THE UNIVERSITY OF THE WEST INDIES

2018

FINANCIAL REPORT & COMBINED ACCOUNTS

For the Year Ended July 31, 2018

THE UNIVERSITY OF THE WEST INDIES

FINANCIAL REPORT & COMBINED ACCOUNTS

For the Year Ended July 31, 2018

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THE UNIVERSITY OF THE WEST INDIES

FINANCIAL REPORT
FOR THE YEAR ENDED JULY 31, 2018

OVERVIEW OF THE COMBINED FINANCIAL STATEMENTS

The Combined Financial Statements of the University of the West Indies represent the financial operations of the four Campuses, certain of their subsidiaries and the University Centre for the year ended July 31, 2018, and are presented in Jamaica dollars. The Combined Statement of Financial Position, Combined Statement of Profit or Loss and Other Comprehensive Income and Combined Statement of Cash Flows are also represented in Barbados dollars.

The commentary on **pages 1 to 7** refers to the Barbados dollar equivalent of certain balances for the financial year being reported, compared with those of the previous year(s).

I. COMBINED STATEMENT OF COMPREHENSIVE INCOME

RESULTS FOR THE YEAR

For the year ended July 31, 2018, the operations of the University resulted in a **deficit of BDS$95.2 million** (**2017: BDS$27.3 million**). This comprises the results by Campus as follows :

Campus	BDS$ million	
	July 2018	**July 2017**
Cave Hill	(73.3)	7.9
Centre	(31.3)	(10.6)
Mona	7.9	(16.3)
Open	(5.1)	0.3
St. Augustine	6.6	(8.6)
Total	**(95.2)**	**(27.3)**

The **total income** of the University for the year was **BDS$965.3** million, compared with **BDS$915.8** million for the prior year, an increase of 5.4%. **Total expenditure** for the year was **BDS$1,060.6** million compared with **BDS$943.1** million for 2017, an increase of 12.5%.

The net increase in deficit over the prior year was contributed mainly by the following:

a) Government of Barbados Debt Restructuring:

Receivables from the Government of Barbados for economic cost and tuition fees were subject to a 50% write-off totalling **BDS$102.1 million** of which **BDS$101.1 million** is included in the statement of profit or loss and other comprehensive income. The remaining 50% was exchanged for a Series B Bond with strips having maturities between five and fifteen years. In addition **BDS$ 17 million** for VAT receivables up to 2016 was exchanged for a Series F four year bonds. The bonds were subject to a discount of **BDS$28.2 million** of which **BDS$27.8 million** is included in the statement of profit or loss and other comprehensive income. A **BDS$27.8** debenture held by Cave Hill Campus was also discounted by **BDS$4 million**. The total charge to the statement of profit or loss and other comprehensive income was **BDS$132.9 million**. This impact was however reduced by a previous impairment provision of **BDS$45.8 million**. The net effect in these financial statements is therefore an expenditure of **BDS$87.1 million**.

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

RESULTS FOR THE YEAR (cont'd)

b) Reduction in Employee Benefits Expense:

Employee benefits expense for the year was **BDS$38.5 million** compared with **BDS$65.2 million** for 2016/2017, a reduction of **BDS$26.7 million**. In the prior year, implementation of the Consent Order for the first time had resulted in an increase of **BDS$27.8 million** in expenditure due to recognition of significant past service costs.

The deficit for the year comprised:

Activity	BDS$ million	
	July 2018	**July 2017**
UGC Funded	(176.4)	(89.7)
Commercial Operations	13.1	10.8
Other Projects	68.1	51.6
Total	**(95.2)**	**(27.3)**

COMBINED INCOME

The sources of income for the University were:

Source	July 2018	July 2017
	%	%
Government Contributions	45	46
Tuition and Other Student Fees	13	14
Special and Other Projects	30	30
Commercial Operations	8	7
Other	4	3
Total	**100**	**100**

The income distribution is illustrated in **Table 1** and **Charts 1 and 1a** on **page 8**. A three year summary of income by source is shown in **Table 2 and Chart 2 on page 9.** A three year summary of total income is shown in **Chart 3 on page 10.**

Government Contributions

Income from Government Contributions totalled BDS$434.8 million and represented 45% of total income. In the prior year Government Contributions were BDS$423 million and re presented 46% of total income. The income shown is net of adjustments totalling BDS$123.5 million to gross billing for the year, to reflect commitments from contributing governments.

Project Income

a) Special Projects

For the year this source of income totalled **BDS$81.3 million** (2017: BDS$80.9 million), and represented 8% (2017:9%) of total income. 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, 2018, the value of new grants received for research was **BDS$32.8 million** compared with **BDS$38.3 million** in the previous year.

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

COMBINED INCOME *(cont'd)*

Project Income (cont'd)

a) Special Projects (cont'd)

Some examples of new projects funded during the year were:

- BIOPAMA PHASE II – Biodiversity and Protected Areas Management (**Cave Hill Campus) –** Sponsor; International Union for Conservation of Nature & Natural Resources – IUCN (Funded by EU)
- Preparation of the State of the Caribbean Climate Report 2016: Information for Resilience Building **(Mona Campus) –** Sponsor; Caribbean Development Bank (CDB)
- Ministry of Energy Petroleum Geoscience Program **(St. Augustine Campus) –** Sponsor; Ministry of Energy & Energy Affairs
- Improving Household Nutrition Security and Public Health in the CARICOM **(University Centre) –** Sponsor; International Development Research Centre (IDRC)
- UNICEF Safety and Justice for Children **(Open Campus) –** Sponsor; UNICEF ECA

b) Other Projects

Income from Other Projects totalled **BDS$211.3 million** (2017: BDS$191.4 million) and was derived mainly 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 combined results of UWISBASL and St Augustine Enterprises Limited. For the year ended July 31, 2018, income from Other Projects represented 22 % of total income.

Total projects income (Special Projects and Other Projects) represented 30% of total income (2017: 30%).

Tuition and Other Student Fees

Tuition and other student fees totalled **BDS$130.2 million** for the year (2017: BDS$125.9 million). This represented 13% of total income (2017:14%). There was a 3% increase over the prior year in this category of income.

Other Income

Other Income totalled **BDS$35 million** (2017: BDS$27.1 million) and comprised investment income of **BDS$8.5 million** (2017: BDS$8.7 million) and miscellaneous income of **BDS$26.5 million** (2017: BDS$18.4 million). Miscellaneous income included income earned from rental of facilities as well as an amount of **BDS$8.1 million** (2017: BDS$7.4 million) representing the value of Capital Grants amortised during the year. Also included is **BDS$1.6 million** earned by Mona School of Business Management (MSBM) from professional services and grants.

Commercial Operations

Income from commercial operations increased from **BDS$67.6 million** in 2017 to **BDS$72.7 million**, and represented 8% of total income (2017: 7%). 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.

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

COMBINED EXPENDITURE

The categories of expenditure and their percentages of the total were as follows:

Category	July 2018	July 2017
	%	%
Departmental	40	44
Administrative	9	10
Central	23	17
Special and Other Projects	22	23
Commercial Operations	6	6
Total	100	100

The distribution is illustrated by **Table 4** and **Charts 4** and **4a** on **page 11**. Expenditure has been tightly controlled particularly due to funding limitations and there was no significant increase in most categories for the period.

For the year ended July 31, 2018, there was an actuarially determined expense of **BDS$38.5 million** (2017: BDS$65.2 million) for post-employment pension and medical benefits. This is included in central expenditure.

A net impairment provision totalling **BDS$212,860** (2017: recovery of BDS$14.3 million) was made on Government contributions outstanding in excess of three years.

Additional impairment of **BDS$8.4 million** (net) was made for Government scholarships, project receivables and other receivables. In total, all the Campuses impaired an additional **BDS$4.7 million** (net) for student receivables. The Cave Hill Campus also impaired **BDS$4.2 million** from work-in-progress and has written off an amount of **BDS$1 million** of irrecoverable debt due from the Cave Hill School of Business.

A three year summary of expenditure by category is shown in **Table 5** and **Chart 5** on **page 12** and a three year summary of total expenditure is illustrated in **Chart 6** on **page 13**.

II. COMBINED STATEMENT OF FINANCIAL POSITION

Net Current Assets

Current assets exceeded current liabilities by **BDS$250 million** (2017: BDS$368 million), an overall decrease of 32%.

The balance for cash and cash equivalents decreased by **BDS$33 million** while short-term investments decreased by **BDS$44 million**. Accounts receivable showed a decrease of **BDS$43 million** or 9% from the prior year. Current liabilities decreased by 1%.

Cash and Cash Equivalents, Short–Term Investments and Resale Agreements

Included in this category are cash, current and savings accounts as well as fixed deposits held for periods not exceeding ninety days. The balance includes restricted funds for special projects, commercial operations, and funds held for committed expenditure, which have been invested in resale agreements, Government securities, fixed deposits, and equities. Income earned from these investments is used to supplement funding to meet current liabilities. Total restricted funds, which are not available for general use by the University, amounted to **BDS$120.1 million**.

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

Cash and Cash Equivalents, Short–Term Investments and Resale Agreements (cont'd)

When short-term investments, securities purchased under resale agreements and cash and cash equivalents are combined, this total showed a decrease of 31% compared with 2017. This has resulted from difficulties experienced in collecting accounts receivable.

Accounts Receivable

This includes amounts due from Governments for economic costs, scholarships, GATE, PSIP, VAT and tuition fees.

The 9.4% or **BDS$ 43 million** decrease in accounts receivable at July 31, 2018 is largely due to write-off of **BDS$48.99 million** (50%) for economic cost due for several years from the Government of Barbados and transfer of the remaining balance of an equal amount to long-term receivables. Tuition fees in the amount of **BDS$53.1 million** was also written-off from the amount due to the Cave Hill Campus by the Government of Barbados. This was part of the debt restructuring programme undertaken by the Government. The amount that is still carried as a receivable is to be honoured by a Government of Barbados Series B Bond with amortising strips with maturity dates between five and fifteen years.

The average collection period for Government contributions has moved from 6.2 months at July 31, 2017 to 5.9 months at July 31, 2018.

The status of each Government with respect to contributions due to the University can be found on **pages 15 to 18**. The trend in total Government contributions outstanding over the past five years is shown in **Table 7 and Chart 7** on **page 14**.

Current Liabilities

The balance of **BDS$343.2 million** (2017: BDS$346.3 million) includes amounts due to suppliers for goods and services received totalling **BDS$234.4 million**. It also includes vacation leave accrual of **BDS$33.6 million** (2017: BDS$33.5 million), retroactive supplementation payments to retirees as a result of the implementation of the Consent Order, and other staff benefits such as study and travel and book grants. The current portion of long-term liabilities was **BDS$15.7 million** (2017: BDS$20.2 million), which is due to be paid within the next twelve months.

Short-term loans and advances of **BDS$21.5 million** (2017: BDS$4.6 million) due by the Mona Campus were also included in current liabilities. This includes a **US$10.6 million** bond with fixed interest rate of 7.5% per annum of which **US$8.8 million** (BDS$17.6 million) was drawn down at year-end and is due for settlement on June 30, 2019 . Proceeds of the bond were used to finance a cogeneration plant at the Mona Campus.

Long-Term Investments

There was an increase of 2.4% in the balance for long-term investments which totalled **BDS$148 million** (2017: BDS$144.5 million).

Long–Term Receivables

At July 31, 2018, long-term receivables included a total of **BDS$131 million** (2017: BDS$79.5 million) for Government contributions outstanding in excess of three years. Of this figure **BDS$44.8 million** (2017:

BDS$44.6 million) has been impaired. At July 2017, long-term receivables also included **BDS$28.1 million** due from the Government of Barbados in respect of a loan from the Barbados National Insurance Board (NIB). This loan has now been assumed by the Government of Barbados as part of the debt restructuring.

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

Property, Plant and Equipment

During the period, additions to property, plant and equipment totalled **BDS$54.8 million** (2017: BDS$34 million). Of this amount approximately 73% was spent for additions to buildings and work-in-progress. Additional expenditure was made mainly for the purchase of computers and other electronic equipment, and office furniture and fixtures. Work-in-progress included the South Campus at St. Augustine.

Long-Term Liabilities

The balance of **BDS$103.5 million** (net of the current portion) for long-term liabilities represents a decrease of 30% when compared with the balance at July 31, 2017 (BDS$147.1 million). The balance includes long-term loans totalling **BDS$107.7 million** and other long term liabilities totalling **BDS$11.5 million**, before reclassification of the current portion amounting to **BDS$15.7 million**.

a) Long-term Loans

The balance of **BDS$107.7 million** (2017: BDS$135.5 million) for long-term loans represents an overall deincrease of 20%.

Cave Hill Campus acquired a loan of **BDS$1.3 million** from the Republic Bank during the period. At Mona, there was a new interest-free facility from Digicel Ja. Ltd. for **J$301.5 million** (BDS$4.7 million) to implement a WIFI solution. The loan is repayable in 60 monthly instalments.

At July 2018, the Government of Barbados took over two bank loans owed by the Cave Hill Campus amounting to **BDS$18.7 million**. This includes the Clinical Bond (BDS$17.5 million) for which payments were previously made to Republic Finance and Trust Barbados, and a loan facility from First Citizens Bank (BDS$1.2 million). **BDS$28.1 million** due to the Barbados National Insurance Board (NIB) previously carried in the books of the University Centre was also taken over by the Government of Barbados. These amounts have been transferred to Capital Grants in the statement of financial positions..

In November 2017 the University Centre obtained a revolving Line of Credit for **US$1.8 million** from JMMB Bank (Jamaica) Limited for operational support, which is repayable as a lump sum by November 2020. Interest is payable at 6% at quarterly intervals up to the time of repayment. All loan payments were made in accordance with the signed agreements.

b) Other Long–term Liabilities

Other long-term liabilities include funds being held on behalf of the University Hospital of the West Indies for purposes of upgrading the facilities of the hospital. Also included is **BDS$2 million** being the long-term portion of retroactive supplementation payments due to retirees, resulting from the settlement of the supplementation dispute at the Mona Campus in October 2017.

Investment Revaluation Reserve

In accordance with the International Financial Reporting Standards (IFRS), equities and unit trust accounts are reported at fair value. The appreciation or depreciation in value of these investments is included in the Investment Revaluation Reserve.

The net movement (appreciation) in the investment revaluation reserve for the year ended July 31, 2018 totalled **BDS$0.23 million** (2017: appreciation of BDS$2.4 million).

Revaluation Surplus

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

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

Employee Benefits Obligation

In accordance with 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, 2018 was prepared by the actuaries Eckler Partners Ltd. Based on this report an estimated net obligation of **BDS$398.1 million** has been included in these financial statements. The estimated obligation at July 31, 2017 was **BDS$389.1 million**.

PERFORMANCE INDICATORS

		2018	2017	2016
a)	Total Operating Income/ Expenses	91%	97%	98%
b)	Government Contributions/ Total Operating Income	45%	46%	46%
c)	Total Income/Total Assets	56%	53%	54%
d)	Liquidity ratio (acid test)	1.7	2.0	2.1
e)	Operating Cash Flow ratio	(0.13)	0.03	0.08
f)	Average collection period for government contributions (months)	5.9	6.2	5.6
g)	Income per FTE (BDS$)	26,229	26,538	26,764
h)	Expense per FTE (BDS$)	28,816	27,330	27,280

a) For the year ended July 31, 2018 the ratio of total operating income to expenses was 91% compared with 97% in the prior year. The ratio remains below 100%, indicating that income for the year was not adequate to cover the necessary expenditure.

b) The ratio of Government Contributions to total operating income indicates that for the year ended July 31, 2018 the University relied on Governments to provide 45% of its income, which is slightly lower than 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.

c) Total income to total assets was 56%, a three percentage point increase over the prior year.

d) The liquidity ratio of 1.7 reflects a decline in the ratio of liquid assets to current liabilities. A significant portion of liquid assets is due from governments and the decline reflects the reduction in the balance due from the Government of Barbados and the reclassification of the remainder to long term receivables.

e) An operating cash flow ratio of less than 1 indicates that the University has generated less cash from operations in the period than is needed to pay its short-term liabilities.

f) The time needed for the UWI to collect outstanding Government contributions is currently averaging 5.9 months.

