



The University of the West Indies
**FINANCIAL REPORT &
CONSOLIDATED ACCOUNTS**
For the Year Ended July 31, 2015





The University of the West Indies **FINANCIAL REPORT & CONSOLIDATED ACCOUNTS** For the Year Ended July 31, 2015

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THE UNIVERSITY OF THE WEST INDIES

FINANCIAL REPORT

FOR THE YEAR ENDED JULY 31, 2015

OVERVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the University of the West Indies represent the financial operations of the four Campuses and the University Centre for the year ended July 31, 2015, and are presented in Jamaica dollars. The Consolidated Statement of Financial Position, Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Cash Flows are also represented in Barbados dollars on **pages 74 to 76** and in United States dollars on **pages 77 to 79** as supplementary information.

The commentary on **pages 1 to 6** refers to the Barbados dollar equivalent of certain balances for the financial year being reported, compared with those of the previous year(s).

RESULTS FOR THE YEAR

I. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended July 31, 2015, the operations of the University resulted in a **deficit of BDS\$59.4 million (2014: BDS\$0.3 million deficit)**. The comparative results for 2014 are stated after prior year adjustments. The results by Campus are as follows:

Campus	BDS\$ million	
	July 2015	July 2014
Cave Hill	3.2	16.1
Centre	(9.4)	5.0
Mona	1.4	(8.0)
Open	(11.2)	(6.1)
St. Augustine	(43.4)	(7.3)
Total	(59.4)	(0.3)

The **total income** of the University for the year was **BDS\$963.4 million**, compared with **BDS\$1,005.2 million** for the corresponding period in the prior year. **Total expenditure** for the year was **BDS\$1,022.8 million** compared with **BDS\$1,005.5 million** for 2014.

The results of all Campuses include the impairment of an additional **BDS\$4.7 million** of Government contributions receivable, as well as **BDS\$3.3 million** of student receivables. At St. Augustine, an additional **BDS\$36.7 million** was impaired mainly for government scholarships, PSIP advances and project receivables, while the Cave Hill Campus impaired **BDS\$12.5 million** for third party receivables. The results also reflect a reduction in total Government contributions by **BDS\$22.4 million**.

Following a review of the capital grants account at the Cave Hill Campus, it was established that there was no amortisation in previous years. Adjustments to recognise prior years' amortisation as miscellaneous income, amounting to **BDS\$15.1 million**, were recorded as prior period adjustments. In addition, an amount of **BDS\$2 million** recorded as capital grants in 2014 did not meet the criteria to be recognised as such and was reversed to other projects income for 2014.



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For the year ended July 31, 2015

I. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (cont'd)

CONSOLIDATED INCOME

As shown in **Charts 1 and 1a** on page 11, the University derived its operating income from the following sources: Government Contributions 46% (2014: 46%), Tuition and Other Student Fees 13% (2014: 15%), Special Projects 9% (2014: 7%), Other Projects 20% (2014: 21%), Commercial Operations 9% (2014: 8%) and Other Income 3% (2014: 3%). A three-year summary of income by source is shown in **Table 2** and **Chart 2** on page 12. A three-year summary of total income is shown in **Chart 3** on page 13.

Government Contributions

Income from Government Contributions totalled **BD\$443.2 million** and represented 46% of total income. Similar to the prior year in which Government Contributions were **BD\$465.6 million** and represented 46% of total income.

Project Income

a) Special Projects

For the year ended July 31, 2015 this source of income totalled **BD\$83.5 million**, and represented 9% of total income. Income from Special Projects showed an increase of 12% over the **BD\$74.4 million** reported in the prior year. Special Projects income did not contribute to the surplus, as it matched expenditure from grants received from sponsors particularly for research.

During the year ended July 31, 2015 the value of new grants received for research was **BD\$60.2 million** compared with **BD\$124.7 million** in the previous year.

Some examples of new projects funded during the year were:

- Coral Reef Monitoring Programme (**Cave Hill Campus**) – sponsor, Coastal Zone Management Unit – Government of Barbados;
- Investment Plan for the Caribbean regional Track of the Pilot Program for Climate Resilience (**Mona Campus**) – sponsor, Inter-American Development Bank;
- Carib Regional Entrepreneurial Asset Commercial Hub (**St. Augustine Campus**) – sponsor, Inter-American Development Bank;
- The “Irie Classrooms Toolbox: A Cluster Randomized Trial of a Universal Violence Prevention Programme in Jamaica Preschools (**University Centre**) – sponsor, Medical Research Council/Wellcome Trust);
- USAID/UWIOC TLP – CSC Project (**Open Campus**) – sponsor USAID

b) Other Projects

Income from Other Projects was derived from self-financing programmes and full fee paying programmes in the Faculties of Medical Sciences and Law. Funds earned by departments through consultancies and from coordination of Special Projects were also included. Other Projects also includes the consolidated results of UWI School of Business and Applied Studies Limited and St Augustine Enterprises Limited. For the year ended July 31, 2015, income from Other Projects totalled **BD\$194.7 million** and represented 20% of total income.

Total projects income (Special Projects and Other Projects) represented 29% of total income, a marginal increase of 1% over the previous year.



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For the year ended July 31, 2015

I. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (cont'd)

Tuition and Other Student Fees

Tuition and other student fees totalled **BDS\$128.3 million** (2014: **BDS\$146.5 million**) for the year. This represented 13% of total income (2014:15%).

Other Income

Other Income totalled **BDS\$24 million** (2014: **BDS\$31 million**) and comprised investment income of **BDS\$5.7 million** (2014: **BDS\$8.3 million**) and miscellaneous income of **BDS\$18.3 million** (2014: **BDS\$23 million**). Miscellaneous income included income earned from rental of facilities as well as an amount of **BDS\$5.3 million** representing the value of Capital Grants amortised during the year.

Commercial Operations

Income from commercial operations experienced a growth of 17% from **BDS\$76.7 million** in 2014 to **BDS\$89.6 million**, and represented 9% of total income (2014: 8%). This source of income was derived from concessionaires, book shops, the halls of residence at all campuses, income from rented properties, as well as the Open Campus operations of the School of Continuing Studies in Trinidad and Tobago.

CONSOLIDATED EXPENDITURE

The categories of expenditure and their percentages of the total were as follows: Departmental 44% (2014: 46%), Administrative 9% (2014: 8%), Central 20% (2014: 19%), Special Projects 8% (2014: 7%), Other Projects 12% (2014: 14%) and Commercial Operations 7% (2014: 6%). This is illustrated by **Table 4** and **Charts 4 and 4a** on page 14.

For the year ended July 31, 2015, there was an actuarially determined expense of **BDS\$30.5 million** (2014: **BDS\$40.1 million**) for post-employment pension and medical benefits.

A further impairment provision totalling **BDS\$4.7 million** (2014: **BDS\$7 million**) was made on Government contributions outstanding in excess of two years from certain Governments of the Eastern Caribbean. The resulting impairment expense was included in consolidated central expenditure. At the St. Augustine Campus, additional impairment of **BDS\$36.7 million** was made for PSIP advances, Government scholarships, project receivables and salary arrears. At the Cave Hill Campus, additional impairment of **BDS\$12.5 million** was made for Third Parties. In total, the Campuses provided an additional **BDS\$3.3 million** for student receivables.

A three year summary of expenditure by category is shown in **Table 5** and **Chart 5** on page 15 and a three-year summary of total expenditure is illustrated in **Chart 6** on page 16.

II. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Net Current Assets

Current assets exceeded current liabilities by **BDS\$381 million** (2014: **BDS\$399 million**), an overall decrease of 4%. The balance for cash and cash equivalents decreased by **BDS\$55 million** while resale agreements decreased by **BDS\$0.6 million**. Accounts receivable showed a decrease of **BDS\$4 million** or 1% over the prior year. Current liabilities decreased by 11%.



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Financial Report

For the year ended July 31, 2015

II. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

Cash and Cash Equivalents

This includes funds held for activities funded by the University Grants Committee, external donors, as well as commercial operations. The balance also includes restricted funds held for donor-specified purposes.

Accounts Receivable

The decrease in accounts receivable at July 31, 2015 is heavily due to the increased impairment of amounts outstanding from Governments, including economic costs, scholarships, GATE, PSIP and tuition fees. The steady rise in outstanding Government contributions over the last five years is illustrated in **Chart 7** on page 17. Despite on-going discussions with the Governments regarding arrangements to liquidate the outstanding balances, the situation continues to deteriorate.

Short-term Investments and Resale Agreements

Included in this category were resale agreements, Government securities, treasury deposits, fixed deposits, and equities. There was no significant change in these balances.

Current Liabilities

The total of **BDS\$332 million** (2014: **BDS\$372 million**) representing current liabilities, includes amounts due to suppliers for goods and services received, vacation leave accrual of **BDS\$32 million** (2014: **BDS\$33.5 million**), retroactive salaries and other staff benefits. The current portion of long-term liabilities was **BDS\$26 million** (2014: **BDS\$29 million**).

An amount of **BDS\$96 thousand** representing contributions pre-paid by the Government of Bermuda was included. Short-term loans and advances of **J\$891 million** (**BDS\$15.2 million**) due by the Mona Campus were also included in current liabilities.

Long-Term Investments

There was a decrease of 0.3% in the balance for long-term investments which totalled **BDS\$134.6 million** (2014: **BDS\$135 million**).

Long-Term Receivables

At July 31, 2015, long-term receivables included a total of **BDS\$66.8 million** (2014: **BDS\$63.2 million**) for Government contributions outstanding in excess of three years. Of this figure **BDS\$48.3 million** (2014: **BDS\$37 million**) has been impaired.

The balance also includes **BDS\$4.7 million** for retroactive salaries receivable from the Government of Jamaica.



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II. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

Property, Plant and Equipment

During the period additions to property plant and equipment totalled **BDS\$45.5 million**. Of this amount over 44% was spent for additions to buildings and work-in-progress. Additional expenditure was made mainly for the purchase of computers and other electronic equipment, office furniture and fixtures and library books.

Long-Term Liabilities

a) Long-term Loans

The balance of **BDS\$180.9 million** (2014: **BDS\$239.3 million**) for long-term loans represents an overall decrease of 24%, as the older loans are being repaid.

All loan payments are being made in accordance with the signed agreements.

b) Other Long-term liabilities

Other long-term liabilities includes an amount of approximately **BDS\$10 million**, being held by the University for the purpose of upgrading the facilities of the University Hospital of the West Indies. The remainder includes retroactive salaries payable and certain trade creditors.

Investment Revaluation Reserve

In accordance with the International Financial Reporting Standards (IFRS), equities are reported at fair value. The appreciation or depreciation in value of these equities is included in the Investment Revaluation Reserve. The same applies to the Unit Trust accounts.

The net movement (appreciation) in the investment revaluation reserve for the year ended July 31, 2015 totalled **BDS\$2 million** (2014: **BDS\$3.6 million**).

Revaluation Surplus

This includes revaluation surpluses arising from previous revaluation of property, plant and equipment.

Employee Benefits Obligation

In accordance with the International Financial Reporting Standards the University has disclosed estimates of its obligation for post-employment benefits.

These financial statements include estimates related to such retirement benefits under the Supplementation scheme of all campuses and the University Centre, the Defined Benefit Scheme at the St. Augustine Campus and the medical scheme for pensioners at the Mona Campus and the St Augustine Campus.

The actuarial report on the obligation as at July 31, 2015 was prepared by the actuaries Eckler Partners Ltd. Based on this report an estimated net obligation of **BDS\$330 million** has been included in these financial statements. The estimated obligation at July 31, 2014 was **BDS\$323 million**.



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PERFORMANCE INDICATORS

	<u>2015</u>	<u>2014</u>	<u>2013</u>
a) Total Operating Income/Expenses	94%	99%	98%
b) Government Contributions/Total Operating Income	46%	46%	49%
c) Total Income/Total Assets	54%	51%	52%
d) Liquidity ratio (acid test)	2.1	2.0	2.3
e) Income per FTE (BDS\$)	26,757	27,666	27,201
f) Expense per FTE (BDS\$)	28,405	27,761	27,697

- For the year ended July 31, 2015 the ratio of total operating income to expenses declined to 94% from 99% in the prior year. The ratio remains below 100%, indicating that income for the year was inadequate to cover the necessary expenditure.
- The ratio of Government Contributions to total operating income indicates that for the year ended July 31, 2015 the University relied on Governments to provide 46% of its income, which is the same as the corresponding period in the prior year, and is in line with the strategic goals of the University to reduce its reliance on government funding.
- Total income to total assets was 54%, which is a little higher than recent years. This indicates that although total income has declined, total assets has declined even more as a result of reduced cash and investments and increased impairment of long and short term receivables.
- The acid test ratio of 2.1 reflects a fairly constant ratio of liquid assets to current liabilities in recent years. However a significant portion of liquid assets is due from governments, and the timing and value of the collection of these amounts is uncertain, thus creating difficulty in meeting commitments to suppliers from time to time.



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For the year ended July 31, 2015

STATUS OF GOVERNMENT CONTRIBUTIONS

Overview

The responsibility of interfacing with Governments with respect to Government contributions payable, known as economic costs, resides with the Office of Finance. To assist Governments in planning the required contribution needed to fund The University of the West Indies (UWI), the Office of Finance prepares yearly assessments for each Government and based on requests, provides projections of the required contributions beyond the months which are accommodated by the biennial budgeting cycle used by the UWI. Annually Governments are provided with a finalized bill which is based on actual student numbers and the approved budgets.

The Office of Finance follows up with Government ministries by correspondence, telephone calls and visits. The Vice-Chancellor, Campus Principals and Bursars also relate to the Governments on amounts outstanding.

At July 31, 2015 the balance due from contributing Governments to the UWI was BDS\$230.97 million (net); a reduction of BDS\$3.32 million from the balance of BDS\$234.29 million (net) at July 31, 2014.

STATUS BY COUNTRY

Barbados

At July 31, 2015, BDS\$107.64 million remained outstanding from the Government of Barbados. The assessment for the period was BDS\$115.20 million. The funding committed by the Government was BDS\$114.74 million. Payments totalling BDS\$137.23 million received during the year, were insufficient to repay the outstanding amount of BDS\$130.13 million at August 1, 2014. Discussions are in progress with the Government of Barbados regarding arrangements to liquidate the outstanding balance.

Jamaica

The Government of Jamaica opened the year with a balance of J\$106.04 million outstanding. The assessment for the year was J\$9,664.31 million. The funding committed for the year was J\$6,091.32 million and payments received during the year totalled J\$6,142.07 million. The balance outstanding at July 31, 2015 was J\$55.29 million. The Government continues to pay monthly tranches of committed funds to the University on a timely basis.



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Financial Report

For the year ended July 31, 2015

STATUS OF GOVERNMENT CONTRIBUTIONS (cont'd)

STATUS BY COUNTRY (cont'd)

Trinidad and Tobago

The Government of Trinidad & Tobago opened the year with an outstanding amount of TT\$82.39 million at August 1, 2014. The total payment of TT\$665.26 million received during the year to July 31, 2015 was not enough to liquidate the current billing of TT\$709.67 million. The balance outstanding at July 31, 2015 was TT\$126.80 million.

The Government of Trinidad & Tobago usually pays in a timely manner, hence it is anticipated that the outstanding balance will be liquidated during the coming year.

Anguilla

The opening balance of EC\$4.59 million was reduced to an outstanding balance of EC\$4.17 million at July 31, 2015, after a payment of EC\$1.00 million was received during the year and an assessment of EC\$0.58 million applied. Discussions will continue with the Government to liquidate the outstanding balance.

Antigua

The balance outstanding at August 1, 2014 was EC\$6.33 million, and this was reduced to EC\$5.85 million after payments totalling EC\$4.06 million were received and the assessment of EC\$3.58 million was applied. Discussions will continue with the Government to liquidate the outstanding balance.

Bahamas

The Government of the Bahamas opened the year with an outstanding amount of BAH\$930,112. The assessment for the year was BAH\$2.82 million and payments totalling BAH\$2.71 million were received. The outstanding balance at July 31, 2015 was BAH\$1.04 million. The Government of the Bahamas usually pays promptly and we look forward to settlement of the outstanding balance.

Belize

The amount outstanding at August 1, 2014 was BZE\$1.41 million and the assessment for the year was BZE\$2.19 million. The balance outstanding at July 31, 2015 was BZE\$3.60 million. No payments were received during the year. The UWI will continue to follow up with the Government of Belize in order to have the outstanding balance settled.



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For the year ended July 31, 2015

STATUS OF GOVERNMENT CONTRIBUTIONS (cont'd)

STATUS BY COUNTRY (cont'd)

Bermuda

The Government of Bermuda became an associate contributing Government effective April 2010. The opening balance on this Government's account was a prepayment of US\$11,825 at August 1, 2014. The billing for the year was US\$35,714 and payments totalling US\$71,936 were received. At July 31, 2015 there was a prepaid balance of US\$48,047.

British Virgin Islands

The amount outstanding as at August 1, 2014 was US\$1,061,813. The assessment for the year to July 31, 2015 was US\$556,146. Payments totalling US\$698,485 were made during the year. The balance at July 31, 2015 was EC\$919,474. The Government has committed to liquidating the opening balance of US\$1,061,813 as soon as possible.

Cayman Islands

The balance outstanding at August 1, 2014 was CAY\$1,355,951. The Government was billed CAY\$367,266 for the year and made payments of CAY\$160,798. Discussions are in progress with a view to liquidating the balance of CAY\$1,562,419 as soon as possible. A subsequent payment of US\$192,239 was received in October 2015.

Dominica

The balance outstanding at August 1, 2014 was EC\$19.08 million which represents an accumulation of billings for several years. The assessment for the year was EC\$2.6 million. No payments were made during the year irrespective of the efforts made by the University in this regard. The balance outstanding at July 31, 2015 was EC\$21.68 million.

Grenada

The balance outstanding from the Government of Grenada at August 1, 2014 was EC\$17.42 million. The assessment for the year was EC\$2.89 million and a payment of EC\$0.59 million was received. The balance outstanding at July 31, 2015 was EC\$19.72 million.



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For the year ended July 31, 2015

STATUS OF GOVERNMENT CONTRIBUTIONS (cont'd)

STATUS BY COUNTRY (cont'd)

Montserrat

The amount prepaid at August 1, 2014 was EC\$374,743. The assessment for the year was EC\$1,237,119 and payments totalling EC\$798,560 were received leaving an amount of EC\$63,817 outstanding at July 31, 2015. The UWI would like to thank the Government of Montserrat for the effort made to keep its account up to date.

St. Kitts and Nevis

The amount outstanding at August 1, 2014 was EC\$3.10 million and the assessment for the year was EC\$2.58 million. Payments totalling EC\$3.35 million were received during the year. The balance outstanding at July 31, 2015 was EC\$2.33 million.

St. Lucia

The balance outstanding at August 1, 2014 was EC\$17.16 million. The assessment for the year was EC\$3.21 million and payments totalling EC\$0.68 million were received. The balance increased to EC\$19.69 million at July 31, 2015. The UWI is in discussion with the Government of St Lucia regarding a plan for payment.

St. Vincent and the Grenadines

The year opened with a balance of EC\$24.18 million and the assessment for the period was EC\$ 4.44 million. Payments totalling EC\$6.16 million were received, reducing the balance to EC\$22.46 million at July 31, 2015. Further discussions regarding liquidation are in progress with the Government.

Turks & Caicos Islands

The billing to the Government of Turks and Caicos Islands commenced August 1, 2014 as they were the latest addition to the contributing Governments of the UWI. The assessment for the year was US\$152,611 and a payment of US\$75,036 was received, resulting in an outstanding balance of US\$77,575 at July 31, 2015.



