Financial Statements

Contents

Report of Trustees	36
Statement by Trustees	38
Independent Auditors' Report	39
Balance Sheets	40
Consolidated Income and Expenditure Statement	42
Statement of Changes in Funds and Reserves	44
Consolidated Cash Flows Statement	46
Notes to the Financial Statements	47

Report of Trustees

YEAR ENDED 31 MARCH 2007

The Board of Trustees present their report to the members together with the audited financial statements of Nanyang Technological University (the "University Company") for the financial year ended 31 March 2007.

TRUSTEES

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

Mr Koh Boon Hwee (Chairman)
Mr Alwi Bin Abdul Hafiz
Mr Chia Ban Seng
Ms Jennie Chua
Mr Goh Geok Ling
Dr Robert J. Herbold
Mr Kwek Leng Joo
Mrs Lee Suet Fern
Ms Lien Siaou-Sze
Mr Michael Lim Choo San
Mr Lim Chuan Poh
Prof Haresh Shah
Mr Inderjit Singh
Mr Tan Lip Bu
Mr Ernest Wong
Dr Su Guaning

CORPORATISATION OF THE UNIVERSITY COMPANY

Nanyang Technological University (the "University Company") was incorporated on the 28 March 2006 as a company limited by guarantee under the Singapore Companies Act, Chapter 50.

On 1 April 2006, all property, rights and liabilities, to which the former Nanyang Technological University (the "University"), the statutory board, was entitled or subject to immediately before that date became, by virtue of the Nanyang Technological University (Corporatisation) Act 2005 and without further assurance, act or deed, the property, rights and liabilities of the University Company. The manner of distribution and allocation is determined by the Ministry for Education and agreed by the Minister for Finance. Further, should matters on ownership arise, a vesting certificate from the Minister for Finance will be conclusive evidence that property, rights and liabilities have been transferred to the University Company.

As the operations of the University Company continued to be substantially funded by the Ministry of Education ("MOE" or the "Ministry") through the form of government grants with MOE having the power to appoint and remove members to the Board of Trustees of the University Company, it is deemed that there is common control by the MOE before and after the corporatisation. Accordingly, the MOE is regarded as the parent entity.

ARRANGEMENTS TO ENABLE TRUSTEES TO ACQUIRE SHARES AND DEBENTURES

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

TRUSTEES' INTERESTS

As the University Company is limited by guarantee, there are no matters to be disclosed under Section 201(6)(f) and (g), Section 201(6A)(g) and (h), Section 201(11) and Section 201(12) of the Singapore Companies Act, Chapter 50.

TRUSTEE CONTRACTUAL BENEFITS

Since the end of the previous financial year, no Trustee has received or become entitled to receive a benefit by reason of a contract made by the University Company or a related corporation with the Trustee or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in Note 27 to the financial statements.

AUDITORS

The auditors, KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board of Trustees

Mr Koh Boon Hwee
Trustee

Dr Su Guaning
Trustee

15 August 2007

Statement by Trustees

YEAR ENDED 31 MARCH 2007

In our opinion:

(a) the financial statements set out on pages 40 to 74 are drawn up so as to give a true and fair view of the state of affairs of the Group and the University Company as at 31 March 2007, and of the results, changes in funds and reserves and cash flows of the Group and of the changes in funds and reserves of the University Company for the year then ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

The Board of Trustees has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Trustees

Mr Koh Boon Hwee
Trustee

Dr Su Guaning
Trustee

15 August 2007

Independent Auditors' Report

MEMBERS OF THE UNIVERSITY COMPANY
NANYANG TECHNOLOGICAL UNIVERSITY

We have audited the accompanying financial statements of Nanyang Technological University (the "University Company") and its subsidiaries (collectively the "Group"), which comprise the balance sheets of the Group and the University Company as at 31 March 2007, and the income and expenditure statement, statements of changes in funds and reserves and statement of cash flows of the Group and the statement of changes in funds and reserves of the University Company for the year then ended and a summary of significant accounting policies and other explanatory notes, as set out on pages 40 to 74.

Trustees' responsibility for the financial statements

The University Company's Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustees, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in funds and reserves of the University Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the University Company as at 31 March 2007 and the results, changes in funds and reserves and cash flows of the Group and changes in funds and reserves of the University Company for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the University Company, have been properly kept in accordance with the provisions of the Act.

KPMG
Certified Public Accountants

Singapore
15 August 2007

Balance Sheets

AS AT 31 MARCH 2007

	NOTE	GROUP 2007 $'000	GROUP 2006 $'000 (RESTATED)	UNIVERSITY COMPANY 2007 $'000	UNIVERSITY COMPANY 2006 $'000 (RESTATED)
Non-current assets					
Property, plant and equipment	4	1,295,131	1,272,972	1,294,502	1,272,456
Prepaid lease	5	4,263	8,890	4,263	8,890
Subsidiaries	6	-	-	291	300
Financial assets at fair value through income and expenditure	7	998,652	796,062	998,479	795,826
Student loans	8	120,589	110,443	120,589	110,443
Finance lease receivables	9	24,818	-	24,818	-
Development grant receivables	10	-	21,129	-	21,129
		2,443,453	2,209,496	2,442,942	2,209,044
Current assets					
Student loans	8	33,878	31,543	33,878	31,543
Trade and other receivables	11	208,232	98,032	207,952	97,594
Finance lease receivables	9	182	-	182	-
Cash and cash equivalents	12	369,993	397,533	366,678	394,054
		612,285	527,108	608,690	523,191
Total assets		3,055,738	2,736,604	3,051,632	2,732,235
Current liabilities					
Trade and other payables	13	73,788	55,749	72,104	53,599
Short-term borrowings	14	30,000	-	30,000	-
Deferred tuition and other fees		43,645	34,594	43,645	34,594
Research grants received in advance	15	54,901	56,214	54,901	56,214
		202,334	146,557	200,650	144,407
Non-current liabilities					
Deferred capital grants	16	1,035,726	1,077,332	1,035,726	1,077,332
Other non-current liabilities		1,447	1,401	1,447	1,401
Advances from a ministry for student loans	17	140,318	129,728	140,318	129,728
Sinking fund received in advance	10	62,900	-	62,900	-
		1,240,391	1,208,461	1,240,391	1,208,461
Total liabilities		1,442,725	1,355,018	1,441,041	1,352,868
Net assets		1,613,013	1,381,586	1,610,591	1,379,367

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

Balance Sheets

AS AT 31 MARCH 2007

	NOTE	GROUP 2007 $'000	GROUP 2006 $'000 (RESTATED)	UNIVERSITY COMPANY 2007 $'000	UNIVERSITY COMPANY 2006 $'000 (RESTATED)
Capital account	18	200,858	200,858	200,858	200,858
Accumulated surplus					
- General fund		245,368	139,671	242,946	137,452
- Endowment fund	19	914,443	822,841	914,443	822,841
- Other restricted fund		252,344	218,216	252,344	218,216
Funds and reserves		1,613,013	1,381,586	1,610,591	1,379,367