THE UNIVERSITY OF THE WEST INDIES

Selected Financial and Statistical Highlights

For the year ended July 31, 2018

THE UNIVERSITY OF THE WEST INDIES
Selected Financial and Statistical Highlights

INCOME

For the period August 1, 2017 to July 31, 2018 with comparatives for the period August 1, 2016 to July 31, 2017

TABLE 1 - $'000

SOURCES	J$		BDS$		TT$		EC$	
	2018	2017	2018	2017	2018	2017	2018	2017
West Indian Government Contributions *	27,752,141	27,198,994	434,798	422,982	1,468,593	1,424,945	586,985	571,046
Tuition and other Student Fees	8,307,444	8,092,939	130,154	125,857	439,615	423,986	175,711	169,912
Special Projects	5,188,705	5,201,656	81,292	80,893	274,577	272,513	109,746	109,209
Other Projects	13,489,894	12,308,026	211,349	191,407	713,861	644,813	285,324	258,408
Commercial Operations	4,640,807	4,345,294	72,708	67,575	245,583	227,648	98,158	91,230
Other	2,236,367	1,741,984	35,038	27,090	118,344	91,262	47,301	36,573
TOTAL INCOME	61,615,358	58,888,893	965,339	915,805	3,260,573	3,085,166	1,303,225	1,236,379

*net of transfer to capital grants

Chart 1
INCOME (%) August 1, 2017 to July 31, 2018

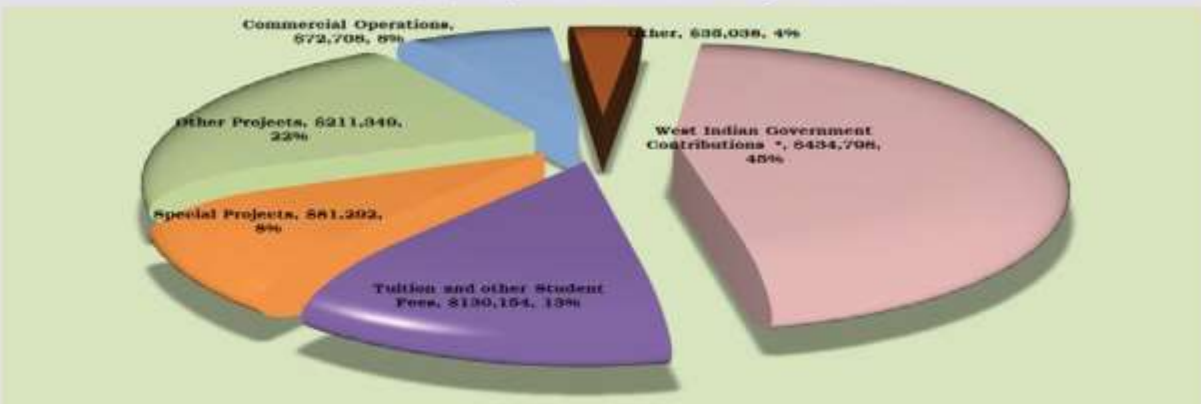
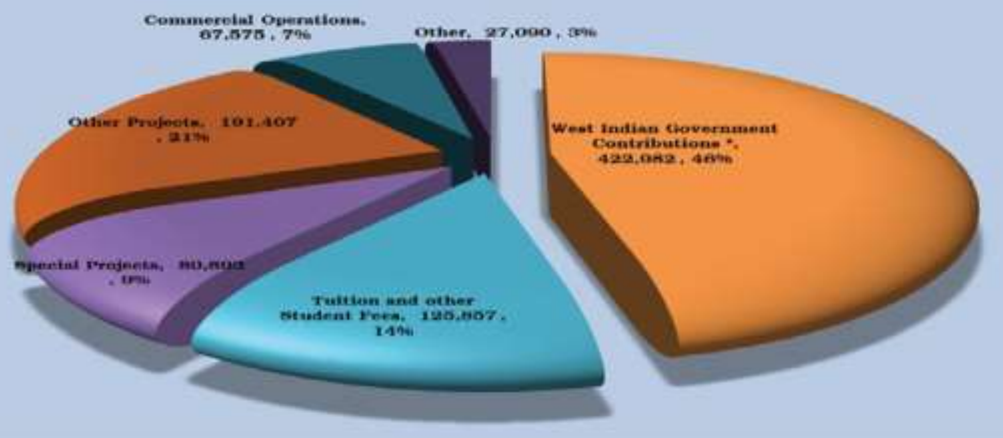


Chart 1a
INCOME (%) August 1, 2016 to July 1, 2017



THE UNIVERSITY OF THE WEST INDIES

Selected Financial and Statistical Highlights

INCOME- THREE YEAR SUMMARY BY SOURCE

Table 2-BDS$'000

SOURCES	Aug 2015 - July 2016		Aug 2016 - July 2017		Aug 2017 - July 2018	
West Indian Government Contributions *	447,979	46%	422,982	46%	434,798	45%
Tuition and other Student Fees	125,852	13%	125,857	14%	130,154	13%
Special Projects	85,041	9%	80,893	9%	81,292	8%
Other Projects	190,191	20%	191,407	21%	211,349	22%
Commercial Operations	93,119	9%	67,575	7%	72,708	8%
Other	26,193	3%	27,090	3%	35,038	4%
TOTAL INCOME	968,375	100%	915,805	100%	965,339	100%

*net of transfer to capital grants

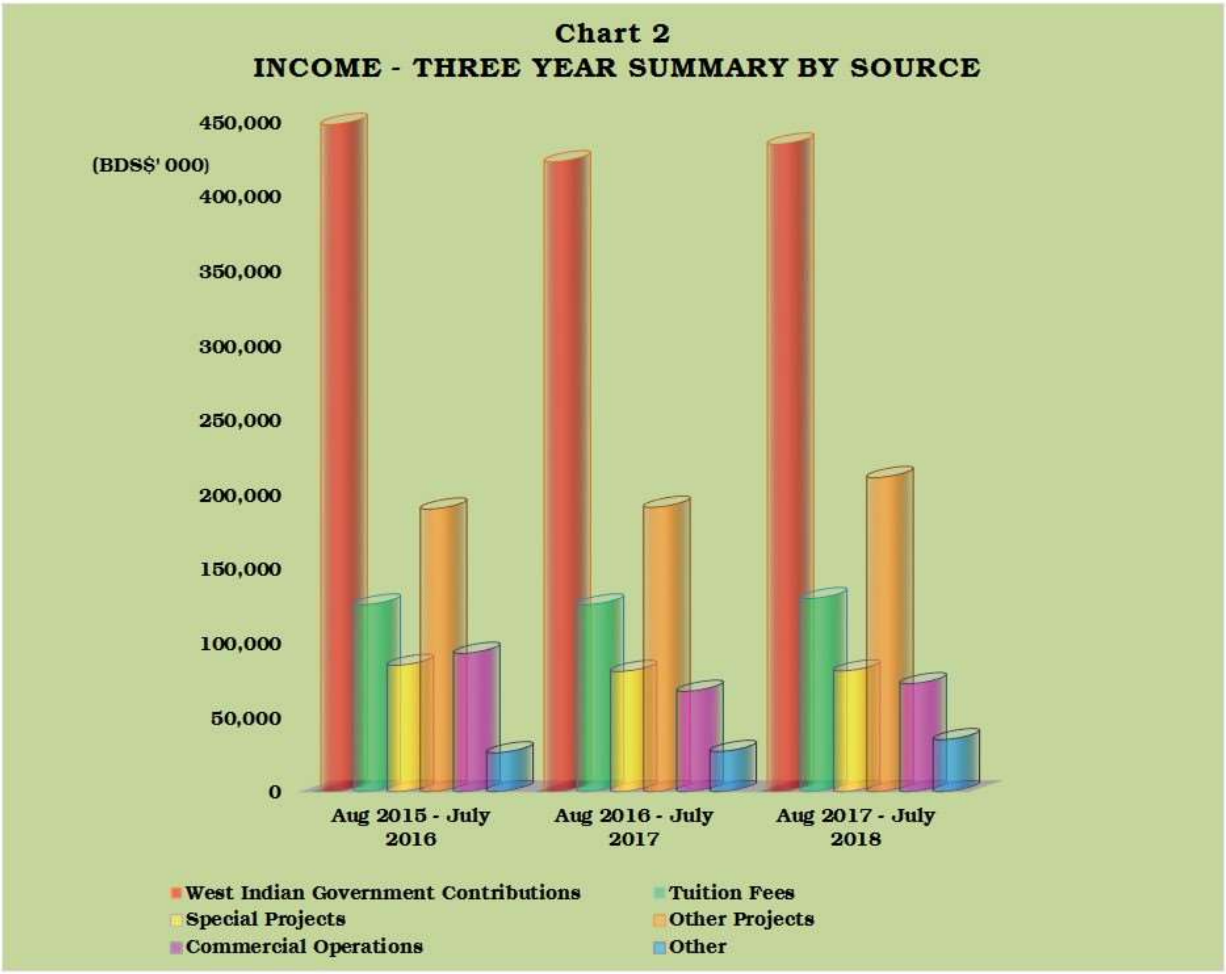
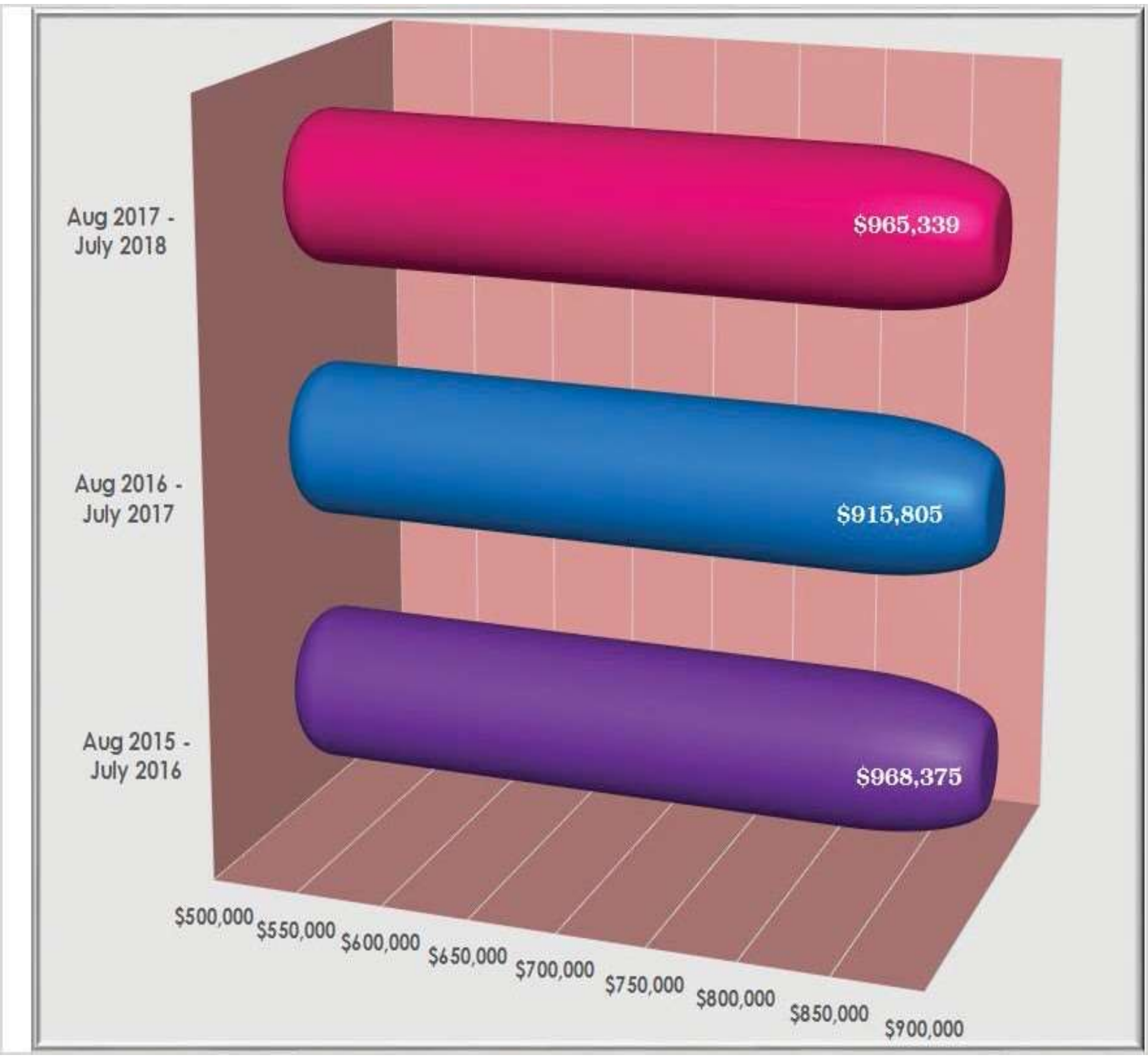


CHART 3
THREE YEAR SUMMARY OF TOTAL INCOME
BDS$'000



THE UNIVERSITY OF THE WEST INDIES
Selected Financial and Statistical Highlights

EXPENDITURE

For the period August 1, 2017 to July 31, 2018 with comparatives for the period August 1, 2016 to July 31, 2017

TABLE 4 - $'000

CATEGORIES	J$		Bds$		TT$		EC$	
	2018	2017	2018	2017	2018	2017	2018	2017
Administrative	6,425,311	6,097,742	100,666	94,828	340,016	319,458	135,902	128,023
Departmental *	27,381,877	26,531,773	428,997	412,605	1,448,999	1,389,989	579,154	557,038
Central Expenditure +	15,751,922	10,173,041	246,788	158,205	833,563	532,962	333,169	213,584
Special Projects	5,188,705	5,201,656	81,292	80,893	274,577	272,513	109,746	109,209
Other Projects	9,140,780	8,989,732	143,210	139,803	483,713	470,968	193,336	188,740
Commercial Operations	3,804,721	3,653,300	59,609	56,814	201,339	191,395	80,474	76,701
TOTAL EXPENDITURE	67,693,317	60,647,244	1,060,563	943,148	3,582,207	3,177,284	1,431,780	1,273,295

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

Chart 4 Expenditure (%) Aug 1, 2017 - July 31, 2018

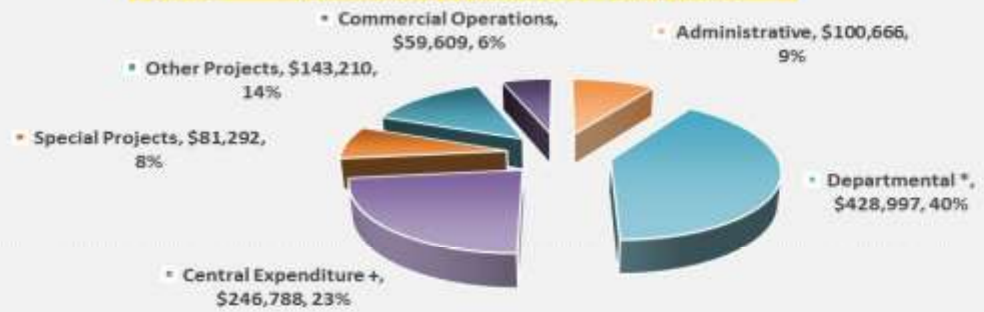
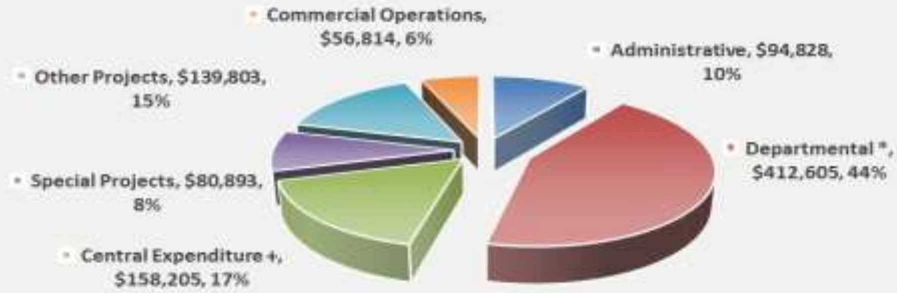


