants	(745,629)	(880,934)
Adjustments for:		
Depreciation	164,677	163,803
Net investment income	(72,720)	(5,471)
Loss on disposal of fixed assets	953	3,610
Rental income from investment properties	(125)	(113)
Operating cash flow before working capital changes	(652,844)	(719,105)
Change in operating assets and liabilities:		
Debtors, consumable stores, deposits and prepayments	(1,811)	(992)
Amount owing by subsidiary company	100	(84)
Creditors and accrued expenses	1,695	86,315
Cash used in operations	(652,860)	(633,866)
Agency for Science, Technology & Research grants received	38,497	131,817
Other grants received	49,277	61,213
Donations received for endowment funds	36,272	5,897
Staff and student loans granted	(53,517)	(53,775)
Staff and student loans repaid	48,153	34,649
Cash transferred to research institutes (Note 25)	(29,154)	(41,198)
<b>Net cash outflow from operating activities</b>	<b>(563,332)</b>	<b>(495,263)</b>

**CASH FLOW STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004 (CONT'D)**

	2003/2004 S\$'000	2002/2003 S\$'000
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets	(168,023)	(287,142)
Proceeds from sale of fixed assets	87	221
Net purchase of investments	(84,129)	(68,523)
Decrease/(increase) in investment in fixed deposits	53,768	(43,698)
Interest and dividend received	43,129	42,108
Income received from rental of investment properties	125	113
Long-term loan to subsidiary repaid	400	-
Other long-term receivable repaid/(extended)	48	(48)
<b>Net cash outflow from investing activities</b>	<b>(154,595)</b>	<b>(356,969)</b>
<b>Cash flows from financing activities:</b>		
Government grants received	756,574	804,997
Government grants received for endowment fund	37,547	36,619
Advances from government	4,279	36,065
Repayment of advances from government	(12,167)	(9,601)
Repayment of long-term loan	(1,027)	(1,713)
<b>Net cash inflow from financing activities</b>	<b>785,206</b>	<b>866,367</b>
<b>Net increase in cash and cash equivalents</b>	<b>67,279</b>	<b>14,135</b>
<b>Cash and cash equivalents as at 1 April</b>	<b>86,377</b>	<b>72,242</b>
<b>Cash and cash equivalents as at 31 March</b>	<b>153,656</b>	<b>86,377</b>

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



## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004**

### **1 GENERAL**

The University, established by the National University of Singapore Act (Chapter 204), is domiciled in Singapore. The address of the University's registered office and place of business is 10 Kent Ridge Crescent, Singapore 119260. 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 2004 were authorised for issue by the Council on 8 July 2004.

### **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 ("SFRS") and Interpretations of Financial Reporting Standards ("INT SFRS").

The University has adopted all the applicable new/revised SFRS and INT SFRS which became effective during the year. The adoption of the new/revised SFRS and INT SFRS does not affect the results of the University for the current or prior periods.

#### **b) Financial assets**

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

#### **c) Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are creditors and accrued expenses 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.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004**

### **2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### **e) Derivative transactions**

Derivative transactions such as forward foreign exchange contracts and interest rate swaps designated for hedging purposes 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 the applicable forward exchange rates approximating the forward rates prevailing on balance sheet date. Exchange differences will be taken to the Income and Expenditure Statement.

#### **f) Basis of recognising income**

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

Donations are recognised in the financial year they are received.

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

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

#### **g) Grants**

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

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

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

Grants are accounted for on the accrual basis.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004**

### **2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### **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.

#### **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.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004**

### **2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### **i) Funds (cont'd)**

With effect from 1 April 2003, in accordance with the Finance Circular Minute No. M44/2003 dated 31 October 2003 issued by the Ministry of Finance, the University makes the following changes:

- (a) the University has previously classified self-financing funds which do not require separate accounting by the Ministry of Education and Ministry of Finance under General Funds. They are now classified under Restricted Funds;
- (b) funds created from donations from external sources for general purposes would be classified as General Funds, while funds created from donations from external sources for specific purposes would be classified as Restricted Funds; and
- (c) all endowment funds are accounted for under Restricted Funds.

The above changes are made retrospectively and the effects of the prior year adjustments are disclosed in Note 26 to the financial statements.