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

Consolidated Income and Expenditure Statement

YEAR ENDED 31 MARCH 2007

	NOTE	GENERAL FUND 2007 $'000	GENERAL FUND 2006 $'000 (RESTATED)	ENDOWMENT FUND 2007 $'000	ENDOWMENT FUND 2006 $'000	OTHER RESTRICTED FUND 2007 $'000	OTHER RESTRICTED FUND 2006 $'000	TOTAL 2007 $'000	TOTAL 2006 $'000 (RESTATED)
Group									
Income									
Tuition and other fees		142,202	127,187	-	-	18,540	17,970	160,742	145,157
Rental income		2,116	2,532	-	-	23,072	22,158	25,188	24,690
Research grants	15	103,478	76,305	-	-	-	-	103,478	76,305
Interest income	20	8,204	6,468	582	115	2,619	1,891	11,405	8,474
Donations		-	-	31,550	8,318	20,893	12,263	52,443	20,581
Profit on investments	21	2,841	-	46,200	92,707	2,969	-	52,010	92,707
Other grants		-	-	-	-	27,193	16,424	27,193	16,424
Sundry income		5,556	6,095	-	1	25,400	17,412	30,956	23,508
Deferred capital grants amortised (non-ministry)	16	6,814	6,306	4	241	4,370	4,526	11,188	11,073
		271,211	224,893	78,336	101,382	125,056	92,644	474,603	418,919
Expenditure									
Expenditure on manpower		396,131	370,732	2,658	1,624	30,233	25,705	429,022	398,061
Teaching/Research		77,362	73,751	-	-	16,315	13,267	93,677	87,018
Administration		37,333	48,375	-	-	35,186	26,251	72,519	74,626
Maintenance		49,411	41,300	-	-	7,769	5,872	57,180	47,172
Library books and periodicals		7,067	7,022	-	-	-	-	7,067	7,022
Depreciation of property, plant and equipment	4	145,326	150,305	74	74	5,492	5,538	150,892	155,917
Amortisation of prepaid lease	5	166	166	-	167	-	-	166	333
Capital expenditure not capitalised	10	10,349	16,625	-	-	-	-	10,349	16,625
Balance carried forward		723,145	708,276	2,732	1,865	94,995	76,633	820,872	786,774

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

Consolidated Income and Expenditure Statement

YEAR ENDED 31 MARCH 2007

	NOTE	GENERAL FUND		ENDOWMENT FUND		OTHER RESTRICTED FUND		TOTAL	
		2007 $'000	2006 $'000 (RESTATED)	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000 (RESTATED)
Group									
Balance brought forward		723,145	708,276	2,732	1,865	94,995	76,633	820,872	786,774
Loss on disposal of property, plant and equipment		622	872	-	-	11	20	633	892
Allowance for impairment in value of investment		165	-	-	-	-	-	165	-
Bad debts written off		-	-	-	-	-	2	-	2
Other expenses		-	-	11,172	8,143	38,841	33,836	50,013	41,979
		723,932	709,148	13,904	10,008	133,847	110,491	871,683	829,647
(Deficit)/Surplus before grants from ministries	22	(452,721)	(484,255)	64,432	91,374	(8,791)	(17,847)	(397,080)	(410,728)
Grants from ministries									
Development grants	10	10,595	16,625	-	-	-	-	10,595	16,625
Operating grants	23	381,204	346,231	-	-	-	-	381,204	346,231
Other grants		-	-	37,740	2,648	40,456	32,504	78,196	35,152
Deferred capital grants amortised	16	139,221	144,964	-	-	79	68	139,300	145,032
Surplus after grants from ministries		78,299	23,565	102,172	94,022	31,744	14,725	212,215	132,312
Taxation	24	-	-	-	-	-	-	-	-
Surplus for the year		78,299	23,565	102,172	94,022	31,744	14,725	212,215	132,312

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

Statement of Changes in Funds and Reserves

YEAR ENDED 31 MARCH 2007

			<---------- ACCUMULATED SURPLUS ---------->			
		CAPITAL ACCOUNT	GENERAL FUND	ENDOWMENT FUND	OTHER RESTRICTED FUND	TOTAL
	NOTE	$'000	$'000	$'000	$'000	$'000
Group						
At 31 March 2005		200,858	137,062	751,658	209,233	
Prior year adjustment	25	-	(27,891)	-	(3,205)	
At 1 April 2005, restated		200,858	109,171	751,658	206,028	
Surplus for the year		-	23,565	94,022	14,725	
Transfer from endowment fund		-	5,665	(6,565)	900	
Transfer to general fund		-	2,451	-	(2,451)	
Transfer to research grants received in advance		-	(665)	-	-	
Refund to the ministries and statutory boards		-	-	-	(986)	
Transfer to deferred capital grants		-	(516)	(16,274)	-	
At 31 March 2006		200,858	139,671	822,841	218,216	1,381,586
At 31 March 2006, as previously reported		200,858	170,333	822,841	222,148	
Prior year adjustment	25	-	(30,662)	-	(3,932)	
At 1 April 2006, restated		200,858	139,671	822,841	218,216	
Surplus for the year		-	78,299	102,172	31,744	
Transfer to endowment fund		-	6,000	12,870	1,828	
Transfer to research grants received in advance		-	(733)	-	-	
Transfer to deferred capital grants		-	(690)	-	-	
Utilisation of other restricted fund		-	-	-	(197)	
Transfer to general fund		-	24,493	(23,440)	(1,053)	
Transfer to other restricted fund		-	(1,710)	-	1,710	
Fair value adjustment		-	38	-	96	
At 31 March 2007		200,858	245,368	914,443	252,344	1,613,013

