



# Audited Financial Statements and Other Financial Information

For the year ended 31 March 2005

## Contents

Polytechnic Information	57
Statement by Ngee Ann Polytechnic Council	58
Auditors' report to the members of Ngee Ann Polytechnic Council	59
Balance sheet	60
Income and expenditure statement	61
Cash flow statement	62
Notes to the financial statements	64



Ngee Ann Polytechnic

## Polytechnic Information

### Registered office

535 Clementi Road  
Singapore 599489

### Council

Mr Tan Hup Foi - *Chairman*  
Mr Wee Tew Lim - *Deputy Chairman*  
Professor Cheong Hee Kiat  
Mr Chia Mia Chang  
Mr Goh Kim Hock  
Mr Lee Sew Lam Richard  
Ms Lim Huay Chih (*from 15 February 2005*)  
Professor Andrew Nee  
BG Neo Kian Hong  
Mr Ong Beng Lee  
Mr Roy Quek Hong Sheng (*up to 13 February 2005*)  
Mr Seng Han Thong  
Mr Soh Siew Cheong  
Mr Suhaimi Salleh  
Mr Teo Chiang Long  
Dr Wong Tai (*up to 14 May 2004*)  
Dr Diana Young (*up to 21 September 2004*)

### Principal

Mr Chia Mia Chiang

### Auditors

Foo Kon Tan Grant Thornton  
Certified Public Accountants  
47 Hill Street #05-01  
Chinese Chamber of Commerce & Industry Building  
Singapore 179365



Ngee Ann Polytechnic

## Statement by Ngee Ann Polytechnic Council

In the opinion of the council members, the accompanying balance sheet, income and expenditure statement, statement of changes in accumulated surplus and the cash flow statement, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Polytechnic as at 31 March 2005 and of the results, changes in accumulated surplus and cash flows of the Polytechnic for the financial year ended on that date.

On behalf of the Council

A handwritten signature in black ink, appearing to read 'Tan Hup Foi'.

**MR TAN HUP FOI**  
*Chairman*

A handwritten signature in black ink, appearing to read 'Chia Mia Chiang'.

**MR CHIA MIA CHIANG**  
*Principal*

27 June 2005



## Auditors' report to the members of Ngee Ann Polytechnic Council

We have audited the accompanying financial statements of Ngee Ann Polytechnic ("the Polytechnic") for the year ended 31 March 2005. These financial statements are the responsibility of the management of the Polytechnic. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements of the Polytechnic are properly drawn up in accordance with the provisions of the Ngee Ann Polytechnic Act, Cap. 207 (the Act) and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Polytechnic as at 31 March 2005 and the income and expenditure, changes in accumulated surplus and cash flows of the Polytechnic for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Polytechnic have been properly kept in accordance with the provisions of the Act.

During the course of our audit, nothing has come to our attention that caused us to believe that during the year:

- (i) the receipt, expenditure and investment of monies; and
- (ii) the acquisition and disposal of assets by the Polytechnic;

have not been carried out in accordance with provisions of the Act; nor that

- (iii) the donations and other receipts of the Polytechnic were not used for approved projects and the purposes intended.

**Foo Kon Tan Grant Thornton**  
Certified Public Accountants  
Singapore

27 June 2005



Ngee Ann Polytechnic  
Financial statements for the year ended 31 March 2005

## Balance sheet

	Note	31 March 2005 \$'000	31 March 2004 \$'000
<b>Accumulated surplus</b>			
- General fund	4	42,106	34,393
- Restricted funds	5	56,092	48,691
		<b>98,198</b>	83,084
<b>Endowment funds</b>	6	<b>102,367</b>	88,109
<b>Staff and student loans funds</b>	7	<b>17,066</b>	20,966
		<b>119,433</b>	109,075
<b>Trust Funds</b>	8	<b>3,090</b>	2,641
		<b>220,721</b>	194,800
<b>Represented by:</b>			
<b>Assets</b>			
<b>Non-Current</b>			
Fixed assets	9	325,902	342,531
Subsidiaries	10	469	475
Loans to staff and students	11	6,485	7,039
Loan to Ngee Ann Alumni	12	-	250
Investments	13	133,655	100,956
		<b>466,511</b>	451,251
<b>Current</b>			
Sundry receivables, prepayments and deposits	14	2,843	5,349
Grants receivable		-	48
Loans to staff and students	11	1,349	1,295
Loan to Ngee Ann Alumni	12	250	-
Investments	15	2,250	2,750
Fixed deposits	16	52,658	71,281
Cash and bank balances	17	24,068	13,519
		<b>83,418</b>	94,242
Less:			
<b>Liabilities</b>			
<b>Current</b>			
Payables	18	14,901	20,413
Grants received in advance		236	-
		<b>15,137</b>	20,413
<b>Net Current Assets</b>		<b>68,281</b>	73,829
<b>Net assets of Trust Funds</b>	8	<b>3,090</b>	2,641
<b>Non-Current</b>			
Deferred capital grants	19	(317,161)	(332,921)
		<b>220,721</b>	194,800

The annexed notes form an integral part of and should be read in conjunction with these financial statements.