Chart 4A Expenditure (%) Aug 1, 2016 - July 31, 2017



THE UNIVERSITY OF THE WEST INDIES

Selected Financial and Statistical Highlights

EXPENDITURE

THREE YEAR SUMMARY

Table 5
BDS$'000

CATEGORIES	Aug 2015 - July 2016		Aug 2016 - July 2017		Aug 2017 - July 2018	
Administrative	97,053	10%	94,828	10%	100,666	9%
Departmental*	443,992	45%	412,605	44%	428,997	40%
Central Expenditure +	162,102	16%	158,205	17%	246,788	23%
Special Projects	85,041	9%	80,893	8%	81,292	8%
Other Projects	126,716	13%	139,803	15%	143,210	14%
Commercial Operations	73,223	7%	56,814	6%	59,609	6%
TOTAL EXPENDITURE	988,127	100%	943,148	100%	1,060,563	100%

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

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

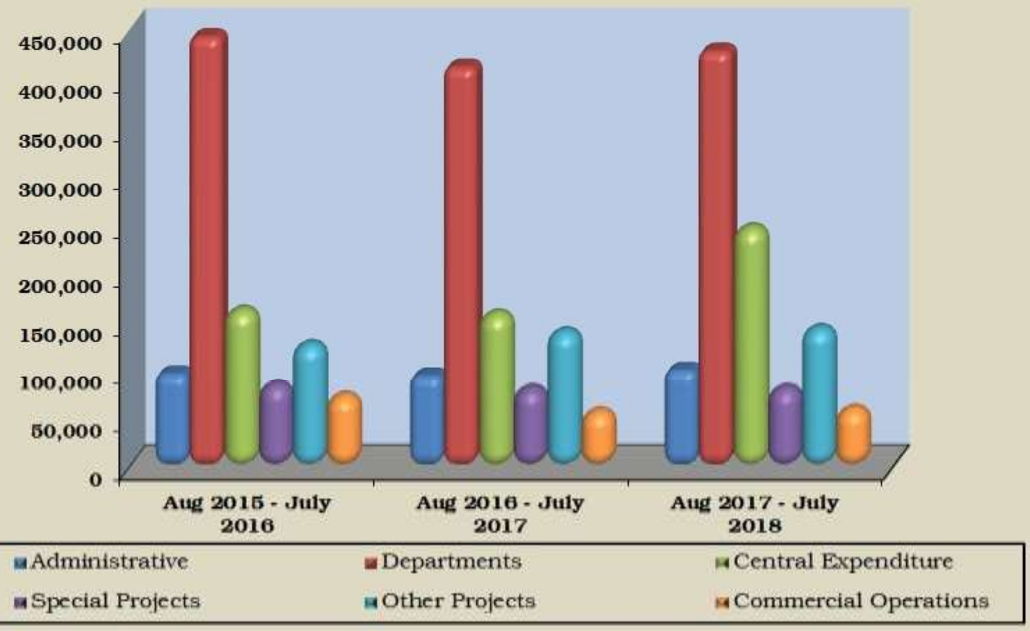


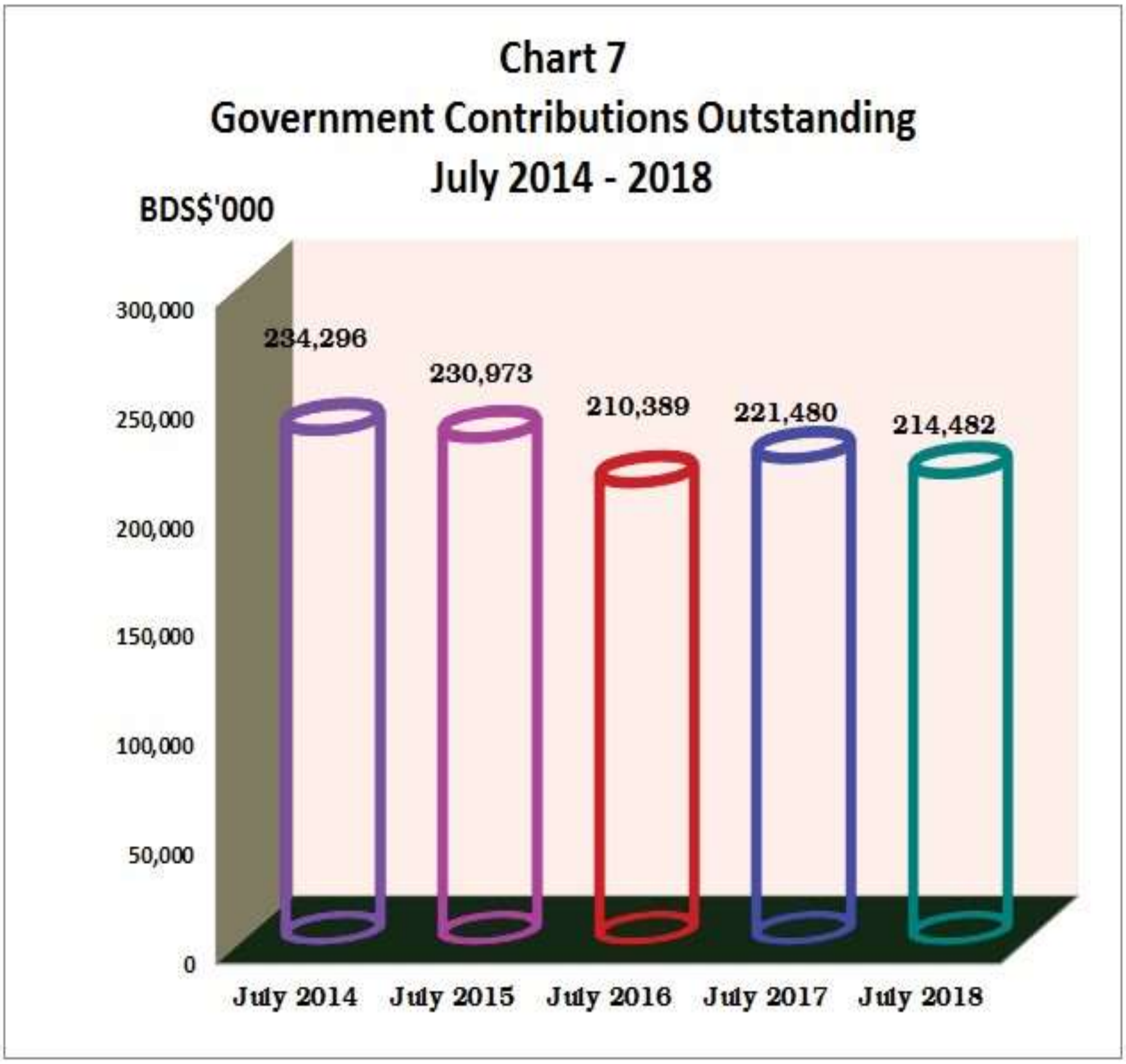
CHART 6
THREE YEAR SUMMARY OF TOTAL EXPENDITURE
BDS$'000

GOVERNMENT CONTRIBUTIONS OUTSTANDING

JULY 2014 - JULY 2018

TABLE 7 (BDS$'000)

PERIOD	BDS$'000
July 2014	234,296
July 2015	230,973
July 2016	210,389
July 2017	221,480
July 2018	214,482



STATUS OF GOVERNMENT CONTRIBUTIONS

Overview

Responsibility for interfacing with Governments on matters concerning Government contributions resides primarily with the University Centre, Office of Finance. To assist Governments in budgeting for their respective annual contributions toward funding The University of The West Indies (The UWI), the Office of Finance prepares yearly assessments for each Government and based on requests provides projections for contributions required beyond the period covered by the University's annual Biennium Budget. The Office of Finance follows up with the relevant Government ministries by way of correspondence, telephone calls and visits. Campus Principals and Bursars also communicate with the respective campus Governments regarding outstanding balances.

Annually Governments are provided with a finalized bill which is determined on the basis of actual student numbers for the respective countries and the University's approved budgets for landed Campuses. The billing for the Open Campus is determined by an allocation of its budget to each site.

This overview provides pertinent information regarding the status of the contribution accounts for the respective contributing governments for the financial year ended July 31, 2018.

At July 31, 2018 contributing Governments owed to the University of the West Indies a total of BDS$214.48M for amounts billed as contributions to economic cost of the University. The total outstanding at year-end reflects a decrease of BDS$7M or 3.16% compared to the balance of BDS$221.48M that was outstanding at the start of the financial year.

Barbados

The Government of Barbados began the financial year with a balance of BD$97.17M owing to The UWI. During the year, contribution payments amounting to BDS$108.48M were received. These payments were close to the Government's committed funding for the year of BDS$109.30M. As part of its debt restructuring programme, the Government of Barbados made an offer to the University which resulted in the write off of fifty (50%) of the balance that was owed to the University for a long time, and which the Government had confirmed their intention to honour as soon as their financial circumstances would have allowed them to. As a result of the write-off, their account as at July 31, 2018 reflected a balance of BDS$48.99M payable to The UWI. The Government has offered Bonds with maturities between five and fifteen years to the University in settlement of this balance.

In addition, the Government has committed to taking over the repayment of loans totalling BDS$18.7M, previously being paid by the Cave Hill Campus and which were guaranteed by them.

A loan previously being paid by the Government to the National Insurance Board of Barbados for settlement of arrears to the University in the past was also included in the debt restructuring programme. A four year bond was also issued for the outstanding amounts receivable up to the year 2016 for VAT.

Jamaica

The Government of Jamaica at the start of the year had an outstanding balance of J$178.99M. The 2017/2018 final billing for the year to July 31, 2018 indicated a funding allocation for the Government of Jamaica of J$12,226.92M. However, the Government committed the amount of J$7,360.65M in funding for the University for the year and in that regard made consistent monthly payments amounting to J$7,409.53M, marginally exceeding the committed sum, and the excess was applied to a shortfall in payment for the prior year. At July 31 , 2018 the Government of Jamaica's account showed a balance J$130.11M.

STATUS OF GOVERNMENT CONTRIBUTIONS (cont'd)

Trinidad and Tobago

The Government of Trinidad & Tobago at the start of the year had an outstanding balance of TT$83.64M. The final billing for the year to July 31, 2018 indicated a funding allocation of TT$730.68M. The Government committed funding of TT$633.92M for the year. Payments received during the year amounted to TT$528.60M or 83.38% of the committed sum. The outstanding balance at July 31, 2018 stood at TT$188.96M.

The Government of Trinidad & Tobago has continued to make monthly payments of contributions to the University and has expressed its intention to clear the outstanding balance..

Anguilla

There was a marginal increase in the balance owed by the Government of Anguilla at July 31, 2018 which stood at XCD5.88M compared to XCD5.48M at the start of the financial year. A payment of XCD0.34M was made during the year and a final billing of XCD0.74M for the year to July 2018 was added to Anguilla's account. Discussions have continued with the Government towards settlement of the outstanding balance and subsequent to the year-end a payment of US$0.12M (XCD0.34M) was received.

Antigua

No payments were received from the Government of Antigua during the 2017/2018 financial year. The Government began the year with an outstanding balance of XCD10.74M which increased to XCD15.06M as at July 31, 2018 as a result of the 2017/2018 final billing of XCD4.32M and no payments during the year. A Payment plan has been submitted to the Government. Discussions are continuing with the Government of Antigua towards agreeing on this or any other acceptable payment plan to liquidate the outstanding balance and to keep the account current. A payment of XCD543,380 was made after the year end.

Bahamas

The Government of the Bahamas has remained consistent in honouring its obligations to The UWI. The Government opened the year with an outstanding amount of BAH$2.70M and closed with a balance of BAH$4.81M resulting from the application of payments totalling BAH$3.65M that cleared the opening balance but only partially covered the BAH$5.76M final billing for 2017/2018. In August 2018, a payment of BAH $3.9M was received from the Government of the Bahamas, which substantially cleared the closing balance at year- end. Additional payments made have settled the balance in full as well as some of the current year's charges.

Belize

At July 31, 2018 the amount owing by the Government of Belize stood at BZ$1.81M showing a significant decrease compared to the BZ$3.03M that was outstanding at August 1, 2017. This resulted from a final 2017/2018 billing of BZ$1.99M and the receipt of payments on account amounting to BZ$3.21M. The Government has subsequently settled thebalance which existed at the year-end.

Bermuda

The balance on the account of the Government of Bermuda at August 1, 2018 was US$22,997 which increased to US$46,312.20 at July 31, 2018 due to the application of the final billing for the year of US$23,315, as no payments were received.

STATUS OF GOVERNMENT CONTRIBUTIONS (cont'd)

British Virgin Islands

The amount outstanding as at July 31, 2018 by the Government of the Virgin Islands stood at US$2.46M showing an increase from the US$2.0M that was owing at the beginning of the current financial year. A payment of US$0.15M was received and a final billing for the year to July 31, 2018 of US$0.61M was applied to the account. A payment plan has been provided to the Government to liquidate the outstanding balance and keep the account current.

Cayman Islands

The Cayman Islands had an outstanding balance of CAY$1.89M at August 1, 2017. The Government was billed CAY$0.73M for the year and a payment of CAY$0.27M was received resulting in a balance of CAY$2.35M at July 31, 2018.The balance was settled subsequently..

Dominica

No payments were received from the Government of Dominica during the year despite the efforts made by the University in this regard. The balance outstanding at August 1, 2017 of XCD26.12M which represents an accumulation of several years' billings increased to XCD28.03M at July 31, 2018 due to the application of the 2017/2018 final billing of XCD1.91M. The Government subsequently paid XCD1M .

Grenada

The Government of Grenada has been consistent in complying with its payment schedule that was agreed with the University with the aim of liquidating its arrears and keeping its account current. The balance outstanding from the Government at August 1, 2017 was XCD17.38M and at July 31, 2018 stood at XCD14.24M after applying a final billing of. XCD3.05M and monthly payments made totalling XCD6.19M. For the 2018/2019 year to date the Government of Grenada has made all monthly payments and the University is appreciative of the efforts made to settle the arrears and keep the account current.

Montserrat

Montserrat opened the 2017/2018 year with a prepayment of XCD 0.15M. A final billing for 2017/2018 of XCD1.22M was applied to the account and a payment of XCD 0.42M was received resulting in an outstanding balance of XCD 0.65M at July 31, 2018. Discussions are in progress with the Government regarding the outstanding balance.

St. Kitts and Nevis

A noteworthy effort was made by the Government of St. Kitts and Nevis to liquidate its arrears during the previous financial year resulting in a substantially reduced opening balance at August 1, 2017 of XCD 0.52M. For the 2017/2018 financial year the Government was billed a final amount of XCD 4.09M and has made payments totalling XCD 2.76M.The Government was given a quarterly payment schedule, has since settled its outstanding balance at the year-end and its account is now current. .

St. Lucia

The Government of St. Lucia, at August 1, 2017 had a balance of XCD22.51M owing to the University. A payment of XCD1.54M was received. However, the application of the 2017/2018 final billing of XCD3.42M resulted in an increased balance of XCD 24.39M at July 31, 2018. The Government of St. Lucia was provided with a proposed payment plan in the 2016/2017 financial year and a revised plan in 2017/2018.

STATUS OF GOVERNMENT CONTRIBUTIONS (cont'd)

St. Lucia *(cont'd)*

Regrettably these plans were not confirmed to be accepted and were not adhered to. Two payments totalling XCD1.76 M were made subsequent to the year-end. Discussions are ongoing with the Government about making an arrangement to achieve a consistent reduction of the arrears and to keep the account current.