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

Statement of Changes in Funds and Reserves

YEAR ENDED 31 MARCH 2007

			<---------- ACCUMULATED SURPLUS ---------->			
		CAPITAL ACCOUNT	GENERAL FUND	ENDOWMENT FUND	OTHER RESTRICTED FUND	TOTAL
	NOTE	$'000	$'000	$'000	$'000	$'000
University Company						
At 31 March 2005		200,858	135,440	751,658	209,233	
Prior year adjustment	25	-	(27,891)	-	(3,205)	
At 1 April 2005, restated		200,858	107,549	751,658	206,028	
Surplus for the year		-	22,968	94,022	14,725	
Transfer from endowment fund		-	5,665	(6,565)	900	
Transfer to general fund		-	2,451	-	(2,451)	
Transfer to research grants received in advance		-	(665)	-	-	
Refund to the ministries and statutory boards		-	-	-	(986)	
Transfer to deferred capital grants		-	(516)	(16,274)	-	
At 31 March 2006		200,858	137,452	822,841	218,216	1,379,367
At 31 March 2006, as previously reported		200,858	168,114	822,841	222,148	
Prior year adjustment	25	-	(30,662)	-	(3,932)	
At 1 April 2006, restated		200,858	137,452	822,841	218,216	
Surplus for the year		-	78,096	102,172	31,744	
Transfer to endowment fund		-	6,000	12,870	1,828	
Transfer to research grants received in advance		-	(733)	-	-	
Transfer to deferred capital grants		-	(690)	-	-	
Utilisation of other restricted fund		-	-	-	(197)	
Transfer to general fund		-	24,493	(23,440)	(1,053)	
Transfer to other restricted fund		-	(1,710)	-	1,710	
Fair value adjustment		-	38	-	96	
At 31 March 2007		200,858	242,946	914,443	252,344	1,610,591

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

Consolidated Cash Flows Statement

YEAR ENDED 31 MARCH 2007

	NOTE	2007 $'000	2006 $'000 (RESTATED)
Operating activities			
Deficit before grants from ministries		(397,080)	(410,728)
Adjustments for:			
Research grant income		(103,478)	(76,305)
Depreciation of property, plant and equipment		150,892	155,917
Amortisation of prepaid lease		166	333
Loss on disposal of property, plant and equipment		633	892
Profit on investments		(52,010)	(92,707)
Deferred capital grants amortised (non-ministry)		(11,188)	(11,073)
Interest income		(11,405)	(8,474)
Fair value adjustments		(6,437)	6,475
Deficit before working capital changes		(429,907)	(435,670)
Changes in working capital:			
Other payables		18,215	4,814
Trade and other receivables		702	13,966
Deferred tuition and other fees		9,051	3,498
Cash flows from operating activities		(401,939)	(413,392)
Financing activities			
Sinking fund received		62,900	-
Research grants received		118,100	91,857
Operating grants received, net of payment of goods and service tax expense on tuition fees and tuition grants		357,445	304,107
Development grants and related income received		96,797	130,633
Refund of grants to Ministry of Education		(61)	(4,609)
Ministry grants received		40,456	35,152
Loans extended to students		(12,385)	(12,911)
Receipt of advances from a ministry for student loans		16,098	14,691
Proceeds from borrowings		30,000	-
Payment of student loans to a ministry		(3,300)	(3,700)
Cash flows from financing activities		706,050	555,220
Investing activities			
Acquisition of property, plant and equipment		(192,312)	(188,735)
Purchase of other financial assets		(347,452)	(9,566)
Proceeds from sale of other financial assets		196,539	64,800
Interest received		11,574	8,474
Cash flows from investing activities		(331,651)	(125,027)
Net (decrease)/increase in cash and cash equivalents		(27,540)	16,801
Cash and cash equivalents at beginning of the year		397,533	380,732
Cash and cash equivalents at end of the year	12	369,993	397,533

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Trustees on 15 August 2007.

1 DOMICILE AND ACTIVITIES

Nanyang Technological University (the "University Company") established under the Singapore Companies Act, Chapter 50, is domiciled in Singapore. The University Company's registered office and place of business is located at 50 Nanyang Avenue Singapore 639798.

The University Company is principally engaged in the advancement and dissemination of knowledge, the promotion of research and scholarships and the conferring and awarding of degrees, diplomas and certificates. The principal activities of the subsidiaries are set out in note 6.

The consolidated financial statements relate to the University Company and its subsidiaries (referred to as the "Group").

2 CORPORATISATION OF THE UNIVERSITY COMPANY

Nanyang Technological University (the "University Company") was incorporated on the 28 March 2006 as a company limited by guarantee under the Singapore Companies Act, Chapter 50.

On 1 April 2006, all property, rights and liabilities, to which the former Nanyang Technological University (the "University"), the statutory board, was entitled or subject to immediately before that date became, by virtue of the Nanyang Technological University (Corporatisation) Act 2005 and without further assurance, act or deed, the property, rights and liabilities of the University Company. The manner of distribution and allocation is determined by the Ministry for Education and agreed by the Minister for Finance. Further, should matters on ownership arise, a vesting certificate from the Minister for Finance will be conclusive evidence that property, rights and liabilities have been transferred to the University Company.

As the operations of the University Company continue to be substantially funded by the Ministry of Education ("MOE" or the "Ministry") through the form of government grants with MOE having the power to appoint and remove members to the Board of Trustees of the University Company, it is deemed that there is common control by the MOE before and after the corporatisation. Accordingly, the MOE is regarded as the parent entity.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements are expressed in Singapore dollars and rounded to the nearest thousand unless otherwise stated. They are prepared on a historical cost basis except for certain financial assets and liabilities which are measured at fair value.

As discussed in paragraph 2, the corporatisation of the University has been accounted for as a reconstruction of business under common control. This is effected using the historical cost method similar to the "pooling of interest" method. Under the historical cost method, the transferred assets and liabilities are recorded at their existing carrying amounts. The Group and University Company's financial statements include the results of operations, and the assets and liabilities for the whole of the current and preceding periods.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 3.7 – measurement of the recoverable amounts of property, plant and equipment
- Note 3.10 – measurement of provisions
- Note 3.8 and 7 – valuation of financial instruments

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

Investment in subsidiaries are stated in the University Company's Balance Sheet at cost less accumulated impairment losses. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commence until the date control ceases.

Business combinations are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to the Income and Expenditure Statement in the period of the acquisition. The excess of the cost of acquisition over the carrying amount of the net assets acquired is recorded as goodwill on acquisition.

When the Group acquires additional interest in an existing subsidiary, the cost of the acquisition is accounted for based on the carrying amount of the net assets acquired at the date of exchange, plus any other cost directly attributable to the acquisition.

3.3 Foreign currencies

Foreign currency transactions

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange approximate to those ruling at the balance sheet date. Transactions in foreign currencies are translated at rates ruling on transaction dates. Non-monetary assets and liabilities measured at cost in a foreign currency are translated using exchange rates at the date of transaction. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to Singapore dollars at foreign exchange rates ruling at the date the fair value was determined. Translation differences are included in the Income and Expenditure Statement.

Foreign operations

Assets and liabilities of foreign operations are translated to Singapore dollars for consolidation at the rates of exchange ruling at the balance sheet date. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. Exchange differences arising on translation are recognised directly in equity. When a foreign operation is disposed, in part or in full, the relevant amount in equity is transferred to the Income and Expenditure Statement.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Funds

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

General and restricted funds

Income and expenditure are generally accounted for under the General Fund in the Income and Expenditure Statement. The income and expenditure relating to funds that are set up for specific purposes are accounted for under Other Restricted Fund in the Income and Expenditure Statement.