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Selected Financial and Statistical Highlights

For the year ended July 31, 2015

INCOME

For the period August 1, 2014 to July 31, 2015 with comparatives for the period August 1, 2013 to July 31, 2014

TABLE 1 - \$'000

SOURCES	J\$		BDS\$		TTS		EC\$	
	2015	2014	2015	2014	2015	2014	2015	2014
West Indian Government Contributions *	25,407,914	24,967,763	443,220	465,634	1,406,310	1,494,169	598,361	628,610
Tuition and other student Fees	7,351,957	7,854,230	128,249	146,477	406,926	470,028	173,140	197,745
Special Projects	4,783,762	3,990,688	83,449	74,424	264,778	238,818	112,659	100,473
Other Projects	11,162,784	11,295,240	194,725	210,649	617,852	675,951	262,886	284,379
Commercial Operations	5,138,414	4,113,746	89,635	76,719	284,407	246,183	121,011	103,571
Other	1,383,299	1,679,655	24,130	31,324	76,565	100,517	32,578	42,289
TOTAL INCOME	55,228,130	53,901,322	963,408	1,005,227	3,056,838	3,225,666	1,300,635	1,357,067

*net of transfer to capital grants

Chart 1
INCOME (%) August 1, 2014 to July 31, 2015

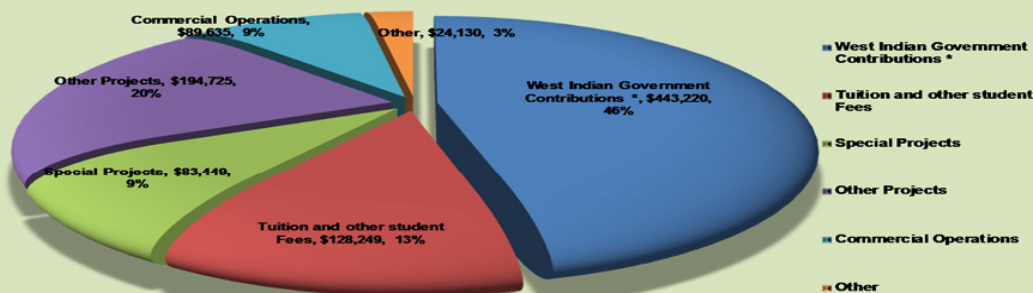
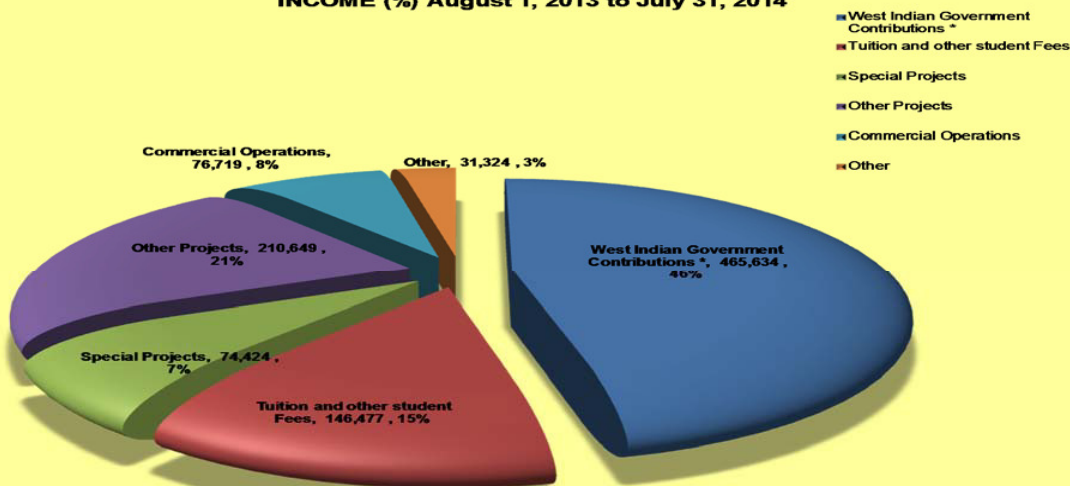


Chart 1a
INCOME (%) August 1, 2013 to July 31, 2014



THE UNIVERSITY OF THE WEST INDIES

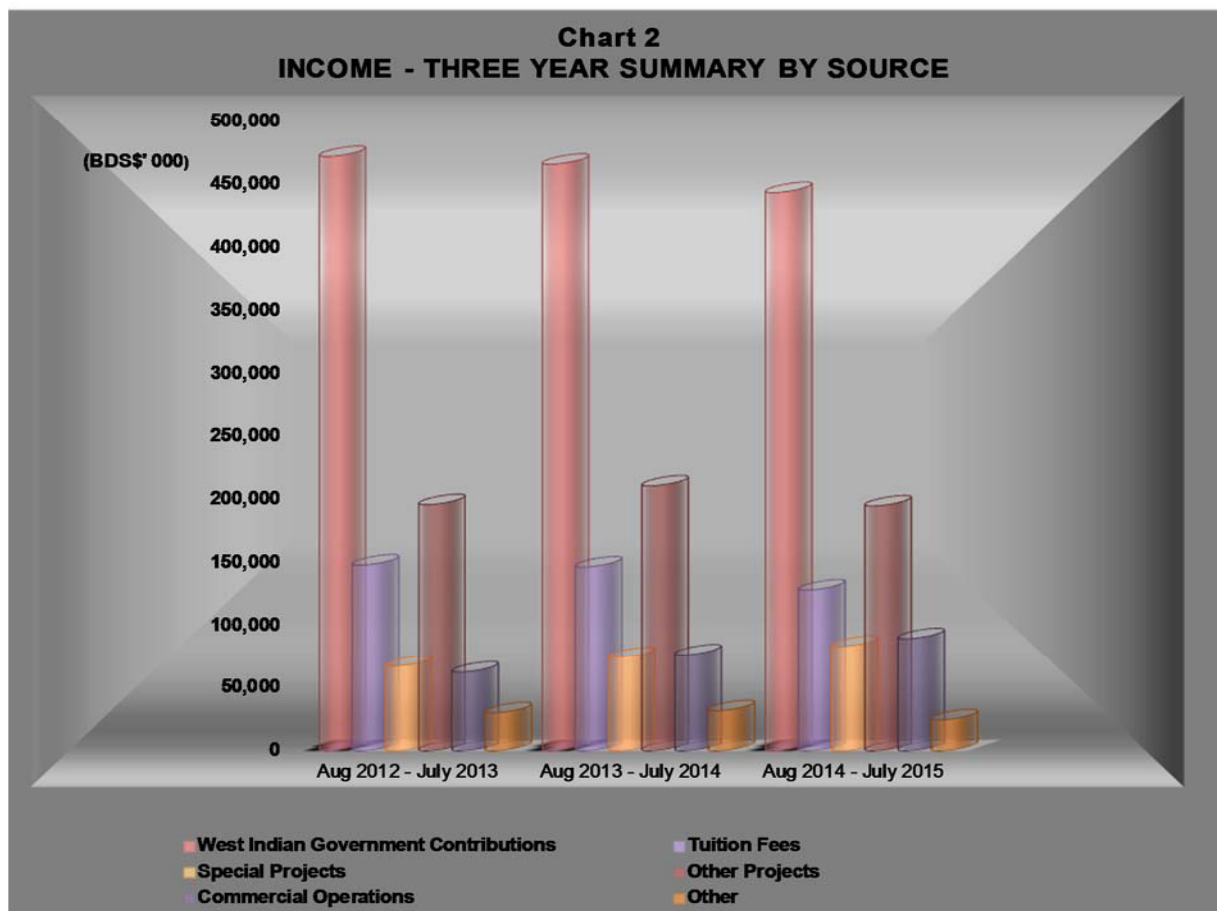
Selected Financial and Statistical Highlights

For the year ended July 31, 2015

INCOME- THREE YEAR SUMMARY BY SOURCE
Table 2-BDS\$'000

SOURCES	Aug 2012 - July 2013		Aug 2013 - July 2014		Aug 2014 - July 2015	
West Indian Government Contributions *	471,793	48%	465,634	46%	443,220	46%
Tuition and other Student Fees	148,043	15%	146,477	15%	128,249	13%
Special Projects	66,889	7%	74,424	7%	83,449	9%
Other Projects	195,800	20%	210,649	21%	194,725	20%
Commercial Operations	62,086	7%	76,719	8%	89,635	9%
Other	29,668	3%	31,324	3%	24,130	4%
TOTAL INCOME	974,279	100%	1,005,227	100%	963,408	100%

*net of transfer to capital grants



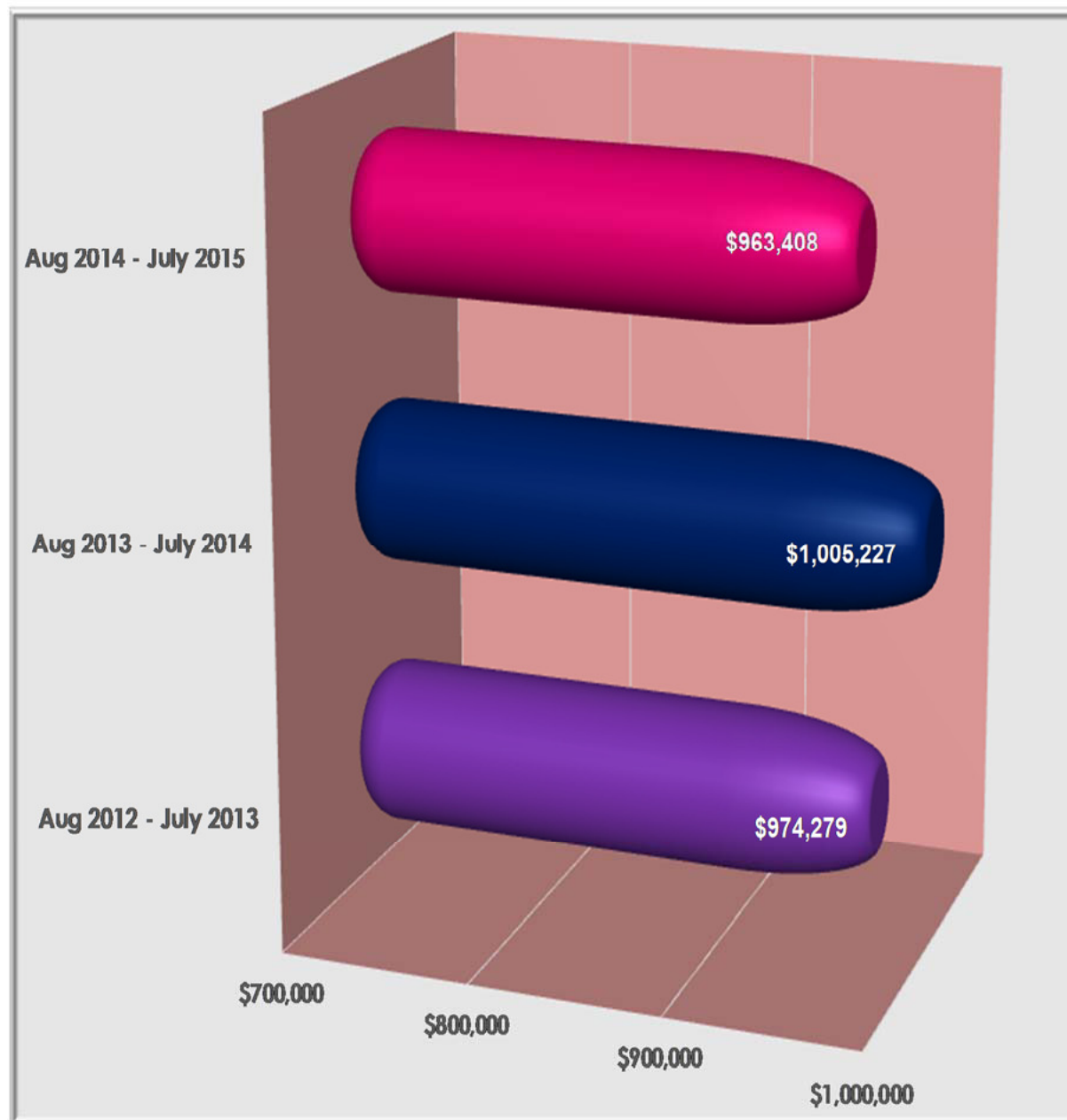


THE UNIVERSITY OF THE WEST INDIES

Selected Financial and Statistical Highlights

For the year ended July 31, 2015

CHART 3
THREE YEAR SUMMARY OF TOTAL INCOME
BD\$'000



THE UNIVERSITY OF THE WEST INDIES

Selected Financial and Statistical Highlights

For the year ended July 31, 2015

EXPENDITURE

For the period August 1, 2014 to July 31, 2015 with comparatives for the period August 1, 2013 to July 31, 2014

TABLE 4 - \$'000

CATEGORIES	J\$		Bds\$		TT\$		EC\$	
	2015	2014	2015	2014	2015	2014	2015	2014
Administrative	5,048,113	4,456,620	88,060	83,113	279,409	266,702	118,884	112,204
Departmental *	25,543,333	24,734,222	445,582	461,278	1,413,805	1,480,193	601,550	622,731
Central Expenditure +	11,775,376	9,990,709	205,412	186,321	651,759	597,882	277,313	251,535
Special Projects	4,783,762	3,990,688	83,449	74,424	264,778	238,818	112,659	100,473
Other Projects	7,271,813	7,333,176	126,851	136,759	402,490	438,846	171,253	184,627
Commercial Operations	4,208,410	3,409,778	73,412	63,590	232,932	204,054	99,109	85,848
TOTAL EXPENDITURE	58,630,807	53,915,193	1,022,766	1,005,485	3,245,173	3,226,495	1,380,768	1,357,418

* includes depreciation

+includes finance costs, and charge for post-employment benefits

Chart 4
Expenditure (%) Aug 2014 - July 31, 2015

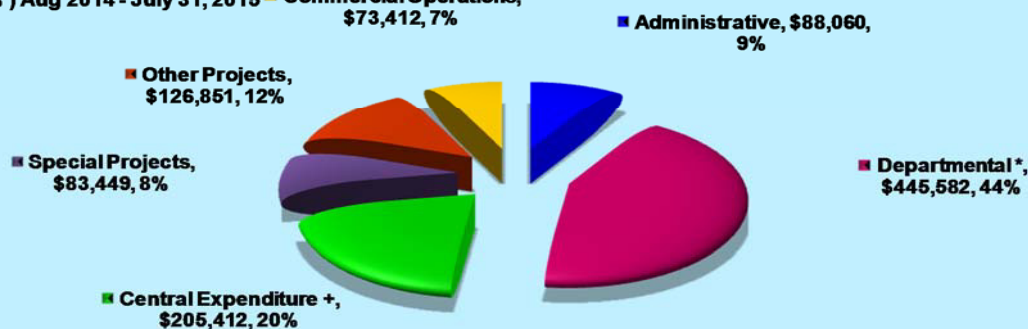
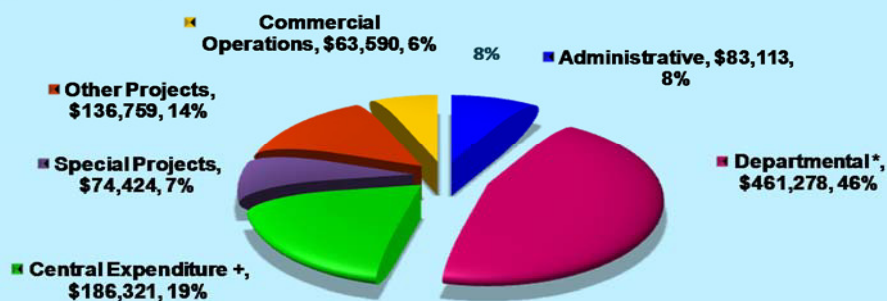


Chart 4A
Expenditure (%) Aug 2013 - July 31, 2014





THE UNIVERSITY OF THE WEST INDIES **Selected Financial and Statistical Highlights** **For the year ended July 31, 2015**

EXPENDITURE

THREE YEAR SUMMARY

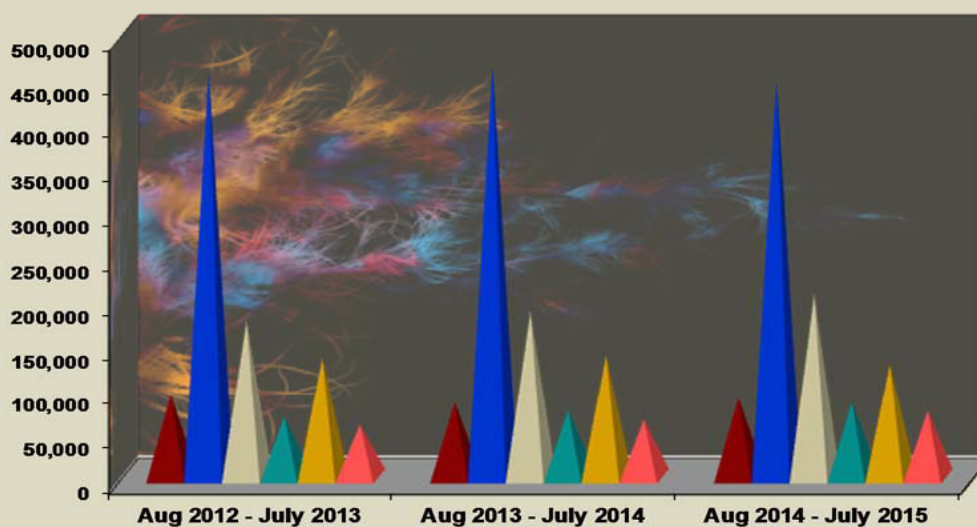
Table 5
BDS\$'000

CATEGORIES	Aug 2012 - July 2013		Aug 2013 - July 2014		Aug 2014 - July 2015	
Administrative	91,707	9%	83,113	8%	88,060	9%
Departmental*	454,823	46%	461,278	46%	445,582	44%
Central Expenditure +	175,972	18%	186,321	19%	205,412	20%
Special Projects	66,889	7%	74,424	7%	83,449	8%
Other Projects	134,365	14%	136,759	14%	126,851	12%
Commercial Operations	58,000	6%	63,590	6%	73,412	7%
TOTAL EXPENDITURE	981,756	100%	1,005,485	100%	1,022,766	100%