St. Vincent and the Grenadines

At the start of the year, XCD24.17M was due from the Government of St Vincent and the Grenadines. While the Government made payments amounting to XCD6.25M, after applying the 2017/2018 final billing of XCD 5.81M the amount owed at July 31, 2018 stood at XCD23.73M, being marginally lower than the balance at the beginning of the year. Subsequent to the .year-end two payments totalling XCD1.75M were received. Discussions regarding payments are being held with the Government towards the mutual objective of settling the accumulation of arrears as quickly as possible. A payment plan has been submitted to the Government to settle the arrears and become current.

Turks & Caicos Islands

The amount of US$0.26M owed by the Turks and Caicos Government at August 1, 2017 was cleared in 2017/2018. The final billing for 2017/2018 of US$0.52M was still outstanding at July 31, 2018. However, the appropriate adjustment was made to reflect their status as a contributing Government and the resulting balance as well as the current year's billing was paid.

Office of Finance
UWI Regional Headquarters

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the combined financial statements of the University of the West Indies ("The University"), set out on pages 22 to 69 which comprise the combined statement of financial position as at july 31, 2018, the combined statements of profit or loss and other comprehensive income, changes in reserves and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying combined financial statements give a true and fair view of the financial position of The University as at July 31, 2018, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of The University in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT *(cont'd)*

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing The University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate The University or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The University's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 University's internal control.

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause The University to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the The University to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Accountants
Kingston, Jamaica

March 8, 2019

THE UNIVERSITY OF THE WEST INDIES

Combined Statement of Financial Position
July 31, 2018

(Expressed in thousands of Jamaica dollars, unless otherwise indicated)

	Notes	2018	2017
CURRENT ASSETS			
Cash and cash equivalent	5	6,770,602	8,550,243
Resale agreements	6	1,226,428	1,176,078
Short-term investments	7	3,528,766	6,159,695
Accounts receivable	8	27,898,148	29,273,010
Inventories	9	437,434	418,305
		39,861,378	45,577,331
CURRENT LIABILITIES	10	(23,058,336)	(22,094,865)
NET CURRENT ASSETS		16,803,042	23,482,466
NON-CURRENT ASSETS			
Advances	11	15,917	8,095
Long-term investments	7	9,940,144	9,221,290
Investment property	12	5,471	5,720
Long-term receivables	13	5,800,937	4,191,462
Property, plant and equipment	14	53,863,473	51,234,453
		69,625,942	64,661,020
		86,428,984	88,143,486
RESERVES			
Cumulative translation reserve	15	18,729,322	16,906,057
Revaluation surplus	16	5,426,313	5,426,213
Investment revaluation reserve	17	1,692,070	1,676,472
General reserve		6,237,878	4,315,533
Accumulated (deficit)/fund		(5,628,408)	2,074,547
Total reserves		26,457,175	30,398,822
NON-CURRENT LIABILITIES			
Unexpended donations for special projects	18	6,223,116	6,191,526
Endowment funds	19	234,227	317,391
Capital grants	20	19,655,454	16,861,781
Long-term liabilities	21	6,955,941	9,382,760
Employee benefits obligation	22(d)	26,744,738	24,822,873
Deferred income	23	158,333	168,333
Total non-current liabilities		59,971,809	57,744,664
		86,428,984	88,143,486

The financial statements on pages 22 to 69 were approved for issue by the University Audit Committee on December 4, 2018 and signed on its behalf by management on March 8, 2019:

______________________ Vice Chancellor
Sir Hilary M. Beckles

______________________ University Bursar/Chief Financial Officer
Andrea McNish

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

THE UNIVERSITY OF THE WEST INDIES

Combined Statement of Profi t and Loss and Other Comprehensive Income

For the year ended July 31, 2018

(Expressed in thousands of Jamaica dollars, unless otherwise indicated)

	Notes	2018	2017
INCOME			
Government contributions	4	28,061,709	27,994,218
Tuition and other student fees		8,307,444	8,092,939
Special projects		5,188,705	5,201,656
Other projects		13,489,894	12,308,026
Commercial operations		4,640,807	4,345,294
Investment income		541,741	561,902
Miscellaneous income		1,694,626	1,180,082
		61,924,926	59,684,117
Less: transfer to capital grants	20	(309,568)	(795,224)
Income after transfer to capital grants		61,615,358	58,888,893
EXPENSES			
Departmental		(24,860,972)	(23,871,177)
Administrative		(6,425,310)	(6,097,742)
Central		(5,509,852)	(5,090,365)
Impairment of receivables		(7,213,966)	(290,970)
Special projects		(5,188,705)	(5,201,656)
Other projects		(9,140,780)	(8,989,732)
Commercial operations		(3,804,721)	(3,653,300)
	24	(62,144,306)	(53,194,942)
(Deficit)/surplus for the year before finance costs		(528,948)	5,693,951
Finance costs	25	(571,957)	(601,538)
(Deficit)/surplus for the year before depreciation, pension and post employment medical benefits		(1,100,905)	5,092,413
Depreciation		(2,520,905)	(2,660,598)
Pension and post-employment medical benefits	22(e)	(2,456,149)	(4,190,167)
DEFICIT FOR THE YEAR		(6,077,959)	(1,758,352)
OTHER COMPREHENSIVE INCOME			
Item that will never be reclassified to profit or loss			
Re-measurement of employee benefits obligation	22(e)	140,560	186,816
Items that may be reclassified to profit or loss			
Change in fair value of available-for-sale financial assets		48,938	152,519
Reclassification of fair value gains on disposal of investments		(33,340)	
Currency translation adjustments		1,823,265	259,502
Total other comprehensive income		1,979,423	598,837
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(4,098,536)	(1,159,515)

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

THE UNIVERSITY OF THE WEST INDIES

Combined Statement of Changes in Reserves

For the year ended July 31, 2018

(Expressed in thousands of Jamaica dollars, unless otherwise indicated)

	Capital Reserves			Other Reserves		
	Cumulative translation [redacted]	[redacted]	Investment [redacted]	General [redacted]	[redacted]	Total [redacted]
Balances at July 31, 2016	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Comprehensive income for the year:						
Deficitfor the year	-	-	-	-	[redacted]	[redacted]
Other comprehensive income	[redacted]	-	[redacted]	[redacted]	[redacted]	[redacted]
Total comprehensive lossfor the year	[redacted]	-	[redacted]	[redacted] (	[redacted]	[redacted]
Transactions recorded directly in equity:						
Transfer to sabbatical fund	-	-	-	25,426	503)	503) 25,426
Adjustment for net funds under management	-	-	-	-		
Transfers between reserves	-	-		[redacted]	[redacted]	-
Total transactions recorded directly in equity	-	-	- -	[redacted] (	[redacted] (	[redacted]
Balances at July 31, 2017	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Comprehensive income for the year:						
Deficit for the year	-	-	-	-	[redacted]	[redacted]
Other comprehensive income	[redacted]	-	[redacted]	[redacted]	[redacted]	[redacted]
Total comprehensive lossfor the year	[redacted]	-	[redacted]	[redacted] (	[redacted]	[redacted]
Transactions recorded directly in equity:						
Transfer to sabbatical fund	-	-	-	[redacted]	-	[redacted]
Adjustment for net funds under management	-	100	-	33,306	[redacted]	148,952
Transfers between reserves	-		-	[redacted]	[redacted]	-
Total transactions recorded directly in equity	-	[redacted]		[redacted] (	[redacted]	[redacted]
Balances at July 31, 2018	[redacted]	**5,426,313**	**1,692,070**	**6,237,878** (	[redacted]	[redacted]

The accompanying notes form an integral part of thefinancial statements.

THE UNIVERSITY OF THE WEST INDIES

Combined Statement of Cash Flows

For the year ended July 31, 2018

(Expressed in thousands of Jamaica dollars, unless otherwise indicated)

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit for the year		(6,077,959)	(1,758,352)
Adjustments for:			
Depreciation: Property, plant and equipment	14	2,520,656	2,660,349
Investment properties	12	249	249
Amortisation of capital grants	20	(517,460)	(473,821)
Employee benefits obligation		2,456,149	3,096,887
Loss on sale of property, plant and equipment		292,024	5,630
Foreign exchange adjustments		(8,760,611)	(1,391,518)
Discount on long-term receivables		164,870	(871,210)
Write-off of government receivables		6,861,385	
Interest income		(507,817)	(538,817)
Dividend income		(33,924)	(23,085)
Deferred income	23	(10,000)	(10,000)
Interest expense		571,957	601,538
		(3,040,481)	1,297,850
Changes in:			
Accounts receivable		1,374,863	(1,499,033)
Inventories		(19,129)	28,413
Current liabilities		(746,713)	726,198
Net cash (used)/provided by operating activities		(2,431,460)	553,428
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		511,201	334,111
Dividend received		33,924	23,085
Investment, (net)		1,927,673	(796,058)
(Increase)/decrease in resale agreements		(50,349)	290,055
(Increase)/decrease in advances		(7,822)	784
Long-term receivables		(1,774,345)	(954,133)
Interest in subsidiaries		-	45,309
Purchase of property, plant and equipment	14	(3,684,915)	(2,168,679)
Proceeds from sale of property, plant and equipment		-	4,496
Net cash used by investing activities		(3,044,633)	(3,221,030)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(328,111)	(409,655)
Unexpended donations for special projects		31,590	1,488,815
Endowment funds	19	(83,743)	(3,737)
Capital grants received	20	2,481,792	1,322,901
Proceeds of long-term loans		2,010,872	89,025
Repayment of long-term loans		(3,689,300)	(2,038,536)
Other long-term liabilities, (net)		3,273,352	(35,451)
Net cash provided by financing activities		3,696,452	413,362
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,779,641)	(2,254,240)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		8,550,243	10,804,483
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5	6,770,602	8,550,243

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

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 and Nevis, St. Lucia, St. Vincent and the Grenadines, Trinidad and Tobago, and Turks and 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 and Tobago	The St. Augustine Campus
Eastern Caribbean, Jamaica, Barbados and Trinidad and 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 PRESENTATION

(a) *Statement of Compliance:*

The financial statements as at and for the year ended July 31, 2018 (the reporting date) have been prepared in accordance with International Financial Reporting Standards ("IFRS").

New and amended standards that became effective during the year

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

New and amended standards and interpretations in issue but not yet effective

At the date of authorization of the financial statements, certain new and amended standards and interpretations were in issue but were not yet effective and have not been adopted early by The University. Those which may have an impact on The University's financial statements are as follows:

2. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd):

New and amended standards and interpretations in issue but not yet effective (cont'd)

x The University is required to adopt IFRS 9 *Financial Instruments* from August 1, 2018. The standard replaces IAS 39 *Financial Instruments: Recognition and Measurement* and sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. It contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Based on its preliminary assessment, The University believes that the new classification requirements will have an impact on its accounting for investments. However, The University is still in the process of its assessment and the final impact is not yet known.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for short-term receivables without a significant financing component.

The University believes that impairment losses are likely to increase and become more volatile for assets in the scope of IFRS 9 impairment model. However, The University is still in the process of determining the likely financial impact on its financial statements.

IFRS 9 will require extensive disclosures, in particular for credit risk and ECLs. The University's assessment will include an analysis to identify data gaps against current processes and the system and controls changes that it believes will be necessary to capture the required data.

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as follows:

2. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd):

New and amended standards and interpretations in issue but not yet effective (cont'd) IFRS 9 (Cont'd) x The University will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial instruments resulting from the adoption of IFRS 9 will generally be recognised in retained earnings and reserves as at August 1, 2018.

x Amendments to IFRS 9, *Financial Instruments*, effective retrospectively for annual periods beginning on or after January 1, 2019 clarifies the treatment of:

(i) Prepayment features with negative compensation:

Financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.

(ii) Modifications to financial liabilities:

If the initial application of IFRS 9 results in a change in accounting policy arising from modified or exchanged fixed rate financial liabilities, retrospective application is required, subject to particular transitional reliefs. There is no change to the accounting for costs and fees when a liability has been modified, but not substantially. These are recognised as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Management is evaluating the impact of adopting this amendment on the financial statements when it is adopted.

x The University is required to adopt IFRS 15, *Revenue From Contracts With Customers*, effective August 1, 2018. IFRS 15 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*. 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.

The University will apply a five step model to determine when to recognize revenue, and at what amount. The model specifies that revenue should be recognized when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognized at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

2. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd):

New and amended standards and interpretations in issue but not yet effective (cont'd) x

IFRS 15 (Cont'd)

Management has assessed that the main impact of this standard is in respect of tuition fees, Government grants and rental income. Based on preliminary review, IFRS 15 is not expected to have a material impact on the timing and recognition of tuition fees, Government grants and rental income. However, management has not yet completed its assessment and the financial impact has not yet been determined.

x IFRS 16, *Leases*, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Entities will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with value of US$5,000 or less.

Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers* is also adopted.

Management is evaluating the impact of adopting this new standard on the financial statements when it is adopted.

(b) Basis of measurement:

The financial statements are prepared under the historical cost basis, except for available-for-sale investments which are measured at fair value.

(c) Functional and presentation currency:

These financial statements are presented in Jamaica dollars, except where otherwise indicated, which is the functional currency of The University. The financial statements are presented in thousands of dollars (J$000) unless otherwise stated.

(d) Use of estimates, assumptions and judgments:

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/or 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods, if the revision affects both 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:

2. *BASIS OF PREPARATION (cont'd)*

(d) *Use of estimates, assumptions and judgments (cont'd):*

(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 of impaired receivables as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual 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 include the discount rate used to determine the present value of estimated future cash flows required to settle the pension and other post-retirement 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 in Jamaica, 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.

(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 combination:*

The combined financial statements include the financial positions, results of operations and cash flows of all four campuses and the University Centre, made up to July 31, 2018, after eliminating all significant inter-group amounts. The Campuses and the University Centre (entities) are collectively referred to as "the University".

The financial statements of the entities are included in the combined financial statements from the date on which control commences until the date on which control ceases.

(Expressed in thousands of Jamaica dollars, unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The University has combined the financial position, results of operations and cash flows for the following entities.

Campus	Name of entities	Principal activities
Mona Campus	Mona Informatix Limited (MIL)	Provision of data processing services.
	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.
St. Augustine Campus	UWI School of Business & Applied Studies Limited (UWISBASL)	Provision of a place for education and learning.
	St. Augustine Enterprises Limited	Provision of accommodation and conference facilities for university-related purposes.
Open Campus	Early Childhood Centres of Excellence	Provision of early childhood educational services

The University has not combined the financial position, results of operations and cash flows for the following subsidiaries, on the basis that they are immaterial to the combined financial statements.

Name of Subsidiaries	Principal activity	Percentage ownership 2018	Percentage ownership 2017
Universal Media Company Limited (UMC)	Provision of communication services.	100	100
Lumin Consulting Inc. (Lumin)	Provision of consulting services.	100	100

Summary information applicable to the non-combined subsidiaries, based on draft financial statements, as at and for the years ended July 31, 2018 and 2017, is as follows:

	Net liabilities 2018	Net liabilities 2017	Net (loss)/profit 2018	Net (loss)/profit 2017
UMC	(316,823)	(296,288)	(21,907)	(4,380)
Lumin	(95,613)	(80,941)	839	(10,306)
	(412,436)	(377,229)	(21,068)	14,686

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.

(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 rates or equity prices. 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.

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 consideration 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 measured at amortised cost, less impairment losses.

(f) Accounts payable:

Accounts payable and accrued charges are measured 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 measured at the lower of cost and net realisable value. Cost is determined on the weighted average basis.

(i) Investment property:

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

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(j) Property, plant and equipment and depreciation:

(i) Owned assets:

Property, plant and equipment are measured 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 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, 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	$2^1/_2$%
Furniture, fixtures and equipment	10 %
Motor vehicles	20 %
Computers and other electronic equipment	$33^1/_2$%
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.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(k) Employee benefits (cont'd):

(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 and other leave that accumulates is recognised when the employee becomes entitled to the leave. Postemployment benefits are accounted for as described in (b) and (c) below.