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) Staff and student loans and debtors**

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

#### **l) Investments**

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### l) Investments (cont'd)

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

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

#### m) Investment properties

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

#### n) Fixed assets and depreciation

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

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

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:

	<u>No. of Years</u>
Leasehold land	30 to 90
Buildings	30
Leasehold improvements	10
Equipment, furniture and fittings	3 to 10 (2002/2003: 5 to 10)

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

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004**

### **2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### **n) Fixed assets and depreciation (cont'd)**

With effect from 1 April 2003, the University changed the estimated useful life of certain computer equipment downwards from 5 years to 3 years and changed the estimated useful life of the other equipment, furniture and fittings upwards from 5 years to between 6 to 8 years to take into account the revised estimated economic lives of the assets.

The change in the estimated useful lives of these equipment, furniture and fittings resulted in a net decrease in depreciation expense of \$8,485,000 (\$6,696,000 relating to assets brought forward from 1 April 2003 and \$1,789,000 relating to assets bought during the financial year) and a corresponding decrease in the utilisation of deferred capital grant to match the depreciation expense.

#### **o) Impairment of assets**

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

#### **p) Provisions**

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

#### **q) Retirement benefit costs**

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

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004**

#### **2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **r) 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**

The University uses foreign exchange forward contracts to reduce its exposure to foreign currency fluctuations arising from its ordinary operations and sale and purchase of investments.

##### **(ii) Interest rate risk**

The University's surplus and operating cash flows 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.

##### **(iv) Liquidity risk**

The University monitors and maintains a level of cash and bank balances deemed adequate by management to finance the University's operations.

##### **(v) Fair Value of Financial Assets and Financial Liabilities**

The carrying values of cash and cash equivalents, and other receivables and payables, and accrued operating expenses approximates fair value due to the relatively short term maturity of these financial instruments.

Other than the fair value of investments, staff and 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.

The fair value of derivative financial instruments is disclosed in Note 23 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004**

**3 ENDOWMENT FUNDS AND CAPITAL PRESERVATION ACCOUNT**

	2003/2004 S\$'000	2002/2003 S\$'000
Endowment Funds	935,488	857,779
Capital Preservation Account	55,089	42,993
	<b>990,577</b>	<b>900,772</b>
This is represented by:		
Associated company	89,898	89,898
Bonds issued by associated company	50,000	99,945
Investments	837,816	711,041
Other debtors	11,863	2,000
Amount owing by associated company	1,000	1,000
	<b>990,577</b>	<b>903,884</b>
Creditors and accrued expenses	-	(3,112)
Net assets	<b>990,577</b>	<b>900,772</b>

Endowment Funds (including the National University of Singapore Endowment Fund) comprise donations and government grants received for the purpose of appointment of professorships, awarding of scholarships, medals, prizes, loans to deserving students and other purposes.



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004**

**4 DEFERRED CAPITAL GRANTS**

	2003/2004 S\$'000	2002/2003 S\$'000
<b>Government and Agency for Science, Technology &amp; Research</b>		
Balance as at 1 April	1,139,703	1,053,848
Capital grants utilised during the year	101,706	171,280
Amount transferred from operating grants (Note 22)	44,332	64,714
Amount reclassified from Accumulated Surplus	519	–
	<b>1,286,260</b>	<b>1,289,842</b>
Deferred capital grants amortised	<b>(142,668)</b>	<b>(140,470)</b>
Deferred capital grants transferred to research institutes (Note 25)	<b>(32,070)</b>	<b>(9,669)</b>
Balance as at 31 March	<b>1,111,522</b>	<b>1,139,703</b>
<b>Others</b>		
Balance as at 1 April	162,922	157,890
Capital grants utilised during the year and donated assets	1,166	422
Amount transferred from operating grants (Note 22)	2,322	18,093
Amount transferred from Accumulated Surplus	1,401	3,508
	<b>167,811</b>	<b>179,913</b>
Deferred capital grants amortised	<b>(14,362)</b>	<b>(16,991)</b>
Deferred capital grants transferred to research institutes (Note 25)	<b>(999)</b>	<b>–</b>
Balance as at 31 March	<b>152,450</b>	<b>162,922</b>
Total Deferred Capital Grants balance as at 31 March	<b>1,263,972</b>	<b>1,302,625</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004**