* includes depreciation

+ includes finance costs, and charge for post-employment benefits

CHART 5
EXPENDITURE (BDS\$'000) - THREE YEAR SUMMARY



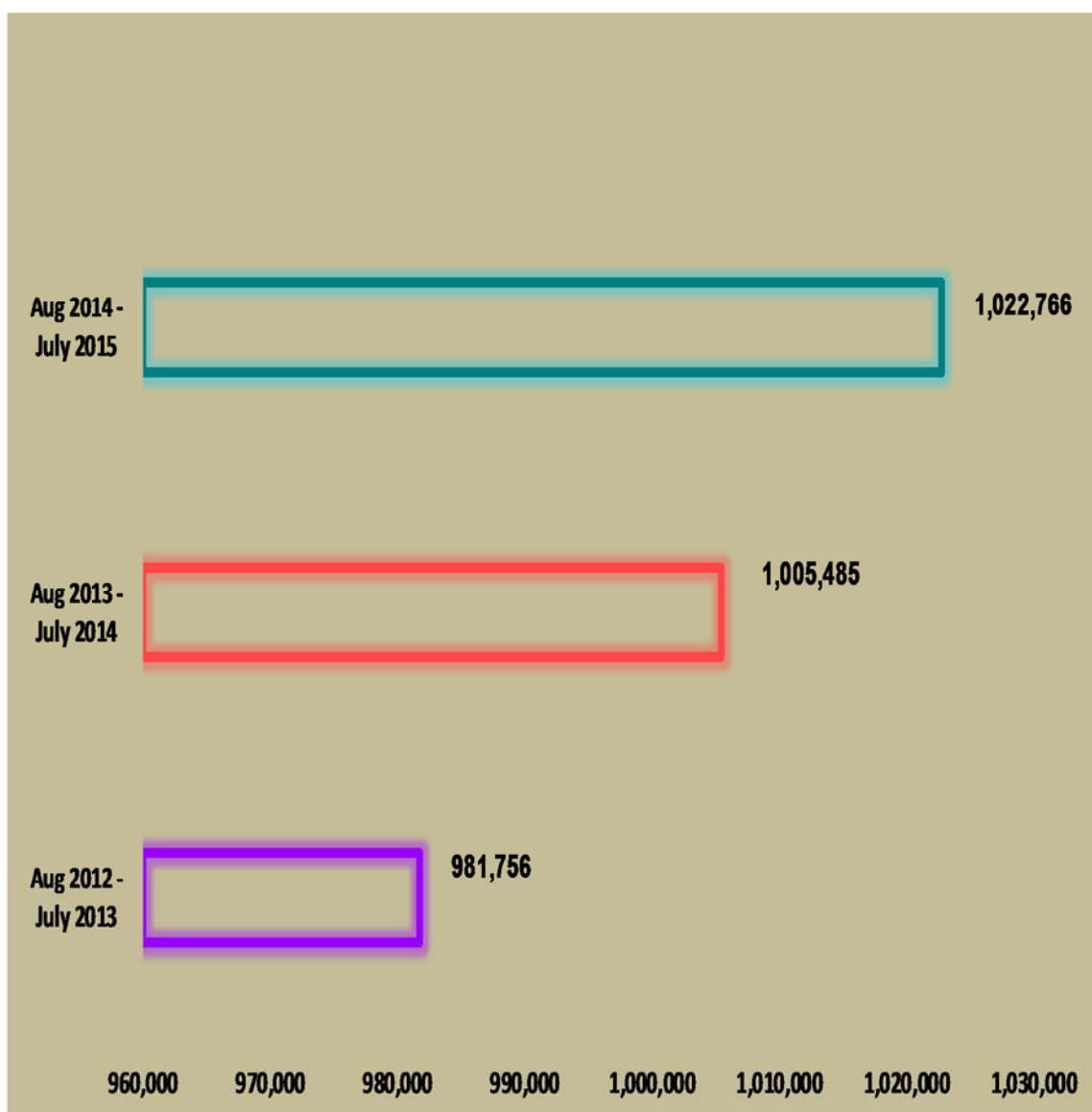


THE UNIVERSITY OF THE WEST INDIES

Selected Financial and Statistical Highlights

For the year ended July 31, 2015

CHART 6
THREE YEAR SUMMARY OF TOTAL EXPENDITURE
BD\$'000





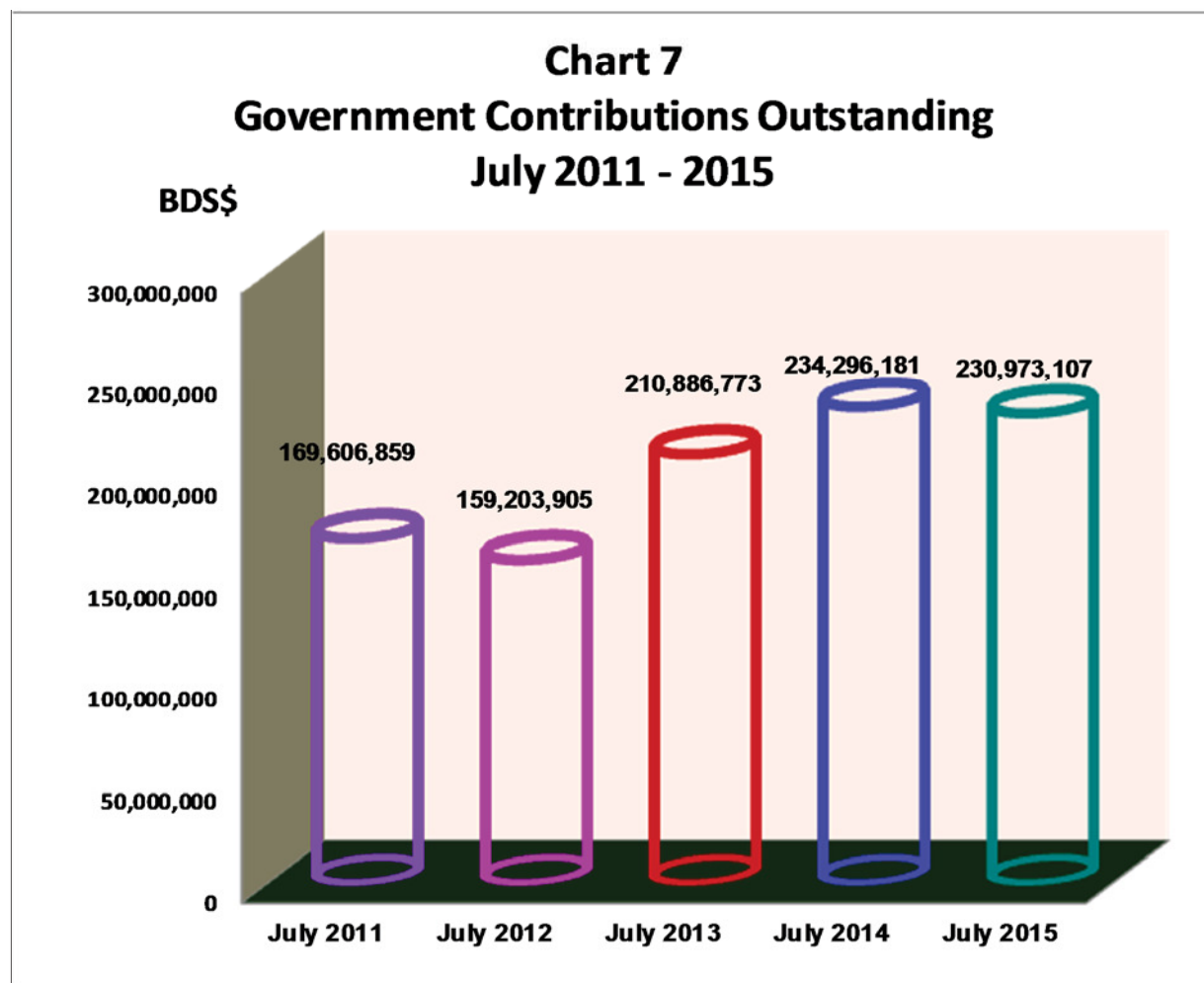
THE UNIVERSITY OF THE WEST INDIES **Selected Financial and Statistical Highlights** **For the year ended July 31, 2015**

GOVERNMENT CONTRIBUTIONS OUTSTANDING

JULY 2011 - JULY 2015

TABLE 7 (BDS\$)

PERIOD	BDS\$
July 2011	169,606,859
July 2012	159,203,905
July 2013	210,886,773
July 2014	234,296,181
July 2015	230,973,107





KPMG
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INDEPENDENT AUDITORS' REPORT

To the Members of
THE COUNCIL OF THE UNIVERSITY OF THE WEST INDIES

Report on the Financial Statements

We have audited the consolidated financial statements of the University of the West Indies, set out on pages 20 to 72, which comprise the consolidated statement of financial position as at July 31, 2015, the consolidated statements of profit or loss and other comprehensive income, changes in reserves and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

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

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



INDEPENDENT AUDITORS' REPORT

To the Members of

THE COUNCIL OF THE UNIVERSITY OF THE WEST INDIES

Report on the Financial Statements, cont'd

Opinion

In our opinion, the financial statements give a true and fair view of the consolidated financial position of the University of the West Indies as at July 31, 2015, and of its consolidated financial performance, and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards.

A handwritten signature of the KPMG firm, written in blue ink. The letters 'KPMG' are written in a cursive, stylized script.

Chartered Accountants
Kingston, Jamaica

October 28, 2015



THE UNIVERSITY OF THE WEST INDIES

Consolidated Statement of Financial Position

July 31, 2015

	Notes	2015 J\$000	Restated* 2014 J\$000	Restated* 2013 J\$000
CURRENT ASSETS				
Cash and cash equivalents	5	11,920,965	14,579,460	9,932,939
Resale agreements	6	1,157,394	1,152,128	984,197
Short-term investments	7	2,624,559	2,409,006	2,233,110
Accounts receivable	8	25,643,042	24,862,060	20,794,856
Inventories	9	<u>421,325</u>	<u>397,609</u>	<u>358,350</u>
		41,767,285	43,400,263	34,303,452
CURRENT LIABILITIES	10	<u>(19,471,475)</u>	<u>(20,944,078)</u>	<u>(15,207,760)</u>
NET CURRENT ASSETS		<u>22,295,810</u>	<u>22,456,185</u>	<u>19,095,692</u>
NON-CURRENT ASSETS				
Advances	11	12,931	3,443	3,351
Long-term investments	7	7,879,862	7,591,309	6,959,575
Investment properties	12	6,218	6,466	6,715
Long-term receivables	13	3,322,866	3,886,485	3,864,204
Interest in subsidiaries	14	210,992	284,220	209,224
Property, plant and equipment	15	<u>50,015,385</u>	<u>48,726,738</u>	<u>44,202,927</u>
		<u>61,448,254</u>	<u>60,498,661</u>	<u>55,245,996</u>
		<u>83,744,064</u>	<u>82,954,846</u>	<u>74,341,688</u>
RESERVES				
Cumulative translation reserve	16	14,838,959	13,422,335	10,126,706
Revaluation surplus	17	5,426,213	5,426,213	5,426,213
Investment revaluation reserve	18	1,438,607	1,322,444	1,252,280
General reserve		4,992,151	8,154,307	8,520,543
Accumulated fund		<u>4,518,920</u>	<u>4,512,488</u>	<u>3,796,118</u>
Total reserves		<u>31,214,850</u>	<u>32,837,787</u>	<u>29,121,860</u>
NON-CURRENT LIABILITIES				
Unexpended donations for special projects	19	7,193,880	6,123,323	5,177,675
Endowment funds	20	315,882	304,319	298,988
Capital grants	21	14,062,416	12,554,960	11,078,083
Long-term liabilities	22	11,453,184	12,975,467	12,961,010
Employee benefits obligation	23(d)	19,315,519	18,158,990	15,704,072
Deferred income	24	<u>188,333</u>	<u>-</u>	<u>-</u>
Total non-current liabilities		<u>52,529,214</u>	<u>50,117,059</u>	<u>45,219,828</u>
		<u>83,744,064</u>	<u>82,954,846</u>	<u>74,341,688</u>

The financial statements on pages 20 to 72 were approved for issue by the Finance and General Purposes Committee on October 28, 2015 and signed on its behalf by:


 Sir Hilary M. Beckles Vice Chancellor


 Archibald Campbell Chief Financial Officer/University Bursar

*See note 32

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



THE UNIVERSITY OF THE WEST INDIES

Consolidated Statement of Comprehensive Income

Year ended July 31, 2015

	<u>Notes</u>	<u>2015</u> J\$'000	Restated* <u>2014</u> J\$'000
INCOME			
Government contributions	4	26,188,023	25,641,746
Tuition and other student fees		7,351,957	7,854,230
Special projects		4,783,762	3,990,688
Other projects		11,162,784	11,295,240
Commercial operations		5,138,414	4,113,746
Investment income		327,070	447,479
Miscellaneous income		<u>1,056,229</u>	<u>1,232,176</u>
		56,008,239	54,575,305
Less: transfer to capital grants		(780,109)	(673,983)
Income after transfer to capital grants		<u>55,228,130</u>	<u>53,901,322</u>
EXPENSES			
Departmental		22,906,648	22,278,008
Administrative		5,048,113	4,456,620
Central		9,336,300	7,195,265
Special projects		4,783,762	3,990,688
Other projects		7,271,813	7,333,176
Commercial operations		<u>4,208,410</u>	<u>3,409,778</u>
		<u>53,555,046</u>	<u>48,663,535</u>
Surplus for the year before finance costs		1,673,084	5,237,787
Finance costs	25	(690,593)	(644,944)
Surplus for the year before depreciation, pension and post-employment medical benefits		982,491	4,592,843
Depreciation		(2,636,685)	(2,456,214)
Pension and post-employment medical benefits	23(e)	(1,748,483)	(2,150,500)
Deficit for the year before share of profits/(loss) due to joint venture partner		(3,402,677)	(13,871)
Reversal of distribution of subsidiary profits		-	386,238
(DEFICIT)/SURPLUS FOR THE YEAR		(3,402,677)	372,367
OTHER COMPREHENSIVE INCOME			
Item that will never be reclassified to profit or loss			
Re-measurement of employee benefits obligation	23(e)	276,950	92,241
Items that may be reclassified to profit or loss			
Change in fair value of available-for-sale financial assets		116,163	194,654
Reclassification of fair value gains on disposal of investments		-	(124,490)
Currency translation adjustments		<u>1,416,624</u>	<u>3,295,629</u>
Total other comprehensive income		<u>1,809,737</u>	<u>3,458,034</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		<u>(1,592,940)</u>	<u>3,830,401</u>

*See note 32

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



THE UNIVERSITY OF THE WEST INDIES

Consolidated Statement of Changes in Reserves

Year ended July 31, 2015

	Capital reserves			Other reserves		
	Cumulative translation reserve J\$'000	Revaluation surplus J\$'000	Investment revaluation reserve J\$'000	General reserves J\$'000	Accumulated fund J\$'000	Total reserves J\$'000
Balances as at July 31, 2013:						
As previously reported	10,211,391	5,426,213	1,252,280	8,520,543	3,002,977	28,413,404
Prior year adjustments (note 32)	(84,685)	-	-	-	793,141	708,456
As restated	10,126,706	5,426,213	1,252,280	8,520,543	3,796,118	29,121,860
Comprehensive income for the year:						
Surplus for the year, as restated (note 32)	-	-	-	-	372,367	372,367
Other comprehensive income/(loss) as restated (note 32)	3,295,629	-	70,164	(241,795)	334,036	3,458,034
Total comprehensive income for the year, as restated	3,295,629	-	70,164	(241,795)	706,403	3,830,401
Transactions recorded directly in equity:						
Reclassification of undistributed grant funds	-	-	-	-	(69,748)	(69,748)
Transfer to sabbatical fund	-	-	-	4,099	-	4,099
Adjustment for net funds under management	-	-	-	-	(48,825)	(48,825)
Transfers between reserves	-	-	-	(128,540)	128,540	-
Total transactions recorded directly in equity	-	-	-	(124,441)	9,967	(114,474)
Balances at July 31, 2014, as restated	13,422,335	5,426,213	1,322,444	8,154,307	4,512,488	32,837,787
Balances at July 31, 2014						
As previously reported	13,422,335	5,426,213	1,322,444	8,154,307	3,548,033	31,873,332
Prior year adjustments (note 32)	-	-	-	-	964,455	964,455
As restated	13,422,335	5,426,213	1,322,444	8,154,307	4,512,488	32,837,787

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



THE UNIVERSITY OF THE WEST INDIES

Consolidated Statement of Changes in Reserves (cont'd)

Year ended July 31, 2015

	Capital reserves		Other reserves		Total reserves J\$'000
	Cumulative translation reserve J\$'000	Revaluation surplus J\$'000	Investment revaluation reserve J\$'000	General reserves J\$'000	Accumulated fund J\$'000
Balances as at July 31, 2014, as restated	<u>13,422,335</u>	<u>5,426,213</u>	<u>1,322,444</u>	<u>8,154,307</u>	<u>32,837,787</u>
Comprehensive income for the year:					
Deficit for the year	-	-	-	-	(3,402,677)
Other comprehensive income	<u>1,416,624</u>	<u>-</u>	<u>116,163</u>	<u>316,625</u>	<u>1,809,737</u>
Total comprehensive loss for the year	<u>1,416,624</u>	<u>-</u>	<u>116,163</u>	<u>316,625</u>	<u>(1,592,940)</u>
Transactions recorded directly in equity:					
Transfer to sabbatical fund	-	-	-	5,679	-
Adjustment for net funds under management	-	-	-	-	(35,676)
Transfers between reserves	-	-	-	(3,484,460)	<u>3,484,460</u>
Total transactions recorded directly in equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,478,781)</u>	<u>(29,997)</u>
Balances at July 31, 2015	<u>14,838,959</u>	<u>5,426,213</u>	<u>1,438,607</u>	<u>4,992,151</u>	<u>31,214,850</u>

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



THE UNIVERSITY OF THE WEST INDIES

Consolidated Statement of Cash Flows

Year ended July 31, 2015

		<u>2015</u>	Restated*
	Notes	<u>JS'000</u>	<u>2014</u> <u>JS'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit)/surplus for the year		(3,402,677)	372,367
Adjustments for:			
Depreciation: Property, plant and equipment	15	2,636,437	2,455,965
Investment properties	12	248	249
Amortisation of capital grants	21	(310,692)	(174,954)
Employee benefits obligation		1,433,478	2,547,159
Gain on sale of property, plant and equipment		(2,495)	(9,184)
Share of profits due to joint venture partner		-	(386,238)
Foreign exchange adjustments		1,310,548	1,905,066
Discount on long-term receivables		759,426	395,466
Interest income		(307,104)	(411,095)
Dividend income		(19,966)	(36,383)
Deferred income		(1,667)	-
Interest expense		<u>690,593</u>	<u>644,944</u>
		2,786,129	7,303,362
Changes in:			
Accounts receivable		(717,448)	(4,018,657)
Inventories		(23,716)	(39,259)
Current liabilities		<u>(1,488,577)</u>	<u>5,832,958</u>
Net cash provided by operating activities		<u>556,388</u>	<u>9,078,404</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		109,498	218,727
Dividend received		19,966	36,383
Investments, net		(423,619)	(786,291)
Increase in resale agreements		(5,266)	(167,931)
Increase in advances		(9,488)	(92)
Long-term receivables		563,619	(22,281)
Interest in subsidiaries		73,228	(74,996)
Purchase of property, plant and equipment	15	(2,662,756)	(4,077,412)
Proceeds from sale of property, plant and equipment		<u>14,450</u>	<u>16,830</u>
Net cash used by investing activities		<u>(2,320,368)</u>	<u>(4,857,063)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(587,578)	(258,386)
Unexpended donations for special projects		818,612	1,069,544
Endowment funds	20	11,167	4,393
Capital grants received	21	826,323	269,836
Proceeds of long-term loans		67,091	560,000
Deferred income received		100,000	-
Repayment of long-term loans		(1,861,446)	(744,079)
Other long-term liabilities		<u>(268,734)</u>	<u>(476,128)</u>
Net cash (used)/provided by financing activities		<u>(894,515)</u>	<u>425,180</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		<u>(2,658,495)</u>	<u>4,646,521</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		<u>14,579,460</u>	<u>9,932,939</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5	<u>11,920,965</u>	<u>14,579,460</u>

*See note 32

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



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

July 31, 2015

1. THE UNIVERSITY

The University of the West Indies (“the University”) is a not-for-profit educational institution providing higher education to seventeen contributing Caribbean countries. These are Anguilla, Antigua/Barbuda, Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Dominica, Grenada, Jamaica, Montserrat, St. Kitts & Nevis, St. Lucia, St. Vincent & the Grenadines, Trinidad & Tobago, and Turks & Caicos Islands. The registered office of the University is located at Mona, Kingston 7, Jamaica W.I.

The University operates from four main campuses as follows:

Barbados	The Cave Hill Campus
Jamaica	The Mona Campus
Trinidad & Tobago	The St. Augustine Campus
Eastern Caribbean, Jamaica, Barbados and Trinidad & Tobago	The Open Campus

The University’s primary activities are the provision of a place of education, learning and research, in order to secure the advancement of knowledge and the diffusion and extension of arts, sciences and learning throughout the Caribbean. Activities ancillary to the principal activities include rental of student housing, other rentals and book sales.

The University is funded primarily by contributions from the Governments of the seventeen contributing countries (see note 4) and is therefore economically dependent on these Governments for its continued operations.

2. BASIS OF PREPARATION

(a) *Statement of Compliance:*

The financial statements as at and for the year ended July 31, 2015 (the reporting date) have been prepared in accordance with International Financial Reporting Standards (“IFRS”), and interpretations issued by the International Accounting Standards Board.

New, revised and amended standards and interpretations that became effective during the year

Certain new, revised and amended standards and interpretations which were in issue came into effect for the current financial year. The adoption of those standards, amendments and interpretations did not have any significant effect on amounts and disclosures in the financial statements.



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

July 31, 2015

2. BASIS OF PREPARATION (cont'd)

(a) *Statement of Compliance (cont'd):*

New, revised and amended standards and interpretations that are not yet effective

At the date of authorization of the financial statements, the following new, revised and amended standards and interpretations, which were in issue, were not yet effective and had not been adopted early by the University. Those standards and interpretations that management considers may be relevant to the University are as follows:

- IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.
- *Improvements to IFRS, 2012-2014 cycle*, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendment applicable to the University is as follows:
 - IAS 19, *Employee Benefits*, has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid. Consequently, the depth of the market for high-quality corporate bonds should be assessed at the currency level and not the country level.
- Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation*, are effective for accounting periods beginning on or after January 1, 2016.
 - The amendment to IAS 16, *Property, Plant and Equipment* explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.
 - The amendment to IAS 38, *Intangible Assets* introduces a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.
- Amendments to IAS 27, *Equity Method in Separate Financial Statements*, effective for accounting periods beginning on or after January 1, 2016 and can be early adopted. The amendments allow the use of the equity method in separate financial statements, and apply to the accounting for subsidiaries, associates, and also joint ventures.



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

July 31, 2015

2. BASIS OF PREPARATION (cont'd)

(a) *Statement of Compliance (cont'd):*

New, revised and amended standards and interpretations that are not yet effective (cont'd)

- IAS 1 *Presentation of Financial Statements*, effective for accounting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:
 - specific single disclosures that are not material do not have to be presented even if they are minimum requirements of a standard.
 - the order of notes to the financial statements is not prescribed.
 - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material.
 - specific criteria is now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI.
 - the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.
- IFRS 15, *Revenue from Contracts with Customers* is effective for periods beginning on or after January 1, 2018. It replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*.

The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

Management is in the process of evaluating the impact of adopting these standards and amendments to standards on the financial statements, when the standards become effective.

(b) *Basis of measurement:*

The financial statements are prepared on the historical cost basis, modified for the inclusion of certain investments which are carried at fair value.

