The University of the West Indies

FINANCIAL REPORT & COMBINED ACCOUNTS FOR THE YEAR ENDED JULY 31, 2019

2019

THE UNIVERSITY OF THE WEST INDIES
FINANCIAL REPORT & COMBINED ACCOUNTS
FOR THE YEAR ENDED
JULY 31, 2019

CONTENTS

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, 2019, 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 on **pages 91 to 93** and in United States dollars on **pages 94 to 96** as supplementary information.

The commentary on **pages 1 to 8** 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, 2019, the operations of the University resulted in a **deficit of BDS$91.5 million** (**2018: BDS$95.2 million**). The results by Campus are as follows:

Campus	BDS$ million	
	July 2019	**July 2018**
Cave Hill	5.6	(73.3)
Centre	(24.8)	(31.3)
Mona	(24.4)	7.9
Open	(14.3)	(5.1)
St. Augustine	(33.6)	6.6
Total	**(91.5)**	**(95.2)**

The **total income** of the University for the year was **BDS$925.8** million, compared with **BDS$965.3** million for the prior year, a decrease of 4.1%. **Total expenditure** for the year was **BDS$1,017.3** million compared with **BDS$1,060.5** million for 2018, a decrease of 4.1%.

The reduced net deficit was influenced by the implementation of IFRS 9 (Financial Instruments) during the year. Based on the new approach to calculating the impairment provision using the expected credit loss (ECL) method, the impairment expense was reduced to **BDS$17.2 million**, compared with a provision of **BDS$113 million** in 2018. The opening ECL adjustment of **BDS$1.7 million** was recorded directly in reserves.

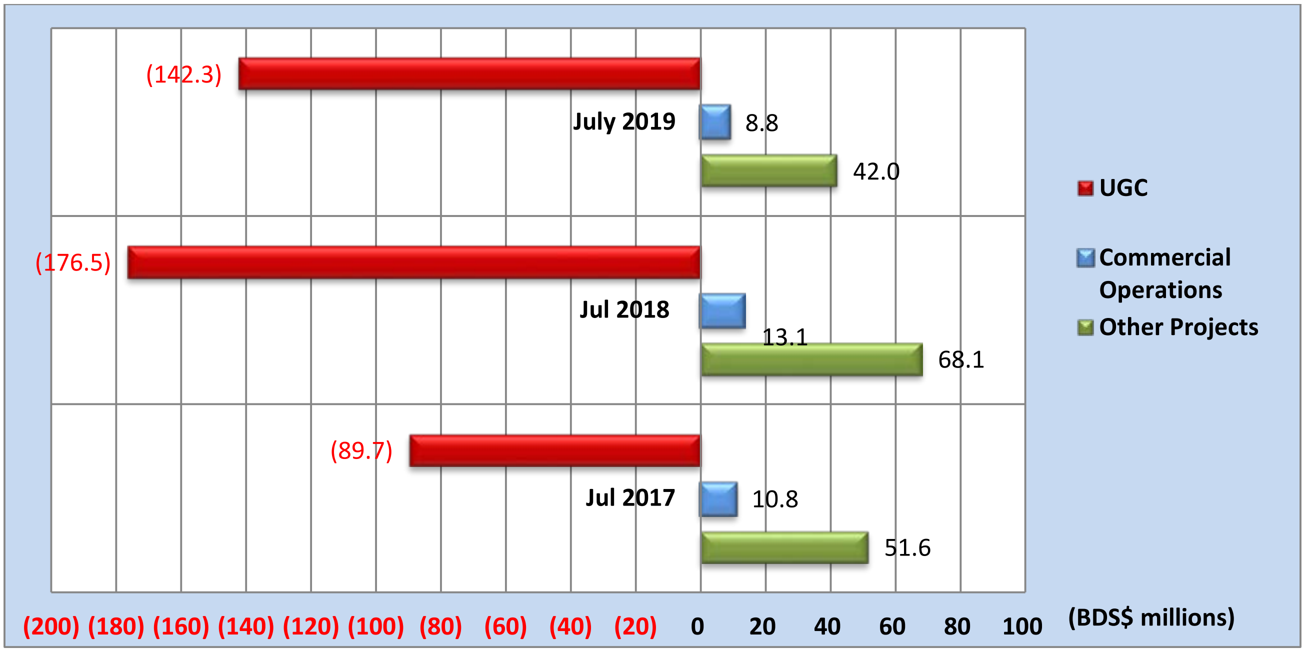
The deficit for the year comprised:

Activity	BDS$ million	
	July 2019	**July 2018**
UGC Funded	(142.3)	(176.4)
Commercial Operations	8.8	13.1
Other Projects	42.0	68.1
Total	**(91.5)**	**(95.2)**

I. COMBINED STATEMENT OF COMPREHENSIVE INCOME (Continued)

RESULTS FOR THE YEAR (continued)

The net income by activity for the comparative years 2017 to 2019 is shown below:



COMBINED INCOME

The sources of income for the University were:

Source	July 2019	July 2018
	%	%
Government Contributions	48	45
Tuition and Other Student Fees	14	13
Special and Other Projects	27	30
Commercial Operations	7	8
Other	4	4
Total	**100**	**100**

The income distribution is illustrated in **Table 1** and **Charts 1 and 1a** on **page 9**. A three year summary of income by source is shown in **Table 2 and Chart 2 on page 10.** A three year summary of total income is shown in **Chart 3 on page 11.**

Government Contributions

Income from Government Contributions totalled BDS$441.5 million and represented 48% of total income. In the prior year Government Contributions were BDS$434.8 million and represented 45% of total income. The income shown is net of adjustments totalling BDS$107.6 million (2018: BDS$123.5 million) to gross billing for the year, to reflect commitments from contributing governments.

I. COMBINED STATEMENT OF COMPREHENSIVE INCOME (Continued)

COMBINED INCOME (continued)

Project Income

a) Special Projects

For the year this source of income totalled **BDS$63.8 million** (2018: BDS$81.3 million), and represented 7% (2018:8%) 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, 2019, the value of new grants received for research was **BDS$12.5 million** compared with **BDS$32.8 million** in the previous year.

Some examples of new projects funded during the year were:

- European Commission – Sustainable Resources Directorate of the Joint Research Centre **(Cave Hill Campus) –** Sponsor; GIS and IT Development Support for the Biodiversity and Protected Areas Management (BIOPAMA2) Regional Observatory for the Caribbean Region.
- The European Union **(Mona Campus) –** Sponsor; A New Jamaican Justice Era: Consolidating Community Access and Alternative Justice for the Protection of All.
- Food & Agriculture Organization **(FAO) (St. Augustine Campus) –** Sponsor; CC4 Fish Project (Climate Change Adaptation in the Eastern Caribbean Fisheries Sector).
- LEGO Foundation **(University Centre) –** Sponsor; Reach Up Knowledge Generation (part of the Knowledge Accelerator).

b) Other Projects

Income from Other Projects totalled **BDS$182.8 million** (2018: BDS$211.3 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, 2019, income from Other Projects represented 20% of total income.

Total projects income (Special Projects and Other Projects) represented 27% of total income (2018: 30%).

Tuition and Other Student Fees

Tuition and other student fees totalled **BDS$133.5 million** for the year (2018: BDS$130.2 million). This represented 14% of total income (2018:13%). There was a 2.6% increase over the prior year in this category of income.

Other Income

Other Income totalled **BDS$36.9 million** (2018: BDS$35 million) and comprised investment income of **BDS$5.3 million** (2018: BDS$8.5 million) and miscellaneous income of **BDS$31.6 million** (2018: BDS$26.5 million). Miscellaneous income included income earned from rental of facilities as well as an amount of **BDS$9 million** (2018: BDS$8.1 million) representing the value of Capital Grants amortised during the year. Also included is **BDS$1.9 million** (2018: BDS$1.6 million) earned by Mona School of Business and Management (MSBM) from professional services and grants.

1. COMBINED STATEMENT OF COMPREHENSIVE INCOME (Continued)

COMBINED INCOME (continued)

Commercial Operations

Income from commercial operations decreased from **BDS$72.7 million** in 2018 to **BDS$67.3 million**, and represented 7% of total income (2017: 8%). This source of income was derived from concessionaires, book shops, the halls of residence at all campuses, income from rented properties, as well as the Open Campus operations of the School of Continuing Studies in Trinidad and Tobago.

COMBINED EXPENDITURE

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

Category	July 2019	July 2018
	%	%
Departmental	44	40
Administrative	13	9
Central	17	23
Special and Other Projects	20	22
Commercial Operations	6	6
Total	100	100

The distribution is illustrated by **Table 4** and **Charts 4** and **4a** on **page 12**. 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, 2019, there was an actuarially determined expense of **BDS$57.8 million** (2018: BDS$38.5 million) for post-employment pension and medical benefits. This is included in central expenditure.

A net impairment expense totalling **BDS$17.2 million** (2018: BDS$113 million) was recorded on Government contributions outstanding, investments, tuition and other receivables.

A three year summary of expenditure by category is shown in **Table 5** and **Chart 5** on **page 13** and a three-year summary of total expenditure is illustrated in **Chart 6** on **page 14**.

II. COMBINED STATEMENT OF FINANCIAL POSITION

Net Current Assets

Current assets exceeded current liabilities by **BDS$211 million** (2018: BDS$250 million), an overall decrease of 15.3%.