The following funds termed as "Other Restricted Fund" are set up and disclosed separately from the University Company's general fund:

(i) funds created from donations from external bodies for special purposes;
(ii) funds created from grants received for carrying out activities under special arrangements; and
(iii) funds maintained separately to account for the self-financing activities carried out by the University Company.

The use of these funds are governed by the terms and conditions set out by the respective funds.

The income and expenditure of General Fund and Other Restricted Fund are included in the Income and Expenditure Statement.

Endowment fund

Grants from ministries and statutory boards and donations from external sources which are kept intact as capital, are directly taken to the fund in the year in which such grants and donations are received. Income and expenditure arising from the management of the Endowment Fund are taken to the Income and Expenditure Statement of the Fund.

3.5 Grants and Sinking Fund

Grants and sinking fund from the Ministry, other ministries and statutory boards and contributions received/receivable from other organisations for the purchase of depreciable assets or to finance research or capital projects are taken to the grants received in advance account in the first instance. They are taken to the deferred capital grants account upon the utilisation of the grants for purchase of assets, which are capitalised, or to the Income and Expenditure Statement for purchase of assets which are written off in the year of purchase.

Deferred capital grants are recognised in the Income and Expenditure Statement over the periods necessary to match the depreciation, write off and/or impairment loss of the assets purchased with the related grants. Upon the disposal of 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 the fixed assets written off.

Debt grant is recognised when there is reasonable assurance that the University Company will comply with the conditions attaching to them and that the grants will be received.

Grants from the Ministry and other Ministries to meet the current year's operating expenses are recognised as income in the same year these operating expenses were incurred.

Grants and contributions are accounted for on the accrual basis.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for land alienated to the University Company which are stated at values provided by the Government. Donated assets are stated at valuation at initial recognition.

Any increase in the revaluation amount of land alienated to the University Company and assets purchased using funds from self-financing centres are credited directly to the Capital Account unless it offsets a previous decrease in value recognised in the Income and Expenditure Statement. A decrease in value is recognised in the Income and Expenditure Statement where it exceeds the increase previously recognised in the Capital Account. Upon disposal, any related revaluation surplus is transferred from the Capital Account to accumulated surplus and is not taken into account in arriving at the gain or loss on disposal.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in the Income and Expenditure Statement as incurred.

Except for freehold lands and buildings under construction which are not depreciated, depreciation is recognised in the Income and Expenditure Statement on a straight-line basis so as to write off items of property, plant and equipment over their estimated useful lives as follows:

Buildings and infrastructures	5 to 20 years
Renovations	5 years
Machineries, laboratory and workshop equipments	6 years
Furniture and office equipments	3 to 5 years
Transportation equipments	8 years
Others	8 years

Property, plant and equipment costing less than $2,000 each, renovations costing below $100,000 and library books are generally charged to the Income and Expenditure Statement in the year of purchase.

Buildings under construction are stated at cost. Expenditure relating to the construction of projects are capitalised when incurred. No depreciation is charged on building under construction until the building under construction is completed and the related property, plant and equipment are transferred to the respective property, plant and equipment categories and depreciated accordingly.

Depreciation methods, useful lives and residual values are reviewed and adjusted as appropriate, at each reporting date.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment – non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely is independent from other assets and groups. Impairment losses are recognised in the Income and Expenditure Statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise funds with fund managers, investments in equity securities, trade and other receivables, student loans, development grant receivables, cash and cash equivalents, borrowings and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through income and expenditure, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the assets. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and bank deposits.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Financial instruments (cont'd)

Investments at fair value through income and expenditure

An instrument is classified as fair value through income and expenditure if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated as fair value through income and expenditure if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in the Income and Expenditure Statement when incurred. Financial instruments at fair value through income and expenditure are measured at fair value, and changes therein are recognised in the Income and Expenditure Statement.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less impairment losses.

Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in Income and Expenditure Statement.

3.9 Employee benefits

Defined contribution plans

Contributions to post-employment benefits under defined contribution plans are recognised as an expense in the Income and Expenditure Statement as incurred.

Short-term employee benefits

Short-term employee benefit obligations, including accumulated compensated absences, are measured on an undiscounted basis and are expensed as the related services are provided.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.11 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Income and Expenditure Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not be reversed in the foreseeable future.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Income recognition

Student fees

Income from tuition and other fees are recognised in the period in which the services are rendered.

Management fees

Management fees are recognised upon services rendered.

Donations

Unconditional donations are recognised upon receipt.

Interest income

Interest income is recognised on a time proportion basis.

Licence fees

Licence fees are recognised in accordance with terms of licensing agreement.

Royalties

Royalties are recognised on sale, by licensee, of products using the technology granted.

Dividends

Dividends are recognised in the financial year in which the right to receive payment is established.

Interest on finance lease

Interest on finance lease is recognised in the Income and Expenditure Statement over the period of the lease so as to earn an approximately constant periodic rate of return on the remaining balance of the finance lease receivables for each reporting period.

3.13 Operating lease

Where the Group has the use of assets under operating leases, payments made under the lease are recognised in the Income and Expenditure Statement on a straight-line basis over the term of the lease.

3.14 Finance lease receivables

Assets held under finance lease are recognised in the balance sheet and presented as receivables net of unearned interest and after deduction of allowance for possible losses.

3.15 Finance costs

Interest expense and similar charges are expensed in the Income and Expenditure Statement in the period in which they are incurred.

3.16 Key management personnel

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The Board of Trustees and senior management team are considered as key management personnel of the Group.