**5 STAFF AND STUDENT LOANS FUNDS**

	2003/2004 S\$'000	2002/2003 S\$'000
Balance as at 1 April	204,176	177,740
Advances received from government during the year	4,279	36,065
	<b>208,455</b>	<b>213,805</b>
Advances repaid to government during the year	(12,167)	(9,601)
Miscellaneous expenditure	(31)	(28)
	<b>(12,198)</b>	<b>(9,629)</b>
Balance as at 31 March	<b>196,257</b>	<b>204,176</b>
Represented by:		
Staff loans	1	7,272
Student tuition fee loans	160,630	152,999
Study loans	29,425	23,757
Pooled investments, fixed deposits and bank balances	6,201	20,148
	<b>196,257</b>	<b>204,176</b>

These funds are set up from advances from the government for the purpose of providing loans to staff and extending loans to students mainly to assist them in paying their tuition fees.

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**6 SUBSIDIARY COMPANIES**

	2003/2004 S\$'000	2002/2003 S\$'000
Unquoted equity shares at cost	100	100
Impairment loss	(100)	(100)
	-	-
Movement in impairment loss:		
Balance at beginning and end of year	<u>100</u>	<u>100</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004**

**6 SUBSIDIARY COMPANIES (CONT'D)**

Name of Company/ Country of Incorporation	Principal Activities	Country of Business	Percentage of Equity Held		Cost of Investment	
			2003/2004	2002/2003	2003/2004 S\$	2002/2003 S\$
Singapore University Press (Pte) Ltd (Singapore)	Publishers	Singapore	100%	100%	100,001	100,001
NUS Technology Holdings Pte Ltd (Singapore)	To carry out research and development, to own and exploit all forms of intellectual property interests and to engage in the acquisition, dissemination and transfer of technologies	Singapore	100%	100%	2	2
Centre for Testing & Assessment Pte Ltd (Singapore)	Providing and administering test and assessment programmes as well as to conduct research and development of such programmes for individuals, educational institutions, corporate and other organisations	Singapore	100%	100%	2	2
NUS America, Inc (United States of America)	This is a nonprofit public benefit corporation organised under the Nonprofit Public Corporation Law for public and charitable purposes. It performs the functions of or to carry out the purposes of the National University of Singapore. # This corporation does not have share capital.	United States of America	#	#	#	#
					100,005	100,005

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004

### 6 SUBSIDIARY COMPANIES (CONT'D)

As at 31 March 2004, the investments in subsidiaries held through NUS Technology Holdings Pte Ltd, a wholly owned subsidiary of the University, are as follows:

Name of Company/ Country of Incorporation	Principal Activities	Country of Business	Percentage of Equity Held		Cost of Investment	
			2003/2004	2002/2003	2003/2004 S\$	2002/2003 S\$
Wizlearn Pte Ltd * (Singapore)	Provide computer software services and develop computer software programs relating to electronic learning, publishing and management services	Singapore	78%	78%	500,000	500,000
NUS Ventures Pte Ltd @ (Singapore)	Distributor of new telecommunication technologies via direct selling and licensing	Singapore	100%	100%	100,000	100,000
Bioinformatics Technology Group Pte Ltd ** (Singapore)	IT development, IT services, research and experimental development on technology	Singapore	100%	100%	500,000	500,000
					<b>1,100,000</b>	<b>1,100,000</b>

\* The financial year end of the subsidiary is 30 June

\*\* The financial year end of the subsidiary is 31 July

@ Formerly known as CWC Innovations Pte Ltd

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 2004**

**7 ASSOCIATED COMPANY**

	2003/2004 S\$'000	2002/2003 S\$'000
Unquoted equity shares at cost	<b>89,898</b>	<b>89,898</b>

Name of Company/ Country of Incorporation	Principal Activities	Country of Business	Percentage of Equity Held	
			2003/2004	2002/2003
Savu Investments Ltd (Singapore)	Property development and investment	Singapore	50%	50%