## Income and expenditure statement

	Note	General Fund		Restricted Funds		Total	
		Year ended 31 March 2005 \$'000	Year ended 31 March 2004 \$'000	Year ended 31 March 2005 \$'000	Year ended 31 March 2004 \$'000	Year ended 31 March 2005 \$'000	Year ended 31 March 2004 \$'000
<b>Income</b>							
Student fees		27,050	27,552	6,104	5,360	33,154	32,912
Other income	20	2,675	2,730	12,505	9,622	15,180	12,352
		29,725	30,282	18,609	14,982	48,334	45,264
Less:							
<b>Expenditure</b>							
Salaries and allowances		115,428	111,499	2,071	2,442	117,499	113,941
CPF contributions and SDF levy		12,052	13,659	108	134	12,160	13,793
Depreciation		34,673	37,803	2,313	2,565	36,986	40,368
Repairs and maintenance		10,753	9,826	639	521	11,392	10,347
Public utilities		3,967	4,303	67	68	4,034	4,371
Staff development and benefits		2,786	2,896	40	32	2,826	2,928
Teaching and experimental materials		1,250	1,351	527	526	1,777	1,877
Other expenditure	21	6,781	7,421	4,293	3,823	11,074	11,244
Tools, furniture and equipment expensed off		3,201	2,050	163	181	3,364	2,231
Printing and stationery		536	970	87	96	623	1,066
Library books and audio-visual materials		854	789	-	-	854	789
Loss on disposal of fixed assets		21	839	7	4	28	843
Advertising		213	197	63	135	276	332
Transport and communication	22	1,057	1,301	1,578	824	2,635	2,125
		193,572	194,904	11,956	11,351	205,528	206,255
Operating (deficit)/surplus before grants		(163,847)	(164,622)	6,653	3,631	(157,194)	(160,991)
<b>Grants</b>							
Operating grants from Government	23	139,443	135,888	-	-	139,443	135,888
Deferred capital grants amortised	19	31,915	36,335	2,320	2,570	34,235	38,905
		171,358	172,223	2,320	2,570	173,678	174,793
Surplus for the year		7,511	7,601	8,973	6,201	16,484	13,802

## Statement of changes in accumulated surplus

	Note	General Fund		Restricted Funds		Total	
		2004/2005 \$'000	2003/2004 \$'000	2004/2005 \$'000	2003/2004 \$'000	2004/2005 \$'000	2003/2004 \$'000
Balance at 1 April							
As previously reported		34,405	26,544	48,691	43,748	83,096	70,292
Adjustments	26	(12)	(9)	-	-	(12)	(9)
As restated		34,393	26,535	48,691	43,748	83,084	70,283
Surplus for the year		7,511	7,601	8,973	6,201	16,484	13,802
Transfer to/(from) funds		202	257	(1,128)	(734)	(926)	(477)
Transfer to seed capital - awards fund		-	-	(16)	-	(16)	-
Transfer to deferred capital grants	19	-	-	(428)	(524)	(428)	(524)
Balance at 31 March		42,106	34,393	56,092	48,691	98,198	83,084

The annexed notes form an integral part of and should be read in conjunction with these financial statements.



Ngee Ann Polytechnic  
Financial statements for the year ended 31 March 2005

## Cash flow statement

	Year ended 31 March 2005 \$'000	Year ended 31 March 2004 \$'000
<b>Cash Flows from operating activities</b>		
Operating deficit before grants	(157,194)	(160,991)
Adjustments for:		
Transfer from restricted funds	(926)	(477)
Allowance for diminution in value of investments	-	(65)
Allowance for impairment loss of investment in a subsidiary	323	-
Depreciation of fixed assets	36,986	40,368
Loss/(gain) on disposal of		
- fixed assets	28	843
- investments	(2,830)	(2,701)
Dividend income	(1,256)	(28)
Adjustments to		
- fixed assets	-	(25)
- deferred capital grants	(85)	-
Interest income		
- staff and students loans	(5)	(1)
- current accounts	(17)	(5)
- fixed deposits	(381)	(256)
- investments	(3,667)	(3,900)
- others	(4)	-
Operating deficit before working capital changes	(129,028)	(127,238)
Decrease/(increase) in receivables	2,506	(2,899)
Decrease in payables	(5,512)	(6,871)
Cash used in operations	(132,034)	(137,008)
Interest received		
- staff and students loans	5	1
- current accounts	17	5
- others	4	-
Donations received for Endowment funds	14,242	10,223
Staff and student loans repayment received	500	1,833
Net cash used in operating activities	(117,266)	(124,946)
<b>Cash flows from investing activities</b>		
Purchase of investments	(34,500)	(32,389)
Purchase of fixed assets	(20,368)	(30,594)
Interest received		
- fixed deposits	381	256
- investments	3,667	3,900
Dividend income	1,256	28
Proceeds from sale of		
- fixed assets	77	193
- investments	5,131	27,892
Net cash used in investing activities	(44,356)	(30,714)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.



## Cash flow statement (cont'd)

	Year ended 31 March 2005 \$'000	Year ended 31 March 2004 \$'000
<b>Cash flows from financing activities</b>		
Advances made to a subsidiary	(317)	-
Operating grants received	134,936	132,040
Development grants received	22,829	23,517
Staff and student loans fund (returned)/received	(3,900)	314
Net cash generated from financing activities	153,548	155,871
Net (decrease)/increase in cash and cash equivalents	(8,074)	211
Cash and cash equivalents at beginning of year	84,800	84,589
Cash and cash equivalents at end of year	76,726	84,800
The cash and cash equivalents comprise:		
- Fixed deposits (Note 16)	52,658	71,281
- Cash and bank balances (Note 17)	24,068	13,519
	76,726	84,800

The annexed notes form an integral part of and should be read in conjunction with these financial statements.



Ngee Ann Polytechnic  
Financial statements for the year ended 31 March 2005

## Notes to the financial statements

### 1 General information

The financial statements of the Polytechnic for the year ended 31 March 2005 were authorised for issue by the Council on the date of the Statement by Ngee Ann Polytechnic Council.