(c) *Going concern:*

The preparation of the financial statements in accordance with IFRS assumes that the University will continue in operational existence for the foreseeable future. This means, *inter alia*, that the statements of financial position, and profit or loss and other comprehensive income assume no intention or necessity to liquidate the University or curtail the scale of its operations. This is commonly referred to as the going concern basis. The Council and management are of the view that the going concern basis continues to be appropriate in the preparation of the financial statements.



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

July 31, 2015

2. BASIS OF PREPARATION (cont'd)

(d) Functional and presentation currency:

These financial statements are presented in thousands of Jamaica dollars except where otherwise indicated, which is the functional currency of the University.

(e) Use of estimates, assumptions and judgements:

The preparation of the financial statements to conform to IFRS requires management to make estimates, assumptions and judgements that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date, and the income and expenses for the year then ended. Actual amounts could differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, and also in future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements, and estimates with a significant risk of material adjustment in the next financial year, are discussed below:

(i) Allowance for impairment losses on receivables:

In determining amounts recorded for impairment losses on receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from receivables, for example, default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired receivables as well as the timing of such cash flows.

Historical loss experience is applied where indicators of impairment are not observable on individually significant receivables with similar characteristics, such as credit risks.

(ii) Pension and other post-employment benefits:

The amounts recognised in the University's statements of financial position, and profit or loss and other comprehensive income for pension and other post-employment benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised are the discount rate used to determine the present value of estimated future cash flows required to settle the pension and other post-employment obligations and the expected rate of increase in medical costs for post-employment medical benefits.

The discount rate is determined based on the estimate of yield on long-term government securities that have maturity dates approximating the terms of the University's obligation; in the absence of such instruments, it has been necessary to estimate the rate by extrapolating from the longest-tenor security on the market. The estimate of expected rate of increase in medical costs is determined based on inflationary factors. Any changes in the foregoing assumptions will affect the amounts recorded in the financial statements for these obligations.



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

July 31, 2015

2. BASIS OF PREPARATION (cont'd)

(e) Use of estimates, assumptions and judgements (cont'd):

(iii) Residual value and expected useful life of property, plant and equipment:

The residual value and expected useful life of an asset are reviewed at least at each financial year end, and if expectations differ from previous estimates, the change is accounted for. The useful life of an asset is defined in terms of the asset's expected utility to the University.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation:

Subsidiaries are entities controlled by the University. The University controls an entity when it is exposed to, or has rights to, variable returns from the involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The consolidated financial statements include the financial positions, results of operations and cash flows of all four campuses and the University Centre ("subsidiaries"), made up to July 31, 2015, after eliminating all significant inter-group amounts. The subsidiaries are collectively referred to as "University".

The St. Augustine Campus has two wholly-owned subsidiaries, the UWI School of Business and Applied Studies Limited (UWISBASL), which also provides a place of education and learning, and St. Augustine Enterprises Limited, which provides accommodation and conference facilities for university-related purposes. Their financial positions, results of operations and cash flows have been consolidated.

The University has not consolidated the financial position, results of operations and cash flows with those of its subsidiaries, Mona Informatix Limited, Universal Media Company Limited, Mona School of Business and Management, UWI Consulting Inc., and Mona Institute of Medical Science, on the basis that they are immaterial to the consolidated financial statements. Details of the non-consolidated subsidiaries are as follows.



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

July 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd):

<u>Name of Subsidiary</u>	<u>Principal activity</u>	<u>Percentage ownership</u>	
		<u>2015</u>	<u>2014</u>
Mona Informatix Limited (MIL)	Provision of data processing services.	100	100
Universal Media Company Limited (UMC)	Provision of communication services.	100	100
Mona School of Business and Management (MSBM)	Provision of management education to private and public sectors; research on management-related topics; and consultancy services to private and public sectors and international bodies.	100	100
UWI Consulting Inc. (UWIC)	Provision of consulting services.	100	100
Mona Institute of Medical Science (MIMS)	Provision of medical services.	100	100

Summary information applicable to the subsidiaries, based on draft financial statements, as at and for the years ended July 31, 2015 and 2014, is as follows:

	<u>Net assets/(liabilities)</u>		<u>Net profit/(loss)</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	J\$'000	J\$'000	J\$'000	J\$'000
MIL	(67,838)	64,313	(34,150)	(7,473)
MSBM	188,733	171,231	16,918	53,592
UMC	(269,075)	(178,636)	(35,859)	(8,570)
UWIC	<u>45,175</u>	<u>56,616</u>	<u>(11,677)</u>	<u>(2,516)</u>
	<u>(103,005)</u>	<u>113,524</u>	<u>(64,768)</u>	<u>35,033</u>



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

July 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Cash and cash equivalents:

Cash and cash equivalents comprise cash and bank balances and include short-term deposits and other monetary investments with maturities ranging between one and three months or less from the date of acquisition. Bank overdrafts that are repayable on demand and form an integral part of the University's cash management activities are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(c) Investments:

Available-for-sale investments:

Available-for-sale investments are non-derivative financial assets intended to be held for an indefinite period of time, which may be sold in response to the need for liquidity or changes in interest rates, foreign exchange rate or equity price. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses, are recognized in the investment revaluation reserve through other comprehensive income. When an investment is derecognized, the cumulative gain or loss in equity is transferred to profit or loss.

Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments, that are not quoted in an active market, and that the University does not intend to sell immediately or in the near term and are measured at amortised cost using the effective interest method, less any impairment losses.

Fair value through profit or loss:

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the University manages such investments and makes purchase and sales decisions based on their fair value in accordance with the University's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value and changes in fair value are recognised in profit or loss.

Held to maturity:

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the University has the positive intention and ability to hold to maturity. Were the University to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale and the University would be prohibited from classifying investment securities as held-to-maturity for the current and the following two financial years. Held-to-maturity investments are measured at amortised cost.



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

July 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Resale agreements:

Resale agreements are short-term transactions whereby an entity buys securities and simultaneously agrees to resell them on a specified date and at a specified price. Although the security is delivered to the “buyer” at the time of the transaction, title is not actually transferred unless the counterparty fails to repurchase the securities on the date specified. Resale agreements are accounted for as short-term collateralised lending.

The difference between the purchase and resale considerations is recognised on an accrual basis over the period of the transaction, using the effective interest method, and is included in interest income.

(e) Accounts receivable:

Accounts receivable are stated at amortised cost, less impairment losses.

(f) Accounts payable:

Accounts payable and accrued charges are stated at amortised cost.

(g) Provisions:

A provision is recognised in the statement of financial position when the University has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reliably estimated. If the effect of discounting is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risk specific to the liability.

(h) Inventories:

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis.

(i) Investment properties:

Investment properties are stated at cost less accumulated depreciation and impairment losses. Investment properties are depreciated on the straight-line basis at an annual rate of 2½%. Rental income from investment properties is accounted for as described in accounting policy 3(n).

(j) Property, plant and equipment and depreciation:

(i) Owned assets:

Property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. Costs include expenditure that is directly attributable to the acquisition of the assets. 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 University and its cost can be



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

July 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) *Property, plant and equipment and depreciation (cont'd):*

reliably measured. The cost of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

(ii) Depreciation:

Property, plant and equipment, with the exception of freehold land and land improvements, and work-in-progress, on which no depreciation is provided, are depreciated on the straight-line basis at annual rates estimated to write down the assets to their residual values over their expected useful lives. The depreciation rates are as follows:

Buildings	2½%
Furniture, fixtures and equipment	10%
Motor vehicles	20%
Computers and other electronic equipment	33⅓%
Library books	20%

(iii) Capital grants:

Property, plant and equipment donated are capitalised at estimated fair values, usually the cost of the items if they were purchased, and credited to capital grant. Annual transfers, equivalent to depreciation charged on property, plant and equipment funded by such grants, are made to profit or loss.

(k) *Employee benefits:*

Employee benefits comprise all forms of consideration given by the University in exchange for service rendered by employees. These include current or short-term benefits such as salaries, NIS contributions, annual vacation, and non-monetary benefits such as sick leave, medical care and housing; post-employment benefits such as pensions and medical care; other long-term employee benefits such as sabbatical leave, long service benefits, and termination benefits.

Pensions and other post-employment obligations included in these financial statements have been actuarially determined by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and includes the actuary's opinion.

The actuarial valuations were conducted in accordance with IAS 19, and the financial statements reflect the University's post-employment benefits obligation as computed by the actuary. In carrying out their audit, the auditors rely on the work of the actuary and the actuary's report.

(a) *General benefits:*

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave. Post-employment benefits are accounted for as described in (b) and (c) below.



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

July 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) *Employee benefits (cont'd):*

(a) *General benefits (cont'd):*

Other long-term benefits and termination benefits are not considered material and are charged when they fall due.

(b) *Pension benefits:*

The University provides pension benefits for retired employees by the operation of two defined-contribution plans, one, the Federated Superannuation Scheme for Universities ("FSSU"), for academic and senior administrative staff, [note 23(a)], and the other for non-academic staff [note 23(c)] and a defined-benefit plan for administrative and technical staff [note 23(b)].

(1) *Defined-contribution plans*

The University's obligation to contribute to the defined-contribution pension plans in accordance with the rules of the plans is recognised as an expense in profit or loss as the contributions fall due. In the case of one of the two defined-contribution plans, the FSSU, the University, on the basis of commitments made, has an obligation to supplement the pensions earned, where necessary. Likewise, the University has funding obligations under the defined-benefit plan.

(2) *Defined-benefit effect of supplementation arrangements*

The effect of the University undertaking to supplement basic pensions to two-thirds final salary under certain conditions (note 23) is to create an obligation consistent with that for a defined-benefit plan. Therefore, this obligation for the supplementation arrangements is determined and accounted for in the same way as the obligation arising under a defined-benefit plan.

The University's net obligation in respect of its undertaking to supplement pensions as well as its obligations under the defined-benefit plans, is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value, and the fair value of their superannuation funds is deducted from it. The discount rate used is the yield at the reporting date on long-term government instruments that have maturity dates approximating the terms of the University's pension obligations. The calculation is performed by a qualified actuary using the *projected unit credit method*.

If and when benefits payable under the supplementation arrangements are improved or curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. Gains or losses on settlement are recognized when the settlement occurs.



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

July 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) *Employee benefits (cont'd):*

(b) *Pension benefits (cont'd):*

(2) *Defined-benefit effect of supplementation arrangements(cont'd)*

Re-measurements of the net defined-benefit liability, which comprise actuarial gains or losses, are recognised immediately in other comprehensive income. The University determines the net interest expense on the net defined-benefit liability for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

Where the calculation results in a benefit to the University, an asset is recognized only to the extent of the net present value of any future refunds from the plan or reductions in future contributions to the plan. However, the supplementation plan is unfunded, i.e., a pay-as-you-go plan, and, accordingly, there are no contributions and therefore no plan assets at this time. The defined-benefit plan for administrative and technical staff has assets.

(c) *Post-employment medical care:*

The University also has an obligation to provide certain post-employment medical benefits. The obligation to fund these future benefits is actuarially determined and accounted for in the same way as the obligations under the defined-benefit plan.

(l) *Capital grants:*

Capital grants comprise the following:

- (i) Estimated fair value of property, plant and equipment donated to the University [note 3(j)(iii)]; and
- (ii) Amounts granted to the University subject to conditions that must be met, the primary condition being that the grant must be used for the acquisition or construction of property, plant and equipment.

The amounts meeting the condition include:

- sums included in the biennial budgets for the repayment of the principal of loans taken out to purchase or construct or otherwise acquire property, plant and equipment and funded by contributions from the contributing governments; and
- sums from donors other than the contributing governments referred to above, where the donors impose such a condition.

For each reporting period, an amount equivalent to the depreciation charge on the relevant property, plant and equipment for that period is transferred from capital grants as a credit to income.



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

July 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) *Donations for designated projects:*

The University receives funding from donors for “special projects” and “other projects”.

- (i) Donations that are governed by donor-imposed stipulations, which stipulations must be complied with to the satisfaction of the donor for the project expenditure to be approved, are generally for projects undertaken by the various departments and are referred to as unexpended donations for special projects (note 19). Such donations are accounted for as follows:

- (a) Donations received in advance of project expenditure:

Donations received in advance of expenditure are deferred and shown in the statement of financial position as “Unexpended donations for special projects”. When funds are spent in accordance with the donor’s stipulations, the amount is charged off as “Special projects expenses” or, if applicable, as property, plant and equipment. An equivalent amount is then transferred from “Unexpended donations for special projects” to “Special projects income” or, if applicable, “capital grants”.

- (b) Project expenditure made in advance of receipt of donations pledged:

Project expenditure made in accordance with the donor’s stipulations in advance of receipt of donations pledged, is accounted for as “Special projects receivables” in anticipation of reimbursements, and included in the statement of financial position in accounts receivable. The amount is reflected in profit or loss as “Special projects expenses” or, if applicable, as property, plant and equipment, with an equivalent sum reflected as “Special projects income” or, if applicable, “capital grant”.

- (ii) Donations that are not subject to donor-imposed stipulations such as those at (a) above, are accounted for as “other projects” income.
 - (iii) The University charges administrative and common service fees for receiving and disbursing these funds; these fees are recognised as income in profit or loss.

(n) *Revenue recognition:*

Government contributions are recognised as income on the accrual basis. Tuition fees are recognised over the period of instruction for which the fees are paid.

Rental income from investment property is recognised in profit or loss on the straight-line basis over the term of the lease agreement.

Investment income is recognised in profit or loss as it accrues, taking into account the effective yield on the asset.

(o) *Finance costs:*

Finance costs comprise significant bank charges and interest on borrowings, which is accounted for using the effective interest method and are recognised in profit or loss.



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

July 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Impairment losses:

The carrying amounts of the University's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating units exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

When a decline in fair value of an available-for-sale financial asset has been recognised directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in other comprehensive income is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

(i) Calculation of recoverable amount:

The recoverable amount of the University's receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment:

An impairment loss in respect of receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

For all other assets, an impairment loss is reversed if there is an indication that the impairment loss no longer exists and there has been a change in the estimate used to determine the recoverable amount.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale investment recognised previously in other comprehensive income is transferred to profit or loss. For available-for-sale equity securities, the reversal is recognised in other comprehensive income.



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

July 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Impairment losses (cont'd):

(ii) Reversals of impairment (cont'd):

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.

If in a subsequent period the amount of an impairment loss decreases, and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

(q) Foreign currency:

- (i)* Transactions in foreign currencies during the year are translated at the approximate rate ruling at the date of the transaction.
- (ii)* Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies and carried at historical cost are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities that are denominated in foreign currencies and carried at fair value are translated to the functional currency at the exchange rates ruling at the dates that the fair values were determined.
- (iii)* Foreign currency translation gains and losses are reported in profit or loss.
- (iv)* Gains and losses arising from consolidation are included in translation reserves.

(r) Related parties:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity" in this case, the University).

- (a)* A person or a close member of that person's family is related to the University if that person:
 - (i)* has control or joint control over the University;
 - (ii)* has significant influence over the University; or
 - (iii)* is a member of the key management personnel of the University.



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

July 31, 2015

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) *Related parties (cont'd):*

- (b) An entity is related to the University if any of the following conditions applies:
- (i) The entity and the University are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan established for the benefit of employees of either the University or an entity related to the University.
 - (vi) The entity is controlled, or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (c) A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(s) *Finance leases:*

Arrangements by which all the risks and rewards of ownership have been transferred to the University are treated as finance leases. The fair value of the asset is capitalised at the inception of the lease and the corresponding obligation is recorded. The interest portion of lease instalments is recognised in profit or loss on the effective interest rate basis.

(t) *Interest in subsidiaries:*

Interest in subsidiaries is carried at cost less impairment losses.

(u) *Expenses:*

Expenses are recognized on the accrual basis.

(v) *Interest-bearing borrowings:*

Interest-bearing borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost, with any difference between cost and redemption value being recognized in profit or loss over the period of the borrowings using the effective interest rate.



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

July 31, 2015

4. GOVERNMENT CONTRIBUTIONS

Contributions from contributing governments (note 1) are distributed to the campuses, the University Centre, the University Hospital of the West Indies (UHWI) and the Caribbean Institute of Meteorology and Hydrology on the same basis as the annual billings to the said governments [see also note 8(a)].

5. CASH AND CASH EQUIVALENTS

	<u>2015</u> J\$'000	<u>2014</u> J\$'000
Cash on hand and imprest accounts	8,790	7,952
Bank current accounts	8,169,317	10,766,631
Savings accounts	47,273	123,057
Fixed-term deposits	3,660,073	3,586,894
Treasury deposits	<u>166,112</u>	<u>149,110</u>
	12,051,565	14,633,644
Bank overdraft	(<u>130,600</u>)	(<u>54,184</u>)
	<u>11,920,965</u>	<u>14,579,460</u>

Included in cash and cash equivalents are restricted funds totalling J\$470,723,000 (2014: J\$1,124,617,000). The restricted amount is from donors who have stipulated that these funds must only be used to fund scholarships, prizes, and special projects, as the case may be. Accordingly, these funds are not available for general use by the University.

6. RESALE AGREEMENTS

The fair value of the underlying securities for resale agreements as at July 31, 2015, was J\$1,278,235,000 (2014: J\$1,363,578,000).

Included in resale agreements are restricted funds with a nominal value of J\$962,841,000 (2014: J\$1,006,034,000). The restricted amount is from donors who have stipulated that these funds must only be used to fund scholarships, prizes and endowments, as the case may be. Accordingly, these funds are not available for general use by the University.



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

July 31, 2015

7. INVESTMENTS

	<u>2015</u> J\$'000	<u>2014</u> J\$'000
<i>Short-term investments:</i>		
Available-for-sale carried at fair value		
Regional quoted equities [see (i)]:	2,417,775	2,240,868
Unit trust accounts	<u>25,022</u>	<u>-</u>
	<u>2,442,797</u>	<u>2,240,868</u>
Loans and receivables carried at amortised cost		
Government securities [see (ii)]	11,546	10,939
Fixed-term deposits	<u>170,216</u>	<u>157,199</u>
	<u>181,762</u>	<u>168,138</u>
Total short-term investments	<u>2,624,559</u>	<u>2,409,006</u>
<i>Long-term investments:</i>		
Loans and receivables carried at amortised cost		
Government securities [see (ii)]	845,394	986,308
Fixed-term deposits	<u>7,522,241</u>	<u>7,073,590</u>
	8,367,635	8,059,898
Provision for impairment [see (iii)]	(487,773)	(468,589)
Total long-term investments	<u>7,879,862</u>	<u>7,591,309</u>
Total investments [see (iv)]	<u>10,504,421</u>	<u>10,000,315</u>

- (i) The investment in quoted equities was initially funded by the Princess Alice Appeal and other funds.
- (ii) Government securities held were issued by the Governments of Barbados, Jamaica, and Trinidad and Tobago.
- (iii) The movement in the provision for impairment is as a result of foreign exchange adjustment of J\$19,184,000 (2014: J\$45,567,000).
- (iv) Included in investments are restricted funds totalling J\$2,867,584,000 (2014: J\$2,927,331,000). The restricted amount is from donors who have stipulated that these funds must only be used to fund special projects, scholarships and prizes, as the case may be. Accordingly, these funds are not available for general use by the University.



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

July 31, 2015

8. ACCOUNTS RECEIVABLE

	<u>2015</u> J\$'000	<u>2014</u> J\$'000
Contributions due from governments [see (a) below]	9,616,118	9,640,462
Staff accounts	175,061	220,208
Student accounts	4,196,715	2,925,681
Government Assistance for Tuition Expense (GATE)	4,153,668	3,598,513
Cave Hill School of Business	56,705	47,332
Mona Tech Engineering Services	2,390	-
Norman Manley Law School	13,904	-
Advances for special projects	1,402,829	624,168
Other accounts receivable [see (b) below]	<u>12,689,318</u>	<u>11,165,175</u>
	32,306,708	28,221,539
Less: impairment provisions [note 26(i)]:		
- Student accounts	(1,087,154)	(869,407)
- Third parties	(2,503,929)	(1,107,107)
- Government of Trinidad and Tobago	(<u>3,072,583</u>)	(<u>1,382,965</u>)
	<u>25,643,042</u>	<u>24,862,060</u>

(a) Contributions due from governments:

	<u>2015</u> J\$'000	<u>2014</u> J\$'000
Anguilla	180,829	191,109
Antigua	253,517	263,810
Bahamas	121,736	104,619
Barbados	6,301,961	7,318,617
Belize	209,147	79,222
British Virgin Islands	107,654	119,454
Cayman Islands	223,107	183,022
Dominica	940,209	794,871
Grenada	855,002	725,892
Jamaica	55,289	106,048
Montserrat	2,768	-
St. Kitts and Nevis	101,140	129,480
St. Lucia	853,815	714,818
St Vincent and the Grenadines	974,038	1,007,476
Trinidad and Tobago	2,338,371	1,455,644
Turks and Caicos Islands	<u>9,083</u>	<u>-</u>
	13,527,666	13,194,082
Transferred to long-term receivables (note 13)	(<u>3,911,548</u>)	(<u>3,553,620</u>)
	<u>9,616,118</u>	<u>9,640,462</u>

- (b) Included in other accounts receivable is J\$152,266,000 (2014: J\$398,371,000) for current salary arrears due from the Government of Jamaica arising from wage agreements for the 2008/2009 to 2010/2011 Union contract periods.