The results of the associated company have not been consolidated as the University does not prepare consolidated accounts. Had equity accounting been adopted for the investment in associated company, the share of profits and revaluation losses of the associated company for the financial year ended 31 March 2004 is S\$3,950,000 (2002/2003:S\$5,616,000) and S\$3,606,000 (2002/2003:S\$19,000,000 ) 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 2004 and 31 March 2003 are set out below:

	2003/2004 S\$'000	2002/2003 S\$'000
Cost of investment	<b>89,898</b>	89,898
Share of post acquisition retained earnings and reserves	<b>3,340</b>	2,996
	<b>93,238</b>	92,894

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004**

**8 FIXED ASSETS**

	Leasehold Land S\$'000	Building S\$'000	Leasehold Improvements S\$'000	Equipment, Furniture & Fittings S\$'000	Capital Work-in- Progress S\$'000	Total S\$'000
<b>COST</b>						
At 1 April 2003	65,870	1,374,147	128,067	780,725	41,962	2,390,771
Additions	–	7,792	10,030	82,552	69,269	169,643
Transfers	–	(1,539)	11,418	14,451	(24,330)	–
Transferred to research institutes (Note 25)	–	–	–	(54,936)	(1,909)	(56,845)
Disposals	–	–	–	(27,938)	–	(27,938)
At 31 March 2004	65,870	1,380,400	149,515	794,854	84,992	2,475,631
<b>ACCUMULATED DEPRECIATION</b>						
At 1 April 2003	9,709	515,367	14,318	459,739	–	999,133
Depreciation	1,067	45,849	15,384	102,377	–	164,677
Transfers	–	(229)	(13)	242	–	–
Transferred to research institutes (Note 25)	–	–	–	(21,979)	–	(21,979)
Disposals	–	–	–	(26,897)	–	(26,897)
At 31 March 2004	10,776	560,987	29,689	513,482	–	1,114,934
Depreciation for 2002/2003	1,129	45,055	12,461	105,158	–	163,803
<b>NET BOOK VALUE</b>						
At 31 March 2004	55,094	819,413	119,826	281,372	84,992	1,360,697
At 31 March 2003	56,161	858,780	113,749	320,986	41,962	1,391,638

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004**

**9 INVESTMENTS**

**(a) Long-term investments**

	2003/2004 S\$'000		2002/2003 S\$'000	
	<u>At cost</u>	<u>At market value</u>	<u>At cost</u>	<u>At market value</u>
<u>Quoted investments</u>				
Government bonds	137,113	143,528	28,433	31,167
Equity shares in corporations	73,543	168,757	78,038	130,134
Bonds/loan stocks in corporations	91,645	96,476	61,784	65,816
	<b>302,301</b>	<b>408,761</b>	<b>168,255</b>	<b>227,117</b>
<u>Unquoted investments</u>				
	<u>At cost</u>	<u>At fair value</u>	<u>At cost</u>	<u>At fair value</u>
Equity shares in corporations	17,677	10,117	15,578	11,072
Bonds/loan stocks in corporations	28,053	28,366	9,150	9,295
Bonds issued by associated company	50,000	47,500	50,000	52,960
	<b>95,730</b>	<b>85,983</b>	<b>74,728</b>	<b>73,327</b>
<b>Total long-term investments</b>	<b>398,031</b>	<b>494,744</b>	<b>242,983</b>	<b>300,444</b>

The weighted average effective interest rate of government bonds and bonds/loan stocks in corporations/associated company at the balance sheet date was 4.45% (2002/2003: 4.41%). The fair value of unquoted long-term investments is mainly based on fair values provided by third parties.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004**

**9 INVESTMENTS (CONT'D)**

**(b) Short-term investments**

	2003/2004 S\$'000		2002/2003 S\$'000	
	<u>At cost</u>	<u>At market value</u>	<u>At cost</u>	<u>At market value</u>
<u>Quoted investments</u>				
Government bonds	132,842	142,796	159,369	171,515
Equity shares in corporations	289,928	322,690	274,238	233,003
Bonds/loan stocks in corporations	78,716	81,860	93,663	99,933
	<b>501,486</b>	<b>547,346</b>	<b>527,270</b>	<b>504,451</b>
<u>Unquoted investments</u>				
	<u>At cost</u>	<u>At fair value</u>	<u>At cost</u>	<u>At fair value</u>
Government bonds	17,134	16,684	50,462	51,940
Equity shares in corporations	715	723	–	–
Bonds/loan stocks in corporations	128,676	132,152	78,045	83,151
Bonds issued by associated company	–	–	49,945	50,450
	<b>146,525</b>	<b>149,559</b>	<b>178,452</b>	<b>185,541</b>
Total short-term investments	<b>648,011</b>	<b>696,905</b>	<b>705,722</b>	<b>689,992</b>
Less: Impairment loss	–	–	(16,235)	–
<b>Total short-term investments-net</b>	<b>648,011</b>	<b>696,905</b>	<b>689,487</b>	<b>689,992</b>