4 PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD LANDS	BUILDINGS AND INFRA-STRUCTURES	BUILDINGS UNDER-CONSTRUCTION	RENOVATIONS	MACHINERIES, LABORATORY AND WORKSHOP EQUIPMENTS	FURNITURE AND OFFICE EQUIPMENTS	TRANSPOR-TATION EQUIPMENTS	OTHERS	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
Cost									
At 1 April 2005	200,858	1,438,443	62,643	20,438	391,552	246,808	2,455	5,398	2,368,595
Additions	-	31,256	84,300	1,776	54,594	16,637	30	142	188,735
Adjustments	-	-	-	-	84	192	-	98	374
Disposals	-	(15,119)	-	(560)	(6,990)	(11,672)	-	(138)	(34,479)
Reclassifications	-	70,734	(71,230)	150	2,681	(244)	-	(2,091)	-
At 31 March 2006	200,858	1,525,314	75,713	21,804	441,921	251,721	2,485	3,409	2,523,225
Additions	-	48,140	77,631	1,056	46,197	20,398	451	83	193,956
Adjustments	-	-	-	-	253	14	-	-	267
Disposals	-	(1,328)	-	(1,104)	(7,115)	(14,216)	(269)	(4)	(24,036)
Reclassifications / transfer to finance lease receivables	-	46,688	(88,356)	874	17,723	1,820	141	497	(20,613)
At 31 March 2007	200,858	1,618,814	64,988	22,630	498,979	259,737	2,808	3,985	2,672,799
Accumulated depreciation									
At 1 April 2005	-	684,118	-	13,217	259,186	166,953	1,658	2,790	1,127,922
Depreciation for the year	-	78,951	-	3,144	38,441	34,980	218	183	155,917
Disposals	-	(14,934)	-	(556)	(6,819)	(11,152)	-	(125)	(33,586)
Reclassifications	-	(16)	-	-	933	(1)	-	(916)	-
At 31 March 2006	-	748,119	-	15,805	291,741	190,780	1,876	1,932	1,250,253
Depreciation for the year	-	71,518	-	2,889	44,531	31,512	227	215	150,892
Disposals	-	(962)	-	(1,104)	(6,919)	(14,146)	(268)	(4)	(23,403)
Reclassifications / transfers to finance lease receivables	-	(165)	-	2	100	(12)	1	-	(74)
At 31 March 2007	-	818,510	-	17,592	329,453	208,134	1,836	2,143	1,377,668
Carrying amount									
At 1 April 2005	200,858	754,325	62,643	7,221	132,366	79,855	797	2,608	1,240,673
At 31 March 2006	200,858	777,195	75,713	5,999	150,180	60,941	609	1,477	1,272,972
At 31 March 2007	200,858	800,304	64,988	5,038	169,526	51,603	972	1,842	1,295,131

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	FREEHOLD LANDS	BUILDINGS AND INFRA-STRUCTURES	BUILDINGS UNDER-CONSTRUCTION	RENOVATIONS	MACHINERIES, LABORATORY AND WORKSHOP EQUIPMENTS	FURNITURE AND OFFICE EQUIPMENTS	TRANSPOR-TATION EQUIPMENTS	OTHERS	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
University Company									
Cost									
At 1 April 2005	200,858	1,438,443	62,643	20,438	391,552	246,648	2,455	5,398	2,368,435
Additions	-	31,256	84,300	1,710	54,411	16,449	30	142	188,298
Adjustments	-	-	-	-	84	192	-	98	374
Disposals	-	(15,119)	-	(560)	(6,990)	(11,672)	-	(138)	(34,479)
Reclassifications	-	70,734	(71,230)	-	2,681	(94)	-	(2,091)	-
At 31 March 2006	200,858	1,525,314	75,713	21,588	441,738	251,523	2,485	3,409	2,522,628
Additions	-	48,140	77,631	951	46,136	20,312	451	83	193,704
Adjustments	-	-	-	-	253	14	-	-	267
Disposals	-	(1,328)	-	(1,104)	(7,115)	(14,216)	(269)	(4)	(24,036)
Reclassifications / transfer to finance lease receivables	-	46,688	(88,356)	874	17,723	1,820	141	497	(20,613)
At 31 March 2007	200,858	1,618,814	64,988	22,309	498,735	259,453	2,808	3,985	2,671,950
Accumulated depreciation									
At 1 April 2005	-	684,118	-	13,217	259,186	166,946	1,658	2,790	1,127,915
Depreciation for the year	-	78,951	-	3,110	38,430	34,953	218	183	155,845
Disposals	-	(14,934)	-	(556)	(6,821)	(11,152)	-	(125)	(33,588)
Reclassifications	-	(16)	-	-	933	(1)	-	(916)	-
At 31 March 2006	-	748,119	-	15,771	291,728	190,746	1,876	1,932	1,250,172
Depreciation for the year	-	71,518	-	2,839	44,487	31,467	227	215	150,753
Disposals	-	(962)	-	(1,104)	(6,919)	(14,146)	(268)	(4)	(23,403)
Reclassifications/ transfer to finance lease receivables	-	(165)	-	-	102	(12)	1	-	(74)
At 31 March 2007	-	818,510	-	17,506	329,398	208,055	1,836	2,143	1,377,448
Carrying amount									
At 1 April 2005	200,858	754,325	62,643	7,221	132,366	79,702	797	2,608	1,240,520
At 31 March 2006	200,858	777,195	75,713	5,817	150,010	60,777	609	1,477	1,272,456
At 31 March 2007	200,858	800,304	64,988	4,803	169,337	51,398	972	1,842	1,294,502

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The freehold land of the Group and the University Company was stated at valuation carried out in December 1987 based on values in a valuation report from the Commissioner of Lands. The revaluation was done on a one-off basis and accordingly, the transitional provision in FRS 16 Property, Plant and Equipment was adopted to continue with its existing policy of stating the freehold land at deemed cost.

5 PREPAID LEASE

	GROUP AND UNIVERSITY COMPANY	
	2007 $'000	2006 $'000
Cost		
At 1 April	10,001	10,001
Transfer to Finance Lease Receivables	(5,019)	-
At 31 March	4,982	10,001
Accumulated amortisation		
At 1 April	1,111	778
Amortisation charge for the year	166	333
Transfer to Finance Lease Receivables	(558)	-
At 31 March	719	1,111
Carrying amount		
At 1 April	8,890	9,223
At 31 March	4,263	8,890

During the year, the University Company entered into an agreement with NTU Alumni Club whereby it leases the building under a finance lease. Accordingly, an amount of $4.46 million had been transferred to "Finance Lease Receivables" as set out in note 9.

6 SUBSIDIARIES

	UNIVERSITY COMPANY	
	2007 $'000	2006 $'000
Investments in subsidiaries	*	*
Loans to subsidiaries	291	300
	291	300

* Amount less than $1,000.

The loans to subsidiaries are unsecured and interest-free. The settlement of the amount is neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, a part of the University Company's net investment in the subsidiaries, they are stated at cost less impairment losses.

6 SUBSIDIARIES (CONT'D)

Details of subsidiaries are as follows:

	NAME OF SUBSIDIARY	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	EFFECTIVE EQUITY HELD BY THE GROUP	
				2007 %	2006 %
	Held by the University Company				
*	NTU Ventures Private Limited	To undertake investments in projects arising from the research work of staff	Singapore	100	100
	Held by NTU Ventures Pte Ltd				
*	Confucius Institute, NTU Pte Ltd	To provide training, programmes or courses	Singapore	100	100
*	Filpas Vacuum Technology Pte Ltd	Dormant	Singapore	100	100
*	Institute of Environmental Science and Enginnering Pte Ltd ("IESE")	To perform research and development of environment science and engineering	Singapore	100	100
*	Nanofrontier Pte Ltd	To perform research and development of industrial machinery	Singapore	100	100
*	NTUV International Pte Ltd	Investment holding	Singapore	100	100
	Held by NTUV International Pte Ltd				
^	Nanyang Venture Consulting (Shanghai) Co., Ltd	Consultants for enterprise management and technology and education	China	100	100
	Held by IESE Pte Ltd				
^	IESE Water (Asia) Pte Ltd	To conduct basic research in water and waste water	Singapore	100	-