Other long-term benefits and termination benefits are not considered material and are recognised 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 22(a)], and the other for nonacademic staff [note 22(c)] and a defined-benefit plan for administrative and technical staff [note 22(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 22) 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 plan, 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.

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.

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 18). 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. Fees received but not yet earned are included as deferred revenue in current liabilities.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(p) Impairment losses:

(i) Non-financial assets:

The carrying amounts of non-financial assets are reviewed at each reporting date for indicators of impairment. Such reviews are undertaken on an asset-by-asset basis, except where assets do not generate cash inflows independent of other assets, in which case, the review is undertaken at the cash generating unit level. A cash-generating unit is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If there are indicators of impairment, a review is undertaken to determine whether the carrying amounts are in excess of their recoverable amounts.

An asset's recoverable amount is determined as the higher of its fair value less costs to sell and its value in use (being the net present value of expected future cash flows of the relevant cash-generating unit). The best evidence of fair value is the value obtained from an active market or from a binding sale agreement. Where neither exists, fair value is based on the best information available to reflect the amount the University could receive for the cash generating unit in an arm's-length transaction. This is often estimated using discounted cash flow techniques. In cases where fair value less costs to sell cannot be estimated, value in use is utilised as the basis to determine the recoverable amount.

In assessing the value in use, the relevant future cash flows expected to arise from the continuing use of the assets and from their disposal are discounted to their present value using a market-determined pre-tax discount rate, which reflects current market assessments of the time value of money and asset-specific risks for which the cash flow estimates have not been adjusted.

If the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, an impairment loss is recorded in profit or loss to reflect the assets at the lower amount.

(ii) Financial assets:

Financial assets that are measured at amortized cost are assessed for impairment at the end of each reporting period. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and the event has a negative impact on the estimated cash flows of the financial asset and the loss can be reliably estimated.

The amount of the impairment loss recognized is the difference between the carrying amount of the financial asset and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(p) Impairment losses (cont'd):

(ii) Financial assets (cont'd):

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss of a financial asset other than the accounts receivable decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previouslyrecognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial instrument at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(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 currencies 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.

(Expressed in thousands of Jamaica dollars, unless otherwise indicated)

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).

(viii) The entity, or any member of a group of which it is a part, provides key management services to the University, or the parent of the University.

(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 substantially 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 using the effective interest method.

(t) Expenses:

Expenses are recognized on the accrual basis.

(u) Interest-bearing borrowings:

Interest-bearing borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured 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 method.

(Expressed in thousands of Jamaica dollars, unless otherwise indicated)

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

	2018	2017
Cash on hand and imprest accounts	12,383	9,488
Bank current accounts	5,731,796	7,197,601
Savings accounts	12,332	17,610
Fixed-term deposits	1,098,495	1,399,242
Treasury deposits	112,432	100,580
	6,967,439	8,724,521
Bank overdraft	(196,836)	(174,278)
	6,770,602	8,550,243

Included in cash and cash equivalents are restricted funds totalling J$3,875,462,000 (2017: J$4,005,601,000). The restricted amount is from donors who have stipulated that these funds 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, 2018, approximates carrying value.

Included in resale agreements are restricted funds with a nominal value of J$918,083,000 (2017: J$977,860,000). The restricted amount is from donors who have stipulated that these funds 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.

(Expressed in thousands of Jamaica dollars, unless otherwise indicated)

7. INVESTMENTS

	2018	2017
Short-term investments:		
Available-for-sale measured at fair value		
Regional quoted equities [see (i)]	2,812,326	2,686,604
Government securities [see (ii)]	5,255	
Unit trust accounts	24,776	28,693
	2,842,357	2,715,297
Loans and receivables measured at amortised cost		
Government securities [see (ii)]	11,949	11,949
Fixed-term deposits	674,460	3,432,449
	686,409	3,444,398
Total short-term investments	3,528,766	6,159,695
Long-term investments:		
Loans and receivables measured at amortised cost		
Government securities [see (ii)]	1,191,963	1,180,904
Fixed-term deposits	9,578,421	8,571,979
	10,770,384	9,752,883
Provision for impairment [see (iii)]	(830,240)	(531,593)
Total long-term investments	9,940,144	9,221,290
Total investments [see (iv)]	13,468,910	15,380,985

(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 provision of BDS$4,027,329 (J$270,540,960) on Government of Barbados Treasury Notes arising from the debt restructuring, as well as foreign exchange adjustment of J$28,106,000 (2017: J$5,748,000) [see also note 21(g)].

(iv) Included in investments are restricted funds totalling J$3,273,050,000 (2017: J$3,366,365,000). The restricted amount is from donors who have stipulated that these funds 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.

(Expressed in thousands of Jamaica dollars, unless otherwise indicated)

8. ACCOUNTS RECEIVABLE

	2018	2017
Contributions due from governments [see (a) below]	5,609,764	9,067,600
Staff accounts	150,779	189,059
Student accounts	6,998,457	5,873,960
Government Assistance for Tuition Expense (GATE)	6,118,326	5,381,862
Cave Hill School of Business	77,253	65,659
Mona Tech Engineering Services	18,643	(3,252)
Norman Manley Law School	4,007	
Early Childhood Centres of Excellence (ECCE)	-	2,295
Advances for special projects	1,108,200	1,051,405
Other accounts receivable	17,684,456	13,830,295
	37,769,885	35,458,883
Less: impairment provisions [note 26(i)]:		
- Student accounts	(1,937,403)	(1,597,632)
- Third parties	(5,657,660)	(2,799,736)
- Government of Trinidad and Tobago	(2,276,674)	(1,788,505)
	(9,871,737)	(6,185,873)
	27,898,148	29,273,010

(a) Contributions due from governments:

	2018	2017
Anguilla	292,514	258,957
Antigua	749,315	507,583
Bahamas	646,691	344,489
Barbados	3,291,570	6,199,856
Belize	121,662	193,146
Bermuda	6,222	2,934
British Virgin Islands	331,088	254,824
Cayman Islands	384,889	294,428
Dominica	1,395,067	1,234,569
Grenada	708,557	821,701
Jamaica	130,115	178,991
Montserrat	32,517	
St. Kitts and Nevis	91,864	24,414
St. Lucia	1,213,757	1,064,181
St. Vincent and the Grenadines	1,180,866	1,142,305
Trinidad and Tobago	3,761,958	1,581,994
Turks and Caicos Islands	69,420	34,193
	14,408,072	14,138,565
Transferred to long-term receivables (note 13)	(8,798,308)	(5,070,965)
	5,609,764	9,067,600

(Expressed in thousands of Jamaica dollars, unless otherwise indicated)

9. INVENTORIES

	2018	2017
General stores	174,816	151,958
Bookshop inventory	231,309	236,662
Stationery	31,309	29,685
	437,434	418,305

10. CURRENT LIABILITIES

	2018	2017
Government contributions received in advance	-	7,224
University Hospital of the West Indies (UHWI)	619,429	484,792
Norman Manley Law School	-	1,180
Student accounts	729,858	810,065
Accrued vacation leave	2,260,167	2,135,152
Short- term loan (i)	256,201	290,662
Fixed rate corporate bond (ii)	1,189,306	
Current portion of long-term liabilities (note 21)	1,057,099	1,286,179
Deferred revenue	1,188,051	1,003,857
Sundry creditors	15,758,225	16,075,754
	23,058,336	22,094,865

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

(ii) This represents a US dollar bond with fixed interest rate of 7.5% per annum that is due for settlement in December 2018. Proceeds from the bond were used to finance a Cogeneration plant at the Mona Campus under a Public Private Partnership. The transaction, as a condition, requires the formation of a Special Purpose Vehicle, which will secure the long term refinancing of the bond and effect a long-term lease of the Cogeneration plant (see note 31).

11. ADVANCES

	University Press	Joint Board of Teacher Education	Total
Balances as at July 31, 2016	5,501	3,378	8,879
Net movement	(784)	-	(784)
Balances as at July 31, 2017	4,717	3,378	8,095
Net movement	7,822	-	7,822
Balances as at July 31, 2018	12,539	3,378	15,917

12. INVESTMENT PROPERTY

	2018	2017
Cost	9,948	9,948
Less: accumulated depreciation	(4,477)	(4,228)
Balance at end of year	5,471	5,720
Depreciation charge for year	249	249

(Expressed in thousands of Jamaica dollars, unless otherwise indicated)

12. INVESTMENT PROPERTY *(cont'd)*

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

	2018	2017
Income earned from the rental of properties	8,008	7,394
Expenses incurred by the properties	6,324	5,597

The fair value was last determined by Cooper Kauffman Limited and D.C. Tavares & Finson Realty Limited, in their valuation reports dated November 2015 and March 2016 respectively, for J$348,140,500. 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

	2018	2017
Contributions due from governments (a):		
Anguilla	292,514	258,957
Barbados	3,291,570	
British Virgin Islands	331,088	254,824
Cayman Islands	384,889	294,428
Dominica	1,395,067	1,234,569
Grenada	708,557	821,701
St. Lucia	1,213,757	1,064,181
St. Vincent and the Grenadines	1,180,866	1,142,305
	8,798,308	5,070,965
Less: impairment loss [see note (a) below], [note 26(i)]	(3,012,736)	(2,847,866)
	5,785,572	2,223,099
Medical Sciences students [see note (b) below]	15,365	18,839
Government of Barbados - NIB Loan [note 21(n)]	-	1,949,524
Net long-term receivables	5,800,937	4,191,462

(a) This represents government contributions outstanding for periods in excess of one year. An impairment loss of J$164,869,800 (BDS$212,860) [2017: recovery of J$871,210,000 (BDS$14,292,000)] has been recognised for the year.

(b) This relates to a special arrangement with the Faculty of Medical Sciences at Mona Campus wherein students are granted extended payment terms in self-financing programmes.

(Expressed in thousands of Jamaica dollars, unless otherwise indicated)

	Land and leasehold [redacted]	[redacted]	Furniture, [redacted]	Motor [redacted]	Computer and other electronic [redacted]	Library books	Work-in- [redacted]	Total
Cost or deemed cost								
July 31, 2016	2,063,118	52,492,579	11,137,538	1,022,357	6,433,758	7,491,259	1,735,389	82,375,998
Currency translation adjustments	11,870	242,198	31,896	3,599	26,163	30,934	13,049	359,709
Additions	-	468,187	694,904	138,350	332,311	120,560	414,367	2,168,679
Transfers	-	150,384	-	-	-	-	(150,384)	-
Adjustments	-	17) -	25	-	6	-	-	31
Disposals	[redacted]		[redacted]	[redacted]	[redacted]	-	-	[redacted]
July 31, 2017	2,074,988 (	[redacted]	[redacted]	1,151,078	6,758,773	7,642,753	2,012,421	[redacted]
Currency translation adjustments	109,350	1,808,450	377,030	32,621	215,209	372,030	82,336	2,997,026
Additions	-	767,975	309,506	100,693	505,925	74,103	1,926,713 702,685)	3,684,915
Transfers	-	702,685	-	-	6,351)	-	282,678)	288,769)
Adjustments	-	-	260	-		-		
Disposals	[redacted]	[redacted]	[redacted]	- (	[redacted]	(- (	- (	[redacted]
July 31, 2018	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Depreciation								
July 31, 2016	-	10,067,360 17)	7,923,587	833,361	5,106,840	6,938,168	-	30,869,316
Charge for the year	-	1,155,343	755,966 162,563)	99,538 7,998)	415,943 33,524)	233,569	-	2,660,349
Disposals	-					-	-	(204,102)
Adjustments	-	-	23 (	-	3,127	13,674	-	17,037
Currency translation adjustments	[redacted] (	[redacted]	[redacted]	2,525 (	[redacted]	[redacted]	-	[redacted]
July 31, 2017	-	[redacted]	8,538,794	927,416	5,510,352	7,212,397	-	[redacted]
Charge for the year	-	1,188,817	666,392	108,753	378,098 41,806)	177,696	-	2,520,656
Disposals	-	-	(62,669)	-	5,902)	-	-	(104,475)
Adjustments	-	-	-	-		-	-	[redacted]
Currency translation adjustments	[redacted]	[redacted]	[redacted]	[redacted] (	[redacted]	[redacted]		[redacted]
July 31, 2018	[redacted]	[redacted]	[redacted]	[redacted] (	[redacted]	[redacted]		[redacted]
Net book values:								
At July 31, 2018	2,184,338	43,811,513	2,845,008	219,268	1,431,007	336,232	3,036,107	53,863,473
At July 31, 2017	2,074,988	42,086,268	3,158,337	223,662	1,248,421	430,356	2,012,421	51,234,453
At July 31, 2016	2,063,118	42,425,219	3,213,951	188,996	1,326,918	553,091	1,735,389	51,506,682

(Expressed in thousands of Jamaica dollars, unless otherwise indicated)

15. CUMULATIVE TRANSLATION RESERVE

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

16. REVALUATION SURPLUS

This represents unrealised surplus arising on the revaluation of certain property, plant and equipment. The valuation of certain property, plant and equipment has been treated as deemed cost under IFRS 1, first-time adoption of IFRS.

17. INVESTMENT REVALUATION RESERVE

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

18. UNEXPENDED DONATIONS FOR SPECIAL PROJECTS

	Departmental	Scholarships	Prizes	Total
Balances as at July 31, 2016	6,000,108	282,800	10,886	6,293,794
Receipts	5,442,244	2,513,381	-	7,955,625
Expenditure	(3,904,172)	(2,468,759)	-	(6,372,931)
Transfers	(93,879)	-	-	(93,879)
Currency translation adjustments	(1,625,829)	34,746	-	(1,591,083)
Balances as at July 31, 2017	5,818,472	362,168	10,886	6,191,526
Receipts	3,533,079	2,168,695	-	5,701,774
Expenditure	(3,739,323)	(2,011,959)	-	(5,751,282)
Transfers	(180,025)	-	-	(180,025)
Currency translation adjustments	237,966	23,157	-	261,123
Balances as at July 31, 2018	5,670,169	542,061	10,886	6,223,116

19. ENDOWMENT FUNDS

	2018	2017
Balance at beginning of year	317,391	321,010
Expenditure	(83,743)	(3,737)
Currency translation adjustments	579	118
Balance at end of year	234,227	317,391

20. CAPITAL GRANTS

	2018	2017
Balance at beginning of year	16,861,781	15,937,223
Receipts	2,172,224	527,677
Amortisation	(517,460)	(473,821)
Transfers	309,568	795,224
Currency translation adjustments	829,341	75,478
Balance at end of year	19,655,454	16,861,781

(Expressed in thousands of Jamaica dollars, unless otherwise indicated)

21. LONG-TERM LIABILITIES

(i) Long-term Loans

	Notes	Interest Rates %	2018	2017
European Union	(a)	1.0	385,412	390,165
Caribbean Development Bank (CDB)	(b)(i) & (ii)	2.0-3.6	1,149,763	1,202,446
Caribbean Development Bank (CDB)	(c)	4.5	215,308	237,226
Caribbean Development Bank (CDB)	(d)		571,274	42,211
National Housing Trust – Loan #1	(e)	5.0	414,062	428,899
National Housing Trust – Loan #2	(f)	5.0	1,853,901	1,883,761
CLICO International	(g)	7.0	200,044	189,999
Republic Bank (Barbados) Limited convertible loan	(h)	0	593	563
Republic Bank (Barbados) Limited	(i)	5.5	201,529	267,972
Republic Finance and Trust (Barbados) Corporation - Bond Issue	(j)	9.03	-	1,233,859
First Citizens Bank Barbados Limited	(k)	7.75	-	222,740
NCB Capital Markets Limited and National Commercial Bank Jamaica Limited	(l)	9.85	335,345	603,621
Republic Finance and Trust (Barbados) Corporation	(m)	7.5	645,000	629,038
National Insurance Board of Barbados	(n)	7.75	-	1,949,524
National Commercial Bank Jamaica Ltd.	(o)	11.0	-	599,614
Finance lease – GK Investments	(p)	13.0	44,207	44,674
National Commercial Bank Jamaica Ltd.	(q)	9.5	900,000	
Republic Bank (Barbados) Limited	(r)	3.75	80,611	
JMMB Limited	(s)	6.0	241,835	
			7,238,884	9,926,312

(ii) Other Long-term Liabilities

Barnett Limited	(t)	5.0	31,542	63,913
University Hospital of the West Indies	(u)		347,554	517,635
Trade creditors	(v)	4.5	-	32,428
Retroactive pension supplementation			129,566	128,651
Digicel Jamaica Limited	(w)	10.0	265,494	
			774,156	742,627
			8,013,040	10,668,939
Less: current portion of long-term liabilities (note 10)			(1,057,099)	(1,286,179)
Total non-current portion of long-term liabilities			6,955,941	9,382,760

21. LONG-TERM LIABILITIES *(cont'd)*

(a) 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, 2018, was €2,476,979 (2017: €2,579,827).