Movements in impairment loss:

	2003/2004 S\$'000	2002/2003 S\$'000
Balance as at 1 April	16,235	–
Charge during the year	–	16,235
Write-back during the year	(16,235)	–
Balance as at 31 March	–	16,235

The weighted average effective interest rate of government bonds and bonds/loan stocks in corporations/associated company at the balance sheet date was 3.71% (2002/2003: 3.77%). 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 2004**

**10 INVESTMENT PROPERTIES**

	2003/2004 S\$'000	2002/2003 S\$'000
Balance as at 1 April	17,510	17,950
Deficit on revaluation	(490)	(440)
Balance as at 31 March	17,020	17,510

The revaluation at the balance sheet date was based on estimated market values based on their existing use, contained in a valuation report dated 1 April 2004 (2002/2003: 12 April 2003) made by an employee of the University, Associate Professor Lim Lan Yuan who is a licensed appraiser. The deficit on revaluation of S\$490,000 (2002/2003: S\$440,000) was offset against the investment revaluation reserve account.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004**

**11 STAFF AND STUDENT LOANS**

	2003/2004 S\$'000	2002/2003 S\$'000
Staff loans (a)	1	7,272
Student tuition fee loans (b)	160,630	152,999
Study loans (b)	29,425	23,757
Notebook computer loans (c)	18,410	19,357
Other student loans (d)	956	704
	<b>209,422</b>	<b>204,089</b>
Represented by:		
Amount repayable within 12 months – current assets	42,343	33,341
Amount repayable after 12 months – non current assets	167,079	170,748
	<b>209,422</b>	<b>204,089</b>

(a) The funding for the staff housing loans were taken over by a bank in 2003/2004. The other staff loans are repayable with interest at 4.750% (2002/2003: 6.000%) per annum by monthly instalments, over period up to 7 years.

(b) The student tuition fee and study loans are repayable with interest at 4.750% (2002/2003: 4.833% to 4.875%) per annum by monthly instalments, over periods up to 20 years.

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

(d) The other student loans are interest-free and repayable by monthly instalments, over periods up to 5 years.

Secured Assets

The staff and student loans are unsecured.

Fair values

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

The fair values of the notebook computer loans and other student loans are S\$17,801,000 (2002/2003: S\$18,681,000) and S\$928,000 (2002/2003: S\$689,000) 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004**

**12 LONG-TERM LOAN TO SUBSIDIARY COMPANY/AMOUNTS OWING BY 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 subsidiary/associated company are unsecured, interest-free and repayable upon demand.

**13 DEBTORS**

	2003/2004 S\$'000	2002/2003 S\$'000
Grants receivable	28,685	4,312
Trade debtors	21,228	17,673
Interest receivable	9,098	8,950
Receivables from sale of investments	14,055	39,073
Others	14,799	6,993
	<b>87,865</b>	<b>77,001</b>

**14 DEPOSITS AND PREPAYMENTS**

	2003/2004 S\$'000	2002/2003 S\$'000
Deposits paid	336	1,798
Prepayments for fixed assets	3,812	8,923
Other prepayments	5,683	6,934
	<b>9,831</b>	<b>17,655</b>

**15 FIXED DEPOSITS**

The effective interest rates of fixed deposits at the balance sheet date are 0.350% to 1.070% (2002/2003: 0.565% to 1.375%).