The Polytechnic is established under the Ngee Ann Polytechnic Act, Chapter 207 and domiciled in the Republic of Singapore.

The Polytechnic is located at 535 Clementi Road, Singapore 599489.

The number of employees as at 31 March 2005 was 1,476 (2004 - 1,497).

### 2 Summary of significant accounting policies

#### Basis of preparation

The financial statements are prepared under the historical cost convention as modified by the valuation of freehold land and donated assets and in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Council on Corporate Disclosure and Governance and applicable requirements of the Ngee Ann Polytechnic Act.

The preparation of the financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the financial year. Although these estimates are based on the management's best knowledge of current events and actions, actual results may differ from those estimates.

#### Fund accounting

##### *General Fund*

Income and expenditure relating to the main activities of the Polytechnic are accounted for in the General Fund column in the income and expenditure statement.

##### *Restricted Funds*

Income and expenditure relating to the funds set up for specific purposes are accounted for in the Restricted Funds column in the income and expenditure statement.

##### *Endowment Funds*

The principal sums of the Endowment Funds and Awards Fund, consisting of donations received are kept intact and presented separately in the balance sheet. The funds' income and expenditure are taken to their operating accounts which appear under restricted funds in the income and expenditure statement.

##### *Staff and Student Loans Funds*

Interest income from staff and tuition fee loans is accounted for in each financial year and returned to the Government.

##### *Pooling of assets and liabilities*

The assets and liabilities of the above five funds are accounted for separately. For presentation purposes in the balance sheet, however, the assets and liabilities of the funds are pooled.

##### *Trust Funds*

Income and expenditure relating to the trust funds are accounted for directly in the funds. The net assets of the trust funds are disclosed as a separate item in the balance sheet.



## Ngee Ann Polytechnic Financial statements for the year ended 31 March 2005

### Consolidation

The results of the Polytechnic's subsidiaries have not been consolidated as they are not material to the Polytechnic's financial statements. Information on its subsidiaries is given in Note 10.

### Fixed assets and depreciation

Fixed assets are stated at cost and/or valuation less accumulated depreciation and impairment losses, if any.

Purchases of fixed assets costing less than \$2,000 (2003/2004 - \$1,000) and building renovations below \$200,000 are charged to the income and expenditure statement in the year of purchase.

Depreciation is computed utilising the straight-line method to write off the cost of these assets over their estimated useful lives as follows:

Buildings (freehold)	50 years
Leasehold land and buildings	Lease period or 50 years, whichever is the lower
Motor vehicles	5 years
Furniture, equipment and machinery	3 to 10 years
Building improvements	5 years

No depreciation is provided on freehold land and work-in-progress.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before the disposal respectively.

Fully depreciated fixed assets are retained in the books of accounts until they are no longer in use.

The carrying amounts of fixed assets are reviewed yearly in order to assess whether the carrying amounts need to be written down to their recoverable amounts. Recoverable amount is defined as the higher of value in use and net selling price.

### Subsidiaries

A subsidiary is defined as a company in which the investee has a long-term equity interest of more than 50% and over whose financial and operating policy decisions it controls.

Shares in the subsidiaries are stated at cost less impairment losses on an individual subsidiary basis.

### Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

Investments comprising variable rate notes and real estates investment trust managed by the Polytechnic held as current assets are stated at the lower of cost and market value on an aggregate portfolio basis by category of investment.

Investments in bonds and fixed rate notes managed by the Polytechnic and fund managers held on a long term basis are stated at cost. Allowance is made for diminution, in value, other than temporary, on an aggregate investment basis.

Any profits or losses on disposal of investments are taken to the income and expenditure statement.

### Impairment of assets

Management is of the view that an annual assessment of impairment of the value of its major assets is not necessary as this process of projected recovery of the assets is not logical in view of the objectives of the Polytechnic.



## Ngee Ann Polytechnic

### Financial statements for the year ended 31 March 2005

#### **Receivables**

Receivables are carried at cost which is the original invoiced amount less allowance for doubtful debts, if any. The carrying value approximates the fair value of receivables.

All known bad debts, if any, are written off and specific allowance is made for those debts which are considered to be doubtful.

#### **Cash and cash equivalents**

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

#### **Payables**

Payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Polytechnic.

#### **Provisions**

Provisions are recognised when the Polytechnic have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

#### **Income recognition**

Tuition and other fees, contributions from Ngee Ann Kongsi and other donations are recognised when received.

All other income are recognised on accrual basis.

#### **Conversion of foreign currencies**

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange closely approximating those ruling at balance sheet date. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Exchange differences arising from such transactions are recorded in the income and expenditure statement in the period in which they arise.

#### **Grants**

Grants from the Government and contributions from other organisations and persons in the form of depreciable assets for the establishment of the Polytechnic or utilised for the purchase of depreciable assets are taken to the Deferred Capital Grants Account. The deferred grants are recognised in the income and expenditure statement over the periods necessary to match the depreciation and the net book value of disposals and write-offs of the assets purchased with the related grants.

Government grants and contributions from other organisations to meet the current year's operating expenses are recognised as income in the same year.

Both capital and operating grants are accounted for on the accrual basis.

#### **Employee benefits**

##### ***Statutory obligations***

The Polytechnic contributes to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The Polytechnic's contributions to CPF are charged to the income and expenditure statement in the period to which the contributions relate.

##### ***Employee leave entitlements***

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the balance sheet date.

#### **Financial instruments**

Financial instruments carried on the balance sheet include cash and cash equivalents, investments, receivables and payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures on financial risk management are provided in Note 27.