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

July 31, 2015

9. INVENTORIES

	<u>2015</u> J\$'000	<u>2014</u> J\$'000
General stores	134,935	125,209
Bookshop inventory	268,235	260,444
Stationery	<u>18,155</u>	<u>11,956</u>
	<u>421,325</u>	<u>397,609</u>

10. CURRENT LIABILITIES

	<u>2015</u> J\$'000	<u>2014</u> J\$'000
Government contributions received in advance	5,692	17,007
University Hospital of the West Indies (UHWI)	236,443	275,733
Mona Informatix Limited	100,000	300,000
UWI Development and Endowment Fund	58,699	-
Student accounts	576,271	406,164
Accrued vacation leave	1,874,036	1,888,463
Short- term loan (i)	891,320	851,546
Current portion of long-term liabilities (note 22)	1,582,006	1,673,367
Deferred revenue	725,662	-
Sundry creditors	<u>13,421,346</u>	<u>15,531,798</u>
	<u>19,471,475</u>	<u>20,944,078</u>

(i) This represents a special unsecured overdraft arrangement with National Commercial Bank Jamaica Limited.

11. ADVANCES

	University <u>Press</u> J\$'000	Joint Board of <u>Teacher Education</u> J\$'000	<u>Total</u> J\$'000
Balances as at July 31, 2013	(27)	3,378	3,351
Net movement	<u>92</u>	<u>-</u>	<u>92</u>
Balances as at July 31, 2014	65	3,378	3,443
Net movement	<u>9,488</u>	<u>-</u>	<u>9,488</u>
Balances as at July 31, 2015	<u>9,553</u>	<u>3,378</u>	<u>12,931</u>

12. INVESTMENT PROPERTIES

	<u>2015</u> J\$'000	<u>2014</u> J\$'000
Cost	9,948	9,948
Less: accumulated depreciation	<u>(3,730)</u>	<u>(3,482)</u>
Balance at end of year	<u>6,218</u>	<u>6,466</u>
Depreciation charge for year	<u>248</u>	<u>249</u>



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

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12. INVESTMENT PROPERTIES (cont'd)

Investment properties, which comprise rented residential properties, had the following income and expenses for the year:

	<u>2015</u> J\$'000	<u>2014</u> J\$'000
Income earned from the rental of properties	6,679	6,675
Expenses incurred by the properties	<u>5,238</u>	<u>4,501</u>

The fair value was last determined by Cooper Kauffman Limited and D.C. Tavares & Finson Realty Limited in their valuation reports dated September 2011 for J\$260,323,300. Management is of the view that there has been no material change in the fair value since the date of the last valuation.

13. LONG-TERM RECEIVABLES

	<u>2015</u> J\$'000	<u>2014</u> J\$'000
Contributions due from governments (a):		
Anguilla	180,829	191,109
British Virgin Islands	107,654	119,454
Dominica	940,209	794,871
Grenada	855,002	725,892
St. Lucia	853,815	714,818
St. Vincent and the Grenadines	<u>974,039</u>	<u>1,007,476</u>
	3,911,548	3,553,620
Less: impairment loss [see note (a) below]	<u>(2,825,064)</u>	<u>(2,065,638)</u>
	1,086,484	1,487,982
Medical Sciences students (b)	29,715	44,437
Retroactive salaries receivable (c)	273,677	504,043
Government of Barbados - NIB Loan [note 22(o)]	<u>2,054,975</u>	<u>2,094,278</u>
	3,444,851	4,130,740
Less: current portion [see note 8(b)]	<u>(121,985)</u>	<u>(244,255)</u>
	<u>3,322,866</u>	<u>3,886,485</u>

(a) This represents government contributions outstanding for periods in excess of one year. An impairment loss of J\$759,426,585 (BDS\$12,971,989) [2014: J\$395,466,258 (BDS\$7,031,588)] has been recognised for the year.

(b) This relates to a special arrangement with the Faculty of Medical Sciences (FMS) wherein students are granted extended payment terms in the full fee paying programme.

(c) This relates to salary arrears due from the Government of Jamaica arising from wage agreements for the 2008/2009 to 2010/2011 union contract periods. The amount is to be settled over a period of 36 months.



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14. INTEREST IN SUBSIDIARIES

	2015				
	<u>MSBM</u> J\$'000	<u>UMC</u> J\$'000	<u>MIL</u> J\$'000	<u>UWIC</u> J\$'000	<u>TOTAL</u> J\$'000
Shares at cost	116	79,697	100	-	79,913
Loans receivable [see notes below]	-	51,310	61,021	-	112,331
Current accounts	34,711	109,608	1,799	33,473	179,591
Less provision for impairment	-	(160,843)	-	-	(160,843)
	<u>34,827</u>	<u>79,772</u>	<u>62,920</u>	<u>33,473</u>	<u>210,992</u>

	2014				
	<u>MSBM</u> J\$'000	<u>UMC</u> J\$'000	<u>MIL</u> J\$'000	<u>UWIC</u> J\$'000	<u>TOTAL</u> J\$'000
Shares at cost	116	79,697	100	-	79,913
Loans receivable [see notes below]	-	51,050	39,194	-	90,244
Current accounts	52,821	78,584	1,644	32,249	165,298
Net interest subsidy	-	(51,235)	-	-	(51,235)
	<u>52,937</u>	<u>158,096</u>	<u>40,938</u>	<u>32,249</u>	<u>284,220</u>

Notes:

- (a) In accordance with an agreement between UWI Mona and Universal Media Company Limited (UMC), the loan receivable is due in quarterly instalments over 10 years bearing interest at a rate of five percent per annum, with a moratorium of two years on the principal and interest, which moratorium commenced on April 30, 2006 and ended April 30, 2008. Repayment of principal and payment of interest did not commence on May 1, 2008 as scheduled. In accordance with an agreement dated May 14, 2010, UWI Mona took control of UMC resulting in UMC reverting to the status of a wholly-owned subsidiary. The loan has been fully provided for.
- (b) The loan receivable from Mona Informatix Limited (MIL) relates to contributions made by UWI Mona towards operations.



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15. PROPERTY, PLANT AND EQUIPMENT

	Land and leasehold improvements J\$'000	Buildings J\$'000	Furniture, fixtures and equipment J\$'000	Motor vehicles J\$'000	Computers and other electronic equipment J\$'000	Library books J\$'000	Work-in-progress J\$'000	Total J\$'000
<i>Cost</i>								
July 31, 2013	1,536,174	42,171,984	7,892,135	697,468	6,069,652	5,806,996	1,622,564	65,796,973
Currency translation adjustments	174,774	2,843,169	598,395	42,789	414,104	607,316	63,106	4,743,653
Additions	198,752	1,823,365	773,452	160,642	365,564	319,939	435,698	4,077,412
Transfers	-	770,091	-	-	-	-	(770,091)	-
Disposals	-	-	(88,149)	(41,240)	(90,707)	-	-	(220,096)
July 31, 2014	1,909,700	47,608,609	9,175,833	859,659	6,758,613	6,734,251	1,351,277	74,397,942
Currency translation adjustments	82,235	1,234,395	266,836	19,868	180,465	268,971	48,760	2,101,530
Additions	-	373,398	694,436	110,419	447,143	234,016	803,344	2,662,756
Transfers	-	11,567	-	-	160,167	-	(171,734)	-
Disposals	-	-	(75,191)	(37,126)	(85,937)	-	-	(198,254)
July 31, 2015	1,991,935	49,227,969	10,061,914	952,820	7,460,451	7,237,238	2,031,647	78,963,974
<i>Depreciation</i>								
July 31, 2013	-	6,070,950	4,960,191	571,895	5,054,378	4,936,632	-	21,594,046
Charge for the year	-	951,270	638,802	81,065	412,126	372,702	-	2,455,965
Eliminated on disposals	-	-	(88,869)	(28,173)	(95,408)	-	-	(212,450)
Currency translation adjustments	-	470,400	438,829	35,032	347,389	541,993	-	1,833,643
July 31, 2014	-	7,492,620	5,948,953	659,819	5,718,485	5,851,327	-	25,671,204
Charge for the year	-	991,466	695,819	91,265	467,640	390,247	-	2,636,437
Disposals	-	-	(17,527)	(32,309)	(136,463)	-	-	(186,299)
Currency translation adjustments	-	220,532	195,133	15,813	152,152	243,617	-	827,247
July 31, 2015	-	8,704,618	6,822,378	734,588	6,201,814	6,485,191	-	28,948,589
<i>Net book values:</i>								
At July 31, 2015	1,991,935	40,523,351	3,239,536	218,232	1,258,637	752,047	2,031,647	50,015,385
At July 31, 2014	1,909,700	40,115,989	3,226,880	199,840	1,040,128	882,924	1,351,277	48,726,738
At July 31, 2013	1,536,174	36,101,034	2,931,944	125,573	1,015,274	870,364	1,622,564	44,202,927



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16. CUMULATIVE TRANSLATION RESERVE

This represents unrealised gains/losses on consolidation of entities that have a functional currency different from that of the University.

17. REVALUATION SURPLUS

This represents unrealised surplus arising on the revaluation of certain property, plant and equipment.

18. INVESTMENT REVALUATION RESERVE

This represents unrealised surplus on the revaluation of available-for-sale investment securities.

19. UNEXPENDED DONATIONS FOR SPECIAL PROJECTS

	<u>Departmental</u> J\$'000	<u>Scholarships</u> J\$'000	<u>Prizes</u> J\$'000	<u>Total</u> J\$'000
Balances as at July 31, 2013	4,741,118	425,671	10,886	5,177,675
Receipts	3,813,714	1,164,928	-	4,978,642
Expenditure	(2,536,959)	(1,333,556)	-	(3,870,515)
Transfers	(38,583)	-	-	(38,583)
Currency translation adjustments	(144,699)	20,803	-	(123,896)
Balances as at July 31, 2014	5,834,591	277,846	10,886	6,123,323
Receipts	3,873,496	1,088,483	-	4,961,979
Expenditure	(3,171,358)	(1,074,503)	-	(4,245,861)
Transfers	102,494	-	-	102,494
Currency translation adjustments	245,597	6,348	-	251,945
Balances as at July 31, 2015	<u>6,884,820</u>	<u>298,174</u>	<u>10,886</u>	<u>7,193,880</u>

20. ENDOWMENT FUNDS

	<u>2015</u> J\$'000	<u>2014</u> J\$'000
Balance at beginning of year	304,319	298,988
New grants during the year	11,167	4,393
Currency translation adjustments	396	938
Balance at end of year	<u>315,882</u>	<u>304,319</u>

21. CAPITAL GRANTS

	<u>2015</u> J\$'000	Restated* <u>2014</u> J\$'000
Balance at beginning of year	12,554,960	11,078,083
Receipts	826,373	269,836
Amortisation	(310,692)	(174,954)
Transfers	525,354	321,393
Currency translation adjustments	466,421	1,060,602
Balance at end of year	<u>14,062,416</u>	<u>12,554,960</u>

*See note 32



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

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22. LONG-TERM LIABILITIES

(i) Long-term Loans

	Interest Rates %	Notes	2015 J\$'000	2014 J\$'000
United States Agency for International Development (USAID)	3.0	(a)	96,583	137,222
European Union	1.0	(b)	377,165	464,076
Inter-American Development Bank (IDB)	2.8-6.4	(c)	933,253	1,346,810
Caribbean Development Bank (CDB)	2.0-8.0	(d)(i)&(ii)	1,305,968	1,314,749
Caribbean Development Bank (CDB)	3.9	(d)(iii)	277,760	295,716
Caribbean Development Bank (CDB)		(d)(iv)	8,539	-
Development bonds	6.5	(e)	-	99,549
National Housing Trust – Loan #1	5.0	(f)(i)	477,439	503,635
National Housing Trust – Loan #2	5.0	(f)(ii)	1,908,100	1,922,140
CLICO International	7.0	(g)	174,337	167,480
Republic Bank (Barbados) Limited	7.7	(h)	9,222	24,193
Republic Bank (Barbados) Limited convertible loan	0	(i)	11,054	15,681
Republic Bank (Barbados) Limited	7.7	(j)(i)	234,174	337,447
Republic Bank (Barbados) Limited	7.0	(j)(ii)	20,490	-
Republic Finance and Trust (Barbados) Corporation- Bond Issue	9.45	(k)	1,347,798	1,398,374
First Citizens Bank Barbados Limited	8.0	(l)	443,034	527,814
NCB Capital Markets Limited and National Commercial Bank Jamaica Limited	9.85	(m)	1,140,172	1,408,448
Republic Finance and Trust (Barbados) Corporation	7.5	(n)	604,171	591,996
National Insurance Board of Barbados	7.75	(o)	2,054,975	2,094,278
National Commercial Bank Jamaica Ltd.	11.0	(p)	687,339	806,876
			12,111,573	13,456,484
Less: current portion of long-term loans (note 10)			(1,570,151)	(1,613,451)
Non-current portion of long-term loans			10,541,422	11,843,033

(ii) Other Long-term Liabilities

Barnett Limited	5.0	(q)	82,049	82,049
University Hospital of the West Indies	0	(r)	638,734	610,734
Retroactive salaries	0	(s)	148,068	296,423
Trade creditors	4.5	(t)	54,765	203,144
			923,616	1,192,350
Less: current portion of other long-term liabilities (note 10)			(11,854)	(59,916)
Non-current portion of other long-term liabilities			911,762	1,132,434
Total non-current portion of long-term liabilities			11,453,184	12,975,467



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22. LONG-TERM LIABILITIES (cont'd)

- (a) In February 1977, USAID granted a loan of US\$8.5 million to the University. The purpose of this loan was the construction of certain buildings and the provision of scholarships and training on three of the four Campuses. This loan is repayable in sixty-one (61) half-yearly instalments, which commenced in May 1987, and bears interest at the rate of 2% per annum for the first ten years, thereafter at 3% per annum. The principal outstanding at July 31, 2015 was US\$823,513 (2014: US\$1,217,121).
- (b) In March 1993, the European Union made a loan to the University of €4,692,232, the allocation of which was as follows:
- €1,764,796 to the Mona Campus;
 - €1,640,246 to the St. Augustine/Mount Hope Campus; and
 - €1,287,190 to the Cave Hill Campus.

The University also received a grant of €7,820,386 for the purpose of constructing student accommodations on three of its campuses and Mount Hope Medical Complex.

The loan is repayable in 60 half-yearly instalments, which commenced June 1, 2003, and bears interest at the rate of 1% per annum. The principal outstanding at July 31, 2015, was €2,895,738 (2014: €3,046,381 million).

- (c) In April 1992, the University of the West Indies entered into a loan agreement with Inter-American Development Bank (IDB) and the Caribbean Development Bank (CDB) to enhance the capacity of the University to respond to higher education needs in the fields of science and technology. The estimated total project cost was US\$82.1 million. The loan is guaranteed by the Governments of Trinidad and Tobago, Jamaica and Barbados. This loan is repayable in thirty-two (32) semi-annual, consecutive and, in so far as possible, equal instalments. Repayment commenced in May 2001, and the last instalment is scheduled to be paid no later than April 7, 2017.

Interest accrues on the daily outstanding balance of the loan at a rate per annum for each semester determined by the cost of qualified borrowing for the preceding semester, plus a spread, both as established by IDB. The balance outstanding at July 31, 2015 was US\$7,958,303 (2014: US\$11,947,889).

(d) (i) *Special Funds Resources Loan*

The CDB loans, amounting to US\$8,896,000, are guaranteed by all the contributing governments. The University has drawn down US\$8,695,300 (J\$1,018,107,895) to July 31, 2015 [2014: US\$8,695,300 (J\$979,155,100)].

Portion A, amounting to US\$5,544,000 (J\$649,131,200), is repayable in one hundred and twenty (120) equal quarterly instalments, which commenced on December 31, 2003. Interest on this portion is 2% per annum, payable quarterly. The amount outstanding as at July 31, 2015 is US\$3,251,370 (J\$380,693,820) [2014: US\$3,429,500 (J\$386,190,300)].



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22. LONG-TERM LIABILITIES (cont'd)

(d) (ii) *University Enhancement Project*

On February 15, 2010, the University of the West Indies, University Centre, entered into an agreement with Caribbean Development Bank to borrow an amount not exceeding US\$8,250,000 (J\$965,968,900) for financing the University Enhancement Project.

The University will repay the amount drawn down in forty-eight (48) equal and consecutive quarterly instalments commencing on the first due date after the expiry of five years following the date of the loan agreement. Repayment began the quarter ended April 1, 2015.

Interest is being paid quarterly at the rate of 3.6% on the amount disbursed. A commitment fee is also paid at the rate of 1% per annum on the loan drawn down from time to time. At July 31, 2015, the amount disbursed was US\$8,246,000 (2014: US\$8,246,000) which equates to J\$965,500,600 (2014: J\$928,558,600) at the year-end exchange rate.

(iii) In March 2007, the University of the West Indies, Cave Hill Campus, entered into an agreement with the Caribbean Development Bank for the provision to the University of a loan not exceeding the equivalent of US\$3,500,000. The purpose of the loan was to provide the University with funds for on-lending to the Cave Hill School of Business Inc. (the School) to assist the School in its expansion. It is a condition of the loan that the University enters into an agreement with the School for the on-lending of the funds received and for the School to have primary responsibility to make all payments of principal, interest and other charges associated with the loan. The loan bears interest at the rate of 3.9% (2014: 3.83%) per annum on the outstanding balance and is repayable in fifty-six (56) equal quarterly instalments, commencing three years after the date of first disbursement. The loan is guaranteed by the Government of Barbados.

(iv) During 2014, the University of the West Indies, Open Campus, signed a loan agreement with the Caribbean Development Bank. This loan agreement is to facilitate the development of the Open Campus Country Sites in St. Lucia and St. Vincent. The only funds drawn down against the loan at year end were commitment fees and interest costs in the amount of BDS\$145,854.

(e) In June 2003, the University of the West Indies (Cave Hill Campus) was successful in raising US\$10,475,000, described as the University of the West Indies US\$10,475,000 Series A Guaranteed Fixed and Floating Rate Bonds 2003-2013, for the Cave Hill Campus.

The proceeds of the issue were used to finance the upgrading of student accommodation, building additional teaching and training spaces, and the building of a Creative Arts Centre. The guarantee was issued by the Government of Barbados for the repayment of the principal of US\$10,475,000 and interest. The current effective interest rate is 6.5% (2014: 6.5%) per annum. Repayment of principal and interest was by twenty-four (24) equal semi-annual payments of US\$436,658, which commenced on September 15, 2003. The bonds were paid off in March 2015.