**16 CREDITORS AND ACCRUED EXPENSES**

	2003/2004 S\$'000	2002/2003 S\$'000
Creditors	80,718	119,064
Accrued expenses	115,239	100,356
Deposits received	3,034	2,216
	<b>198,991</b>	<b>221,636</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004

### 17 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.

	2003/2004 S\$'000	2002/2003 S\$'000
Amount repayable within 12 months	1,151	1,339
Amount repayable after 12 months	1,286	2,125
	<b>2,437</b>	<b>3,464</b>

The fair value is calculated based on discounted cash flows using a discount rate that approximates the borrowing rate which the management expects to be available to the University at balance sheet date. The fair value of the long-term loan is S\$2,326,000 (2002/2003: S\$3,300,000).

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

	2003/2004 S\$'000	2002/2003 S\$'000
Between 1 and 2 years	1,286	1,989
Between 2 and 5 years	–	136
	<b>1,286</b>	<b>2,125</b>

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### 18 OTHER INCOME

	2003/2004 S\$'000	2002/2003 S\$'000
Courses and conference fees	12,743	13,306
Clinical Fees/Consultancy fees	9,731	13,983
Donations	33,106	15,142
Rental income and student hostel residential fees	24,232	27,131
Others	43,451	31,083
	<b>123,263</b>	<b>100,645</b>

Rental income includes S\$125,000 (2002/2003: S\$113,000) from investment properties. Others include S\$16,116,000 (2002/2003: S\$2,283,000) for interfund transactions between the General Funds and Restricted Funds; the corresponding interfund transactions for expenditure are included in Other Operating Expenditure.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004**

**19 EXPENDITURE ON MANPOWER**

	2003/2004 S\$'000	2002/2003 S\$'000
Wages and salaries	474,476	508,256
Employer's contribution to Provident Funds	40,062	48,848
Other staff benefits	33,604	13,874
	<b>548,142</b>	<b>570,978</b>
Number of persons employed as at the end of the financial year:		
Full-time	6,516	6,712
Part-time	3,678	1,868
	<b>10,194</b>	<b>8,580</b>

**20 INVESTMENT INCOME**

	2003/2004 S\$'000	2002/2003 S\$'000
Interest income:		
Government bonds	10,270	10,433
Bonds/loan stocks in corporations/associated company	12,394	13,619
Fixed deposits and bank current accounts	6,168	6,626
	<b>28,832</b>	<b>30,678</b>
Dividend income:		
Quoted equity shares	14,184	10,964
Unquoted equity shares	261	160
	<b>14,445</b>	<b>11,124</b>
Net profit on sale of investments	29,905	1,917
Net foreign currency exchange adjustment loss	(16,697)	(22,013)
Reversal of impairment loss/(Impairment loss) on investments	16,235	(16,235)
	<b>72,720</b>	<b>5,471</b>

**21 (DEFICIT)/SURPLUS BEFORE GRANTS**

	2003/2004 S\$'000	2002/2003 S\$'000
This is arrived at after charging:		
Bad and doubtful debts	350	64
Rental expenses	1,328	7,092
Loss on disposal of fixed assets	953	3,610

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004**

**22 OPERATING GRANTS**

**(a) Operating Grants (Government)**

	2003/2004 S\$'000	2002/2003 S\$'000
Operating grants utilised during the year	650,468	682,102
Amount transferred to deferred capital grants	(32,085)	(35,650)
	<b>618,383</b>	<b>646,452</b>

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

	2003/2004 S\$'000	2002/2003 S\$'000
Operating grants utilised during the year	78,059	169,072
Amount transferred to deferred capital grants	(12,247)	(29,064)
	<b>65,812</b>	<b>140,008</b>

**(c) Operating Grants (Others)**

	2003/2004 S\$'000	2002/2003 S\$'000
Operating grants utilised during the year	53,385	61,241
Amount transferred to deferred capital grants	(2,322)	(18,093)
	<b>51,063</b>	<b>43,148</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004

### 23 FINANCIAL INSTRUMENTS

#### Forward Foreign Exchange Contracts and Interest Rate Swaps

Forward foreign exchange contracts and interest rate 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 2004, the settlement dates on open forward contracts and interest rate swaps ranged from between one month to greater than a year.