Ngee Ann Polytechnic  
Financial statements for the year ended 31 March 2005

66/67

annual report 2004/05

### 3 Principal activities

The principal activity of the Polytechnic is the provision of relevant diploma courses to meet the growing needs of industry and commerce in Singapore.

The principal activities of the subsidiaries are stated in Note 10.

### 4 General fund

Of the \$42,106,000 (2003/2004 - \$34,393,000) in the accumulated surplus of the general fund approximating \$8,741,000 (2003/2004 - \$9,610,000) has been utilised for the purchase of fixed assets.

### 5 Restricted funds

	Note	Bursary and scholarship \$'000	Education \$'000	Sinking \$'000	Tote \$'000	Project \$'000	Endowment \$'000	Miscellaneous \$'000	2004/2005 \$'000	2003/2004 \$'000
<b>Income</b>										
Student fees		-	6,082	-	-	19	-	3	6,104	5,360
Other income		393	4,548	795	140	40	5,893	696	12,505	9,622
Deferred capital grant amortised		-	424	417	1,089	143	-	247	2,320	2,570
		393	11,054	1,212	1,229	202	5,893	946	20,929	17,552
<b>Expenditure</b>										
Salaries and CPF contributions		-	2,060	-	-	96	-	23	2,179	2,576
Depreciation		-	419	417	1,089	143	-	245	2,313	2,565
Other expenditure		339	5,277	601	140	(37)	898	246	7,464	6,210
		339	7,756	1,018	1,229	202	898	514	11,956	11,351
Surplus for the year		54	3,298	194	-	-	4,995	432	8,973	6,201
<b>Accumulated surplus</b>										
at beginning of year		166	37,236	6,540	-	-	4,465	284	48,691	43,748
Transfer from/(to) general fund		1	-	-	-	-	(926)	(203)	(1,128)	(734)
Transfer between restricted funds		-	345	-	-	-	(307)	(38)	-	-
Transfer to seed capital - awards fund		-	-	-	-	-	(16)	-	(16)	-
Transfer to deferred capital grants	19	-	(428)	-	-	-	-	-	(428)	(524)
Accumulated surplus at end of year		221	40,451	6,734	-	-	8,211	475	56,092	48,691



**Ngee Ann Polytechnic**  
**Financial statements for the year ended 31 March 2005**

**5 Restricted funds (cont'd)**

The objectives of the funds making up Restricted Funds are as follows:

**Bursary and Scholarship Fund**

Providing bursaries and scholarships to needy and deserving students of the Polytechnic.

**Education Fund**

To support the operation and development of the Polytechnic and the establishment of the Polytechnic as an institution of excellence in diploma level education.

**Sinking Fund**

Maintenance of the Polytechnic's staff quarters and other residential properties.

**Tote Fund**

Funding by Tote Board for students' projects and research and development by staff.

**Projects Fund**

Funding by Infocomm Development Authority of Singapore and Agency for Science, Technology and Research, National Youth Council and Arts Grant for special projects and programmes of the Polytechnic.

**Endowment Fund**

- (i) Ngee Ann Polytechnic Endowment Fund

Providing financial assistance to needy students and awarding scholarships and prizes to outstanding students.

- (ii) Ngee Ann Kongsu Endowment Fund

75% of the income from this fund is used to defray the Polytechnic's recurrent expenditure.

- (iii) Ted de Ponti Endowment Fund  
 K.C. Lee Endowment Fund  
 Shaw Foundation Endowment  
 Lien Ying Chow Endowment Fund

Providing bursaries and scholarships to needy and deserving students.

- (iv) Awards Fund

Donation from the Singapore Institute of Building Limited for the creation of an annual medal award for the Department of Building student who excels in the final year; and donation from Batey Ads Pte Ltd for the awarding of book prizes.

Donations and contributions which are specifically designated to be kept intact to earn income are taken directly to the Funds (seed capital).

Other donations, contributions and income and expenditure are taken to the funds' operating accounts which appear under restricted funds in the income and expenditure statement.



Ngee Ann Polytechnic  
Financial statements for the year ended 31 March 2005

68/69

annual report 2004/05

## 6 Endowment Funds

	Ngee Ann Polytechnic		Ngee Ann Kongsi*		Ted de Ponti		K.C. Lee		Shaw Foundation		Lien Ying Chow		Awards Fund		Total	
	2004/2005	2003/2004	2004/2005	2003/2004	2004/2005	2003/2004	2004/2005	2003/2004	2004/2005	2003/2004	2004/2005	2003/2004	2004/2005	2003/2004	2004/2005	2003/2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Seed capital</b>																
Balance at beginning of year	2,814	2,814	83,318	73,195	502	502	500	500	475	375	500	500	-	-	88,109	77,886
Donations received	-	-	14,142	10,123	-	-	-	-	100	100	-	-	-	-	14,242	10,223
Transfer from accumulated surplus	-	-	-	-	-	-	-	-	-	-	-	-	16	-	16	-
Balance at end of year	2,814	2,814	97,460	83,318	502	502	500	500	575	475	500	500	16	-	102,367	88,109

\* See Note 25.