(b) *(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$1,168,236,000) up to July 31, 2018 [2017: US$8,695,300 (J$1,109,571,000)].

Portion A, amounting to US$5,544,000 (J$707,447,000), 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, 2018 is US$2,716,899 (J$365,022,369) [2017: US$2,895,056 (J$369,426,185)].

(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 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, 2018, the amount disbursed was US$8,246,000 (2017: US$8,246,000) which equates to J$1,107,871,000 (2017: J$1,052,238,000) at the year-end exchange rate.

21. LONG-TERM LIABILITIES *(cont'd)*

(c) 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 4.5% (2017: 3.9%) 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.

(d) During 2015, 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 and the Grenadines. The only funds drawn down against the loan at July 31, 2018 were commitment fees, interest costs, disbursements to the contarctors in St. Vincent and disbursements to the SDEC/GAC project office for curriculum development in the amount of BDS$8,504,101 (2017: BDS$661,591). The undrawn balance at year end is BDS$17,459,899 (2017: BDS$ 25,369,664).

(e) 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.

(f) In June 2011, The Trust granted a loan of J$1,440,335,000 to UWI Mona towards the construction of new student residences at two sites. 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%.

21. LONG-TERM LIABILITIES *(cont'd)*

(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 (2017: 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 next paragraph. At July 31, 2013, the term deposit which provides security for the loan was included in the provision for impaired deposits [see note 7(iii)].

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 August 2006, the 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.

(i) 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 6.5%, for an effective rate of 5.5% 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 Cave Hill Campus. BDS$1,000,000 was disbursed in September 2014, an additional BDS$3,000,000 was disbursed in 2016 and BDS$1,000,000 was disbursed in 2017.

(j) In 2008 Republic Finance and 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 was a three year moratorium on principal and interest payments. Thereafter, the principal was to be amortised over seventeen years in equal semiannual payments. Interest is accrued monthly and capitalized semi-annually during the moratorium. Thereafter, interest was payable semi-annually in arrears. The rate of interest was 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 9.03% (2017: 9.45%). The bond issue was guaranteed by the Government of Barbados. The bond was assumed by the Government of Barbados as at July 31, 2018, as part of the Government's debt restructuring.

21. LONG-TERM LIABILITIES *(cont'd)*

(k) In September 2008 the University obtained a loan of BDS$16,000,000 from First Citizens Bank (Barbados) Limited to finance the construction of infrastructure and other costs relating to the expansion of the Cave Hill Campus. The loan was 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 was at the rate of 8% per annum for the first three years. Thereafter, it was to be re-set every three years based on the prevailing Government of Barbados Debenture rate. The current interest rate is 7.75% per annum. The loan was repayable in semiannual 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. The loan was assumed by the Government of Barbados as at July 31, 2018, as part of the Government's debt restructuring.

(l) 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 on a quarterly 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.

(m) In June 2010, the University entered into an agreement with 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.

(n) 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 were 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, 2018 is BDS$28,130,400 (J$1,889,696,000) [2017: BDS$30,555,400 (J$1,949,523,800)]. The loan was assumed by the Government of Barbados as at July 31, 2018, as part of the Government's debt restructuring.

(o) 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 was secured by a promissory note and was payable in 28 equal quarterly instalments over 7 years. Interest was payable at 11% per annum. The loan was fully repaid during the year.

(p) In October 2015, GK Investment Limited (formerly First Global Leasing Limited) agreed to offer a lease financing facility to the UWI Mona. The purpose of the facility is to purchase equipment for $96,400,000 for the School of Engineering. The primary period of the facility is for three years from the date of payment of the first rental which occurred on November 30, 2016. Thereafter, the secondary period is for five years. The interest rate is 13% per annum which is variable and is subject to review at the sole discretion of the lessor. The security deposit is one month's lease payment.

21. LONG-TERM LIABILITIES *(cont'd)*

(q) During the year, UWI Mona obtained refinancing of J$900 million at a fixed interest rate of 9.5% per annum which is secured by the assignment of students' receivables. The facility is for a duration of 84 months and is repayable by 27 consecutive quarterly instalments of J$32 million, plus one final quarterly payment of J$36 million.

(r) On February 8, 2018, the Cave Hill Campus entered into a loan agreement with Republic Bank (Barbados) Limited for a loan in the amount of BDS$2.5 million to assist with repairs to roofs and other areas on the Campus and assist the Cave Hill School of Business with operational expenses. The loan is secured by a lien over term deposits totalling BDS$6 million and bears interest at 3.75% per annum, subject to change with 90 days written notice. The loan is repayable over five years via semi-annual principal payments of BDS$250,000 each, commencing August 31, 2018. In February 2018, BDS$1.3 million out of the BDS$2.5 million facility was disbursed.

(s) In November 2017, the University Centre obtained a revolving Line of Credit for US$1.8 million from JMMB Limited for operational support, which is repayable as a lump sum by November 2020. Interest is payable at 6% at quarterly intervals up to the time of repayment.

(t) 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.

(u) 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.

(v) This represented long-term credit arrangements extended to UWI Mona by certain trade creditors. Interest was payable at a rate of 4.5% to one of the creditors and the balance was repayable over three (3) years in twelve (12) equal quarterly instalments.

(w) In 2018, UWI Mona obtained a 3 year credit facility that bears a fixed interest rate of 10% and is payable in fixed monthly instalments of US$65,347.

22. 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.

(Expressed in thousands of Jamaica dollars, unless otherwise indicated)

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

22. EMPLOYEE BENEFITS OBLIGATION *(cont'd)*

(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.

(c) Plan for non-academic staff:

This is also a defined-contribution plan funded by joint compulsory contributions of 15% of salaries (10% by 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 Limited and Scotia Investment Jamaica Limited are also 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:

	2018	2017

Defined contribution supplementation plan [note 22(d)(i)]	17,604,371	16,037,010
Defined benefit plan [note 22 (d)(i)]	2,274,130	2,548,391
	19,878,501	18,585,401
Post-employment medical benefits [note 22(d)(ii)]	6,866,237	6,237,472
Amount recognized in the statement of financial position	26,744,738	24,822,873

(Expressed in thousands of Jamaica dollars, unless otherwise indicated)

):

.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	
	2018	2017	2018	2017	2018	2017
Present value of unfunded obligations	17,604,371	16,037,010	-	-	17,604,371	16,037,010
Present value of funded obligations	-	-	10,365,465	9,965,765	10,365,465	9,965,765
Fair valueof plan assets	-	-	[redacted]	[redacted]	[redacted]	[redacted]
Recognised liability	17,604,371	16,037,010	2,274,130	2,548,391	19,878,501	18,585,401

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

	F.S.S.U.		St. Augustine Campus		Total	
	2018	2017	2018	2017	2018	2017
Net liability at beginning of year	16,037,010	13,908,423	2,548,391	2,356,416	18,585,401	16,264,839
Include in profit or loss [note 22(e)]	1,337,607	3,132,547	394,099	399,469	1,731,706	3,532,016
Included in other comprehensive income	546,092	(309,264)	(543,518)	21,569	2,574	(287,695)
Contributions paid	(871,590)	(768,254)	(238,217)	(236,650)	(1,109,807)	(1,004,904)
Currency translation adjustments	[redacted]	73,558	[redacted]	7,587	[redacted]	81,145
Net liability at end of year	17,604,371	16,037,010	2,274,130	2,548,391	19,878,501	18,585,401

(Expressed in thousands of Jamaica dollars, unless otherwise indicated)

.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. 2018	F.S.S.U. 2017	St. Augustine Campus 2018	St. Augustine Campus 2017	Total 2018	Total 2017
Fair value of plan assets at beginning of year	-	-	7,417,374	7,146,094	7,417,374	7,146,094
Plan participants' contributions	-	-	118,485	116,588	118,485	116,588
Expected return on plan assets	-	-	371,838	363,183	371,838	363,183
Contributions paid	-	-	238,217	236,650	238,217	236,650
Benefits paid	-	-	(301,976)	(306,339)	(301,976)	(306,339)
Actuarial losses on plan assets	-	-	(157,451)	(164,670)	(157,451)	(164,670)
Currency translation adjustments	-	-	[redacted]	25,868	[redacted]	25,868
Fair value of plan assets at end of year	-	-	8,091,335	7,417,374	8,091,335	7,417,374

The plan assets comprise investments in a deposit a dministration contract administered by Guardian Lif e of the Caribbean.

Included in profit or loss:

	F.S.S.U. 2018	F.S.S.U. 2017	St. Augustine Campus 2018	St. Augustine Campus 2017	Total 2018	Total 2017
Current service costs	332,335	315,947	257,719	270,741	590,054	586,688
Interest on obligation	1,172,181	959,181	127,763	120,234	1,299,944	1,079,415
Past service costs vested benefits	[redacted]	[redacted]	8,617	8,494	[redacted]	[redacted]
	1,337,607	3,132,547	394,099	399,469	1,731,706	3,532,016

Included in other comprehensive income:

	F.S.S.U. 2018	F.S.S.U. 2017	St. Augustine Campus 2018	St. Augustine Campus 2017	Total 2018	Total 2017
Re-measurement gain due to actuarial (gain)/loss arising from:						
- Experience adjustment	(525,783)	(405,756)	(543,518)	21,569	(1,069,301)	(384,187)
- Financial assumptions	[redacted]	[redacted]	-	-	[redacted]	[redacted]
	546,092	(309,264)	(543,518)	21,569	2,574	(287,695)

(Expressed in thousands of Jamaica dollars, unless otherwise indicated)

22. EMPLOYEE BENEFITS OBLIGATION *(cont'd)*

(d) Post–employment benefits computation (cont'd)

(ii) Post-employment medical benefits:

	2018	2017
Liability at beginning of year	6,237,472	5,553,929
Included in profit or loss:		
- Current service cost	289,406	294,862
- Interest cost on obligation	435,037	364,579
- Past service cost-vested benefits	-	(1,290)
	724,443	658,151
Included in other comprehensive income:		
Re-measurement gain due to actuarial (gain)/loss arising from:		
- Experience adjustment	(40,501)	(170,601)
- Demographic assumptions	464,601	44,132
- Financial assumptions	(567,234)	227,348
	(143,134)	100,879
Other:		
- Contributions paid	(109,463)	(88,376)
- Currency translation adjustments	156,919	12,889
Liability at end of year	6,866,237	6,237,472

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

	2018	2017
Amount included in profit or loss:		
Pension supplementation-defined contribution plan [note 22(d)(i)]	1,337,607	3,132,547
Defined benefit pension plan [note 22(d)(i)]	394,099	399,469
	1,731,706	3,532,016
Post-employment medical care [note 22(d)(ii)]	724,443	658,151
	2,456,149	4,190,167

(Expressed in thousands of Jamaica dollars, unless otherwise indicated)

2. EMPLOYEE BENEFITS *(cont'd)*

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

	2018	2017
Amount included in other comprehensive income:		
Pension supplementation-defined contribution plan [note 22(d)(i)]	546,092	(309,264)
Defined benefit pension plan [note 22(d)(i)]	(543,518)	21,569
	2,574	(287,695)
Post-employment medical care [note 22(d)(ii)]	(143,134)	100,879
	(140,560)	(186,816)

(f) *Principal actuarial assumptions at the reporting date*

	FSSU		St. Augustine	
	2018	2017	2018	2017
	%	%	%	%
Discount rate	4.75-7.75	5.0-9.5	5.0	5.0
Future salary increases	4.0- 5.0	3.0-6.5	3.0	3.0
Health cost inflation	4.5- 6.0	5.5-8.0	n/a	n/a

(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.

	2018		2017	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Pension:				
Discount	(2,737,961)	3,270,192	(2,679,957)	3,053,582
Salary escalation rate	874,146	(725,631)	964,082	(802,489)
Health:				
Discount rate	(1,151,246)	1,517,772	(1,093,967)	1,452,570
Health inflation rate	1,484,657	(1,149,971)	1,411,652	(1,087,421)

(Expressed in thousands of Jamaica dollars, unless otherwise indicated)

22. EMPLOYEE BENEFITS *(cont'd)*

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

	2018	2017
Pension	10.0	10.3
Health	19.8	20.2

(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 J$1,313,543,000.

23. DEFERRED INCOME

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 received $200 million, 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:

	2018	2017
Balance at beginning of the year	178,333	188,333
Less: amount recognized during the year	(10,000)	(10,000)
	168,333	178,333
Less: current portion included in current liabilities	(10,000)	(10,000)
	158,333	168,333

Additionally, UWI Mona has guaranteed a minimum of 90% occupancy of available rooms at least for a period of no less than 30/51 weeks per year to 138 Student Living Jamaica Limited.

(Expressed in thousands of Jamaica dollars, unless otherwise indicated)

24. EXPENSES BY NATURE

		2018	2017
Administrative services		1,038,144	1,301,642
Advertising		118,325	203,914
Cleaning and sanitation		241,666	313,137
Computer and software license fees		419,614	406,287
Courier services, shipping and freight charges		59,170	124,096
Donations and charity		16,814	2,263
General office supplies and consumables		250,751	687,515
Hospitality and entertainment		438,513	407,889
Laboratory and medical supplies		519,484	562,275
Legal and professional fees		631,649	1,081,458
Local and foreign travel		846,094	970,663
Miscellaneous		5,796,590	3,566,001
Motor vehicle expense		85,335	244,364
Printing and stationery		474,018	484,481
Provision for doubtful debts		7,213,966	290,970
Repairs and maintenance	- building	1,015,053	951,877
	- furniture and fixtures	471,279	613,980
	- motor vehicles	73,331	69,483
Security costs		1,176,097	1,084,791
Staff costs (note 28)		35,924,178	33,821,438
Teaching and research		2,543,905	2,935,190
Training and development		322,244	727,317
Utilities		2,468,086	2,343,911
		62,144,306	53,194,942

25. FINANCE COSTS

	2018	2017
Interest expense-loans	375,623	495,792
Other finance costs	196,334	105,746
	571,957	601,538

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.

26. FINANCIAL RISK MANAGEMENT *(cont'd)*

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

x Credit risk x
Liquidity risk x
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, resale agreements and investments.

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.

(Expressed in thousands of Jamaica dollars, unless otherwise indicated)

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 an impairment is recorded or in the case of specific governments with whom payment plans are in place, 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:

	2018		2017	
	Gross	Impairment	Gross	Impairment
Past due 0-30 days	2,229,702	274,193	2,050,094	9,826
Past due 31-60 days	2,408,604	548,387	2,041,150	19,652
Past due 61-120 days	1,950,987	526,360	3,074,462	39,305
Past due 121-365 days	724,258	156,335	2,307,410	50,769
More than one year	7,094,521	1,507,461	4,665,449	2,728,314
Total	14,408,072	3,012,736	14,138,565	2,847,866

The movement in the impairment provision during the year was as follows:

	2018	2017
Balance at beginning of year	2,847,866	3,719,076
Amount recognised/(recovered)	164,870	(871,210)
Balance at end of year	3,012,736	2,847,866

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.