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22. LONG-TERM LIABILITIES (cont'd)

- (f) (i) In April 2001, the National Housing Trust ("The Trust") granted a loan of J\$584,800,458 to UWI Mona towards the construction of a new student residence, The Rex Nettleford Hall ("the Hall"). The loan is to be repaid from income earned from the operations of the Hall in semi-annual instalments, over twenty-five (25) years, at eight percent (8%) per annum on a graduated basis for nine (9) years, and then a fixed sum for the remaining years. The graduated loan repayments will increase by five percent (5%) per annum for the first five (5) years of the repayment period. The agreement provides that the repayment of the loan principal begins after the expiration of the five (5) years, i.e. in April 2006. Interest is payable on a quarterly basis. With effect from July 1, 2012, the Board of the Trust approved a reduction in interest rate from 8% to 5%. Repayment is set at a fixed amount of J\$4,201,643 per month to March 2028. The principal outstanding at July 31, 2015 is \$477,438,835 (2014: \$503,634,626).
- (ii) In June 2011, The Trust granted a loan of J\$1,440,335,000 to UWI Mona towards the construction of new student residences. The loan will be repaid from income earned from the operations of the Halls in quarterly instalments, over twenty-five (25) years, at eight percent (8%) per annum on a graduated payment mortgage basis. The agreement provides that the first instalment of principal together with interest shall be due within three (3) months following the date of final disbursement. With effect from July 1, 2012, the Board of the Trust approved a reduction in interest rate from 8% to 5%. The principal outstanding at July 31, 2015 is J\$1,908,099,804 (2014: J\$1,922,140,268).
- (g) CLICO International Life Insurance Limited ("CLICO"), in partnership with the University of the West Indies, Cave Hill Campus, constructed a teaching facility at a cost of approximately BDS\$4,244,000. The financing for this structure was a grant from CLICO of BDS\$1,525,000 and a loan of BDS\$2,719,000. This loan is secured by term deposits with CLICO to the value of BDS\$1,430,254 (2014: BDS\$1,430,254). Repayment was scheduled to commence December 31, 2005, in equal annual instalments of BDS\$371,500, comprising both principal and interest, at a fixed rate of 5.5% for a period of 10 years; however, the repayment arrangements have been changed as set out in the third paragraph hereof. At July 31, 2015, the term deposit which provides security for the loan was included in the provision for impaired deposits.
- On May 1, 2006, CLICO made available to the University an additional loan facility of BDS\$4,000,000 of which BDS\$2,000,000 was drawn down on June 23, 2006.
- The two loans have been combined and the combined loan is repayable in equal annual instalments of principal and interest of BDS\$707,000 from December 31, 2006, over a period of 15 years. The rate of interest is 7% per annum.
- (h) In February 2006, the Barbados National Bank (BNB), renamed Republic Bank (Barbados) Limited, granted a loan of BDS\$2,000,000 to the University to support the outfitting of the Creative Arts Centre at the Cave Hill Campus. The loan is unsecured and bears interest at the rate of 1.0% below Republic Bank (Barbados) Limited's prime rate, currently 8.7% (2014: 8.7%), for an effective rate of 7.7% (2014: 7.7%). The loan is repayable by monthly instalments of BDS\$24,840 covering principal and interest, over a period of 10 years.



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22. LONG-TERM LIABILITIES (cont'd)

- (i) In August 2006 the Barbados National Bank, renamed Republic Bank (Barbados) Limited, made available to the University an unsecured convertible demand loan of BDS\$1,000,000 for the construction of the theatre and cinema building at the Errol Barrow Centre for Creative Imagination at the Cave Hill Campus. The loan is interest free and is convertible into a grant by way of equal annual donations of BDS\$100,000 from the Republic Bank (Barbados) Limited, commencing one year after the initial draw down or after the loan is fully disbursed, whichever is sooner. An initial draw down of BDS\$500,000 was made in August 2006 and the remainder was received in April 2008. In September 2008 an additional BDS\$500,000 was disbursed to the University to cover costs associated with the Media Centre at the 3W's Oval.
- (j) (i) On January 29, 2013 the Cave Hill Campus entered into a loan agreement with Republic Bank (Barbados) Limited for a loan of BDS\$8,000,000 to assist in the completion of sports facilities at Paradise Park. The loan bears interest at 1.0% per annum below the bank's prime rate, currently 8.7%, for an effective rate of 7.7% per annum. Principal is repayable over four years in instalments of BDS\$2,000,000 in September of each year, while the interest is payable monthly. The loan is secured on fixed deposits totalling BDS\$8,000,000 in the name of the campus.
- (ii) On April 1, 2014 the Cave Hill Campus entered into a loan agreement with Republic Bank (Barbados) Limited for a loan of BDS\$6,500,000 to assist with the construction of the Institute for Cultural Development. The loan bears interest at 1.0% per annum below the bank's prime rate, currently 8%, for an effective rate of 7% per annum. The loan is repayable over five years via semi-annual principal payments of BDS\$650,000 each, commencing February 28, 2015. The loan is secured by a lien over term deposits totalling BDS\$6,500,000 in the name of the campus.
- (k) Barbados National Bank Finance and Trust Corporation, renamed Republic Finance & Trust (Barbados) Corporation, was issued a bond of BDS\$25,000,000 by the University to finance the upgrading and expansion of the School of Clinical Medicine and Research. There is a three year moratorium on principal and interest payments. Thereafter, the principal is to be amortised over seventeen years in equal semi-annual payments. Interest is accrued monthly and capitalized semi-annually during the moratorium. Thereafter, interest is payable semi-annually in arrears. The rate of interest is fixed at the date of each disbursement at an amount equal to that on the most recent Government of Barbados debenture or bond (adjusted to tenor) plus 0.15%. The current effective rate is 9.45% (2014: 9.45%). The bond issue is guaranteed by the Government of Barbados.
- (l) In September 2008 the University obtained a loan of BDS\$16,000,000 from First Citizens Bank (Barbados) Limited (formerly Butterfield Bank Barbados Limited) to finance the construction of infrastructure and other costs relating to the expansion of the Cave Hill Campus. The loan is secured by a Letter of Comfort from the Government of Barbados in relation to the repayment of BDS\$7,000,000 of the loan and the assignment by the borrower of Government of Barbados Treasury Notes in the amount of BDS\$10,000,000. Interest on the loan is at the rate of 8% per annum for the first three years. Thereafter, it is to be re-set every three years based on the prevailing Government of Barbados Debenture rate. Thereafter, the loan is repayable in semi-annual payments of principal and interest with a bullet payment in year 10 in the sum which achieves full repayment of the loan and interest on maturity.



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22. LONG-TERM LIABILITIES (cont'd)

- (m) In February 2011, UWI Mona entered into an agreement with NCB Capital Markets Limited and National Commercial Bank Jamaica Limited (NCB) for a J\$2,100,000,000 loan facility towards the partial financing of the construction of a medical complex at the Mona Campus. The facility involves UWI Mona issuing promissory notes under the commercial paper transactions arranged by NCB Capital Markets Limited. There was a moratorium on the principal of 12 months following the issue date. The facility attracts a financing cost of 13.75% p.a. and was repayable quarterly on a calendar quarter basis. The finance cost is inclusive of the coupon payable on the notes, with the coupon fixed at 13.25%. The facility has a final maturity of 5 years inclusive of a 12-month moratorium and is based on a 5-year amortization schedule. With effect from August 1, 2012 the facility was restructured by reducing the interest rate on both tranches from 13.75% and 13.25%, respectively, to a single rate of 9.85% and extending the maturity of the notes from 2016 to 2019.
- (n) In June 2010, the University entered into an agreement with Barbados National Bank Finance and Trust Corporation, renamed Republic Finance and Trust (Barbados) Corporation, for the issue of bonds in the amount of BDS\$31,000,000 to finance the construction of a three-block student accommodation at Clarendon, St. Michael. The bonds are repayable in blended instalments of principal and interest following a two year moratorium, with interest of 7.5% for the first ten years, 8% for the next ten years and 8.5% for the remaining five years.
- (o) This loan of BDS\$41,000,000, was provided in March 2012 to fund arrears of contributions from the Government of Barbados (see note 13). Repayments are being made by the Government of Barbados at a fixed interest rate of 7.75% over a period of twenty (20) years. Repayment commenced August 1, 2012. The balance outstanding at July 31, 2015 is BDS\$35,101,623 (J\$2,054,974,557) [2014: BDS\$37,237,499 (J\$2,094,278,000)].
- (p) UWI Mona received a loan from NCB in 2014 which was used to liquidate a loan from the Development Bank of Jamaica and also to finance the development of the CoGen Plant for the production of energy. The loan is secured by a promissory note and is payable in 28 equal quarterly instalments over 7 years. Interest is payable at 11% per annum.
- (q) On April 24, 2014, UWI Mona acquired Fairfield Estates from Barnett Limited for the nominal consideration of \$92,000,000 for the purpose of expanding the Western Jamaica Campus. This was facilitated through a mortgage with the vendor for the balance of J\$73,600,000, which was converted to US\$. The balance is payable in 48 equal monthly instalments at 5% per annum, which commenced on May 24, 2014. Performance conditions attached to this mortgage require UWI Mona to construct a named building of an agreed size within a specified period from a mutually agreed commencement date.
- (r) This represents funds held on behalf of the University Hospital of the West Indies by UWI Mona for the purpose of upgrading the facilities at the hospital. The terms of repayment have not been agreed.



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22. LONG-TERM LIABILITIES (cont'd)

- (s) This represents salary arrears due by the Government of Jamaica. Due to the nature of the arrangement, no interest has been imputed.
- (t) This represents long-term credit arrangements extended to UWI Mona by trade creditors. Interest is payable at a rate of 4.5% to one of the creditors and the balance is repayable over three (3) years in twelve (12) equal quarterly instalments.

23. EMPLOYEE BENEFITS OBLIGATION

The University operates three pension plans for its employees, as follows:

- (a) for academic and senior administrative staff;
- (b) for administrative and technical staff members at the St. Augustine campus; and
- (c) for non-academic staff at the University Centre, the Mona, Cave Hill and Open campuses.

In addition to pension benefits, the University is also obligated to provide certain post-employment health benefits.

(a) Plan for academic and senior administrative staff:

The plan for the academic and senior administrative staff is the Federated Superannuation Scheme for Universities (FSSU), which is a UK based defined-contribution plan and the assets are invested primarily through a UK-based investment management company and a small portion with two life insurance companies.

Membership is compulsory for eligible staff members who are not engaged in short-term, part-time or special contracts. The plan requires compulsory, joint contributions of 15% of pensionable salaries (10% by the University as employer and 5% by employees). Members also have the option of voluntarily contributing up to an additional 5% of pensionable salaries.

The University has committed itself to supplementing pensions under certain circumstances. Under the Supplementation plan, the University is obligated to top up the pension of each retiring FSSU member to 2/3 final salary, provided the member had at least 35 years of service (but proportionately less for shorter service in excess of ten years). If the pension derived from all the member's FSSU investments is less than the level up to which supplementation is triggered, that is, 2/3 of final salary, the University must meet the pension shortfall. The University has honoured all cases of supplementation that have arisen. Persons hired by the University as of August 1, 2005 who become FSSU members are not eligible for supplementation.

(b) Plan for administrative and technical staff:

The plan for administrative and technical staff members is a defined-benefit plan and was initially a non-contributory one with members having the option to contribute. However, members joining the plan after July 31, 1981 are required to contribute at the rate of 5%, with the members at the St. Augustine Campus contributing at 10% of basic salaries.



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July 31, 2015

23. EMPLOYEE BENEFITS OBLIGATION (cont'd)

(c) *Plan for non-academic staff:*

This is also a defined-contribution plan funded by joint compulsory contributions of 15% of salaries (10% by the employer and 5% by the employees). Sagicor Life Jamaica Limited ("Sagicor") is the Administrator and one of the Investment Managers of the plan. Guardian Life, Jamaica Money Market Brokers and Scotia Investment are also an Investment Managers.

The assets are held in local currency except for the portion attributable to members located in Barbados for whom Barbados deposits are maintained in Barbados dollars.

(d) *Post-employment benefits computation*

The University's obligation for post-employment pensions and medical care is determined and accounted for as described in note 3(k) and comprises the following amounts:

	<u>2015</u> J\$'000	<u>2014</u> J\$'000
Defined contribution supplementation plan [note 23(d)(i)]	12,594,851	11,858,116
Defined benefit plan [note 23(d)(i)]	<u>1,973,443</u>	<u>1,577,089</u>
	14,568,294	13,435,205
Post-employment medical benefits [note 23(d)(ii)]	<u>4,747,225</u>	<u>4,723,785</u>
Amount recognised in the statement of financial position	<u>19,315,519</u>	<u>18,158,990</u>



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July 31, 2015

23. EMPLOYEE BENEFITS OBLIGATION (cont'd)

(d) *Post-employment benefits computation (cont'd):*

(i) Defined contribution supplementation plan and defined benefit plan:

	F.S.S.U.		St. Augustine Campus		Total	
	2015 J\$'000	2014 J\$'000	2015 J\$'000	2014 J\$'000	2015 J\$'000	2014 J\$'000
Present value of unfunded obligations	12,594,851	11,858,116	-	-	12,594,851	11,858,116
Present value of funded obligations	-	-	8,742,880	7,687,571	8,742,880	7,687,571
Fair value of plan assets	-	-	(6,769,437)	(6,110,482)	(6,769,437)	(6,110,482)
Recognised liability	<u>12,594,851</u>	<u>11,858,116</u>	<u>1,973,443</u>	<u>1,577,089</u>	<u>14,568,294</u>	<u>13,435,205</u>

Movements in the net liability recognised in the statement of financial position:

	F.S.S.U.		St. Augustine Campus		Total	
	2015 J\$'000	2014 J\$'000	2015 J\$'000	2014 J\$'000	2015 J\$'000	2014 J\$'000
Net liability at beginning of year	11,858,116	11,266,688	1,577,089	472,168	13,435,205	11,738,856
Included in profit or loss [note 23(e)]	1,128,601	1,315,116	561,778	226,623	1,690,379	1,541,739
Included in other comprehensive income	(188,236)	(1,025,404)	(24,427)	965,595	(212,663)	(59,809)
Contributions paid	(576,563)	(567,523)	(216,660)	(199,034)	(793,223)	(766,557)
Currency translation adjustments	<u>372,933</u>	<u>869,239</u>	<u>75,663</u>	<u>111,737</u>	<u>448,596</u>	<u>980,976</u>
Net liability at end of year	<u>12,594,851</u>	<u>11,858,116</u>	<u>1,973,443</u>	<u>1,577,089</u>	<u>14,568,294</u>	<u>13,435,205</u>



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Notes to the Consolidated Financial Statements

July 31, 2015

23. EMPLOYEE BENEFITS OBLIGATION (cont'd)

(d) *Post-employment benefits computation (cont'd):*

(i) Defined contribution supplementation plan and defined benefit plan (cont'd):

Movements in plan assets:

	F.S.S.U.		St. Augustine Campus		Total	
	2015	2014	2015	2014	2015	2014
	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000
Fair value of plan assets at beginning of year	-	-	6,110,482	5,127,695	6,110,482	5,127,695
Plan participants' contributions	-	-	108,330	95,916	108,330	95,916
Expected return on plan assets	-	-	314,620	326,884	314,620	326,884
Contributions paid	-	-	216,660	199,034	216,660	199,034
Benefits paid	-	-	(237,546)	(225,370)	(237,546)	(225,370)
Actuarial losses on plan assets	-	-	(18,501)	(30,179)	(18,501)	(30,179)
Currency translation adjustments	-	-	275,392	616,502	275,392	616,502
Fair value of plan assets at end of year	-	-	6,769,437	6,110,482	6,769,437	6,110,482

The plan assets comprise investments in a deposit administration contract administered by Guardian Life of the Caribbean.

Included in profit or loss:

	F.S.S.U.		St. Augustine Campus		Total	
	2015	2014	2015	2014	2015	2014
	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000
Current service costs	338,889	405,213	298,884	196,795	637,773	602,008
Interest on obligation	829,911	915,158	82,693	29,828	912,604	944,986
Past service costs vested benefits	(40,199)	(5,255)	180,201	-	140,002	(5,255)
	1,128,601	1,315,116	561,778	226,623	1,690,379	1,541,739

Included in other comprehensive income:

	F.S.S.U.		St. Augustine Campus		Total	
	2015	2014	2015	2014	2015	2014
	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000	J\$'000
Re-measurement gain due to actuarial (gain)/loss arising from:						
- Experience adjustment	(245,022)	(293,694)	(24,427)	(221,493)	(269,449)	(515,187)
- Demographic assumptions	-	-	-	(139,864)	-	(139,864)
- Financial assumptions	56,786	(731,710)	-	1,326,952	56,786	595,242
	(188,236)	(1,025,404)	(24,427)	965,595	(212,663)	(59,809)



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Notes to the Consolidated Financial Statements

July 31, 2015

23. EMPLOYEE BENEFITS OBLIGATION (cont'd)

(d) *Post-employment benefits computation (cont'd)*

(ii) *Post-employment medical benefits:*

	<u>2015</u> J\$'000	<u>2014</u> J\$'000
Liability at beginning of year	<u>4,723,785</u>	<u>3,965,216</u>
Included in profit or loss:		
Current service cost	290,674	307,967
Interest cost on obligation	340,551	300,794
Past service cost-vested benefits	(573,121)	-
	<u>58,104</u>	<u>608,761</u>
Included in other comprehensive income:		
Re-measurement gain due to actuarial (gain)/loss arising from:		
- Experience adjustment	(289,086)	(28,621)
- Financial assumptions	<u>224,799</u>	<u>(3,811)</u>
	<u>(64,287)</u>	<u>(32,432)</u>
Other:		
Contributions paid	(77,350)	(57,237)
Currency translation adjustments	<u>106,973</u>	<u>239,477</u>
Liability at end of year	<u>4,747,225</u>	<u>4,723,785</u>

(e) *Summary of post-employment supplementation costs and medical benefits*

	<u>2015</u> J\$'000	<u>2014</u> J\$'000
Amount included in profit or loss:		
Pension supplementation-defined contribution plan [note 23(d)(i)]	1,128,601	1,315,116
Defined benefit pension plan [note 23(d)(i)]	<u>561,778</u>	<u>226,623</u>
	1,690,379	1,541,739
Post-employment medical care [note 23(d)(ii)]	<u>58,104</u>	<u>608,761</u>
	<u>1,748,483</u>	<u>2,150,500</u>



THE UNIVERSITY OF THE WEST INDIES

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July 31, 2015

23. EMPLOYEE BENEFITS (cont'd)

(e) Summary of post-employment supplementation costs and medical benefits (cont'd)

	<u>2015</u> J\$'000	<u>2014</u> J\$'000
Amount included in other comprehensive income:		
Pension supplementation-defined contribution plan [note 23 (d)(i)]	(188,236)	(1,025,404)
Defined benefit pension plan [note 23(d)(i)]	(24,427)	965,595
	(212,663)	(59,809)
Post-employment medical care [note 23(d)(ii)]	(64,287)	(32,432)
	(276,950)	(92,241)

(f) Principal actuarial assumptions at the reporting date

	<u>FSSU</u>		<u>St. Augustine</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Discount rate	5.0-9.5%	5.0 - 9.5%	5.0%	5.0%
Future salary increases	3.0-6.0%	4.0 - 6.0%	3.0%	3.0%
Health cost inflation	<u>5.0-7.5%</u>	<u>5.5 - 7.0%</u>	<u>n/a</u>	<u>n/a</u>

(g) Sensitivity analysis on projected benefit obligation

The calculation of the projected benefit obligation is sensitive to the assumptions used. The table below summarizes how the projected benefit obligation measured at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions by one percentage point. In preparing the analyses for each assumption, all others were held constant. The economic assumptions are somewhat linked as they are all related to inflation. Hence, for example, a 1% reduction in the long-term discount rate, would cause some reduction in the health cost inflation rate.

	<u>2015</u>		<u>2014</u>	
	<u>1%</u> <u>Increase</u> J\$'000	<u>1%</u> <u>Decrease</u> J\$'000	<u>1%</u> <u>Increase</u> J\$'000	<u>1%</u> <u>Decrease</u> J\$'000
Pension:				
Discount rate	(1,174,935)	1,473,159	(1,205,369)	1,445,928
Salary escalation rate	847,392	(708,525)	863,716	(717,392)
Health:				
Discount rate	(816,466)	1,083,883	(823,543)	1,090,539
Health inflation rate	<u>1,022,830</u>	<u>(812,668)</u>	<u>1,064,473</u>	<u>(821,362)</u>



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23. EMPLOYEE BENEFITS (cont'd)

(h) Average duration of the defined benefit obligation (years)

	<u>2015</u>	<u>2014</u>
Pension	10.3	10.7
Health	<u>19.8</u>	<u>20.4</u>

- (i) As mortality continues to improve, estimates of life expectancy are expected to increase. An increase of one year in life expectancy will increase the employee benefit obligation by approximately \$791,344,000.

24. DEFERRED INCOME

During the year, UWI Mona entered a concession agreement with 138 Student Living Jamaica Limited to design, construct, finance, operate and maintain units of the Gerald Lalor Hall and Irvine Hall of Residence for accommodation of students. The agreement is effective June 1, 2015, for a minimum period of twenty-five (25) years but not beyond thirty (30) years. In consideration of the agreement, UWI Mona is to receive \$200 million, of which \$100 million was received, and thereafter an annual concession fee which is dependent on certain targets being met. The \$200 million is being recognised over the period of the concession agreement as follows:

	<u>2015</u> J\$'000	<u>2014</u> J\$'000
Payment in respect of concession agreement	200,000	-
Less: amount recognized during the year	(1,667)	-
	198,333	-
Less: current portion included in current liabilities	(10,000)	-
	<u>188,333</u>	<u>-</u>

25. FINANCE COSTS

	<u>2015</u> J\$'000	<u>2014</u> J\$'000
Interest expense - loans	504,165	376,782
Other finance costs	<u>186,428</u>	<u>268,162</u>
	<u>690,593</u>	<u>644,944</u>

26. FINANCIAL RISK MANAGEMENT

Overview

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.