The income and expenditure of the above funds are taken to Restricted Fund in the income and expenditure statement. The seed capital of these funds together with the accumulated surplus taken to the income and expenditure statement are represented as follows:

	Ngee Ann Polytechnic		Ngee Ann Kongsi		Ted de Ponti		K.C. Lee		Shaw Foundation		Lien Ying Chow		Awards Fund		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Seed capital	2,814	2,814	97,460	83,318	502	502	500	500	575	475	500	500	16	-	102,367	88,109
Add:																
<b>Accumulated surplus</b>																
Balance at beginning of year	137	204	4,140	2,143	35	47	74	62	27	34	35	47	17	17	4,465	2,554
Surplus/(deficit) for the year	11	(67)	4,977	2,633	(1)	(12)	22	12	(1)	(7)	(13)	(12)	-	-	4,995	2,547
Transfer to general fund	-	-	(926)	(477)	-	-	-	-	-	-	-	-	-	-	(926)	(477)
Transfer to restricted fund	-	-	(307)	(159)	-	-	-	-	-	-	-	-	-	-	(307)	(159)
Transfer to seed capital	-	-	-	-	-	-	-	-	-	-	-	-	(16)	-	(16)	-
Balance at end of year	148	137	7,884	4,140	34	35	96	74	26	27	22	35	1	17	8,211	4,465
	2,962	2,951	105,344	87,458	536	537	596	574	601	502	522	535	17	17	110,578	92,574
Represented by:																
Receivables	47	38	628	687	7	7	10	10	8	7	5	6	-	-	705	755
Investments	2,849	2,428	89,444	65,848	511	516	557	557	415	385	318	519	-	-	94,094	70,253
Fixed deposits	62	484	13,159	21,053	10	13	27	6	176	70	190	-	-	-	13,624	21,626
Cash and bank balances	4	1	2,634	646	8	1	2	1	2	40	9	10	17	17	2,676	716
Payables	-	-	(521)	(776)	-	-	-	-	-	-	-	-	-	-	(521)	(776)
	2,962	2,951	105,344	87,458	536	537	596	574	601	502	522	535	17	17	110,578	92,574



Ngee Ann Polytechnic  
Financial statements for the year ended 31 March 2005

## 7 Staff and student loans funds

	Staff loans fund		Tuition fee loan and study loan funds		Computer loan fund		Total	
	2004/2005 \$'000	2003/2004 \$'000	2004/2005 \$'000	2003/2004 \$'000	2004/2005 \$'000	2003/2004 \$'000	2004/2005 \$'000	2003/2004 \$'000
<b>Seed capital</b>								
Balance at beginning of year	6,004	6,004	4,962	4,648	10,000	10,000	20,966	20,652
Government advances (returned)/ received	(3,900)	-	-	314	-	-	(3,900)	314
Balance at end of year	2,104	6,004	4,962	4,962	10,000	10,000	17,066	20,966

The income and expenditure of the above funds are taken to General Fund in the income and expenditure statement. The seed capital of these funds together with the accumulated surplus taken to the income and expenditure statement are represented as follows:

	Staff loans fund		Tuition fee loan and study loan funds		Computer loan fund		Total	
	2004/2005 \$'000	2003/2004 \$'000	2004/2005 \$'000	2003/2004 \$'000	2004/2005 \$'000	2003/2004 \$'000	2004/2005 \$'000	2003/2004 \$'000
Seed capital	2,104	6,004	4,962	4,962	10,000	10,000	17,066	20,966
Add:								
<b>Accumulated surplus</b>								
Balance at beginning of year	-	-	-	-	833	586	833	586
Surplus for the year	-	-	-	-	324	247	324	247
Balance at end of year	-	-	-	-	1,157	833	1,157	833
	2,104	6,004	4,962	4,962	11,157	10,833	18,223	21,799
Represented by:								
Loans and receivables	2,044	2,986	4,409	4,595	76	54	6,529	7,635
Fixed deposits	-	-	-	-	1,522	5,003	1,522	5,003
Cash and bank balances	105	3,030	608	367	24	84	737	3,481
Investments	-	-	-	-	9,535	5,692	9,535	5,692
Payables	(45)	(12)	(55)	-	-	-	(100)	(12)
	2,104	6,004	4,962	4,962	11,157	10,833	18,223	21,799

### Staff loans fund

This fund was set up from advances from the Government to provide housing loans to employees. With effect from financial year 2002/2003, no new housing loans are dispersed as the Government had stopped funding for such purposes. Interest income from Government funded revolving funds will be returned to the Ministry of Education.

### Tuition fee loan fund and study loan fund

The tuition fee loan fund was set up from advances from the Government to provide tuition fee loans to students. The loans are managed and administered by a financial institution. The study loans funds comprise the PSC study loan fund and the Rotary Club study loan fund, which provide study loans to needy students. Net income from Government funded revolving funds will be returned to the Ministry of Education. Income and expenditure from Rotary Club study loan fund are taken to the funds' operating accounts which appear under general fund in the income and expenditure statement.

### Computer loan fund

The Fund was set up from accumulated surplus to provide loans to needy students to purchase notebooks. Income and expenditure from Computer Loan Fund are taken to the funds' operating accounts which appear under general fund in the income and expenditure statement.