The balance for cash and cash equivalents increased by **BDS$76 million** while short-term investments decreased by **BDS$8 million**. Accounts receivable showed a decrease of **BDS$92 million** or 22% from the prior year. Current liabilities increased by 4%.

II. COMBINED STATEMENT OF FINANCIAL POSITION (Continued)

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$212 million**.

When short-term investments, resale agreements and cash and cash equivalents are combined, this total showed an increase of 37% compared with 2018. This resulted from government contributions received on the last day of the financial year.

Accounts Receivable

This includes amounts due from Governments for economic costs, scholarships, Government Assistance for Tuition Expenses (GATE), Public Sector Investment Programme (PSIP), Value Added Tax (VAT) and tuition fees.

As a result of the debt exchange programme undertaken by the Government of Barbados, **BDS$119 million** owed to the University for economic cost, tuition fees and VAT at August 1, 2018 by that Government, was exchanged for long-term Bonds.

The 22% or **BDS$ 92 million** decrease in accounts receivable at July 31, 2019 is largely due to reclassification of, these categories of receivables to long term investments.

In March 2019 an amount of **BDS$51 million** was paid by the Government of Barbados in settlement of 50% of the amount represented by the Bonds for economic cost and tuition fees. The balance of **BDS$51.3 million** was received from the Bond in March 2020. For early payment, the Cave Hill Campus had to forego receipt of tuition fees for UGC programmes up to **BDS$20 million** per year for two years. The Government committed to paying amounts in excess of **BDS$20 million** for tuition fees billed by the Cave Hill Campus during that period.

The Governments of the Bahamas, Cayman Islands, St. Kitts & Nevis and Turks and Caicos Islands made significant payments during the year to either clear or significantly reduce their balances.

There were also decreases in the balances for student receivables and other receivables, while the amount outstanding for GATE increased by 9%. The balance for accounts receivable is reported net of an impairment provision of BDS$129 million resulting from implementation of IFRS 9. This represents a reduction of BDS$63 million in the impairment provision from that recorded at July 31, 2018.

The average collection period for Government contributions has moved from 5.9 months at July 31, 2018 to 3.6 months at July 31, 2019.

The status of each Government with respect to contributions due to the University can be found on **pages 16 to 19**. The trend in total Government contributions outstanding over the past five years is shown in **Table 7 and Chart 7** on **page 15**.

II. COMBINED STATEMENT OF FINANCIAL POSITION (Continued)

***Cash and Cash Equivalents, Short–Term Investments and Resale Agreements* (continued)**

Current Liabilities

The balance of **BDS$358 million** (2018: BDS$343.2 million) includes amounts due to suppliers for goods and services received totalling **BDS$257.7 million**. It also includes vacation leave accrual of **BDS$34.8 million** (2018: BDS$33.6 million), retroactive supplementation payments to retirees of the FSSU, 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$19.3 million** (2018: BDS$15.7 million), which is due to be paid within the next twelve months.

Short-term loans and advances of **BDS$11.3 million** (2018: BDS$21.5 million) due by the Mona Campus and **BDS$3.5 million** due by the Open Campus to commercial banks were also included in current liabilities.

Long-Term Investments

There was an increase of 22% in the balance for long-term investments which totalled **BDS$180 million** (2018: BDS$148 million). This was net of an impairment provision of **BDS$23.4 million**, and **BDS$143 million** was restricted for specific purposes.

Long-term Receivables

At July 31, 2019, long-term receivables included a total of **BDS$76 million** (2018: BDS$131 million) for Government contributions not expected to be received within 12 months. Of this figure **BDS$24.8 million** (2018:BDS44.8 million) has been impaired.

Property, Plant and Equipment

During the period, additions to property, plant and equipment totalled **BDS$75.8 million** (2018: BDS$54.8 million). Of this amount approximately 80% 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$123.8 million** (net of the current portion) for long-term liabilities increased by 20% when compared with the balance at July 31, 2018 (BDS$103.5 million). The balance includes long-term loans totalling **BDS$136.5 million** and other long term liabilities totalling **BDS$6.6 million**, before reclassification of the current portion amounting to **BDS$19.3 million**.

a) Long-term Loans

The balance of **BDS$136.5 million** (2018: BDS$107.7 million) for long-term loans represents an overall increase of 27%.
In January 2019 a subsidiary of the St. Augustine Campus - UWI ROYTEC, acquired a mortgage of **TT$51.2 million (BDS$15.1 million)** to complete the purchase of land and building at a cost of TT$**63.7 million (BDS$18.8 million)** at which the main office is located.

All loan payments were made in accordance with the signed agreements.

II. COMBINED STATEMENT OF FINANCIAL POSITION (Continued)

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$1.4 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, 2019 totalled **BDS$3 million** (2018: BDS$0.23 million).

Revaluation Surplus

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

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, 2019 was prepared by the actuaries Eckler Partners Ltd. Based on this report an estimated net obligation of **BDS$452.5 million** has been included in these financial statements. The estimated obligation at July 31, 2018 was **BDS$398.1 million**.

III. PERFORMANCE INDICATORS

		2019	2018	2017
a)	Total Operating Income/ Expenses	91%	91%	97%
b)	Government Contributions/ Total Operating Income	48%	45%	46%
c)	Total Income/Total Assets	55%	56%	53%
d)	Liquidity ratio (acid test)	1.6	1.7	2.0
e)	Operating Cash Flow ratio	0.1	(0.13)	0.03
f)	Average collection period for government contributions (months)	3.5	5.9	6.2
g)	Income per FTE (BDS$)	25,259	26,229	26,538
h)	Expense per FTE (BDS$)	27,756	28,816	27,330

a) For the year ended July 31, 2019 the ratio of total operating income to expenses was 91% which was the same as 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, 2019 the University relied on Governments to provide 48% of its income, which is slightly higher than the corresponding period in the prior year.

c) Total income to total assets was 55%, a one percentage point decrease from the prior year.

d) The liquidity ratio of 1.6 reflects no significant change in the ratio of liquid assets to current liabilities. The liquidity ratio indicates that The University should be able to meet its current obligations from available cash and near liquid assets. However, the unpredictability of the timing and value of collections from Governments makes it extremely challenging to convert near liquid assets (accounts receivable) to cash in order to satisfy current obligations. Additionally, a significant portion of the cash included in the computation of liquid assets is restricted for use only on projects determined by Grant agencies.

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 3.6 months. This has declined considerably since several Governments have reduced their outstanding balances.

INCOME

For the period August 1, 2018 to July 31, 2019 with comparatives for the period August 1, 2017 to July 31, 2018
TABLE 1 - $'000

SOURCES	J$		BDS$		TT$		EC$	
	2019	2018	2019	2018	2019	2018	2019	2018
West Indian Government Contributions *	28,890,561	27,752,141	441,485	434,798	1,492,135	1,468,593	596,019	586,985
Tuition and other Student Fees	8,737,630	8,307,444	133,522	130,154	451,280	439,615	180,259	175,711
Special Projects	4,173,257	5,188,705	63,773	81,292	215,540	274,577	86,095	109,746
Other Projects	11,964,414	13,489,894	182,832	211,349	617,936	713,861	246,829	285,324
Commercial Operations	4,403,576	4,640,807	67,292	72,708	227,435	245,583	90,847	98,158
Other	2,415,079	2,236,367	36,905	35,038	124,734	118,344	49,824	47,301
TOTAL INCOME	60,584,517	61,615,358	925,809	965,339	3,129,059	3,260,573	1,249,874	1,303,225

*net of transfer to capital grants

Chart 1
INCOME (%) August 1, 2018 to July 31, 2019

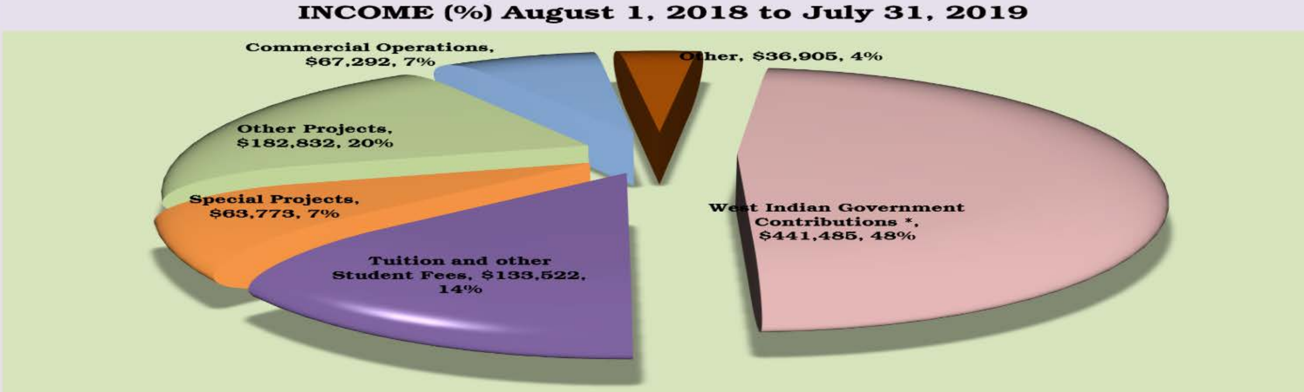
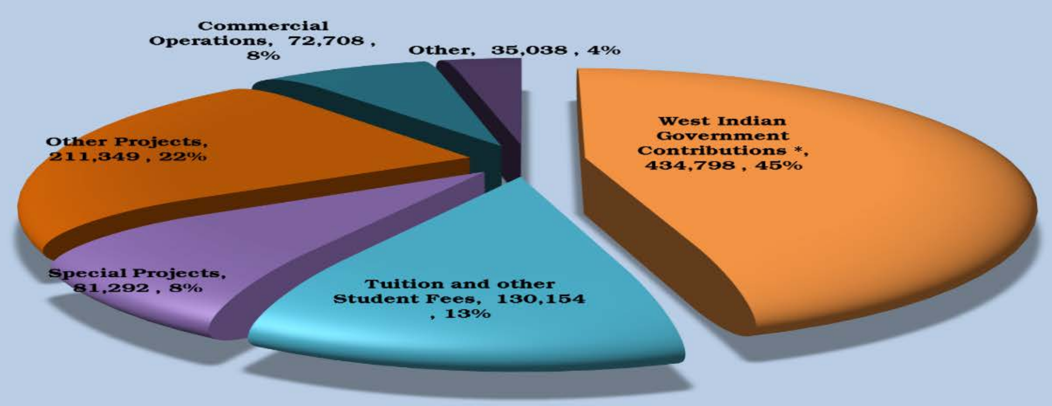