* Audited by TeoFoongWong LC Loong, Singapore
^ Audited by Shanghai Hongda Certified Public Accountants Co., Ltd, China

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME AND EXPENDITURE

	GROUP		UNIVERSITY COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Amounts managed by international fund managers :				
Fixed income securities	134,832	193,390	134,832	193,390
Equity investments	591,824	431,585	591,824	431,585
Other investments	271,996	171,087	271,823	170,851
	998,652	796,062	998,479	795,826

Equity investments are principally denominated in US dollars, Japanese yen, Euro and Sterling pounds. Fixed income securities are principally denominated in US dollars, Euro and Japanese yen. After currency hedging, the net currency exposures are US dollars (2007: 48%, 2006: 35%), Euro (2007: 6%, 2006: 8%), Sterling pounds (2007:4%, 2006: 5%) and Japanese yen (2007: 3%, 2006: 6%). The fixed income securities had been reduced in 2007 and the proceeds from the disposal were re-invested in other financial assets. The fixed income securities were sold at a profit.

The weighted average interest rates of fixed income securities at the balance sheet date and the periods in which they mature are as follows:

	EFFECTIVE INTEREST RATE	FLOATING INTEREST	FIXED INTEREST RATE MATURING WITHIN 1 YEAR	IN 1 TO 5 YEARS	AFTER 5 YEARS	TOTAL
	%P.A.	$'000	$'000	$'000	$'000	$'000
University Company						
2007	1.0 – 7.4	27,212	1,346	14,452	111,488	154,498
2006	0.8 – 6.8	25,200	18,551	24,753	115,342	183,846

8 STUDENT LOANS

	GROUP AND UNIVERSITY COMPANY	
	2007 $'000	2006 $'000
Tuition fee and study loans (note 17)	139,160	128,288
Scholarship and student loans	15,307	13,698
	154,467	141,986
Represented by:		
Amount repayable within 12 months	33,878	31,543
Amount repayable after 12 months	120,589	110,443
	154,467	141,986

(a) Student tuition fee loans are repayable by monthly instalments over a period of up to 20 years after the borrowers' graduation. Interest is charged at the average prime rates of three local banks prevailing on the first day of each quarter, or such other rates as may be determined from time to time. Interest charged in 2007 is 4.75% (2006 : 5.30%) per annum.

The interest on the tuition fee loans is remitted in full to the Ministry as and when received.

(b) Included in scholarship and student loans are personal computer loans of $13,074,000 (2006: $11,943,000), which are interest-free and are repayable by monthly instalments within a period of 3 years after the borrowers' graduation. The fair value at inception was determined based on expected future principal repayment cash flows, discounted at the average interest rate of 6.50% (2006 : 6.00%) per annum. These loans are subsequently measured at amortised cost, using the effective interest method.

9 FINANCE LEASE RECEIVABLES

	GROUP AND UNIVERSITY COMPANY	
	2007 $'000	2006 $'000
Gross receivables due:		
- Not later than one year	859	-
- Between two to five years	6,459	-
- Later than five years	27,321	-
	34,639	-
Less: Unearned interest	9,639	-
Net investment in finance lease	25,000	-

9 FINANCE LEASE RECEIVABLES (CONT'D)

The net investment in finance lease receivables are analysed as follows:

	GROUP AND UNIVERSITY COMPANY	
	2007 $'000	2006 $'000
Current	182	-
Non-current	24,818	-
	25,000	-

This relates to the lease of land and building to NTU Alumni Club over a lease period of 26 years.

10 DEVELOPMENT GRANT RECEIVABLES/ SINKING FUND RECEIVED IN ADVANCE

		GROUP AND UNIVERSITY COMPANY	
	NOTE	2007 $'000	2006 $'000
Grants receivable after 12 months		-	21,129
Grants receivable within 12 months	11	39,758	2,429
		39,758	23,558
Sinking fund received in advance	(a)	(62,900)	-
		(23,142)	23,558
Movements in development grant (received in advance) / receivables:			
At 1 April		23,558	(2,018)
Grants received during the year		(159,697)	(130,633)
Interest arising from the discount implicit in the receivable		6,475	(6,475)
		(129,664)	(139,126)
Less:			
Amounts transferred to deferred capital grants	16	95,924	142,732
Amounts refunded to the Ministry		3	3,327
Amounts taken to Income and Expenditure Statement:			
- Capital expenditure not capitalised/expenditure on manpower	(b)	10,595	16,625
At 31 March		(23,142)	23,558

These are grants from the Ministry for financing development projects.

(a) This amount relates to a sinking fund received in advance of $62,900,000 from the Ministry for the purpose of maintenance and replacement of property, plant and equipment.

(b) The amount of development grant taken to the Income and Expenditure Statement is in relation to expenditure on assets which are not capitalised and charged to expense in the year of purchase.

11 TRADE AND OTHER RECEIVABLES

	NOTE	GROUP 2007 $'000	GROUP 2006 $'000	UNIVERSITY COMPANY 2007 $'000	UNIVERSITY COMPANY 2006 $'000
Trade receivables		9,903	7,277	9,635	7,086
Allowance for doubtful receivables		(394)	(120)	(394)	(71)
		9,509	7,157	9,241	7,015
Interest receivables		1,668	1,769	1,667	1,769
Operating grant receivables		89,219	54,629	89,219	54,629
Research grant receivables		14,961	14,067	14,961	14,067
Endowment matching grant receivables		37,740	2,649	37,740	2,649
Development grant receivables	10	39,758	2,429	39,758	2,429
Other receivables		15,377	15,332	15,198	14,868
Amounts due from subsidiaries (trade)		-	-	168	168
Amounts due from subsidiaries (non-trade)		-	-	1,015	1,015
Allowance for doubtful receivables		-	-	(1,015)	(1,015)
		-	-	-	-
		208,232	98,032	207,952	97,594

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

12 CASH AND CASH EQUIVALENTS

	GROUP 2007 $'000	GROUP 2006 $'000	UNIVERSITY COMPANY 2007 $'000	UNIVERSITY COMPANY 2006 $'000
Cash at bank and in hand	39,806	12,177	37,136	9,098
Deposit with financial institutions	330,187	385,356	329,542	384,956
	369,993	397,533	366,678	394,054

Included in cash at bank and in hand are $1,158,000 (2006: $1,440,000) held on behalf of the Ministry for the purpose of extending study loans to students (Refer to note 17 for details).