Ngee Ann Polytechnic  
Financial statements for the year ended 31 March 2005

70/71

annual report 2004/05

## 8 Trust Funds

	Liu Yin Soon Scholarship Trust Fund		Ngee Ann Polytechnic Students' Union Trust Fund		Total	
	2004/2005 \$'000	2003/2004 \$'000	2004/2005 \$'000	2003/2004 \$'000	2004/2005 \$'000	2003/2004 \$'000
<b>Trust funds</b>						
Balance at beginning of year	-	-	500	-	500	-
Amount received during the year	-	-	500	500	500	500
Balance at end of year	-	-	1,000	500	1,000	500
Accumulated surplus at beginning of year	2,141	2,195	-	-	2,141	2,195
<b>Income</b>						
Interest income	55	56	22	-	77	56
Less:						
<b>Expenditure</b>						
Disbursement of scholarship awards	100	82	-	-	100	82
Depreciation	21	21	-	-	21	21
Other expenditure	7	7	-	-	7	7
	128	110	-	-	128	110
(Deficit)/surplus for the year	(73)	(54)	22	-	(51)	(54)
Accumulated surplus at end of year	2,068	2,141	22	-	2,090	2,141
	2,068	2,141	1,022	500	3,090	2,641
<b>Represented by:</b>						
Freehold properties	1,050	1,050	-	-	1,050	1,050
Less: Accumulated depreciation	(231)	(210)	-	-	(231)	(210)
	819	840	-	-	819	840
Receivables	8	8	10	-	18	8
Investments in bonds	1,207	1,207	497	-	1,704	1,207
Fixed deposits	30	10	502	500	532	510
Cash and bank balances	4	76	13	-	17	76
	2,068	2,141	1,022	500	3,090	2,641



Ngee Ann Polytechnic  
Financial statements for the year ended 31 March 2005

9 Fixed assets

	Freehold land, at valuation \$'000	Leasehold land and buildings \$'000	Furniture, equipment and machinery \$'000	Motor vehicles \$'000	Work-in-progress \$'000	Total \$'000	Trust properties \$'000
Cost*							
At 1 April 2004	24,700	397,275	229,048	16	22,254	673,293	1,050
Additions	-	9,109	9,689	-	1,664	20,462	-
Reclassification	-	21,925	278	-	(22,203)	-	-
Disposals	-	(134)	(17,044)	-	-	(17,178)	-
<b>At 31 March 2005</b>	<b>24,700</b>	<b>428,175</b>	<b>221,971</b>	<b>16</b>	<b>1,715</b>	<b>676,577</b>	<b>1,050</b>
Accumulated depreciation							
At 1 April 2004	-	160,335	170,411	16	-	330,762	210
Charge for the year	-	16,330	20,656	-	-	36,986	21
Disposals	-	(75)	(16,998)	-	-	(17,073)	-
<b>At 31 March 2005</b>	<b>-</b>	<b>176,590</b>	<b>174,069</b>	<b>16</b>	<b>-</b>	<b>350,675</b>	<b>231</b>
Depreciation for 2003/2004	-	17,236	23,103	29	-	40,368	21
Net book value							
<b>At 31 March 2005</b>	<b>24,700</b>	<b>251,585</b>	<b>47,902</b>	<b>-</b>	<b>1,715</b>	<b>325,902</b>	<b>819</b>
At 31 March 2004	24,700	236,940	58,637	-	22,254	342,531	840

\* At cost, unless otherwise stated.

The freehold land which was donated by Ngee Ann Kongsi to the Polytechnic was valued by an independent valuer on an open-market basis on 25 July 1987.



Ngee Ann Polytechnic  
Financial statements for the year ended 31 March 2005

72/73

annual report 2004/05

## 10 Subsidiaries

	2004/2005 \$'000	2003/2004 \$'000
Unquoted equity shares, at cost	475	475
Impairment losses	(323)	-
	152	475
Amount owing by a subsidiary (non-trade)	317	-
	469	475

The amount owing by a subsidiary, non-trade, represents advances made, is unsecured, interest-free and is not expected to be repaid within one year.

The subsidiaries are:

Name	Country of incorporation/ principal place of business	Cost of investment		Percentage of equity held		Principal activities
		2004/2005 \$'000	2003/2004 \$'000	2004/2005	2003/2004	
^ NP Enterprise (S) Pte. Ltd. (formerly known as NITEC Holding Pte Ltd)	Singapore	475	475	100%	100%	To invest in spin-off projects from research work of the Polytechnic's staff
<u>Held by NP Enterprise (S) Pte. Ltd.</u>						
^ OEC International (China) Pte. Ltd.	Singapore	+	-	100%	-	Investment holding

^ Audited by Lee Seng Chan & Co.

+ Interest held through subsidiary, NP Enterprise (S) Pte. Ltd.

## 11 Loans to staff and students

The Polytechnic's total outstanding loans to employees and students are as follows:

	2004/2005 \$'000	2003/2004 \$'000
Amount receivable within one year	1,349	1,295
Amount receivable after one year	6,485	7,039
	7,834	8,334



## Ngee Ann Polytechnic Financial statements for the year ended 31 March 2005

### 11 Loans to staff and students (cont'd)

Loans to employees relate to housing loans which were made in accordance with the regulations of the Polytechnic. The loans are repayable over periods of 5 to 25 years and are reprised monthly at an interest charge of 5% (2003/2004 - 5%) per annum.

Loans to students comprise interest-free study loans and Government funded tuition fee loans. The Government-funded tuition fee loans are repayable over a maximum period of 10 years with interest charges pegged at the average of the prime rates of 3 local banks.

### 12 Loan to Ngee Ann Alumni

The loan to Ngee Ann Alumni is unsecured and interest-free. It was originally due for repayment on 23 March 2004. However, on 13 April 2004, the Ngee Ann Polytechnic Council approved the extension of the loan to Ngee Ann Alumni for another 2 years with effect from 23 March 2004.