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July 31, 2015

26. FINANCIAL RISK MANAGEMENT (cont'd)

The University has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the University's exposure to each of the above risks, the University's objectives, policies and processes for measuring and managing risk.

The University Council has the overall responsibility for the establishment and oversight of the University's risk management framework. The University's risk management policies are established to identify and analyse the risks faced by the University; to set appropriate risk limits and controls; and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the University's activities.

The University Audit Committee oversees how management monitors, and is in compliance with, the University's policies and procedures and reviews the adequacy of the risk management framework, in relation to the risks faced by the University. The Audit Committee is assisted in its functions by the University's Management Audit Department, which undertakes periodic reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(i) 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 suffer a financial loss. Credit risk arises principally from the University's receivables from governments and students, cash and cash equivalents, investments and resale agreements.

The nature of the University's exposure to credit risk and its objectives, policies and processes for managing credit risk have not changed significantly from the prior year.

The maximum exposure to credit risk is represented by the carrying amount of the University's financial instruments.

Management of credit risk relating to different types of financial assets

Cash and cash equivalents, resale agreements and investments

Cash and cash equivalents, resale agreements and investments are placed with substantial financial institutions that are appropriately licensed and regulated for short or long-term periods and management believes these institutions have minimal risk of default.

Accounts receivable

Management establishes an allowance for impairment that represents its best estimate of losses in respect of receivables. Management's policy is to provide for balances based on past default experience, current economic conditions and expected recovery.



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Notes to the Consolidated Financial Statements

July 31, 2015

26. FINANCIAL RISK MANAGEMENT (cont'd)

(i) Credit risk (cont'd):

Management of credit risk relating to different types of financial assets (cont'd)

Due from Governments

The University's exposure to credit risks related to this receivable is influenced by the ability of the government in each contributing territory to honour its debt. Since the outstanding balances are not all current, a discount is recorded to reflect the current value of future cash flows.

The ageing of due from governments at the reporting date [notes 8(a) and 13] was:

	2015		2014	
	<u>Gross</u>	<u>Discount</u>	<u>Gross</u>	<u>Discount</u>
	J\$'000	J\$'000	J\$'000	J\$'000
Past due 0-30 days	1,807,676	-	1,871,468	-
Past due 31-60 days	2,610,712	-	1,900,759	-
Past due 61- 120 days	2,613,502	-	2,875,342	-
Past due 121-365 days	2,893,891	-	3,399,491	-
More than one year	<u>3,601,885</u>	<u>2,825,064</u>	<u>3,147,022</u>	<u>2,065,638</u>
Total	<u>13,527,666</u>	<u>2,825,064</u>	<u>13,194,082</u>	<u>2,065,638</u>

Based on experience, management believes that no impairment allowance is necessary in respect of Government receivables less than 365 days.

The movement in the allowance for impairment during the year was as follows:

	<u>2015</u>	<u>2014</u>
	J\$'000	J\$'000
Balance at beginning of year	2,065,638	1,670,172
Amount recognised	<u>759,426</u>	<u>395,466</u>
Balance at end of year	<u>2,825,064</u>	<u>2,065,638</u>

Student receivables

The University's exposure to credit risk is influenced mainly by the individual characteristic of each student.

Student receivables are deemed past due when the payments are not received on the contractual payment dates. The majority of the past due amounts are not considered impaired.



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Notes to the Consolidated Financial Statements

July 31, 2015

26. FINANCIAL RISK MANAGEMENT (cont'd)

(i) Credit risk (cont'd):

Management of credit risk relating to different types of financial assets (cont'd)

Student receivables (cont'd)

The ageing of the student receivables at the reporting date is summarised as follows:

	2015		2014	
	<u>Gross</u>	<u>Impairment</u>	<u>Gross</u>	<u>Impairment</u>
	J\$'000	J\$'000	J\$'000	J\$'000
Past due 0-120 days	1,257,122	-	934,511	-
Past due 121-365 days	1,301,399	-	927,690	-
More than one year	<u>1,638,194</u>	<u>1,087,154</u>	<u>1,063,480</u>	<u>869,407</u>
	<u>4,196,715</u>	<u>1,087,154</u>	<u>2,925,681</u>	<u>869,407</u>

Students, third parties and Government of Trinidad and Tobago receivables

The movement in the allowance for impairment in respect of the above receivables during the year were as follows:

	<u>Students</u>	<u>Third parties</u>	<u>Government of Trinidad and Tobago</u>
Balance at July 31, 2013	697,831	-	109,369
Currency translation adjustment	54,518	-	11,781
Amount recognised	<u>117,058</u>	<u>1,107,107</u>	<u>1,261,815</u>
Balance at July 31, 2014	869,407	1,107,107	1,382,965
Currency translation adjustment	25,696	45,479	60,532
Amount recognised	<u>192,051</u>	<u>1,351,343</u>	<u>1,629,086</u>
Balance at July 31, 2015	<u>1,087,154</u>	<u>2,503,929</u>	<u>3,072,583</u>

Staff and other receivables

Based on experience, management believes that no impairment allowance is necessary in respect of staff receivables not past due.

The University's exposure to credit risks is influenced by each party's ability to pay. The amounts are current and not impaired.

(ii) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the University will encounter difficulty in raising funds to meet financial commitments when they are due. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of funding through an adequate amount of committed facilities. The management of the University manages this risk by keeping a substantial portion of its financial assets in liquid form and having bank overdraft facilities in place.



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Notes to the Consolidated Financial Statements

July 31, 2015

26. FINANCIAL RISK MANAGEMENT (cont'd)

(ii) Liquidity risk (cont'd):

The following are the contractual maturities of the non-derivative financial liabilities, including interest payments and excluding the impact of netting agreements.

	Carrying amount J\$'000	Cash outflow J\$'000	Less than 1 year J\$'000	1-2 years J\$'000	Over 2 years J\$'000
July 31, 2015:					
Current liabilities	16,015,433	16,015,433	16,015,433	-	-
Long-term liabilities	<u>13,035,189</u>	<u>18,781,573</u>	<u>3,314,760</u>	<u>2,450,735</u>	<u>13,016,078</u>
	<u>29,050,622</u>	<u>34,797,006</u>	<u>19,330,193</u>	<u>2,450,735</u>	<u>13,016,078</u>
July 31, 2014:					
Current liabilities	19,270,711	19,270,711	19,270,711	-	-
Long-term liabilities	<u>14,646,834</u>	<u>18,646,818</u>	<u>3,344,771</u>	<u>2,556,048</u>	<u>12,745,999</u>
	<u>33,917,545</u>	<u>37,917,529</u>	<u>22,615,482</u>	<u>2,556,048</u>	<u>12,745,999</u>

(iii) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the University's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The University has exposure to market risk as it holds financial assets that are subject to this risk. Presently, the University has no formal market risk management mechanism; however, the management of the exposure to market risk comes under the purview of the Investment Committee.

(a) Interest rate risk:

Interest rate risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in market interest rates.

Interest rate risk arises where there is a mismatch between interest-earning assets and interest-bearing liabilities which are subject to interest rate adjustment within a specified period. The University manages this risk by consistently analysing and adjusting its portfolio of interest-earning assets and its interest-bearing liabilities depending on the direction in which interest rates are going in the opinion of management.

The University contracts other financial liabilities, primarily short-term loans and suppliers credit, at floating interest rates which, while fixed initially, may be varied by the lenders with appropriate notice.



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Notes to the Consolidated Financial Statements

July 31, 2015

26. FINANCIAL RISK MANAGEMENT (cont'd)

(iii) Market risk (cont'd):

(a) Interest rate risk (cont'd):

Interest-earning financial assets are primarily represented by cash and cash equivalents, resale agreements, and both short-term and long-term investments which are contracted at fixed interest rates for the duration of the term.

At the reporting date, the profile of the University's interest-earning assets and interest-bearing liabilities, as represented by their carrying amount, was:

	<u>2015</u> J\$'000	<u>2014</u> J\$'000
<i>Fixed rate instruments:</i>		
Financial assets	13,074,918	12,692,016
Financial liabilities	<u>(9,033,460)</u>	<u>(9,724,484)</u>
	<u>4,041,458</u>	<u>2,967,532</u>
	<u>2015</u> J\$'000	<u>2014</u> J\$'000
<i>Variable rate instruments</i>		
Financial assets	8,085,990	10,835,504
Financial liabilities	<u>(3,149,109)</u>	<u>(3,798,368)</u>
	<u>4,936,881</u>	<u>7,037,136</u>

Fair value sensitivity analysis for financial instruments

The University does not carry any interest-bearing financial instruments at fair value through profit or loss or at available-for-sale. Therefore a change in interest rates at the reporting date would not affect deficit/surplus or the carrying value of the financial instruments.

Cash flow sensitivity analysis for variable rate instruments

An increase of 250 (2014: 250) basis points in interest rates would have decreased deficit for the year by J\$123,422,000 (2014: increased surplus by J\$175,928,400).

A decrease of 100 (2014: 100) basis points in interest rates would have increased deficit for the year by J\$49,368,800 (2014: reduced surplus by J\$70,371,300).

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2014.

(b) Equity price risk:

Equity price risk arises from available-for-sale equity securities held by the University as part of its investment portfolio. Management monitors the mix of equity securities in its investment portfolio based on market expectations. The primary goal of the University's investment strategy is to maximise investment returns.



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

July 31, 2015

26. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Equity price risk (cont'd):

A 10% (2014: 10%) change in the market price of equities at the reporting date would result in an increase/decrease in investment revaluation reserve by J\$244,280,000 (2014: J\$224,087,000).

(c) Foreign currency risk:

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

The University has foreign currency risk on purchasing and borrowing that are denominated in a currency other than the functional currencies of the entities. The University ensures that the net exposure is kept within reasonable limits by monitoring and, where necessary, adjusting its exposure.

The University manages foreign exchange exposure by maintaining adequate liquid resources in intervening currencies and by managing the timing of payments of foreign currency liabilities.

The University's exposure to foreign currency risk, in the University's primary intervening currencies, based on notional amounts, was as follows:

2015										
	<u>BAH</u> \$'000	<u>BDS</u> \$'000	<u>BZE</u> \$'000	<u>CDN</u> \$'000	<u>CAY</u> \$'000	<u>EC</u> \$'000	<u>EURO</u> €'000	<u>GB</u> £'000	<u>TT</u> \$'000	<u>US</u> \$'000
Cash and cash equivalents	(6)	4,926	8	907	-	216	39,218	8,007	64,811	49,798
Short-term investments	-	2,908	-	-	-	-	-	226	30,403	9,881
Accounts payable	(92)	-	-	-	-	(3,561)	-	(16)	(15,568)	(2,348)
Long-term loans	-	-	-	-	-	-	(9,230)	-	-	(42,397)
Accounts receivable	876	-	2,726	-	858	27,124	-	3	1,152	8,962
Government contributions	<u>1,040</u>	<u>107,644</u>	<u>3,599</u>	<u>-</u>	<u>1,562</u>	<u>95,960</u>	<u>-</u>	<u>-</u>	<u>126,805</u>	<u>871</u>
Net exposure	<u>1,818</u>	<u>115,478</u>	<u>6,333</u>	<u>907</u>	<u>2,420</u>	<u>119,739</u>	<u>29,988</u>	<u>8,220</u>	<u>207,603</u>	<u>24,767</u>
2014										
	<u>BAH</u> \$'000	<u>BDS</u> \$'000	<u>BZE</u> \$'000	<u>CDN</u> \$'000	<u>CAY</u> \$'000	<u>EC</u> \$'000	<u>EURO</u> €'000	<u>GB</u> £'000	<u>TT</u> \$'000	<u>US</u> \$'000
Cash and cash equivalents	41	3,430	23	724	-	985	39,672	11,091	37,980	43,856
Short-term investments	-	2,732	-	-	-	-	-	230	54,829	14,251
Accounts payable	(5)	-	(17)	-	-	(2,468)	-	(110)	(10,707)	(1,749)
Long-term loans	-	-	-	-	-	-	(11,398)	-	-	(59,728)
Accounts receivable	144	-	1,115	-	821	22,065	-	130	-	16,661
Government contributions	<u>930</u>	<u>130,129</u>	<u>1,409</u>	<u>-</u>	<u>1,356</u>	<u>91,499</u>	<u>-</u>	<u>-</u>	<u>82,391</u>	<u>1,049</u>
Net exposure	<u>1,110</u>	<u>136,291</u>	<u>2,530</u>	<u>724</u>	<u>2,177</u>	<u>112,081</u>	<u>28,274</u>	<u>11,341</u>	<u>164,493</u>	<u>14,340</u>



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

July 31, 2015

26. FINANCIAL RISK MANAGEMENT (cont'd)

(iii) Market risk (cont'd):

(c) Foreign currency risk (cont'd):

As at the reporting date the rates of exchange for the Jamaica dollar against its principal exchange currencies were:

	<u>2015</u>	<u>2014</u>
BAH\$1.00	=J\$117.0871	=J\$112.4823
BDS\$1.00	=J\$ 58.5436	=J\$ 56.2411
BZE\$1.00	=J\$ 58.1078	=J\$ 56.2411
CDN\$1.00	=J\$ 89.2123	=J\$103.7031
Cay\$1.00	=J\$142.7892	=J\$134.9787
EC\$1.00	=J\$ 43.3656	=J\$ 41.6600
EURO€1.00	=J\$129.3637	=J\$150.4843
GB£1.00	=J\$181.8795	=J\$189.6499
TT\$1.00	=J\$ 18.4408	=J\$ 17.6675
US\$1.00	=J\$117.0871	=J\$112.6074

Sensitivity analysis

A 1% (2014: 1%) strengthening of the Jamaica dollar against the currencies listed above would have increased deficit for the year by J\$250,630,000 (2014: decreased surplus by J\$238,972,000).

A 15% (2014: 15%) weakening of the Jamaica dollar against the currencies listed above would have decreased deficit for the year by \$3,759,448,000 (2014: increased surplus by \$3,584,573,000).

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is done on the same basis as 2014.

(iv) Operational risk:

Operational risk is the risk of the direct or indirect loss arising from a wide variety of causes associated with the University's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements, generally accepted standards of corporate behaviour and natural disasters.

The University's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the University's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

July 31, 2015

26. FINANCIAL RISK MANAGEMENT (cont'd)

(iv) Operational risk (cont'd):

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of procedures, including controls;
- Requirement for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;
- Training and professional development;
- Ethical business standards and risk mitigation, including insurance, where this is effective; and
- Safety policies and procedures.

27. FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument.

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available.



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

July 31, 2015

27. FAIR VALUES (cont'd)

The University does not have any level 2 or 3 financial instruments carried at fair value and considers relevant and observable market prices in its valuation where possible. The University has level 1 financial instruments as follows:

	<u>Carrying amount</u>		<u>Level 1</u>	
	<u>2015</u> J\$'000	<u>2014</u> J\$'000	<u>2015</u> J\$'000	<u>2014</u> J\$'000
Available-for-sale financial assets	<u>2,442,797</u>	<u>2,240,868</u>	<u>2,442,797</u>	<u>2,240,868</u>

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

<u>Financial assets</u>	<u>Method</u>
Regional quoted equities	Quoted bid-price on stock exchanges
Unit Trusts	Quoted published prices

28. STAFF COSTS

	<u>2015</u> J\$'000	<u>2014</u> J\$'000
Salaries and wages	29,530,204	28,477,315
Statutory payroll contributions	1,354,661	1,178,197
Pension plan contributions-defined contribution plans	190,992	401,903
Post-employment benefit costs: [note 23(e)]		
Supplementation arrangements	1,128,601	1,315,116
Defined benefit plans	561,778	226,623
Medical care	58,104	608,761
Other	<u>1,483,841</u>	<u>1,123,847</u>
	<u>34,308,181</u>	<u>33,331,762</u>

Staff costs include key management personnel compensation paid during the year as follows:

	<u>2015</u> J\$'000	<u>2014</u> J\$'000
Salaries and short-term employee benefits	<u>401,182</u>	<u>384,927</u>



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

July 31, 2015

29. TAXATION

In the countries where the University has campuses, taxation laws apply as follows:

Jamaica

The University is an approved educational institution for the purposes of Section 13(1)(q) and Section 25(c) of the Income Tax Act (the Act) and has been granted exemption from taxation under Section 12(h) of the Act.

Under the General Consumption Tax (GCT) Act, the University is entitled to acquire goods and services at a zero rate of tax. In addition, most of its own services are exempt from GCT under the provisions of item 12 Part II of the Third Schedule to the GCT Act if they meet stated criteria; viz:

Services pertaining to the provision of education and training, except where a fee is charged for admission to a conference, seminar or such type of meeting (excluding any conference, seminar or such type of meeting conducted by the University of the West Indies ... for its members).

Barbados

The University is an approved educational institution which has been granted exemption from tax.

Trinidad and Tobago

The University is an exempt charity within the meaning of the Taxes Acts and is therefore not liable to corporation taxes.

Training and education are classified as exempt services in accordance with Schedule 1 of Value Added Tax (VAT) Act 1989. However, the University is obliged to charge the appropriate rate of VAT on those activities not closely related to the provision of education.

30. CAPITAL COMMITMENT

The University is committed to incur contractual capital expenditure of approximately J\$6.4 billion (2014: J\$6.5 billion).

31. CONTINGENT LIABILITY

Housing and car loans guarantee

The University is contingently liable in respect of guarantees issued on behalf of employees of the St. Augustine Campus as follows:

- The Campus has guaranteed academic staff housing loans with Republic Bank Limited (RBL). The liability in respect of each mortgage continues until the first 25% of the mortgage loan is repaid, up to a limit of TT\$4.0 million on all the loans covered by the guarantee.
- The Campus has guaranteed car loans for academic staff up to a limit of TT\$7.5 million in aggregate with RBL. The University has provided RBL with a letter of undertaking agreeing to guarantee up to TT\$150,000 on individual loans granted under the terms of the Agreement. The guaranteed liability portion of the loan is reduced in proportion as the loan is repaid.



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

July 31, 2015

32. PRIOR YEAR ADJUSTMENTS

During the year, adjustments were made to certain prior period balances. The nature of the prior period adjustments and their effects on the financial statement line items affected are as follows:

Cave Hill Campus:

- (i) Following a review of the capital grants account, it was established that there was no amortisation in previous years. Adjustments to recognise prior years' amortisation as miscellaneous income were recorded as prior period adjustments.
- (ii) In addition, it was noted that an amount previously recognised as capital grant did not meet the criteria to be recognised as such. The amount was reversed and charged back to other project revenue.

a) Effects of the adjustments on the statement of financial position:

	As previously reported J\$'000	Prior year adjustments J\$'000	As restated J\$'000
July 31, 2013:			
Cumulative translation reserve	10,211,391	(84,685)	10,126,706
Accumulated fund	3,002,977	793,141	3,796,118
Capital grants	<u>11,786,539</u>	<u>(708,456)</u>	<u>11,078,083</u>
		<u>-</u>	

	As previously reported J\$'000	Prior year adjustments J\$'000	As restated J\$'000
July 31, 2014:			
Accumulated fund	3,548,033	964,455	4,512,488
Capital grants	<u>13,519,415</u>	<u>(964,455)</u>	<u>12,554,960</u>
		<u>-</u>	



THE UNIVERSITY OF THE WEST INDIES

Notes to the Consolidated Financial Statements

July 31, 2015

32. PRIOR YEAR ADJUSTMENTS (cont'd)

(b) Effects of the adjustments on the statement of comprehensive income:

July 31, 2014:

	<u>J\$'000</u>
Surplus for the year, as previously reported	201,053
Tuition and other student fees	(28,512)
Other projects income	107,242
Miscellaneous income	64,072
Administrative expense	<u>28,512</u>
Surplus for the year, as restated	<u>372,367</u>
Other comprehensive income, as previously reported	3,373,349
Impact of additional income:	
Cumulative translation reserve	<u>84,685</u>
Other comprehensive income, as restated	<u>3,458,034</u>
Total comprehensive income for the year, as restated	<u>3,830,401</u>

(c) Effect on statement of cash flows for the year ended July 31, 2014:

The amortisation and reclassification did not have any effect on the statement of cash flows for the year, except for the restatement of the deficit for the year and capital grants, which offset each other.



THE UNIVERSITY OF
THE WEST INDIES

**Supplementary
Information to the
Financial Statements
for the Year Ended
July 31, 2015**



THE UNIVERSITY OF THE WEST INDIES

Supplementary Information

For the Year ended July 31, 2015

Basis of Presentation of Supplementary Information

The Consolidated Financial Statements presented in thousands of Jamaica dollars, as set out on pages 20, 21 and 24, have been translated to thousands of Barbados and United States dollars and included on pages 74 to 79 as supplementary information to the Consolidated Financial Statements.