13 TRADE AND OTHER PAYABLES

	GROUP		UNIVERSITY COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Provision for unutilised compensated leave	27,429	27,070	27,429	27,070
Other payables and accruals	46,359	27,049	44,675	24,899
Provision for surcharge on manpower	-	1,630	-	1,630
	73,788	55,749	72,104	53,599

Movement of provision for unutilised compensated leave

	GROUP		UNIVERSITY COMPANY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
At 1 April	27,070	25,906	27,070	25,906
Provisions made during the year	359	1,164	359	1,164
At 31 March	27,429	27,070	27,429	27,070

14 SHORT-TERM BORROWINGS

The borrowings are unsecured, bear interest at 3.65% per annum and are repayable within the next twelve months from the financial year end.

15 RESEARCH GRANTS RECEIVED IN ADVANCE

	GROUP AND UNIVERSITY COMPANY	
	2007 $'000	2006 $'000
At 1 April	56,214	56,709
Grants received during the year	118,100	91,857
	174,314	148,566
Less:		
Amounts transferred to deferred capital grants (note 16)	17,684	12,356
Amounts taken to Income and Expenditure Statement	103,478	76,305
Amounts refunded to the Ministry, other ministries and statutory boards	25	296
Amounts offset against grant receivables	(1,774)	3,395
At 31 March	54,901	56,214

These are grants from the ministries, statutory boards, A*Star and other sources for research activities. The balance in this account represents grants received but not utilised at the end of the financial year. These grants are repayable on demand.

16 DEFERRED CAPITAL GRANTS

	MINISTRIES		STATUTORY BOARDS		OTHERS		TOTAL	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Group and University Company								
At 1 April	1,000,117	981,746	73,484	61,195	3,731	3,603	1,077,332	1,046,544
Add:								
Grants received for capital expenditure and development project transfer from								
- Operating grants (note 23)	10,831	12,505	-	-	-	-	10,831	12,505
- Research grants (note 15)	10,792	7,409	6,796	4,874	96	73	17,684	12,356
- Development grants (note 10)	95,924	142,732	-	-	-	-	95,924	142,732
- Accumulated surplus	140	450	550	16,340	-	-	690	16,790
- Other grants	8	27	1,101	1,479	114	334	1,223	1,840
Assets donated by various organisations	-	-	-	-	2,960	297	2,960	297
Adjustments/Reclassifications	235	280	32	(4)	1	97	268	373
	117,930	163,403	8,479	22,689	3,171	801	129,580	186,893
Less:								
Grants taken to Income and Expenditure Statement								
Amortisation charge for the year	138,710	144,165	10,385	10,388	761	667	149,856	155,220
On disposal of fixed assets	593	864	17	15	22	6	632	885
	139,303	145,029	10,402	10,403	783	673	150,488	156,105
Adjustments / Reclassifications	-	3	20,698	(3)	-	-	20,698	-
At 31 March	978,744	1,000,117	50,863	73,484	6,119	3,731	1,035,726	1,077,332

Deferred capital grants amortised (non-ministry) refers to amortisation of grants received from statutory boards and other organizations.

17 ADVANCES FROM A MINISTRY FOR STUDENT LOANS

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

	GROUP AND UNIVERSITY COMPANY	
	2007 $'000	2006 $'000
At 1 April	129,728	143,185
Effect of adopting FRS 39	-	(20,812)
	129,728	122,373
Add:		
Advances received	16,098	14,691
Advances repaid	(3,300)	(3,700)
Bad debts	(570)	(738)
Discount implicit in the advances	(1,638)	(2,898)
At 31 March	140,318	129,728
Represented by:		
Tuition fee and study loans (note 8)	139,160	128,288
Cash and bank balances (note 12)	1,158	1,440
Net assets	140,318	129,728

18 CAPITAL ACCOUNT

The capital account represents the valuation of the freehold land vested in Nanyang Technological University. (Details refer to note 4).

19 ENDOWMENT FUND

The fund comprises donations, grants, gifts, testamentary disposition and proceeds from gifts of movable or immovable properties. The objectives of this fund include the provision of facilities for teaching, training and research, the advancement and dissemination of knowledge and the promotion of research.

The Government has undertaken to match all donations to the Nanyang Technological University Endowment Fund. Such Government grants are accounted for on an accrual basis.

The following amount has been set aside within the Endowment Fund to preserve the capital of the Endowment Fund.

	GROUP AND UNIVERSITY COMPANY	
	2007 $'000	2006 $'000
At 1 April	34,963	27,073
Additional capital preserved during the year	6,395	7,890
At 31 March	41,358	34,963

20 INTEREST INCOME

	GROUP AND UNIVERSITY COMPANY	
	2007 $'000	2006 $'000
Interest received/receivable		
- fixed deposits (placed with financial institution)	9,939	7,880
- bank balances	970	594
- finance leases	496	-
	11,405	8,474

21 PROFIT ON INVESTMENTS

	GROUP AND UNIVERSITY COMPANY	
	2007 $'000	2006 $'000
Appreciation in values of investments	51,929	92,707
Profit on sale of investments	81	-
	52,010	92,707

22 (DEFICIT)/SURPLUS BEFORE GRANTS FROM MINISTRIES

The following items have been included in arriving at (deficit)/surplus before grants from ministries:

	GROUP	
	2007 $'000	2006 $'000
Allowance for doubtful receivables	274	120
Exchange gain	(42)	(86)
Contribution to defined contribution plans included in expenditure on manpower	23,490	23,641

23 OPERATING GRANTS FROM MINISTRY

	GROUP	
	2007 $'000	2006 $'000
Operating grants received and receivable during the year	413,611	378,956
Payment for goods and services tax on tuition fees and tuition grants	(21,576)	(20,220)
Amounts transferred to deferred capital grants (note 16)	(10,831)	(12,505)
Operating grants taken to Income and Expenditure Statement	381,204	346,231

24 TAXATION

Reconciliation of effective tax rate

	GROUP	
	2007 $'000	2006 $'000 (RESTATED)
Surplus before taxation	212,215	132,312
Income tax using Singapore tax rate @ 18% (2006 : 20%)	38,199	26,462
Income not subject to tax	(194,581)	(191,794)
Expenses not deductible for tax purposes	156,363	165,261
Temporary differences not recognised	19	71
	-	-

By virtue of Section 13M(2)(b) of the Income Tax Act, Chapter 134, the University Company will be exempted from taxation provided 80% of its adjusted income for each financial year is expended for charitable purposes by the end of the following year.

The subsidiaries of the Group have approved donations, unutilised capital allowances and unabsorbed tax losses of approximately $1,738,000 (2006: $1,738,000), $nil (2006: $4,000) and $767,000 (2006: $779,000) respectively which are available for offset against future taxable income. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the subsidiaries can utilise the benefit.

The unabsorbed tax losses and unutilised capital allowances of the subsidiaries are subject to agreement by the tax authorities and compliance with the tax regulations in the respective countries in which certain subsidiaries operate. Except for unutilised donations which has a life of up to 5 years, the remaining deductible temporary differences do not expire under current tax legislation.