Chart 1a
INCOME (%) August 1, 2017 to July 31, 2018



INCOME- THREE YEAR SUMMARY BY SOURCE

Table 2-BDS$'000

SOURCES	Aug 2016 - Jul 2017		Aug 2017 - Jul 2018		Aug 2018 - Jul 2019	
West Indian Government Contributions *	422,982	46%	434,798	45%	441,485	48%
Tuition and other Student Fees	125,857	14%	130,154	13%	133,522	14%
Special Projects	80,893	9%	81,292	8%	63,773	7%
Other Projects	191,407	21%	211,349	22%	182,832	20%
Commercial Operations	67,575	7%	72,708	8%	67,292	7%
Other	27,090	3%	35,038	4%	36,905	4%
TOTAL INCOME	915,805	100%	965,339	100%	925,809	100%

*net of transfer to capital grants

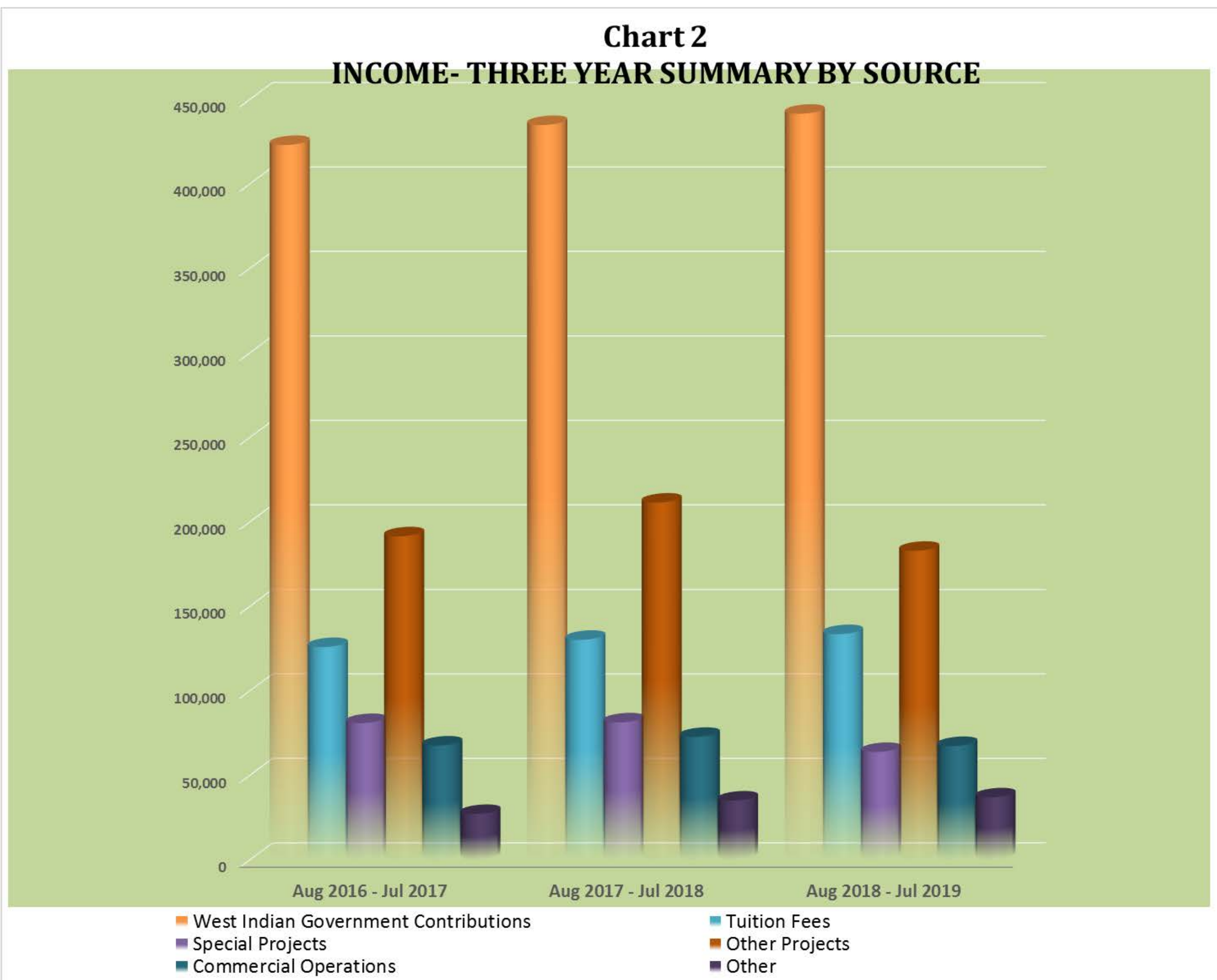
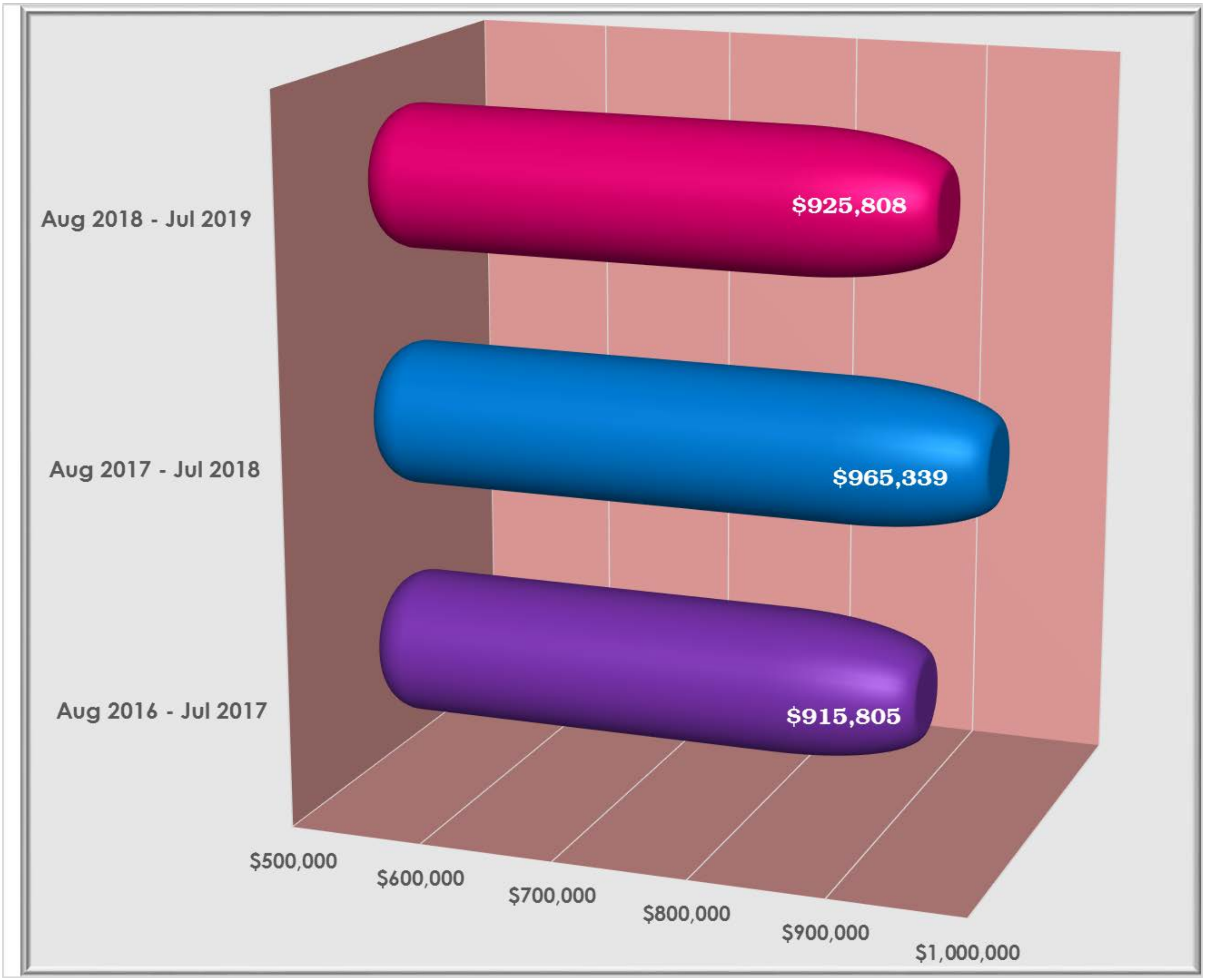