(Expressed in thousands of Jamaica dollars, unless otherwise indicated)

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 (note 8) at the reporting date is summarised as follows:

	2018		2017	
	Gross	Impairment	Gross	Impairment
Past due 0-120 days	2,256,025	-	1,551,645	
Past due 121-365 days	1,852,755	-	2,582,861	
More than one year	2,889,677	1,937,403	1,739,454	1,597,632
	6,998,457	1,937,403	5,873,960	1,597,632

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:

	Students	Third parties	Government of Trinidad and Tobago
Balance at July 31, 2016	1,275,590	2,328,516	1,967,530
Currency translation adjustment	8,088	22,985	7,738
Amount recognised/(recovered)	313,954	448,235	(186,763)
Balance at July 31, 2017	1,597,632	2,799,736	1,788,505
Currency translation adjustment	54,488	147,874	94,142
Amount recognised	285,283	2,710,050	394,027
Balance at July 31, 2018	1,937,403	5,657,660	2,276,674

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.

(Expressed in thousands of Jamaica dollars, unless otherwise indicated)

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	Cash outflow	Less than 1 year	1-2 years	Over 2 years
July 31, 2018:					
Current liabilities	19,741,070	19,741,070	19,741,070	-	
Long-term liabilities	8,013,040	12,100,736	2,422,126	2,613,699	7,064,911
	27,754,110	31,841,806	22,163,196	2,613,699	7,064,911
July 31, 2017:					
Current liabilities	18,673,534	18,673,534	18,673,534	-	
Long-term liabilities	10,668,939	15,858,143	2,749,877	2,673,439	10,434,827
	29,342,473	34,531,677	21,423,411	2,673,439	10,434,827

(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 returns.

The University has exposure to market risk as it holds financial instruments 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 supplier credit, at floating interest rates which, while fixed initially, may be varied by the lenders with appropriate notice.

(Expressed in thousands of Jamaica dollars, unless otherwise indicated)

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 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:

	2018	2017
Fixed rate instruments:		
Financial assets	13,101,233	15,360,427
Financial liabilities	(7,753,285)	(7,750,206)
	5,347,948	7,610,221
Variable rate instruments:		
Financial assets	5,563,327	7,040,932
Financial liabilities	(971,348)	(2,175,543)
	4,591,979	4,865,389

Fair value sensitivity analysis for financial instruments

The University does not carry any interest-bearing financial instruments at fair value, therefore a change in interest rates at the reporting date would not affect the carrying value of the financial instruments.

Cash flow sensitivity analysis for variable rate instruments

An increase of 100 (2017: 250) basis points in interest rates would have decreased deficit for the year by J$45,920,000 (2017: J$121,635,000).

A decrease of 100 (2017: 100) basis points in interest rates would have increased deficit for the year by J$45,920,000 (2017: J$48,654,000).

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2017.

(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.

pressed in thousands of Jamaica dollars, unless otherwise indicated)

FINANCIAL RISK MANAGEMENT *(cont'd)*

(iii) Market risk (cont'd):

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

A 15% (2017: 10%) change in the market price of equities at the reporting date would result in an increase/decrease in investment revaluation reserve by J$425,565,000 (2017: J$271,530,000).

(c) Foreign currency risk:

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

The University has foreign currency risk on purchases and borrowings 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:

2018

	BAH $'000	BDS $'000	BZE $'000	CDN $'000	CAY $'000	EC $'000	PND £'000	TT $'000	US $'000	EURO €'000
Cash and cash equivalents	-	1,384	-	1,624	-	7,707	14,446	22,317	85,426	22,606
Short-term investments	-	1,149	-	-	-	-	225	15,348	16,490	
Government contributions	4,813	48,998	1,810	-	2,349	113,833	-	188,956	3,027	
Accounts receivable	-	2,372	-	-	-	-	2	8,551	4,437	
Accounts payable	-	-	-	-	-	-	(4)	(213)	(2,627)	
Long-term loans	-	-	-	-	-	-	-	-	(19,021)	(7,801)
Net Exposure	4,813	53,903	1,810	1,624	2,349	121,540	14,669	234,959	87,732	14,805

2017

	BAH $'000	BDS $'000	BZE $'000	CDN $'000	CAY $'000	EC $'000	PND £'000	TT $'000	US $'000	EURO €'000
Cash and cash equivalents	17	4,201	175	63,639	-	3,391	128,863	44,127	126,324	13,704
Short-term investments	-	3,145	-	301	-	-	226	30,792	8,803	
Government contributions	2,700	208,794	3,025	-	1,892	106,779	-	733,163	2,288	
Accounts receivable	1,384	2,865	2,587	-	823	36,656	2	6,347	2,780	4,352
Accounts payable	(78)	-	(41)	-	(18)	(3,122)	-	(18,744)	(1,346)	
Long-term loans	-	-	-	-	-	-	-	-	(20,740)	(9,284)
Net Exposure	4,023	219,005	5,746	63,940	2,697	143,704	129,091	795,685	118,109	8,772

(Expressed in thousands of Jamaica dollars, unless otherwise indicated)

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:

	2018	2017
BAH$1.00	=J$134.3526	=J$ 127.6058
BDS$1.00	=J$ 67.1763	=J$ 63.8029
BZE$1.00	=J$ 67.2183	=J$ 63.8428
CDN$1.00	=J$105.1654	=J$ 102.3194
CAY$1.00	=J$163.8446	=J$ 155.6169
EC$1.00	=J$ 49.7602	=J$ 47.2614
EURO€1.00	=J$154.1163	=J$ 146.6390
GB£1.00	=J$173.1086	=J$ 166.0189
TT$1.00	=J$ 19.9094	=J$ 18.9138
US$1.00	=J$134.3526	=J$ 127.6058

Sensitivity analysis

A 2% (2017: 1%) strengthening of the Jamaica dollar against the currencies listed above would have increased deficit for the year by J$645,575,000 (2017: J$814,360,000).

A 4% (2017: 15%) weakening of the Jamaica dollar against the currencies listed above would have decreased deficit for the year by J$2,582,300,000 (2017: J$12,219,763,000).

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is done on the same basis as 2017.

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 13 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:

(Expressed in thousands of Jamaica dollars, unless otherwise indicated)

27. FAIR VALUES *(cont'd)*

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

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

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

The University has level 1 and level 2 financial instruments as follows:

	2018		
	Carrying amount	Level 1	Level 2
Available-for-sale financial assets	2,842,357	2,837,102	5,255

	2017		
	Carrying amount	Level 1	Level 2
Available-for-sale financial assets	2,715,297	2,715,297	–

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

Financial assets	Method
Regional quoted equities	Quoted bid-price on stock exchanges
Unit trusts	Quoted published prices
Government securities	Obtain yield curve to determine price, then apply price to the nominal value

Financial instruments not measured at fair value

The estimated fair value of the University's financial a ssets and liabilities not measured at fair value approximates their carrying value due to their short-term nature or market conditions.

28. STAFF COSTS

	2018	2017
Salaries and wages	32,434,596	30,642,366
Statutory payroll contributions	1,376,251	1,469,459
Pension plan contributions-defined contribution plans	904,694	676,751
Other	1,208,637	1,032,862
	35,924,178	33,821,438
Post-employment benefit costs [note 22(e)]	2,456,249	4,190,167
	38,380,327	38,011,605

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

	2018	2017
Salaries and short-term employee benefits	524,674	503,038

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$2.7 billion (2017: J$4.4 billion).

31. SUBSEQUENT EVENT

Subsequent to the reporting date, a Special Purpose Vehicle (SPV) was incorporated to undertake the refinancing and leasing of the Cogeneration plant [see note 10 (ii)]. The SPV has already obtained equity financing and is in the process of obtaining debt financing, which will be used to settle the shortterm bond.

32. CONTINGENT LIABILITY

Housing and car loans guarantee

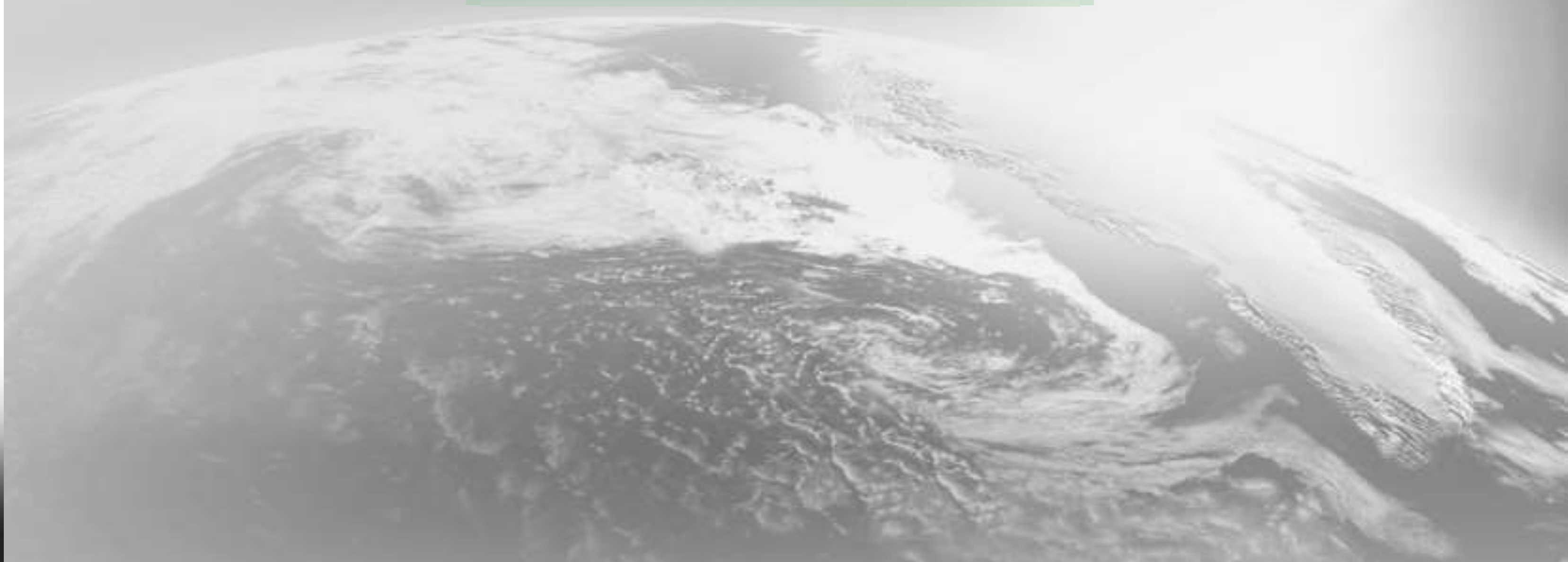
The University is contingently liable in respect of guarantees issued on behalf of employees of the St. Augustine Campus (the Campus) as follows:

- 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

Supplementary Information to the Financial Statements for the Year Ended July 31, 2018



Basis of Presentation of Supplementary Information

The Combined Financial Statements presented in thousands of Jamaica dollars, as set out on pages 22, 23 and 25, have been translated to thousands of Barbados and United States dollars and included on pages 71 to 76 as supplementary information to the Combined Financial Statements.

The Combined Statement of Financial Position is translated using the closing rates of exchange at July 31, 2018:

BDS$1: J$67.1763 (2017: BDS$1: J$63.8029)
US$1: J$134.3526 (2017: US$1: J$127.6058)

The Combined Statement of Profit or Loss and Other Comprehensive Income is translated using the average rates of exchange for the year to July 31, 2017:

BDS$1: 63.8277 (2016: BDS$1: J$64.3029)
US$1: J$127.6595 (2016: US$1: J$128.6082)

The Combined Statement of Cash Flows is translated using the closing rates of exchange at July 31, 2018 and 2017 and items related to the Combined Statement of Profit or Loss and Other Comprehensive Income are translated at the average rates of exchange for 2018 and 2017.

Exchange differences are included in foreign exchange adjustments.

THE UNIVERSITY OF THE WEST INDIES
Combined Statement of Financial Position
For the year ended July 31, 2018

	Notes	2018 J$'000	2017 J$'000	2018 BDS$'000	2017 BDS$'000
CURRENT ASSETS					
Cash and cash equivalents	5	6,770,602	8,550,243	100,789	134,010
Resale agreements	6	1,226,428	1,176,078	18,259	18,433
Short-term investments	7	3,528,766	6,159,695	52,530	96,543
Accounts receivable	8	27,898,148	29,273,010	415,298	458,804
Inventories	9	437,434	418,305	6,512	6,556
		39,861,378	45,577,331	593,387	714,345
CURRENT LIABILITIES	10	(23,058,336)	(22,094,865)	(343,251)	(346,299)
NET CURRENT ASSETS		16,803,042	23,482,466	250,137	368,047
NON-CURRENT ASSETS					
Advances	11	15,917	8,095	237	127
Long-term investments	7	9,940,144	9,221,290	147,971	144,528
Investment property	12	5,471	5,720	81	90
Long-term receivables	13	5,800,937	4,191,462	86,354	65,694
Property, plant and equipment	14	53,863,473	51,234,453	801,823	803,011
		69,625,942	64,661,020	1,036,466	1,013,450
		86,428,984	88,143,486	1,286,602	1,381,497
RESERVES					
Cumulative translation reserve	15	18,729,322	16,906,057	278,809	264,976
Revaluation surplus	16	5,426,313	5,426,213	80,777	85,046
Investment revaluation reserve	17	1,692,070	1,676,472	25,189	26,276
General reserve		6,237,878	4,315,533	92,858	67,638
Accumulated (deficit)/ fund		(5,628,408)	2,074,547	(83,785)	32,515
Total reserves		26,457,175	30,398,822	393,848	476,451
NON-CURRENT LIABILITIES					
Unexpended donations for special projects	18	6,223,116	6,191,526	92,639	97,041
Endowment funds	19	234,227	317,391	3,487	4,975
Capital grants	20	19,655,454	16,861,781	292,595	264,279
Long -term liabilities	21	6,955,941	9,382,760	103,548	147,058
Employee benefits obligation	22(d)	26,744,738	24,822,873	398,128	389,055
Deferred income	23	158,333	168,333	2,357	2,638
Total non-current liabilities		59,971,809	57,744,664	892,754	905,046
		86,428,984	88,143,486	1,286,602	1,381,497

THE UNIVERSITY OF THE WEST INDIES

Combined Statement of Profi t and Loss and Other Comprehensive Income

For the year ended July 31, 2018

	Notes	2018 J$'000	2017 J$'000	2018 BDS$'000	2017 BDS$'000
INCOME					
Government contributions	4	28,061,709	27,994,218	439,648	435,349
Tuition and other student fees		8,307,444	8,092,939	130,154	125,857
Special projects		5,188,705	5,201,656	81,292	80,893
Other projects		13,489,894	12,308,026	211,349	191,407
Commercial operations		4,640,807	4,345,294	72,708	67,575
Investment income		541,741	561,902	8,488	8,738
Miscellaneous income		1,694,626	1,180,082	26,550	18,352
		61,924,926	59,684,117	970,189	928,171
Less: transfer to capital grants	20	(309,568)	(795,224)	(4,850)	(12,367)
Income after transfer to capital grants		61,615,358	58,888,893	965,339	915,804
EXPENSES					
Departmental		(24,860,972)	(23,871,177)	(389,503)	(371,230)
Administrative		(6,425,310)	(6,097,742)	(100,666)	(94,828)
Central		(5,509,852)	(4,491,968)	(86,324)	(69,856)
Impairment of receivables		(7,213,966)	(889,367)	(113,022)	(13,831)
Special projects		(5,188,705)	(5,201,656)	(81,292)	(80,893)
Other projects		(9,140,780)	(8,989,732)	(143,210)	(139,803)
Commercial operations		(3,804,721)	(3,653,300)	(59,609)	(56,814)
	24	(62,144,306)	(53,194,942)	(973,626)	(827,255)
(Deficit)/surplus for the year before finance costs		(528,948)	5,693,951	(8,287)	88,549
Finance costs	25	(571,957)	(601,538)	(8,961)	(9,355)
(Deficit)/surplus for the year before depreciation, pension and post-employment medical benefits		(1,100,905)	5,092,413	(17,248)	79,194
Depreciation		(2,520,905)	(2,660,598)	(39,495)	(41,376)
Pension and post-employment medical benefits	22 (e)	(2,456,149)	(4,190,167)	(38,481)	(65,163)
DEFICIT FOR THE YEAR		(6,077,959)	(1,758,352)	(95,224)	(27,345)
OTHER COMPREHENSIVE INCOME					
Item that will never be reclassified to profit or loss					
Re-measurement of employee benefits obligation	22 (e)	140,560	186,816	2,202	2,905
Items that may be reclassified to profit or loss					
Change in fair value of available-for-sale financial assets		48,938	152,519	767	2,372
Reclassification of fair value gains on disposal of investments		(33,340)	-	-	-
Currency translation adjustments		1,823,265	259,502	28,565	4,036
Total other comprehensive income		1,979,423	598,837	31,534	9,313
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(4,098,536)	(1,159,515)	(63,690)	(18,032)