### 13 Investments (non-current)

	Bonds <sup>1</sup>		Fixed rate notes <sup>2</sup>		Investments managed by fund managers <sup>3</sup>		Total	
	2004/2005 \$'000	2003/2004 \$'000	2004/2005 \$'000	2003/2004 \$'000	2004/2005 \$'000	2003/2004 \$'000	2004/2005 \$'000	2003/2004 \$'000
At cost	51,151	45,435	3,000	3,000	79,504	52,521	133,655	100,956
Market value	52,093	46,659	2,965	3,000	81,375	55,438	136,433	105,097

1. The bonds bear interest rates ranging from 1.555% to 5.000% (2003/2004 - 1.570% to 5.000%) receivable semi-annually in arrears. The maturity dates of bonds range from 21 August 2005 to 19 June 2023 (2003/2004 - 9 September 2004 to 19 June 2023).
2. The fixed rate notes bear interest rates ranging from 1.930% to 2.550% (2003/2004 - 1.233% to 2.550%) receivable upon maturity. The maturity dates of fixed rate notes range from 27 July 2005 to 10 November 2008 (2003/2004 - 27 April 2004 to 10 November 2008).
3. Investments managed by fund managers which comprise quoted bonds and equity, form part of the Polytechnic funds which are administered by 5 asset management companies ("fund managers"). The fund managers are given discretionary powers within certain guidelines to invest the funds. The terms of the fund management agreements will expire in 2006 and 2007 (2003/2004 - 2004 and 2006).



Ngee Ann Polytechnic  
Financial statements for the year ended 31 March 2005

74/75

annual report 2004/05

#### 14 Sundry receivables, prepayments and deposits

	2004/2005 \$'000	2003/2004 \$'000
Goods and services tax recoverable	-	2,089
Accrued interest	974	800
Goods and services tax receivable	335	46
Prepayments	660	823
Sundry receivables	876	1,667
	<b>2,845</b>	<b>5,425</b>
Less: Allowance for doubtful debts	(2)	(76)
	<b>2,843</b>	<b>5,349</b>

#### 15 Investments (current)

	Real estate investment trust <sup>1</sup>		Variable rate notes <sup>2</sup>		Total	
	2004/2005 \$'000	2003/2004 \$'000	2004/2005 \$'000	2003/2004 \$'000	2004/2005 \$'000	2003/2004 \$'000
At cost	500	-	1,750	2,750	2,250	2,750
Market value	640	-	1,750	2,750	2,390	2,750

1. The real estate investment trust is non-interest bearing and has no fixed terms of maturity.

2. The variable rate notes bear interest rates ranging from 1.850% to 2.375% (2003/2004 - 0.875% to 2.000%) receivable upon maturity. The maturity dates of variable rate notes range from 29 April 2005 to 29 September 2005 (2003/2004 - 30 April 2004 to 29 October 2004).

#### 16 Fixed deposits

	2004/2005 \$'000	2003/2004 \$'000
Fixed deposits	52,658	71,281

The fixed deposits bear interest rates ranging from 0.50% to 1.8125% (2003/2004 - 0.4375% to 1.80%). The maturity dates range from 1 April 2005 to 5 September 2005 (2003/2004 - 1 April 2004 to 4 September 2004).

#### 17 Cash and bank balances

	2004/2005 \$'000	2003/2004 \$'000
Cash and bank balances	24,068	13,519



## Ngee Ann Polytechnic

### Financial statements for the year ended 31 March 2005

#### 18 Payables

	2004/2005 \$'000	2003/2004 \$'000
Payment received for goods and services tax recoverable	362	-
Accrued expenses	2,308	2,833
CPF payable	3,606	3,520
Payments received in advance	1,779	1,751
Refundable deposits	129	192
Goods and services tax payable to IRAS	-	3,132
Accrued costs for expansion projects	542	1,836
Accrual for unconsumed leave	3,864	3,864
Sundry payables	2,311	3,285
	<b>14,901</b>	<b>20,413</b>

#### 19 Deferred capital grants

	Note	Government		Non-Government		Total	
		2004/2005 \$'000	2003/2004 \$'000	2004/2005 \$'000	2003/2004 \$'000	2004/2005 \$'000	2003/2004 \$'000
Balance at beginning of year		309,809	319,490	23,112	23,707	332,921	343,197
Grants received		17,404	26,654	634	1,421	18,038	28,075
Transfer from accumulated surplus	5	-	-	428	524	428	524
Adjustments		(85)	-	-	-	(85)	-
Reclassifications		(23)	-	23	-	-	-
Donated assets		-	-	94	30	94	30
Amount taken to income and expenditure statement		(31,915)	(36,335)	(2,320)	(2,570)	(34,235)	(38,905)
Balance at end of year		<b>295,190</b>	<b>309,809</b>	<b>21,971</b>	<b>23,112</b>	<b>317,161</b>	<b>332,921</b>
Total capital grants received from Government since establishment						<b>766,280</b>	<b>748,876</b>

#### 20 Other income

Included in other income are:

	General Fund		Restricted Funds		Total	
	2004/2005 \$'000	2003/2004 \$'000	2004/2005 \$'000	2003/2004 \$'000	2004/2005 \$'000	2003/2004 \$'000
Interest income						
- current accounts	17	5	-	-	17	5
- fixed deposits	281	98	100	158	381	256
- investments managed by fund managers	-	-	1,613	1,829	1,613	1,829
- variable rate notes and fixed rate notes	44	64	55	165	99	229
- bonds	275	291	1,680	1,551	1,955	1,842
- staff and student loans	5	-	-	1	5	1
- others	4	-	-	-	4	-
Rental income	687	660	371	452	1,058	1,112
Dividend income	-	27	1,256	1	1,256	28



Ngee Ann Polytechnic  
Financial statements for the year ended 31 March 2005

76/77

annual report 2004/05

## 21 Other expenditure

Included in other expenditure are:

	General Fund		Restricted Funds		Total	
	2004/2005 \$'000	2003/2004 \$'000	2004/2005 \$'000	2003/2004 \$'000	2004/2005 \$'000	2003/2004 \$'000
Agency fees	106	115	23	18	129	133
Consultancy fees	160	122	23	6	183	128
Consultancy fees paid to staff	2	-	399	283	401	283
Fees paid to training partners	1,487	1,282	-	1	1,487	1,283
Gebiz fees	107	-	1	-	108	-
Goods and services tax expense	1,088	1,365	117	130	1,205	1,495
Guard and escort services	255	327	-	1	255	328
Newspaper and periodicals	289	344	-	-	289	344
Scholarship, bursaries and grants	347	172	549	682	896	854
Impairment loss of investment in a subsidiary	-	-	323	-	323	-

## 22 Transport and communication

This item includes the cost of overseas trips for students who took part in the Polytechnic's overseas student development programmes.