The consolidated statement of financial position is translated using the closing rates of exchange at July 31, 2015:

BDS\$1: J\$58.5436 (2014: BDS\$1: J\$56.2411)

US\$1: J\$117.0871 (2014: US\$1: J\$112.6074)

The consolidated statement of profit or loss and other comprehensive income is translated using the average rates of exchange for the year to July 31, 2015:

BDS\$1: J\$57.3258 (2014: BDS\$1: J\$53.6210)

US\$1: J\$114.6602 (2014: US\$1: J\$107.2506)

The consolidated statement of cash flows is translated using the closing rates of exchange at July 31, 2015 and 2014 and items related to the consolidated statement of profit or loss and other comprehensive income are translated at the average rates of exchange for 2015 and 2014.

Exchange differences are included in foreign exchange adjustments.



THE UNIVERSITY OF THE WEST INDIES

Consolidated Statement of Financial Position

(expressed in thousands of Jamaica and Barbados dollars)

July 31, 2015

	Notes	2015 J\$'000	Restated* 2014 J\$'000	Restated* 2013 J\$'000	2015 BDS\$'000	Restated* 2014 BDS\$'000	Restated* 2013 BDS\$'000
CURRENT ASSETS							
Cash and cash equivalents	5	11,920,965	14,579,460	9,932,939	203,626	259,231	195,638
Resale agreements	6	1,157,394	1,152,128	984,197	19,770	20,486	19,385
Short-term investments	7	2,624,559	2,409,006	2,233,110	44,831	42,834	43,983
Accounts receivable	8	25,643,042	24,862,060	20,794,856	438,016	442,062	409,573
Inventories	9	421,325	397,609	358,350	7,197	7,070	7,058
		<u>41,767,285</u>	<u>43,400,263</u>	<u>34,303,452</u>	<u>713,440</u>	<u>771,683</u>	<u>675,637</u>
CURRENT LIABILITIES	10	<u>(19,471,475)</u>	<u>(20,944,078)</u>	<u>(15,207,760)</u>	<u>(332,598)</u>	<u>(372,398)</u>	<u>(299,530)</u>
NET CURRENT ASSETS		<u>22,295,810</u>	<u>22,456,185</u>	<u>19,095,692</u>	<u>380,842</u>	<u>399,285</u>	<u>376,107</u>
NON-CURRENT ASSETS							
Advances	11	12,931	3,443	3,351	221	61	66
Long-term investments	7	7,879,862	7,591,309	6,959,575	134,598	134,978	137,075
Investment properties	12	6,218	6,466	6,715	106	115	132
Long-term receivables	13	3,322,866	3,886,485	3,864,204	56,759	69,104	76,109
Interest in subsidiaries	14	210,992	284,220	209,224	3,604	5,054	4,121
Property, plant and equipment	15	50,015,385	48,726,738	44,202,927	854,327	866,390	870,615
		<u>61,448,254</u>	<u>60,498,661</u>	<u>55,245,996</u>	<u>1,049,615</u>	<u>1,075,702</u>	<u>1,088,118</u>
		<u>83,744,064</u>	<u>82,954,846</u>	<u>74,341,688</u>	<u>1,430,457</u>	<u>1,474,987</u>	<u>1,464,225</u>
RESERVES							
Cumulative translation reserve	16	14,838,959	13,422,335	10,126,706	253,469	238,658	199,454
Revaluation surplus	17	5,426,213	5,426,213	5,426,213	92,687	96,481	106,874
Investment revaluation reserve	18	1,438,607	1,322,444	1,252,280	24,573	23,514	24,665
General reserve		4,992,151	8,154,307	8,520,543	85,272	144,988	167,820
Accumulated fund		4,518,920	4,512,488	3,796,118	77,189	80,235	74,768
		<u>31,214,850</u>	<u>32,837,787</u>	<u>29,121,860</u>	<u>533,190</u>	<u>583,876</u>	<u>573,581</u>
NON-CURRENT LIABILITIES							
Unexpended donations for special projects	19	7,193,880	6,123,323	5,177,675	122,881	108,876	101,979
Endowment funds	20	315,882	304,319	298,988	5,396	5,411	5,889
Capital grants	21	14,062,416	12,554,960	11,078,083	240,204	223,235	218,193
Long-term liabilities	22	11,453,184	12,975,467	12,961,010	195,635	230,711	255,278
Employee benefits obligation	23(d)	19,315,519	18,158,990	15,704,072	329,934	322,878	309,305
Deferred income	24	188,333	-	-	3,217	-	-
		<u>52,529,214</u>	<u>50,117,059</u>	<u>45,219,828</u>	<u>897,267</u>	<u>891,111</u>	<u>890,644</u>
		<u>83,744,064</u>	<u>82,954,846</u>	<u>74,341,688</u>	<u>1,430,457</u>	<u>1,474,987</u>	<u>1,464,225</u>

* See note 32



THE UNIVERSITY OF THE WEST INDIES

Consolidated Statement of Comprehensive Income

(expressed in thousands of Jamaica and Barbados dollars)

Year ended July 31, 2015

			Restated *		Restated *
		2015	2014	2015	2014
	Notes	J\$'000	J\$'000	BDS\$'000	BDS\$'000
INCOME					
Government contributions	4	26,188,023	25,641,746	456,828	478,203
Tuition and other student fees		7,351,957	7,854,230	128,249	146,477
Special projects		4,783,762	3,990,688	83,449	74,424
Other projects		11,162,784	11,295,240	194,725	210,649
Commercial operations		5,138,414	4,113,746	89,635	76,719
Investment income		327,070	447,479	5,705	8,345
Miscellaneous income		1,056,229	1,232,176	18,425	22,979
		56,008,239	54,575,305	977,016	1,017,796
Less: transfer to capital grants		(780,109)	(673,983)	(13,608)	(12,569)
Income after transfer to capital grants		55,228,130	53,901,322	963,408	1,005,227
EXPENSES					
Departmental		22,906,648	22,278,008	399,587	415,471
Administrative		5,048,113	4,456,620	88,060	83,113
Central		9,336,300	7,195,265	162,864	134,187
Special projects		4,783,762	3,990,688	83,449	74,424
Other projects		7,271,813	7,333,176	126,851	136,759
Commercial operations		4,208,410	3,409,778	73,412	63,590
		53,555,046	48,663,535	934,223	907,544
Surplus for the year before finance costs		1,673,084	5,237,787	29,185	97,683
Finance costs	25	(690,593)	(644,944)	(12,047)	(12,028)
Surplus for the year before depreciation, pension and post-employment medical benefits		982,491	4,592,843	17,138	85,655
Depreciation		(2,636,685)	(2,456,214)	(45,995)	(45,807)
Pension and post-employment medical benefits		(1,748,483)	(2,150,500)	(30,501)	(40,106)
Deficit for the year before share of profits					
due to joint venture partner		(3,402,677)	(13,871)	(59,358)	(258)
Reversal of distribution of subsidiary profits		-	386,238	-	7,203
(DEFICIT)/ SURPLUS FOR THE YEAR		(3,402,677)	372,367	(59,358)	6,945
OTHER COMPREHENSIVE INCOME:					
Items that will never be reclassified to profit or loss					
Re-measurement of employee benefits obligation		276,950	92,241	4,831	1,720
Items that may be reclassified to profit or loss					
Change in fair value of available-for-sale financial assets		116,163	194,654	2,026	3,630
Reclassification of fair value gains on disposal of investments		-	(124,490)	-	(2,322)
Currency translation adjustments		1,416,624	3,295,629	24,712	61,461
Total other comprehensive income		1,809,737	3,458,034	31,569	64,489
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(1,592,940)	3,830,401	(27,789)	71,434

* See note 32



THE UNIVERSITY OF THE WEST INDIES

Consolidated Statement of Cash Flows

(expressed in thousands of Jamaica and Barbados dollars)

Year ended July 31, 2015

	<u>2015</u> J\$'000	Restated * <u>2014</u> J\$'000	<u>2015</u> BDS\$'000	Restated * <u>2014</u> BDS\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Deficit)/surplus for the year	(3,402,677)	372,367	(59,358)	6,945
Adjustments				
Depreciation :Property, plant and equipment	2,636,437	2,455,965	45,991	45,802
Investment properties	248	249	4	5
Amortization of capital grants	(310,692)	(174,954)	(5,420)	(3,263)
Employee benefits obligation	1,433,478	2,547,159	25,006	47,503
Gain on sale of property, plant and equipment	(2,495)	(9,184)	-	(171)
Share of profits due to joint venture partner	-	(386,238)	-	(7,203)
Foreign exchange adjustments	1,310,548	1,905,066	12,127	10,162
Discount on long-term receivables	759,426	395,466	13,248	7,375
Interest income	(307,104)	(411,095)	(5,357)	(7,667)
Deferred income	(19,966)	(36,383)	(348)	(679)
Dividend income	(1,667)	-	(29)	-
Interest expense	690,593	644,944	12,047	12,028
	<u>2,786,129</u>	<u>7,303,362</u>	<u>37,911</u>	<u>110,837</u>
Changes in :				
Accounts receivable	(1,242,802)	(4,018,657)	(21,229)	(71,454)
Inventories	(23,716)	(39,259)	(405)	(698)
Current liabilities	(1,488,577)	5,832,958	(25,427)	103,713
Net cash provided / (used) by operating activities	<u>31,034</u>	<u>9,078,404</u>	<u>(9,150)</u>	<u>142,398</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	109,498	218,727	1,910	4,079
Dividend received	19,966	36,383	-	679
Investments, net	(423,619)	(786,291)	(7,236)	(13,981)
Increase in resale agreements	(5,266)	(167,931)	(90)	(2,986)
Increase in advances	(9,488)	(92)	(162)	(2)
Long-term receivables	563,619	(22,281)	9,627	(396)
Interest in subsidiaries	73,228	(74,996)	1,251	(1,333)
Purchase of property, plant and equipment	(2,662,756)	(4,077,412)	(45,483)	(72,499)
Proceeds from sale of property, plant and equipment	14,450	16,830	247	299
Net cash used by investing activities	<u>(2,320,368)</u>	<u>(4,857,063)</u>	<u>(39,936)</u>	<u>(86,140)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid	(587,578)	(258,386)	(10,250)	(4,819)
Unexpended donations for special projects	818,612	1,069,544	13,983	19,017
Endowment funds	11,167	4,393	191	78
Capital grants received	1,351,727	269,836	23,089	4,798
Proceeds of long-term loans	67,091	560,000	1,146	9,957
Deferred income received	100,000	-	1,708	-
Repayment of long-term loans	(1,861,446)	(744,079)	(31,796)	(13,230)
Other long term liabilities	(268,734)	(476,128)	(4,590)	(8,466)
Net cash (used)/provided by financing activities	<u>(369,161)</u>	<u>425,180</u>	<u>(6,519)</u>	<u>7,335</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(2,658,495)</u>	<u>4,646,521</u>	<u>(55,605)</u>	<u>63,593</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>14,579,460</u>	<u>9,932,939</u>	<u>259,231</u>	<u>195,638</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>11,920,965</u>	<u>14,579,460</u>	<u>203,626</u>	<u>259,231</u>

* See note 32



THE UNIVERSITY OF THE WEST INDIES

Consolidated Statement of Financial Position

(expressed in thousands of Jamaica and United States dollars)

July 31, 2015

	Notes	2015 J\$'000	Restated* 2014 J\$'000	Restated* 2013 J\$'000	2015 US\$'000	Restated* 2014 US\$'000	Restated* 2013 US\$'000
CURRENT ASSETS							
Cash and cash equivalents	5	11,920,965	14,579,460	9,932,939	103,968	129,472	97,757
Resale agreements	6	1,157,394	1,152,128	984,197	10,094	10,231	9,686
Short-term investments	7	2,624,559	2,409,006	2,233,110	22,890	21,393	21,978
Accounts receivable	8	25,643,042	24,862,060	20,794,856	223,644	220,785	204,657
Inventories	9	421,325	397,609	358,350	3,675	3,531	3,527
		41,767,285	43,400,263	34,303,452	364,271	385,412	337,605
CURRENT LIABILITIES	10	(19,471,475)	(20,944,078)	(15,207,760)	(169,819)	(185,992)	(149,670)
NET CURRENT ASSETS		22,295,810	22,456,185	19,095,692	194,452	199,420	187,935
NON-CURRENT ASSETS							
Advances	11	12,931	3,443	3,351	113	31	33
Long-term investments	7	7,879,862	7,591,309	6,959,575	68,724	67,414	68,494
Investment properties	12	6,218	6,466	6,715	54	57	66
Long-term receivables	13	3,322,866	3,886,485	3,864,204	28,980	34,514	38,030
Interest in subsidiaries	14	210,992	284,220	209,224	1,840	2,524	2,059
Property, plant and equipment	15	50,015,385	48,726,738	44,202,927	436,205	432,713	435,032
		61,448,254	60,498,661	55,245,996	535,916	537,253	543,714
		83,744,064	82,954,846	74,341,688	730,368	736,673	731,649
RESERVES							
Cumulative translation reserve	16	14,838,959	13,422,335	10,126,706	129,417	119,196	99,664
Revaluation surplus	17	5,426,213	5,426,213	5,426,213	47,324	48,187	53,403
Investment revaluation reserve	18	1,438,607	1,322,444	1,252,280	12,547	11,744	12,325
General reserve		4,992,151	8,154,307	8,520,543	43,539	72,414	83,857
Accumulated fund		4,518,920	4,512,488	3,796,118	39,411	40,073	37,360
Total reserves		31,214,850	32,837,787	29,121,860	272,238	291,614	286,609
NON-CURRENT LIABILITIES							
Unexpended donations for special projects	19	7,193,880	6,123,323	5,177,675	62,741	54,378	50,957
Endowment funds	20	315,882	304,319	298,988	2,755	2,702	2,943
Capital grants	21	14,062,416	12,554,960	11,078,083	122,644	111,493	109,027
Long-term liabilities	22	11,453,184	12,975,467	12,961,010	99,888	115,227	127,558
Employee benefits obligation	23(d)	19,315,519	18,158,990	15,704,072	168,459	161,259	154,555
Deferred income	24	188,333	-	-	1,643	-	-
Total non-current liabilities		52,529,214	50,117,059	45,219,828	458,130	445,059	445,040
		83,744,064	82,954,846	74,341,688	730,368	736,673	731,649

* See note 32



THE UNIVERSITY OF THE WEST INDIES

Consolidated Statement of Comprehensive Income

(expressed in thousands of Jamaica and United States dollars)

Year ended July 31, 2015

	<u>Notes</u>	<u>2015</u> J\$'000	Restated* <u>2014</u> J\$'000	<u>2015</u> US\$'000	Restated* <u>2014</u> US\$'000
INCOME					
Government contributions	4	26,188,023	25,641,746	228,397	239,082
Tuition and other student fees		7,351,957	7,854,230	64,120	73,232
Special projects		4,783,762	3,990,688	41,721	37,209
Other projects		11,162,784	11,295,240	97,355	105,316
Commercial operations		5,138,414	4,113,746	44,814	38,356
Investment income		327,070	447,479	2,853	4,172
Miscellaneous income		1,056,229	1,232,176	9,213	11,490
		<u>56,008,239</u>	<u>54,575,305</u>	<u>488,473</u>	<u>508,857</u>
Less: transfer to capital grants		(780,109)	(673,983)	(6,804)	(6,284)
Income after transfer to capital grants		<u>55,228,130</u>	<u>53,901,322</u>	<u>481,669</u>	<u>502,573</u>
EXPENSES					
Departmental		22,906,648	22,278,008	199,779	207,719
Administrative		5,048,113	4,456,620	44,027	41,553
Central		9,336,300	7,195,265	81,426	67,088
Special projects		4,783,762	3,990,688	41,721	37,209
Other projects		7,271,813	7,333,176	63,421	68,374
Commercial operations		4,208,410	3,409,778	36,703	31,793
		<u>53,555,046</u>	<u>48,663,535</u>	<u>467,077</u>	<u>453,736</u>
Surplus for the year before finance costs		1,673,084	5,237,787	14,592	48,837
Finance costs	25	(690,593)	(644,944)	(6,023)	(6,013)
Surplus for the year before depreciation, pension and post-employment medical benefits		982,491	4,592,843	8,569	42,824
Depreciation		(2,636,685)	(2,456,214)	(22,996)	(22,902)
Pension and post-employment medical benefits		(1,748,483)	(2,150,500)	(15,249)	(20,051)
Deficit for the year before share of profits		(3,402,677)	(13,871)	(29,676)	(129)
Reversal of distribution of subsidiary profits		-	386,238	-	3,601
(DEFICIT)/SURPLUS FOR THE YEAR		<u>(3,402,677)</u>	<u>372,367</u>	<u>(29,676)</u>	<u>3,472</u>
OTHER COMPREHENSIVE INCOME:					
Items that will never be reclassified to profit or loss					
Re-measurement of employee benefits obligation		276,950	92,241	2,415	860
Items that may be reclassified to profit or loss					
Change in fair value of available-for-sale financial assets		116,163	194,654	1,013	1,815
Reclassification of fair value gains on disposal of investments			(124,490)	-	(1,161)
Currency translation adjustments		1,416,624	3,295,629	12,355	30,728
Total other comprehensive income		<u>1,809,737</u>	<u>3,458,034</u>	<u>15,783</u>	<u>32,242</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		<u>(1,592,940)</u>	<u>3,830,401</u>	<u>(13,893)</u>	<u>35,714</u>

* See note 32



THE UNIVERSITY OF THE WEST INDIES

Consolidated Statement of Cash Flows

(expressed in thousands of Jamaica and United States dollars)

Year ended July 31, 2015

	2015 J\$'000	Restated * 2014 J\$'000	2015 US\$'000	Restated * 2014 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Deficit)/surplus for the year	(3,402,677)	372,367	(29,676)	3,472
Adjustments for:				
Depreciation :Property, plant & equipment	2,636,437	2,455,965	22,993	22,899
Investment properties	248	249	2	2
Amortization of capital grants	(310,692)	(174,954)	(2,710)	(1,631)
Employee benefits obligation	1,433,478	2,547,159	12,502	23,750
Gain on sale of property, plant and equipment	(2,495)	(9,184)	-	(86)
Share of profits due to joint venture partner	-	(386,238)	-	-
Foreign exchange adjustments	1,310,548	1,905,066	8,365	1,378
Discount on long- term receivables	759,426	395,466	6,623	3,687
Interest income	(307,104)	(411,095)	(2,678)	(3,833)
Dividend income	(19,966)	(36,383)	(174)	(339)
Deferred income	(1,667)	-	(15)	-
Interest expense	690,593	644,944	6,023	6,013
	2,786,129	7,303,362	21,255	55,312
Changes in :				
Accounts receivable	(1,242,802)	(4,018,657)	(10,614)	(35,687)
Inventories	(23,716)	(39,259)	(203)	(349)
Current liabilities	(1,488,577)	5,832,958	(12,713)	51,799
Net cash provided/(used) by operating activities	31,034	9,078,404	(2,275)	71,075
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	109,498	218,727	955	2,039
Dividend received	19,966	36,383	-	339
Investments, net	(423,619)	(786,291)	(3,618)	(6,983)
Increase in resale agreements	(5,266)	(167,931)	(45)	(1,491)
Increase in advances	(9,488)	(92)	(81)	(1)
Long-term receivables	563,619	(22,281)	4,814	(198)
Interest in subsidiaries	73,228	(74,996)	625	(666)
Purchase of property, plant and equipment	(2,662,756)	(4,077,412)	(22,742)	(36,209)
Proceeds from sale of property, plant and equipment	14,450	16,830	123	149
Net cash used by investing activities	(2,320,368)	(4,857,063)	(19,969)	(43,021)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid	(587,578)	(258,386)	(5,125)	(2,409)
Unexpended donations for special projects	818,612	1,069,544	6,991	9,498
Endowment funds	11,167	4,393	95	39
Capital grants received	1,351,727	269,836	11,545	2,396
Proceeds of long-term loans	67,091	560,000	573	4,973
Deferred income received	100,000	-	854	-
Repayment of long-term loans	(1,861,446)	(744,079)	(15,898)	(6,608)
Other long term liabilities	(268,734)	(476,128)	(2,295)	(4,228)
Net cash (used)/provided by financing activities	(369,161)	425,180	(3,260)	3,661
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,658,495)	4,646,521	(25,504)	31,715
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	14,579,460	9,932,939	129,472	97,757
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	11,920,965	14,579,460	103,968	129,472

* See note 32



The University of the West Indies