Chart 3
THREE YEAR SUMMARY OF TOTAL INCOME
BDS$'000



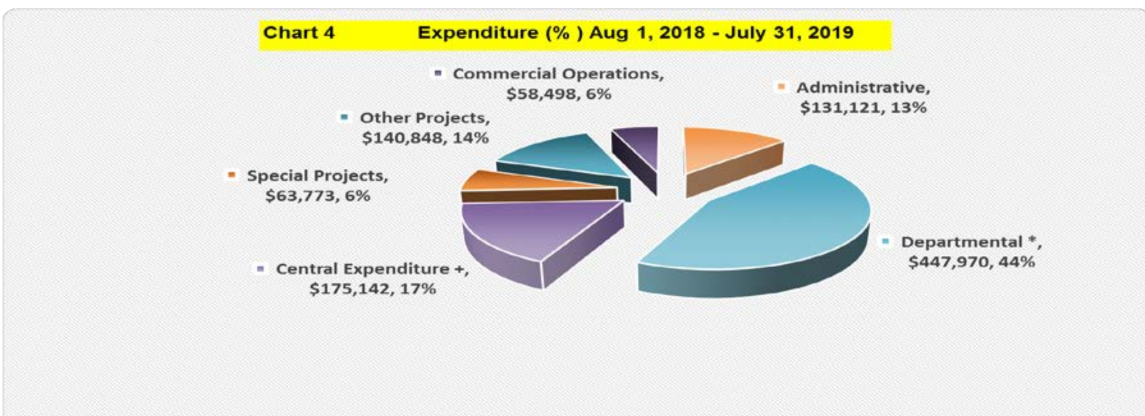
EXPENDITURE

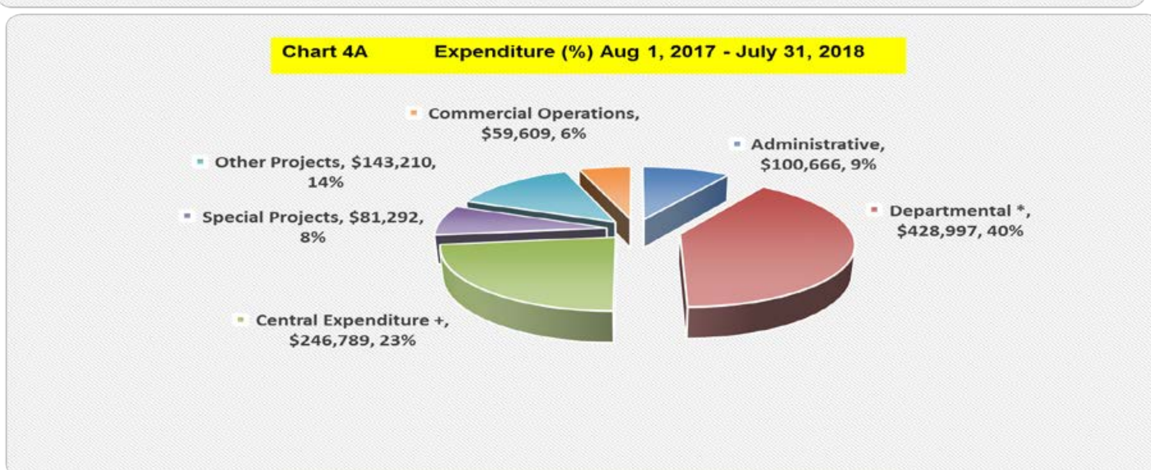
For the period August 1, 2018 to July 31, 2019 with comparatives for the period August 1, 2017 to July 31, 2018

TABLE 4 - $'000

CATEGORIES	J$ 2019	J$ 2018	Bds$ 2019	Bds$ 2018	TT$ 2019	TT$ 2018	EC$ 2019	EC$ 2018
Administrative	8,580,507	6,425,311	131,121	100,666	443,165	340,016	177,018	135,902
Departmental *	29,314,906	27,381,877	447,970	428,997	1,514,052	1,448,999	604,774	579,154
Central Expenditure +	11,461,214	15,751,922	175,142	246,788	591,947	833,563	236,448	333,169
Special Projects	4,173,257	5,188,705	63,773	81,292	215,540	274,577	86,095	109,746
Other Projects	9,217,022	9,140,780	140,848	143,210	476,039	483,713	190,149	193,336
Commercial Operations	3,828,082	3,804,721	58,498	59,609	197,712	201,339	78,974	80,474
TOTAL EXPENDITURE	66,574,988	67,693,316	1,017,352	1,060,563	3,438,455	3,582,207	1,373,458	1,431,781

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



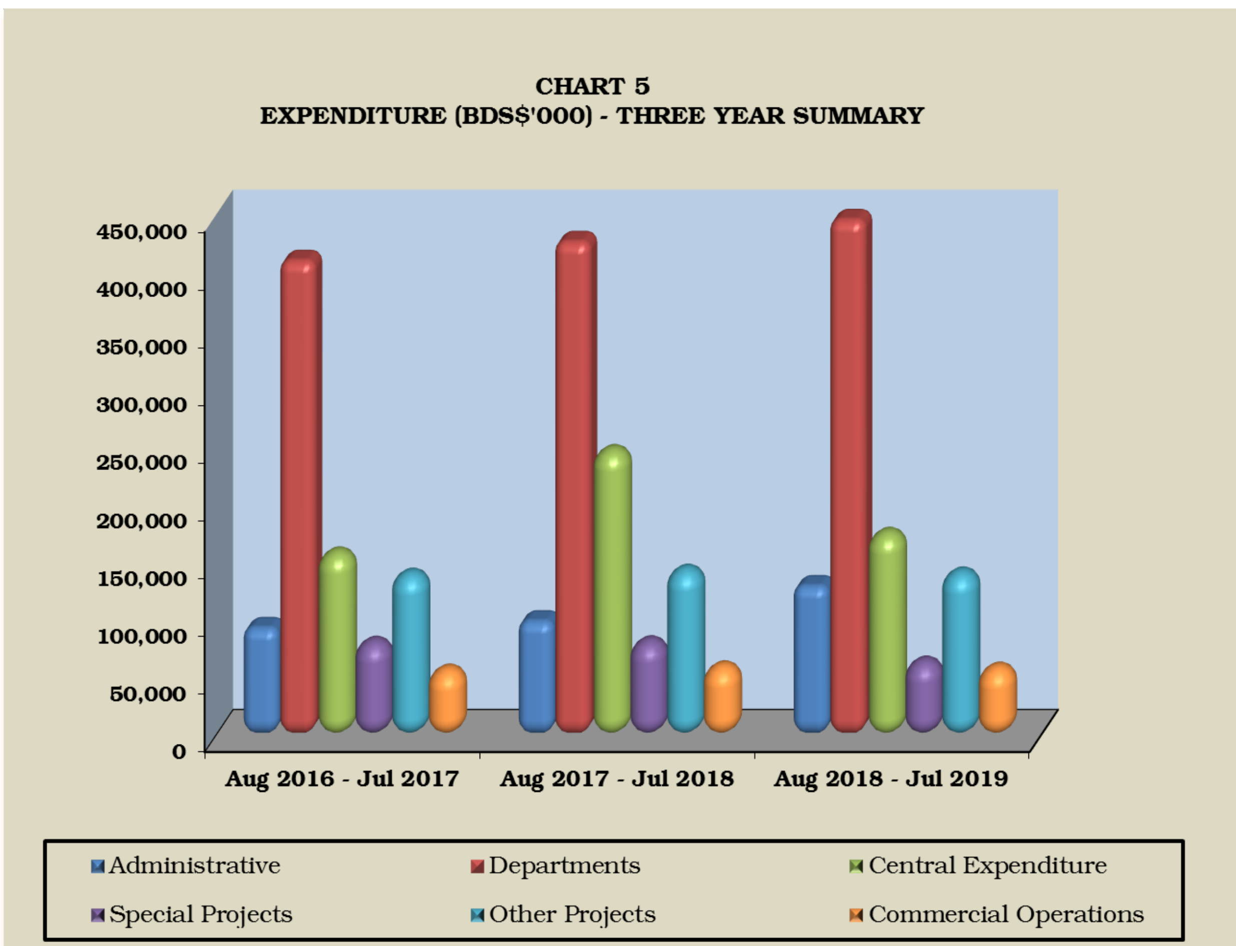


EXPENDITURE

THREE YEAR SUMMARY
Table 5
BDS$'000

CATEGORIES	Aug 2016 - Jul 2017		Aug 2017 - Jul 2018		Aug 2018 - Jul 2019	
Administrative	94,828	10%	100,666	9%	131,121	13%
Departmental*	412,605	44%	428,997	40%	447,970	44%
Central Expenditure +	158,205	17%	246,789	23%	175,142	17%
Special Projects	80,893	8%	81,292	8%	63,773	6%
Other Projects	139,803	15%	143,210	14%	140,848	14%
Commercial Operations	56,814	6%	59,609	6%	58,498	6%
TOTAL EXPENDITURE	943,148	100%	1,060,563	100%	1,017,352	100%