## 23 Operating grants from Government

	2004/2005 \$'000	2003/2004 \$'000
Operating grants received during the year	134,936	132,040
Capital grant taken to income and expenditure statement	4,507	3,848
	<b>139,443</b>	<b>135,888</b>
Total operating grants received since establishment	<b>2,077,281</b>	<b>1,937,838</b>

During the year, the Polytechnic received a grant of \$ 7,335,000 (2003/2004 - \$6,884,000) from the Ministry of Education to settle the outstanding goods and service tax payable to the Inland Revenue Authority of Singapore. This amount is not included in the operating grants received from the government as disclosed above.

## 24 Capital commitments

	2004/2005 \$'000	2003/2004 \$'000
Amount approved and contracted for	2,497	1,801
Amount approved but not contracted for	854	3,268

The capital commitments are funded from government grants.



## Ngee Ann Polytechnic Financial statements for the year ended 31 March 2005

### 25 Ngee Ann Kongsis contribution

Under section 20A of the Ngee Ann Kongsis (Incorporation) Ordinance, Chapter 370, the Kongsis' "Committee of Management shall set apart 75% of all moneys received by the Corporation by way of income from any source and of all moneys arising from the sale or disposition or from the acquisition of any property belonging to the Corporation and shall contribute the same to Ngee Ann Polytechnic constituted under the Ngee Ann Polytechnic Act".

During the financial year, the Polytechnic received \$16,142,000 (2003/2004 - \$12,123,000) from the Ngee Ann Kongsis. \$2,000,000 (2003/2004 - \$2,000,000) was taken to the Education Fund and the balance to the Ngee Ann Kongsis Endowment Fund.

### 26 Prior year adjustments

The prior year adjustments arise from interest earned from seed capital of staff loans fund previously recognised as income in the income and expenditure statement now reversed out as a payable to the Ministry of Education as the interest income will be returned to the Ministry.

### 27 Financial risk management

The Polytechnic does not have any written financial risk management objectives and guidelines.

#### 27.1 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Polytechnic does not engage in any hedging activities to manage its foreign currency risk arising from anticipated transactions and financing arrangements denominated in foreign currencies, primarily the United States dollar.

Transaction risk is calculated in each foreign currency and includes foreign currency denominated assets and liabilities. As at the balance sheet date, the Polytechnic's foreign currency exposures are insignificant.

#### 27.2 Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Surplus funds arising from the Polytechnic's operations are placed with reputable banks, investment in bonds, variable rates notes and investment with fund managers. The Polytechnic's earnings are affected by changes in interest rates due to the impact those changes have on its interest income from bank deposits and interest bearing non-equity investments.

#### 27.3 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Polytechnic has substantial investments of \$135,905,000 (2003/2004 - \$103,706,000) as disclosed in Note 13 and 15. The market risk associated with these investments is the potential loss in fair value resulting from the decrease in market prices of these investments. The management regularly monitors the recoverability of these investments and believes that it has adequately provided for any exposure to potential loss in market value, if any.

The Polytechnic's investment strategies and policies are determined by its Investment Committee.



## 27 Financial risk management (cont'd)

### 27.4 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Polytechnic has no significant concentration of credit risk. Cash is placed with reputable banks and investments in bonds, fixed rate notes, variable rate notes, and fund managers.

### 27.5 Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Liquidity risk arises in the general funding of the Polytechnic's operating activities. The Polytechnic obtains grants from the Ministry of Education and donations from external parties. The Polytechnic places its cash deposits with reputable financial institutions which are readily available to fund its operating activities and meet financial obligations as and when they are due.

## 28 Financial instruments

### Fair values

The carrying amounts of other receivables, cash and cash equivalents, other payable and government grants approximate their fair values due to their short-term nature.

Information on the fair value of investments is disclosed in Note 13 and 15.

No disclosure of fair value is made for loan to staff and students as it is not practicable to determine their values. In addition, the management is of the opinion that the information does not provide the readers with any additional value.

## 29 Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation:

	Restated 2003/2004 \$'000	Reported 2003/2004 \$'000
<u>Balance sheet</u>		
Trust funds	(2,641)	(2,141)
Net assets of Trust Funds	2,641	2,141
Fixed deposits	71,281	71,781
Payables	(20,413)	(20,901)
Receivables	5,349	3,260
Grant receivable	48	2,137

Deferred capital grants were previously classified as part of equity but with effect from this financial year, they are included in non-current liabilities according to a Finance Circular dated 11 February 2005 issued by the Ministry of Finance. Deferred capital grants of \$332,921,000 as reported in the financial year 2004 have been reclassified to conform with current year's presentation.

Investments in bonds, fixed rate notes and investments with fund managers of \$100,956,000 as reported in the financial year 2003/2004 has been reclassified from current assets to non-current assets to conform with current year's presentation.