25 PRIOR YEAR ADJUSTMENT

In prior years, the University Company recognised course fees for the full academic year (1 July to 30 June) in the financial year they were billed. As this is a departure from FRS 18 – Revenue, the University Company has considered it appropriate to reflect the effect of overstatement of course fees as a prior year adjustment.

The prior year adjustment has been accounted for by restating comparatives and decreasing the opening balance of accumulated surplus as at 1 April 2005 and 1 April 2006 by $31,096,000 and $34,594,000 respectively.

The effect on balance sheet is as follows:

	GROUP		UNIVERSITY COMPANY	
	AS PREVIOUSLY STATED	AS RESTATED	AS PREVIOUSLY STATED	AS RESTATED
	2006 $'000	2006 $'000	2006 $'000	2006 $'000
General fund	170,333	139,671	168,114	137,452
Other restricted fund	222,148	218,216	222,148	218,216
Deferred tuition and other fees	-	34,594	-	34,594

The effect on income and expenditure statement is as follows:

	AS PREVIOUSLY STATED 2006		AS RESTATED 2006	
	GENERAL FUND	OTHER RESTRICTED FUND	GENERAL FUND	OTHER RESTRICTED FUND
	$'000	$'000	$'000	$'000
Tuition and other fees	129,958	18,697	127,187	17,970
Surplus for the year	26,336	15,452	23,565	14,725

The effect on statement of cash flows is as follows:

	AS PREVIOUSLY STATED	AS RESTATED
	2006 $'000	2006 $'000
Deficit before grants	(407,230)	(410,728)
Deferred tuition and other fees	-	3,498

26 COMMITMENTS

The Group has the following commitments as at 31 March 2007:

	2007 $'000	2006 $'000
Capital commitments		
- contracted but not provided for	318,872	233,351
- authorised but not contracted for	868,092	959,044

The capital commitments are funded from grants from ministries, subject to satisfying certain terms and conditions.

	2007 $'000	2006 $'000
Purchase of equity investments		
- contracted but not provided for	37,736	59,986

The University Company is a Guarantee Member of the following companies limited by guarantee:

	DATE OF INCORPORATION
Singapore Institute of Manufacturing Technology (SimTech)	1 April 1997
Temasek Life Sciences Laboratory Limited	18 February 2002

The University Company is a Guarantee Member up to a maximum of $10 per company in the event of their winding-up. As neither the income or property of the companies can be paid nor transferred directly by way of dividend, bonus or otherwise, to the existing members of the companies, nor the assets of the companies can be paid or distributed to the existing members in the event they are wound up, the financial statements of the companies are not equity-accounted for in the financial statements of the University Company.

Joint Program in Hospitality Management with Cornell University

Under the agreement with Cornell University, Nanyang Technological University (NTU) will establish a joint program in hospitality management with Cornell University through the Cornell-Nanyang Institute of Hospitality Management (CNI). The CNI programs include degree and non-degree programs, short courses, research and other related academic activities. The NTU has provided an initial Standby Letter of Credit of USD0.8 million renewable up to 30 June 2008 to cover tuition fees and reimbursable expenses due to Cornell University.

Agreements entered into with Massachusetts Institute of Technology (MIT) and the National University of Singapore (NUS)

The University Company has entered into the two Singapore-MIT Alliance (SMA) agreements with MIT and NUS to establish collaborative efforts in research and education in engineering, science and technology, including interface with business and industry. SMA-1 covers a period of 7.5 years from 1 January 1999 and SMA-2, effective 17 September 2004, will continue for a term of about 8 years from the commencement of the last SMA-2 programme to be initiated. As at 31 March 2007, the NTU's outstanding commitments under the 2 agreements are estimated to be around USD17.6 million till the expiry of these agreements.

26 COMMITMENTS (CONT'D)

Collaboration with Stanford University

The University Company and Stanford University have entered into a collaborative Singapore Stanford Partnership (SSP) program for the development of postgraduate education and research in environmental science and engineering. The SSP program will offer Master of Science and Doctor of Philosophy degrees in environmental science and engineering whereby students will be integrated into the Stanford experience. As at 31 March 2007, NTU's outstanding commitments under the agreements are estimated to be USD3.6 million over the next 3 years.

27 SIGNIFICANT RELATED PARTY INFORMATION

Related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Other than disclosed elsewhere in the financial statements, the Group had the following significant transactions with related parties during the year on terms agreed between the parties as follows:

	2007 $'000	2006 $'000
Related corporations		
Purchase of goods and services	38,242	38,017
Sale of services	14,122	13,063

Key Management Personnel Compensation

	2007 $'000	2006 $'000
Short term employee benefits	1,722	3,219

28 FINANCIAL INSTRUMENTS

Risk management is integral to the whole activities of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Group continually monitors its risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk

Credit risk is the potential loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

At the balance sheet date, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flow.

Interest rate risk

Surplus funds from the Group's operations are invested in bank deposits and with fund managers. The Group's exposure to interest rate risk relates primarily to the fixed deposits and borrowings.

Foreign currency risk

Except as disclosed in note 7 and note 26, the Group incurred minimal foreign currency risk on its income and expenditures as these are predominantly denominated in Singapore dollars.

Estimating the fair values

Equity securities

Fair value is based on quoted bid prices at the balance sheet date without any deduction for transaction costs.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at reporting date.

Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values. All other financial assets and liabilities are discounted to determine their fair values.

28 FINANCIAL INSTRUMENTS (CONT'D)

Interest rates used in determining fair values

The Group uses the government yield curve as of 31 March 2007 plus an adequate constant credit spread to discount financial instruments. The interest rates used are as follows:

	2007 % P.A.	2006 % P.A.
Development grant receivables	-	3.50
Finance lease receivables	2.72	-
Loans and borrowings	6.50	6.00
Receivables	6.50	6.00

29 FRS NOT YET ADOPTED

The University Company has not applied the following standards and interpretations that have been issued as of the balance sheet date but are not yet effective:

FRS 32	*Financial Instruments: Presentation*
FRS 40	*Investment Property*
FRS 107	*Financial Instruments: Disclosures*
	Amendments to FRS 1 *Presentation of Financial Statements – Capital Disclosures*
INT-FRS 108	*Scope of FRS 102*
INT-FRS 109	*Reassessment of Embedded Derivatives*
INT-FRS 110	*Interim Financial Reporting and Impairment*

The Group is evaluating the initial application of these standards and interpretations for the impact on the Group's financial statements. The Group has not considered the impact of accounting standards issued after the balance sheet date.

30 COMPARATIVE INFORMATION

Comparatives in the financial statements have been changed from the previous year as a result of the prior year adjustment described in note 25.