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



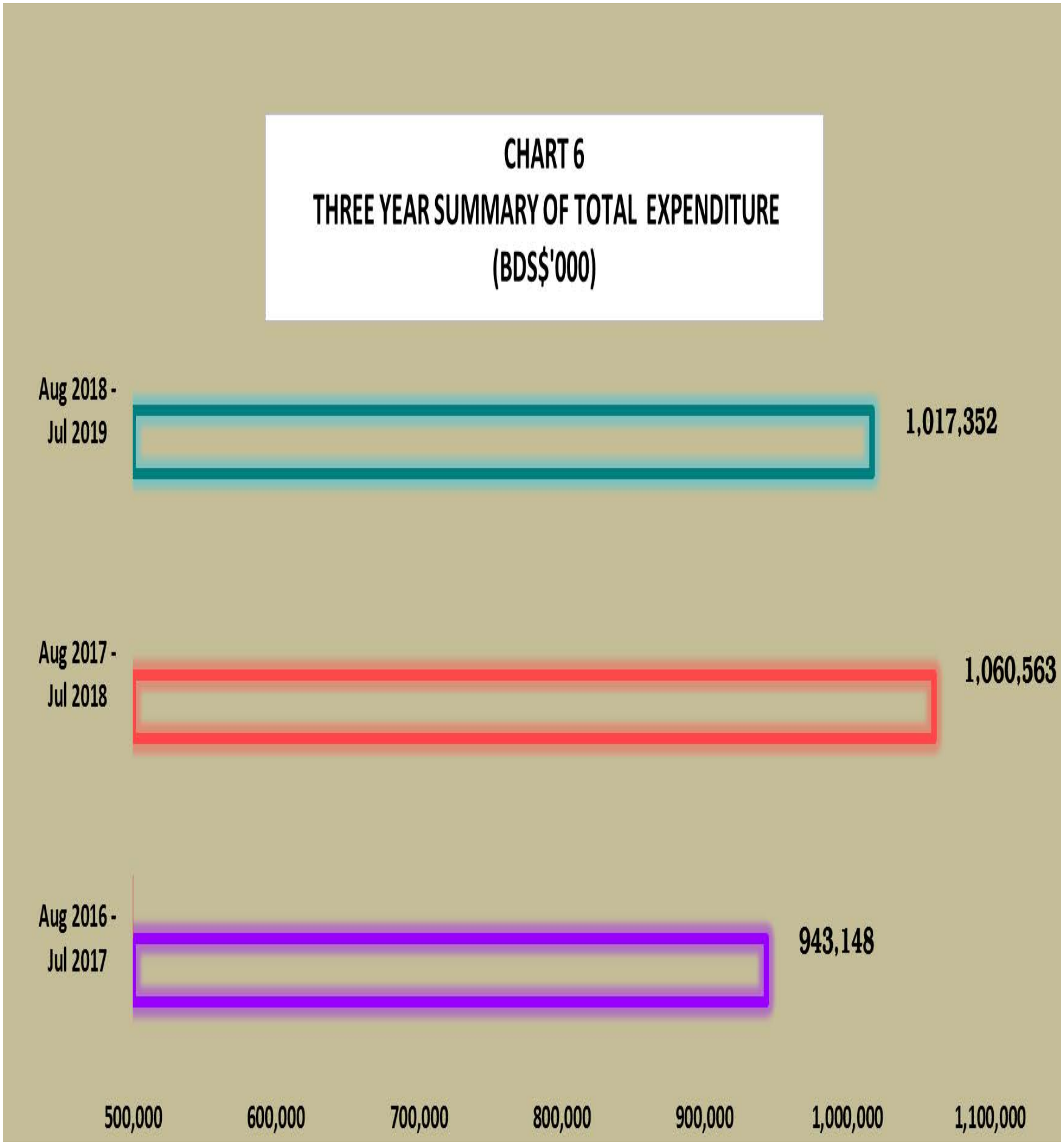


CHART 6
THREE YEAR SUMMARY OF TOTAL EXPENDITURE
(BDS$'000)
Aug 2018 - Jul 2019
1,017,352
Aug 2017 - Jul 2018
1,060,563
Aug 2016 - Jul 2017
943,148
500,000
600,000
700,000
800,000
900,000
1,000,000
1,100,000

THE UNIVERSITY OF THE WEST INDIES

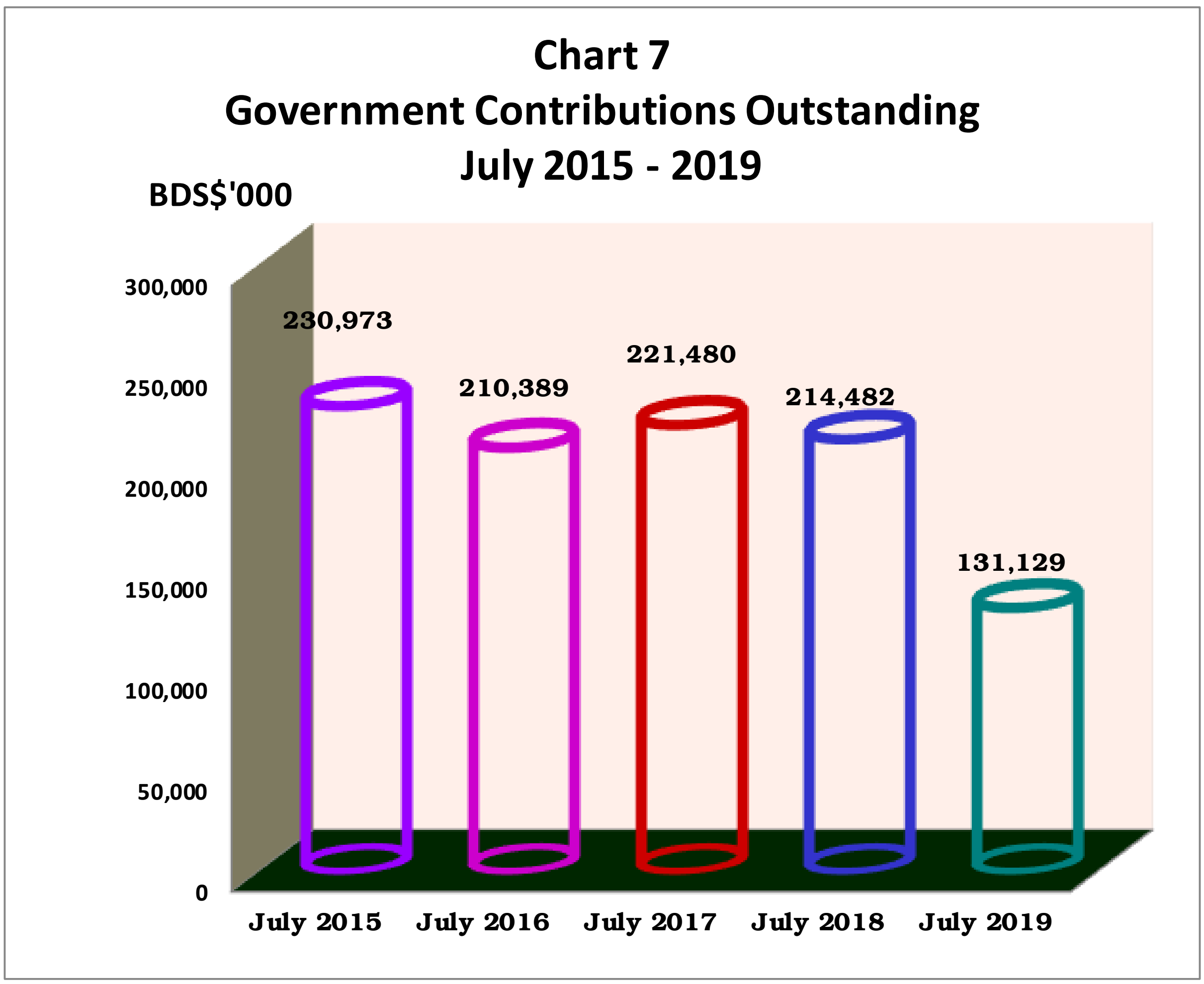
Selected Financial and Statistical Highlights

GOVERNMENT CONTRIBUTIONS OUTSTANDING

JULY 2015 - JULY 2019

TABLE 7 (BDS$'000)

PERIOD	BDS$'000
July 2015	230,973
July 2016	210,389
July 2017	221,480
July 2018	214,482
July 2019	131,129



STATUS OF GOVERNMENT CONTRIBUTIONS

Overview

Responsibility for interfacing with Governments on matters concerning Government contributions resides primarily with the 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.

At July 31, 2019 contributing Governments owed the University of the West Indies BDS$131.12M (net) for amounts billed as contributions towards economic cost of the University. This reflects a decrease of BDS$83.35M or 38.86% compared with the balance of BDS$214.47M that was outstanding at the start of the financial year.

All Governments have been provided with statements of their account at July 31, 2019, as well as payment schedules which can be used in clearing their arrears where relevant and keeping their accounts current.