THE UNIVERSITY OF THE WEST INDIES

Combined Statement of Cash Flow

For the year ended July 31, 2018

		2018 J$'000	2017 J$'000	2018 BDS$'000	2017 BDS$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Deficit for the year		(6,077,959)	(1,758,352)	(95,224)	(27,345)
Adjustments for:					
Depreciation :Property, plant and equipment	14	2,520,656	2,660,349	39,492	41,372
Investment properties	12	249	249	4	4
Amortisation of capital grants	20	(517,460)	(473,821)	(8,107)	(7,369)
Employee benefits obligation		2,456,149	3,096,887	38,481	48,161
Loss on sale of property, plant and equipment		292,024	5,630	4,575	88
Foreign exchange adjustments		(8,760,611)	(1,391,518)	(141,777)	(17,936)
Discount on long-term receivables		164,870	(871,210)	2,583	(13,549)
Write-off of government receivables		6,861,385	-	107,499	-
Interest income		(507,817)	(538,817)	(7,956)	(8,379)
Dividend income		(33,924)	(23,085)	(531)	(359)
Deferred income	23	(10,000)	(10,000)	(157)	(156)
Interest expense		571,957	601,538	8,961	9,355
		(3,040,481)	1,297,850	(52,157)	23,887
Changes in :					
Accounts receivable		1,374,863	(1,499,033)	20,466	(23,495)
Inventories		(19,129)	28,413	(285)	445
Current liabilities		(746,713)	726,198	(11,116)	11,382
Net cash (used)/provided by operating activities		(2,431,460)	553,428	(43,092)	12,219
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		511,201	334,111	8,009	5,196
Dividend received		33,924	23,085	531	359
Investments, (net)		1,927,673	(796,058)	28,696	(12,477)
(Increase)/decrease in resale agreements		(50,349)	290,055	(750)	4,546
(Increase)/decrease in advances		(7,822)	784	(116)	12
Long-term receivables		(1,774,345)	(954,133)	(26,413)	(14,954)
Interest in subsidiaries		-	45,309	-	710
Purchase of property, plant and equipment	14	(3,684,915)	(2,168,679)	(54,854)	(33,990)
Proceeds from sale of property, plant and equipment		-	4,496	-	70
Net cash used by investing activities		(3,044,633)	(3,221,030)	(44,897)	(50,528)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(328,111)	(409,655)	(5,141)	(6,371)
Unexpended donations for special projects		31,590	1,488,815	470	23,335
Endowment funds	19	(83,743)	(3,737)	(1,247)	(59)
Capital grants received	20	2,481,792	1,322,901	36,944	20,734
Proceeds of long-term loans		2,010,872	89,025	29,934	1,395
Repayment of long-term loans		(3,689,300)	(2,038,536)	(54,920)	(31,951)
Other long-term liabilities		3,273,352	(35,451)	48,728	(556)
Net cash provided by financing activities		3,696,452	413,362	54,768	6,527
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,779,641)	(2,254,240)	(33,221)	(31,782)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		8,550,243	10,804,483	134,010	165,792
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5	6,770,602	8,550,243	100,789	134,010

THE UNIVERSITY OF THE WEST INDIES

Combined Statement of Financial Position

For the year en0ded July 31, 2018

	Notes	2018 J$'000	2017 J$'000	2018 US$'000	2017 US$'000
CURRENT ASSETS					
Cash and cash equivalents	5	6,770,602	8,550,243	50,394	67,005
Resale agreements	6	1,226,428	1,176,078	9,128	9,216
Short-term investments	7	3,528,766	6,159,695	26,265	48,271
Accounts receivable	8	27,898,148	29,273,010	207,649	229,402
Inventories	9	437,434	418,305	3,256	3,278
		39,861,378	45,577,331	296,692	357,172
CURRENT LIABILITIES	10	(23,058,336)	(22,094,865)	(171,626)	(173,149)
NET CURRENT ASSETS		16,803,042	23,482,466	125,066	184,022
NON-CURRENT ASSETS					
Advances	11	15,917	8,095	118	63
Long-term investments	7	9,940,144	9,221,290	73,986	72,264
Investment property	12	5,471	5,720	41	45
Long-term receivables	13	5,800,937	4,191,462	43,177	32,847
Property, plant and equipment	14	53,863,473	51,234,453	400,911	401,506
		69,625,942	64,661,020	518,233	506,726
		86,428,984	88,143,486	643,299	690,748
RESERVES					
Cumulative translation reserve	15	18,729,322	16,906,057	139,404	132,487
Revaluation surplus	16	5,426,313	5,426,213	40,389	42,523
Investment revaluation reserve	17	1,692,070	1,676,472	12,594	13,138
General reserve		6,237,878	4,315,533	46,429	33,819
Accumulated (deficit)/ fund		(5,628,408)	2,074,547	(41,893)	16,257
Total reserves		26,457,175	30,398,822	196,923	238,224
NON-CURRENT LIABILITIES					
Unexpended donations for special projects	18	6,223,116	6,191,526	46,319	48,521
Endowment funds	19	234,227	317,391	1,743	2,487
Capital grants	20	19,655,454	16,861,781	146,298	132,140
Long -term liabilities	21	6,955,941	9,382,760	51,774	73,529
Employee benefits obligation	22(d)	26,744,738	24,822,873	199,064	194,528
Deferred income	23	158,333	168,333	1,178	1,319
Total non-current liabilities		59,971,809	57,744,664	446,376	452,524
		86,428,984	88,143,486	643,299	690,748

THE UNIVERSITY OF THE WEST INDIES

Combined Statement of Profi t or Loss and Other Comprehensive Income

For the year ended July 31, 2018

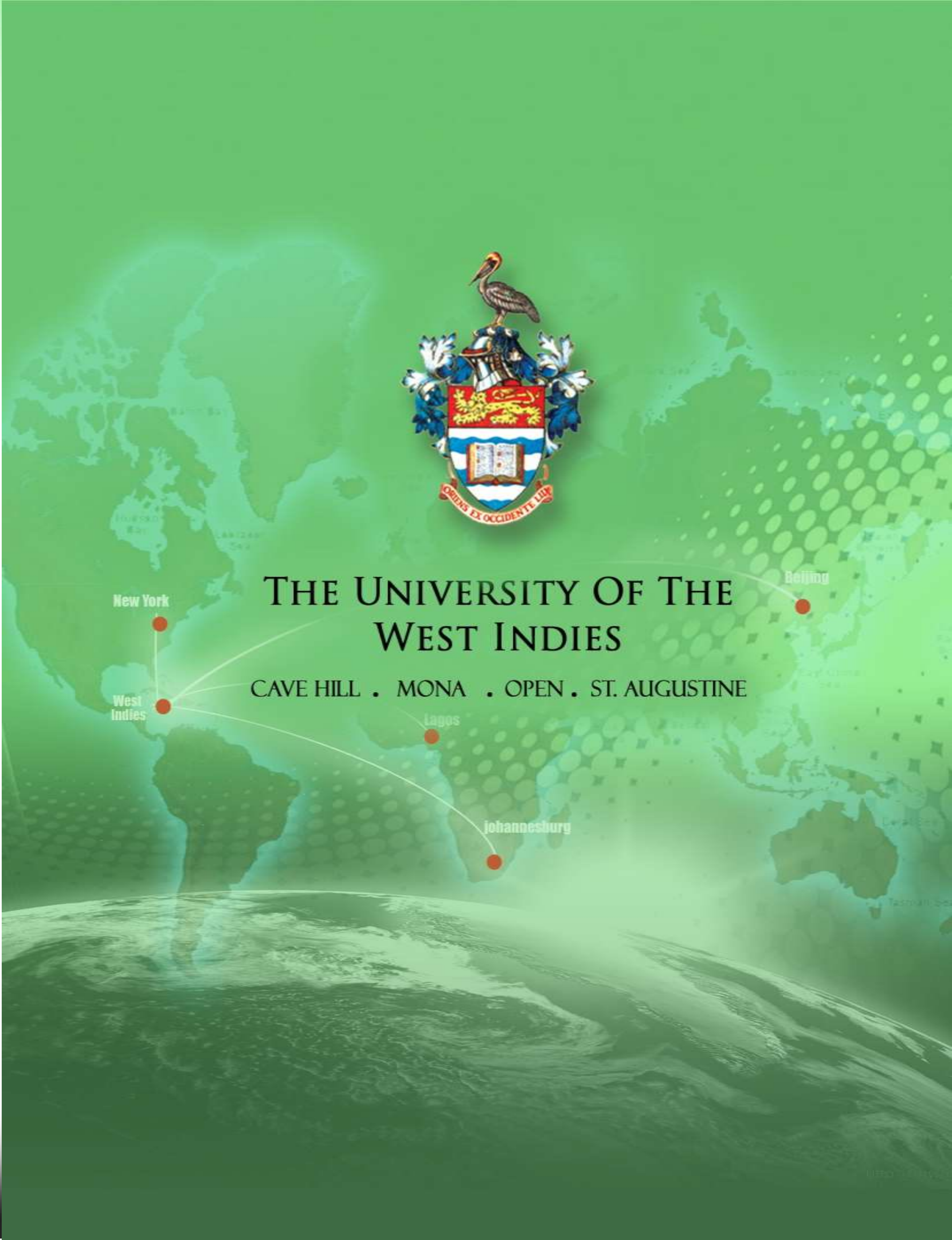
	Notes	2018 J$'000	2017 J$'000	2018 US$'000	2017 US$'000
INCOME					
Government contributions	4	28,061,709	27,994,218	219,817	217,671
Tuition and other student fees		8,307,444	8,092,939	65,075	62,927
Special projects		5,188,705	5,201,656	40,645	40,446
Other projects		13,489,894	12,308,026	105,671	95,702
Commercial operations		4,640,807	4,345,294	36,353	33,787
Investment income		541,741	561,902	4,244	4,369
Miscellaneous income		1,694,626	1,180,082	13,275	9,176
		61,924,926	59,684,117	485,080	464,078
Less: transfer to capital grants	20	(309,568)	(795,224)	(2,425)	(6,183)
Income after transfer to capital grants		61,615,358	58,888,893	482,655	457,895
EXPENSES					
Departmental		(24,860,972)	(23,871,177)	(194,744)	(185,612)
Administrative		(6,425,310)	(6,097,742)	(50,332)	(47,413)
Central		(5,509,852)	(4,491,968)	(43,161)	(34,928)
Impairment of receivables		(7,213,966)	(889,367)	(56,509)	(6,915)
Special projects		(5,188,705)	(5,201,656)	(40,645)	(40,446)
Other projects		(9,140,780)	(8,989,732)	(71,603)	(69,900)
Commercial operations		(3,804,721)	(3,653,300)	(29,804)	(28,406)
	24	(62,144,306)	(53,194,942)	(486,798)	(413,620)
(Deficit)/surplus for the year before finance costs		(528,948)	5,693,951	(4,143)	44,275
Finance costs	25	(571,957)	(601,538)	(4,480)	(4,677)
(Deficit)/surplus for the year before depreciation, pension and post-employment medical benefits		(1,100,905)	5,092,413	(8,623)	39,598
Depreciation		(2,520,905)	(2,660,598)	(19,747)	(20,688)
Pension and post-employment medical benefits	22 (e)	(2,456,149)	(4,190,167)	(19,240)	(32,581)
DEFICIT FOR THE YEAR		(6,077,959)	(1,758,352)	(47,610)	(13,671)
OTHER COMPREHENSIVE INCOME					
Item that will never be reclassified to profit or loss					
Re-measurement of employee benefits obli	22 (e)	140,560	186,816	1,101	1,453
Items that may be reclassified to profit or loss					
Change in fair value of available-for-sale financial assets		48,938	152,519	383	1,186
Reclassification of fair value gains on disposal of investments		(33,340)	-	-	-
Currency translation adjustments		1,823,265	259,502	14,282	2,018
Total other comprehensive income		1,979,423	598,837	15,766	4,657
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(4,098,536)	(1,159,515)	(31,844)	(9,014)

THE UNIVERSITY OF THE WEST INDIES

Combined Statement of Cash Flow

For the year ended July 31, 2018

	Note	2018 J$'000	2017 J$'000	2018 US$'000	2017 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Deficit for the year		(6,077,959)	(1,758,352)	(47,610)	(13,671)
Adjustments for:					
Depreciation :Property, plant and equipment		2,520,656	2,660,349	19,745	20,686
Investment properties	14	249	249	2	2
Amortisation of capital grants	12	(517,460)	(473,821)	(4,053)	(3,684)
Employee benefits obligation	20	2,456,149	3,096,887	19,240	24,080
Loss on sale of property, plant and equipment		292,024	5,630	2,288	44
Foreign exchange adjustments		(8,760,611)	(1,391,518)	(72,622)	(11,494)
Discount on long- term receivables		164,870	(871,210)	1,291	(6,774)
Write-off of government receivables		6,861,385	-	53,748	-
Interest income		(507,817)	(538,817)	(3,978)	(4,190)
Dividend income		(33,924)	(23,085)	(266)	(179)
Deferred income		(10,000)	(10,000)	(78)	(78)
Interest expense	23	571,957	601,538	4,480	4,677
		(3,040,481)	1,297,850	(27,813)	9,419
Changes in :					
Accounts receivable		1,374,863	(1,499,033)	10,233	(11,747)
Inventories		(19,129)	28,413	(142)	223
Current liabilities		(746,713)	726,198	(5,558)	5,691
Net cash (used)/provided by operating activities		(2,431,460)	553,428	(23,280)	3,586
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		511,201	334,111	4,004	2,598
Dividend received		33,924	23,085	266	179
Investments, (net)		1,927,673	(796,058)	14,348	(6,238)
(Increase)/decrease in resale agreements		(50,349)	290,055	(375)	2,273
(Increase)/decrease in advances		(7,822)	784	(58)	6
Long-term receivables		(1,774,345)	(954,133)	(13,207)	(7,477)
Interest in subsidiaries		-	45,309	-	355
Purchase of property, plant and equipment	14	(3,684,915)	(2,168,679)	(27,427)	(16,995)
Proceeds from sale of property, plant and equipment		-	4,496	-	35
Net cash used by investing activities		(3,044,633)	(3,221,030)	(22,449)	(25,264)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(328,111)	(409,655)	(2,570)	(3,185)
Unexpended donations for special projects		31,590	1,488,815	247	11,576
Endowment funds		(83,743)	(3,737)	(656)	(29)
Capital grants received	19	2,481,792	1,322,901	19,441	10,286
Proceeds of long-term loans	20	2,010,872	89,025	15,752	692
Repayment of long-term loans		(3,689,300)	(2,038,536)	(27,460)	(15,975)
Other long-term liabilities, (net)		3,273,352	(35,451)	24,364	(278)
Net cash provided by financing activities		3,696,452	413,362	29,118	3,087
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,779,641)	(2,254,240)	(16,611)	(18,591)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		8,550,243	10,804,483	67,005	85,596
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5	6,770,602	8,550,243	50,394	67,005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