At 31 March 2004, the contractual/ notional amount of outstanding forward foreign exchange contracts and interest rate swaps are as follows:

	2003/2004 S\$'000	2002/2003 S\$'000
<b>Contractual/Notional amount</b>		
Forward foreign exchange contracts	<b>804,436</b>	638,190
Interest rate swaps	<b>175,525</b>	362,610

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

At 31 March 2004, the net fair values of outstanding forward foreign exchange contracts and interest rate swaps are as follows:

	2003/2004 S\$'000		2002/2003 S\$'000	
	Favourable	Unfavourable	Favourable	Unfavourable
Forward foreign exchange contracts	9,600	(3,826)	2,291	(5,618)
Interest rate swaps	1,221	(4,728)	1,978	(5,441)
	<b>10,821</b>	<b>(8,554)</b>	4,269	(11,059)

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

### 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:

	2003/2004 S\$'000	2002/2003 S\$'000
Authorised and contracted for	<b>199,953</b>	122,715
Authorised but not contracted for	<b>455,522</b>	491,285
	<b>655,475</b>	614,000

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004

### 25 TRANSFER OF RESEARCH INSTITUTES

On 1 April 2003, the following research institutes and centre of the University were transferred to Biomedical Sciences Institutes and Institute for Infocomm Research:

- (a) Bioprocessing Technology Centre
- (b) Genome Institute of Singapore
- (c) Institute of Communication Research

Accordingly, the account balances of the above institutes and centre were transferred to Biomedical Sciences Institutes and Institute for Infocomm Research. The impact on the financial statements of the University for the financial year ending 31 March 2004 is to reduce assets by S\$66,844,000 and liabilities, deferred capital grants and other fund balances by S\$66,844,000. A breakdown of the assets, liabilities, deferred capital grants and other fund balances transferred at cost is as follows:

	S\$'000
<u>Assets</u>	
Fixed Assets (Note 8)	34,866
Other current assets	2,824
Cash	29,154
	66,844
 <u>Liabilities, deferred capital grants and other fund balances</u>	
Other current liabilities	6,854
Grants received in advance	17,486
Deferred capital grants (Note 4)	33,069
Restricted Funds	9,435
	66,844



## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004**

### **26 PRIOR YEARS' RECLASSIFICATIONS**

Certain reclassifications have been made to the prior year's financial statements due to the adoption of the requirements in accordance with the Finance Circular Minute No. M44/2003 dated 31 October 2003 issued by the Ministry of Finance, as follows:

- (a) the University has previously classified self-financing funds which do not require separate accounting by the Ministry of Education and Ministry of Finance under General Funds. They are now classified under Restricted Funds;
- (b) funds created from donations from external sources for general purposes would be classified as General Funds, while funds created from donations from external sources for specific purposes would be classified as Restricted Funds; and
- (c) all endowment funds are accounted for under Restricted Funds.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2004

### 26 PRIOR YEARS' RECLASSIFICATIONS (CONT'D)

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

Effects of the prior year reclassifications mentioned above are shown below:

	Balances as previously reported S\$'000	Self-Financing Funds, Endowment Funds and Donation Funds S\$'000	Balances as restated S\$'000
<b>Income and expenditure Statement for the year ended 31 March 2003</b>			
General Funds:			
Operating income	238,103	(56,281)	181,822
Expenditure on manpower	567,891	(12,337)	555,554
Depreciation	163,124	(2,423)	160,701
Other operating expenditure	405,310	(34,194)	371,116
	<u>1,136,325</u>	<u>(48,954)</u>	<u>1,087,371</u>
Investment income	4,102	3,994	8,096
Grants	986,632	(2,113)	984,519
Surplus for the year	<u>92,512</u>	<u>(5,446)</u>	<u>87,066</u>
Restricted Funds:			
Operating income	34,586	56,281	90,867
Expenditure on manpower	3,087	12,337	15,424
Depreciation	679	2,423	3,102
Other operating expenditure	19,003	34,194	53,197
	<u>22,769</u>	<u>48,954</u>	<u>71,723</u>
Investment income	1,369	(3,994)	(2,625)
Grants	437	2,113	2,550
Surplus for the year	<u>13,623</u>	<u>5,446</u>	<u>19,069</u>
<b>Balance sheet as at 31 March 2003</b>			
Accumulated surplus as at 1 April 2003:			
General Funds	759,845	(378,728)	381,117
Restricted Funds	<u>133,827</u>	<u>378,728</u>	<u>512,555</u>