Barbados

The Government of Barbados had an outstanding balance of BDS$48.99M as at August 1, 2018. Arising from the debt restructuring programme. A Series B Bond was issued in November 2018 to the University in settlement of this balance, which was transferred to long term investments. The University received the total proceeds from this Bond in two tranches, March 2019 and March 2020.

The Government of Barbados committed BDS$113.16M for the year 2018/2019. For the twelve month reporting period the Government made consistent monthly payments totalling BDS$105.71M.The balance outstanding at July 31, 2019 was BDS$7.45M. We look forward to receiving this balance within the current financial year.

Jamaica

At the beginning of the academic year, The Government of Jamaica had an outstanding balance of J$130.11M. The Government committed the amount of J$8,028.67M for the year 2018/2019 and made consistent monthly payments amounting to J$8,034.55M. At July 31, 2019 the Government of Jamaica had an outstanding balance of J$124.23M. The balance was settled subsequently.

Trinidad and Tobago

The Government of Trinidad & Tobago at the start of the year had an outstanding balance of TT$188.95M. The Government committed funding of TT$630.25M for the year 2018/2019. Consistent monthly payments received over the year amounted to TT$706.37M. The outstanding balance at July 31, 2019 stood at TT$112.83M. We look forward to receiving this balance within the current financial year.

Anguilla

The balance of XCD5.87M owed by the Government of Anguilla at August 1, 2018 was decreased to XCD 5.58M at July 31, 2019, as a payment XCD 0.95M was made during the year and a final billing of XCD 0.66M for the year to July 31, 2019 was added to Anguilla's account. Discussions will continue with the Government to liquidate the outstanding balance.

STATUS OF GOVERNMENT CONTRIBUTIONS (Continued)

Antigua and Barbuda

The Government of Antigua and Barbuda had an outstanding balance of XCD15.06M at August 1, 2018 which increased to XCD17.96M as at July 31, 2019. The increase of XCD2.9M was as a result of the 2018/19 final billing of XCD 3.77M, an adjustment to the 2017/2018 billing of XCD 0.33M and a payment of XCD 0.54M received.

Subsequent payments totalling XCD15M were received in September from the Government of Antigua, liquidating its outstanding balance at the beginning of the academic year. The Government of Antigua has committed to settling the outstanding balance at July 31, 2019.

Bahamas

The Government of the Bahamas opened the year with an outstanding amount of BAH$4.81M. The final billing for the year to July 31, 2019 was BAH$4.32M which was adjusted by BAH$1.63M for a variance in the billing in 2017/2018. Payments totalling BAH$8.20M were received which cleared the entire opening balance and the final billing for the current year leaving a prepayment of BAH$0.7M at July 31, 2019. Subsequent to year-end the Government of the Bahamas made additional payments amounting to BAH$3.39M.

Belize

At July 31, 2019 the amount owing by the Government of Belize stood at BZE$0.98M showing a significant decrease compared to the BZE$1.81M that was outstanding at August 1, 2018. This resulted from a final 2018/2019 billing of BZE$2M and the receipt of payments on account amounting to BZE$2.74M. An adjustment of BZE$0.089M was also made with regards to the 2017/2018 billing. A total of BZE$1.5M was received after year-end.

Bermuda

The balance on the account of the Government of Bermuda at August 1, 2018 was US$46,312, which increased to US$68,455 at July 31, 2019 due to the application of the final billing for the year of US$22.143 and no payments received during the year.

The Virgin Islands

The amount outstanding as at July 31, 2019 stood at US$2.49M showing a marginal increase from the US$2.46M that was owing at the beginning of the financial year. A payment of US$0.40M was received and a final billing for the year to July 31, 2019 of US$0.52M has been applied to the account along with an adjustment of US$0.087M as a reduction to the 2017/2018 billing. Two payments totalling US$0.51M were received after the year-end.

Cayman Islands

The Cayman Islands had an outstanding balance of CI$2.34M at August 1, 2018. The Government was billed CI$0.57M for the year 2018/2019 and an adjustment of CI$0.23M was applied to the account reducing the billing for 2017/2018. In January 2019 the opening balance was cleared with a payment of CI$2.34M. The balance outstanding at July 31, 2019 was CI$0.34M. Payments totalling CI$0.54M were received from the Government subsequent to the year- end, settling the balance at July 31, 2019.

STATUS OF GOVERNMENT CONTRIBUTIONS (Continued)

Dominica

The Government of Dominica had a balance outstanding at August 1, 2018 of XCD 28.04M which represented an accumulation of several years' billings. The final billing for the year to July 31, 2019 of XCD 1.78M was added to the amount owing. Two payments totalling XCD 1M were received during the year. The balance outstanding at July 31, 2019 stood at XCD 28.82M.

Grenada

The balance outstanding from the Government of Grenada at August 1, 2018 was XCD 14.23M and at July 31, 2019 stood at XCD 10.46M after applying a final billing of XCD 2.65M, a 2017/2018 billing adjustment of XCD 0.23M and monthly payments made totalling XCD 6.19M. The Government of Grenada has been complying with a payment arrangement it made with the University with the objective of liquidating its arrears and keeping its account current. All monthly payments have been made subsequent to July 31, 2019.

Montserrat

Montserrat opened the year at August 1, 2018 with an amount of XCD 0.65M outstanding. A final billing for 2018/2019 of XCD 1.14M as well as a reduction of XCD 0.089M to the billing for 2017/2018 was applied to the account and two payments totalling XCD 0.18M were received resulting in an outstanding balance of XCD 1.52M at July 31, 2019. Subsequent to year- end an adjustment of XCD1.7M was made to reduce the balance on the Government's account to reflect the commitment it made to the cost of the operations of the Open Campus from 2014 onwards, by correspondence to the University. This adjustment was approved by the University Finance and General Purposes Committee in October 2019.

St. Kitts and Nevis

The Government of St Kitts and Nevis opened the year with a balance at August 1, 2018 of XCD 1.84M. For the 2018/2019 financial year the Government was billed a final amount of XCD 3.18M, and received a reduction in the amount of XCD 0.58M to its 2017/2018 billing. Payments received totalled XCD 5.02M, and resulted in a prepayment of XCD 0.58M at July 31, 2019. The Government continues to honour its obligations on a timely basis

St. Lucia

At August 1, 2018 The Government of St Lucia, had a balance of XCD 24.39M owing to the University. Payments totalling XCD 2.37M were received and the application of the 2018/2019 final billing of XCD3.15M as well as reduction of XCD 0.04M in the 2017/2018 billing, resulted in an increased balance of XCD 25.13M at July 31, 2019. Similar to prior years, the Government of St Lucia has been provided with another payment plan to allow it to settle its arrears and keep its account current. Discussions will continue with the Government towards arriving at a satisfactory outcome. A payment of XCD 0.9M was made after the year-end.

STATUS OF GOVERNMENT CONTRIBUTIONS (Continued)

St. Vincent and the Grenadines

At the start of the year, XCD23.73M was due from the Government of St Vincent and the Grenadines. While the Government made payments amounting to XCD 2.24M, after applying the 2018/2019 final billing of XCD4.92M and a reduction of XCD 0.52M to the 2017/2018 billing the amount owing at July 31, 2019 stood at XCD25.89M.

The Government is currently finalizing arrangements with the Caribbean Development Bank (CDB) to assume a loan carried by the Open Campus in the amount of XCD16.9M. This Loan was received by the Open Campus to develop the site in St Vincent and the Grenadines. While the arrangements with CDB are being finalized, the Government has been making quarterly payments to CDB towards the loan. In addition XCD 0.5M was received by the University after the year- end. The Government has also committed to providing the University with a payment plan to settle the balance of the arrears.

Turks & Caicos Islands

The amount of US$0.51M owed by the Turks and Caicos Government at August 1, 2018 was converted to a prepayment of US$1.03M at July 31, 2019. This arose from a final billing of US$0.11M, a reduction of US$0.53 M to prior year billings and payments totalling US$1.12M.

Independent Auditor's Report

To the Members of the Council of the University of the West Indies

Report on the audit of the financial statements

Our opinion

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

What we have audited

The University of the West Indies combined financial statements comprise:

- The combined statement of financial position as at 31 July 2019;
- The combined statement of comprehensive income for the year then ended;
- The combined statement of changes in reserves for the year then ended;
- The combined statement of cash flows for the year then ended;
- The notes to the financial statements, which include a summary of significant accounting policies.

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 Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the University in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management for the financial statements

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

In preparing the combined 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 to cease operations, or has no realistic alternative but to do so.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica T: (876) 922 6230, F: 876) 922 7581, www.pwc.com/jm

L.A. McKnight P.E. Williams B.L. Scott B.J.Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom G.K.Moore T.N. Smith DaSilva K.D. Powell

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 combined financial statements.

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

- Identify and assess the risks of material misstatement of the combined 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.

- 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 auditor's report to the related disclosures in the combined 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 auditor's 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 combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

PricewaterhouseCoopers

Chartered Accountants
15 July 2020
Kingston, Jamaica

The University of the West Indies

Combined Statement of Financial Position

31 July 2019

(expressed in Jamaica dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Current Assets			
Cash and cash equivalents	5	12,016,709	6,770,602
Resale agreements	6	1,130,784	1,226,428
Short-term investments	7	3,028,546	3,528,766
Accounts receivable	8	21,925,241	27,898,148
Inventories	9	531,999	437,434
		38,633,279	39,861,378
Current Liabilities	10	(24,266,534)	(23,058,336)
Net Current Assets		14,366,745	16,803,042
Non-Current Assets			
Advances	11	14,688	15,917
Long-term investments	7	12,213,084	9,940,144
Investment property	12	5,223	5,471
Long-term receivables	13	3,492,527	5,800,937
Property, plant and equipment	14	55,340,976	53,863,473
		71,066,498	69,625,942
		85,433,243	86,428,984
Reserves			
Cumulative translation reserve	15	18,956,261	18,729,322
Revaluation surplus	16	5,426,313	5,426,313
Investment revaluation reserve	17	1,907,199	1,692,070
General reserve		4,730,869	6,237,878
Accumulated deficit		(11,711,606)	(5,628,408)
Total reserve		19,309,036	26,457,175
Non-Current Liabilities			
Unexpended donations for special projects	18	6,475,535	6,223,116
Endowment funds	19	236,579	234,227
Capital grants	20	20,189,218	19,655,454
Long-term liabilities	21	8,395,878	6,955,941
Employee benefits obligation	22(d)	30,678,664	26,744,738
Deferred income	23	148,333	158,333
Total non-current liabilities		66,124,207	59,971,809
		85,433,243	86,428,984

Approved for issue by the University Audit Committee on 15 July 2020 and signed on its behalf by:

Sir Hilary Beckles
Vice Chancellor

A. McNish

Andrea McNish
University Bursar/Chief Financial Officer

The University of the West Indies

Combined Statement of Comprehensive Income

For the year ended 31 July 2019

(expressed in Jamaica dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Income			
Government contributions	4	29,108,933	28,061,709
Tuition and other student fees		8,737,630	8,307,444
Special projects		4,173,257	5,188,705
Other projects		11,964,414	13,489,894
Commercial operations		4,403,576	4,640,807
Investment income		346,590	541,741
Miscellaneous income		2,068,490	1,694,626
		60,802,890	61,924,926
Less: transfer to capital grants	20	(218,373)	(309,568)
Income after transfer to capital grants		60,584,517	61,615,358
Expenses			
Departmental		(26,637,997)	(24,860,972)
Administrative		(8,580,509)	(6,425,310)
Central		(6,023,749)	(5,509,852)
Net impairment losses on financial assets		(1,124,702)	(7,213,966)
Special projects		(4,173,257)	(5,188,705)
Other projects		(9,217,022)	(9,140,780)
Commercial operations		(3,828,082)	(3,804,721)
	24	(59,585,318)	(62,144,306)
Surplus/(deficit) for the year before finance costs		999,199	(528,948)
Finance costs	25	(532,230)	(571,957)
Surplus/(deficit) for the year before depreciation, pension and post-employment medical benefits		466,969	(1,100,905)
Depreciation		(2,676,909)	(2,520,905)
Pension and post-employment medical benefits	22(e)	(3,780,532)	(2,456,149)
Deficit for The Year		(5,990,472)	(6,077,959)
Other Comprehensive Income			
Item that will never be reclassified to profit or loss			
Re-measurement of employee benefits obligation	22(e)	(1,404,092)	140,560
Items that may be reclassified to profit or loss			
Changes in fair value of debt instruments at fair value through other comprehensive income		215,129	-
Change in fair value of available-for-sale financial assets		-	48,938
Reclassification of fair value gains on disposal of investments		-	(33,340)
Currency translation adjustments		226,939	1,823,265
Total other comprehensive (loss)/ income		(962,024)	1,979,423
Total comprehensive loss for the Year		(6,952,496)	(4,098,536)

		Capital Reserves		Other Reserves		
	Cumulative translation reserve	**Revaluation surplus**	**Investment revaluation reserve**	**General reserves**	**Accumulated deficit**	**Total reserves**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balances at July 31, 2017	16,906,057	5,426,213	1,676,472	4,315,533	2,074,547	30,398,822
Comprehensive income for the year:						
Deficit for the year	-	-	-	-	(6,077,959)	(6,077,959)
Other comprehensive income	1,823,265	-	15,598	1,518,834	(1,378,274)	1,979,423
Total comprehensive loss for the year	1,823,265	-	15,598	1,518,834	(7,456,233)	(4,098,536)
Transactions recorded directly in equity:						
Transfer to sabbatical fund	-	-	-	7,937	-	7,937
Adjustment for net funds under management	-	100	-	33,306	115,546	148,952
Transfers between reserves	-	-	-	362,268	(362,268)	-
Total transactions recorded directly in equity	-	100	-	403,511	(246,722)	156,889
Balances at July 31, 2018	18,729,322	5,426,313	1,692,070	6,237,878	(5,628,408)	26,457,175
Change in accounting policy (Note 32)	-	-	-	-	81,283	81,283
Balances at August 1 2018		5,426,313	1,692,070	6,237,878	(5,547,125)	26,538,458
Comprehensive income for the year:						
Deficit for the year	-	-	-	-	(5,990,472)	(5,990,472)
Other comprehensive loss	226,939	-	215,129	859,746	(2,263,838)	(962,024)
Total comprehensive loss for the year	226,939	-	215,129	859,746	(8,254,310)	(6,952,496)
Transactions recorded directly in equity:						
Adjustment for net funds under management	-	-	-	-	(276,926)	(276,926)
Transfers between reserves	-	-	-	(2,366,755)	2,366,755	-
Total transactions recorded directly in equity	-	-	-	(2,366,755)	2,089,829	(276,926)
Balances at July 31, 2019	18,956,261	5,426,313	1,907,199	4,730,869	(11,711,606)	19,309,036

The University of the West Indies

Combined Statement of Cash Flows

For the year ended 31 July 2019

(expressed in Jamaica dollars unless otherwise indicated)

	Note	2019 $'000	2018 $'000
Cash Flows from Operating Activities			
Deficit for the year		(5,990,472)	(6,077,959)
Adjustments for:			
Depreciation: Property, plant and equipment	14	2,676,660	2,520,656
Investment property	12	249	249
Amortisation of capital grants	20	(590,688)	(517,460)
Employee benefits obligation		3,780,533	2,456,14
(Gain)/loss on sale of property, plant and equipment		(14,605)	292,024
Foreign exchange adjustments		(3,353,232)	(8,760,611)
Impairment of financial assets (excluding economic cost)		2,257,419	6,861,385
Impairment of government receivables (for economic cost)		(1,132,717)	164,870
Interest income		(332,145)	(507,817)
Dividend income		(14,445)	(33,924)
Deferred income	23	(10,000)	(10,000)
Interest expense		532,230	571,957
		(2,191,213)	(3,040,481)
Changes in:			
Accounts receivable		5,972,907	1,374,863
Inventories		(94,566)	(19,129)
Current liabilities		(1,452,785)	(746,713)
Net cash provided/(used) by operating activities		2,234,343	(2,431,460)
Cash Flows from Investing Activities			
Interest received		370,334	511,201
Dividend received		14,445	33,924
Investment, (net)		(1,557,591)	1,927,673
Decrease/(increase) in resale agreements		95,644	(50,349)
Decrease/(increase) in advances		1,229	(7,822)
Decrease/(increase) in long-term receivables		1,175,694	(1,774,345)
Purchase of property, plant and equipment	14	(5,141,154)	(3,684,915)
Proceeds from sale of property, plant and equipment		18,552	-
Net cash used by investing activities		(5,022,847)	(3,044,633)
Cash Flows from Financing Activities			
Interest paid		(407,388)	(328,111)
Unexpended donations for special projects		252,419	31,590
Endowment funds	19	2,244	(83,743)
Capital grants received	20	990,849	2,481,792
Proceeds of long-term loans		2,878,275	2,010,872
Repayment of long-term loans		(885,574)	(3,689,300)
Other long-term liabilities, (net)		5,203,786	3,273,352
Net cash provided by financing activities		8,034,611	3,696,452
Net increase/(decrease) in cash and cash equivalents		5,246,107	(1,779,641)
Cash and cash equivalents at beginning of the year		6,770,602	8,550,243
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5	12,016,709	6,770,602

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. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the University's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards effective in current year
Certain new standards, amendments and interpretations to existing standards have been published that became effective during the current financial year. The University has assessed the relevance of all such new standards, interpretations and amendments and has adopted the following, which are immediately relevant to its operations:

IFRS 9, 'Financial instruments' (effective for annual periods beginning on or after 1 January 2018). IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL). Classification of debt instruments under IFRS 9 is driven by the entity's business model for managing the financial assets and the contractual characteristics of the financial assets. All equity instruments are measured at fair value under IFRS 9.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in its own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for trade receivables.

Changes in accounting policies resulting from adoption were applied retrospectively as at 1 August 2018, but with no restatement of comparative information for prior years. Consequently, the University will recognise any adjustments to the carrying amounts of financial assets between IAS 39 and IFRS 9 in the opening accumulated fund or other components of equity. Refer to note 32 for details.

IFRIC 22, 'Foreign currency transactions and advance consideration', (effective for annual periods beginning on or after 1 January 2018). The interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. There was no significant impact on the University's financial statements arising from the adoption of the interpretation.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards effective in current year (continued)

Amendment to IFRS 15, 'Revenue from contracts with customers' (effective for accounting periods beginning on or after 1 January 2018). These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). The IASB has also included additional practical expedients related to transition to the new revenue standard. The University has considered the impact of this amendment and has concluded that there is no significant impact on its financial statements.

IFRS 15, 'Revenue from Contracts with Customers', (effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed.

The guidance requires disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The guidance permits two methods of adoption: retrospectively to each prior period reporting period presented, or retrospectively with the cumulative effect of initially applying the guidance recognised at the date of initial application (the modified retrospective approach). The University adopted the guidance effective 1 August 2018 using the modified retrospective approach.

The University applied IFRS 15 for the first time in the 2019 financial statements with the date of initial application of 1 August 2018. While the adoption of the standard and amendment did not have any significant impact on the primary statements, the requirements resulted in updates to the accounting policies and disclosures presented in the financial statements. See Note 32 for further details

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the University

Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement' (effective for annual periods beginning on or after 1 January 2019). These amendments require an entity to use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. Management is currently assessing the impact of future adoption of these financial statements.

Annual Improvements to IFRS 2015-2017, (effective for annual periods beginning on or after 1 January 2019). The amendments to IAS 23 clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. Management is assessing the potential impact of adoption on these financial statements.

Amendment to IFRS 9, 'Financial instruments on prepayment features with negative compensation' (effective for annual periods beginning on or after 1 January 2019). This amendment confirms that when a financial liability measured at amortized cost is modified without this resulting in de-recognition, a gain or loss should be recognized immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. The University is currently assessing the impact of this amendment.

Amendments to IAS 1 'Presentation of financial statements' and IAS 8 'Accounting policies, changes in accounting estimates and errors' (effective for annual periods beginning on or after 1 January 2022). These amendments clarify the definition of materiality and the meaning of primary uses of general purpose financial statements by defining them as existing and potential investors, lenders and other creditors. The University is currently assessing the impact of this standard.

Revised Conceptual Framework for Financial Reporting (effective for annual periods beginning on or after 1 January 2020). The revised Conceptual Framework will be used in standard-setting decisions with immediate effect, however no changes will be made to any of the current accounting standards. Entities that apply the Conceptual Framework in determining accounting policies will need to consider whether their accounting policies are still appropriate under the revised Framework. The University is currently assessing the impact of this revision.

There are no other new or amended standards and interpretations that are published but not yet effective that would be expected to have an impact on the accounting policies or financial disclosures of The University.

2. Significant Accounting Policies (Continued)

(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 the functional currency of The University is. The financial statements are presented in thousands of dollars (J$000) unless otherwise stated.

(d) 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, 2019, after eliminating all significant inter- campus 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.

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 Campus 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

2. Significant Accounting Policies (Continued)

(d) Basis of combination (continued)

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 2019	2018
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, 2019 and 2018, is as follows:

	Net assets/(liabilities)		Net (loss)/profit	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
UMC	(291,336)	(316,823)	(7,176)	(21,907)
Lumin	16,169	(95,613)	(24,044)	839
	(275,167)	(412,436)	(31,220)	(21,068)

(e) 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.

2. Significant Accounting Policies (Continued)

(f) Investments

(i) Classification
From 1 August 2018, the University classifies its financial assets in the following measurement categories:

- At fair value (either through OCI or through profit or loss); and
- At amortised cost.

The classification is based on the University's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are recorded in profit or loss or OCI.

The University will reclassify debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition
Purchases and sales of financial assets are recognised on the date at which the University becomes a party to the contractual provisions of the instrument, i.e., the date they originated. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the University has transferred substantially all the risks and rewards of ownership.

(iii) Measurement
At initial recognition, the University measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments
Subsequent measurement of debt instruments depends on the University's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the University classifies its debt instruments:

2. Significant Accounting Policies (Continued)

(f) Investments (continued)

(iii) Measurement (continued)

Debt instruments (continued)

- Amortised cost - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

- FVOCI - Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of comprehensive income.

- FVPL - Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The University subsequently measures all equity investments at fair value. Where the University's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the University's right to receive payment is established.

Changes in the fair value of financial assets at FVPL are recognised in gains/(losses) in the profit or loss statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2. Significant Accounting Policies (Continued)

(f) Investments (continued)

(iv) Impairment

From 1 August 2018, the University assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the University applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 26 for further details.

Prior to 1 August 2018, 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.

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 previously recognized 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.

Accounting policies applied prior to 1 August 2018

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.

2. Significant Accounting Policies (Continued)

(f) Investments (continued)

Accounting policies applied prior to 1 August 2018

Available-for-sale investments (continued)

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.

(g) 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.

2. Significant Accounting Policies (Continued)

(h) Accounts receivable

Trade and other receivables are measured at amortized cost, less impairment losses. For trade receivables, the University applies the simplified approach permitted by IFRS 9 in determining impairment provisions, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see Note 26 for further details. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

(i) Accounts payable

Accounts payable and accrued charges are measured at amortised cost.

(j) 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.

(k) Inventories

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

(l) 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 2(q).

(m) 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.

2. Significant Accounting Policies (Continued)

(m) Property, plant and equipment and depreciation (continued)

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

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

(n) Employee benefits

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

Pensions and other post-employment obligations included in these financial statements have been actuarially determined by a qualified independent actuary, appointed by management. The appointed actuary's report outlines the scope of the valuation and includes the actuary's opinion.
The actuarial valuations were conducted in accordance with IAS 19, and the financial statements reflect the University's post-employment benefits obligation as computed by the actuary. In carrying out their audit, the auditors rely on the work of the actuary and the actuary's report.

(a) General benefits

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

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

2. Significant Accounting Policies (Continued)

(n) Employee benefits (continued)

(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 non-academic 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.

2. Significant Accounting Policies (Continued)

(n) Employee benefits (continued)

(b) Pension benefits (continued)

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.

(o) 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.

2. Significant Accounting Policies (Continued)

(p) 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.

(q) 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.

2. Significant Accounting Policies (Continued)

(q) Revenue recognition (continued)

Income from commercial operations is accounted for on the accrual basis, and on the straight-line basis over the period of the lease, where there are lease agreements.

Grants:
Grants that are not subject to donor-imposed stipulations are credited to profit or loss when received. Other grants that are subject to donor-imposed stipulations are included in deferred income and transferred to profit or loss when the conditions are met.

Special purpose funds:
The University receives funds from donors for special projects which it undertakes. These funds are initially deferred and credited to profit or loss in a manner which reflects the utilization of the funds.

(r) 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.

(s) Impairment losses

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.

2. Significant Accounting Policies (Continued)

(s) Impairment losses (continued)

Non-financial assets: (continued)

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

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.

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 accounts receivable, decrease and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized 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.

2. Significant Accounting Policies (Continued)

(t) 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.

(u) 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.

(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.

2. Significant Accounting Policies (Continued)

(u) Related parties (continued)

(b) An entity is related to the University if any of the following conditions applies (continued):

(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.

(v) Finance leases

As lessee

Leases of property, plant and equipment where the University assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalized at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in finance lease obligations. The interest element of the finance charge is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leasing contracts is depreciated over the useful life of the asset.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

As lessor

When assets are sold under a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned income. Lease income is recognized over the term of the lease so as to reflect a constant periodic rate of return.

2. Significant Accounting Policies (Continued)

(w) Expenses

Expenses are recognized on the accrual basis.

(x) 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.

(y) Long-term receivables

Long term receivables are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, and are measured at amortized cost. Interest income from these financial assets is included in the income statement using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss. Impairment losses are presented as a separate line item in the income statement.

(z) Reserves

Translation reserve comprises unrealized gains and losses on combination of entities that have a functional currency different from that of the University.

Revaluation surplus comprises unrealized 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.

Investment revaluation reserve represents unrealized surplus on the revaluation of investment securities carried at fair value.

General reserve comprises the surplus or deficit on non-commercial operations for one entity; savings on the operations of the University up to July 31, 2003; as well as amounts transferred to sabbatical fund annually.

Accumulated fund or deficit comprises the surplus or deficit on operations for all other entities.

(aa) Endowment funds

Endowment funds represent the value of restricted funds provided by donors for specified purposes. The use of the earnings from the investment of the endowment funds is also restricted.

3. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

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.

(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.

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

	2019 $'000	2018 $'000
Cash on hand and imprest accounts	10,739	12,383
Bank current accounts	11,008,789	5,731,796
Savings accounts	19,573	12,332
Fixed-term deposits	988,590	1,098,495
Treasury deposits	179,447	112,432
	12,207,138	6,967,438
Bank overdraft	(190,429)	(196,836)
	12,016,709	6,770,602

Included in cash and cash equivalents are restricted funds totaling J$3,798,398,000 (2018: J$3,875,462,000). 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 31 July, 2019, approximates carrying value.

Included in resale agreements are restricted funds with a nominal value of J$843,903,000(2018: J$918,083,000). 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.

7. Investments

	2019 $'000	2018 $'000
Short-term investments:		
Fair value through other comprehensive income (2018 – available-for-sale):		
Regional quoted equities [see (i)]	2,909,960	2,812,326
Government securities [see (ii)]	4,972	5,255
Unit trust accounts	23,983	24,776
	2,938,915	2,842,357
Amortised cost (2018 – loans and receivables):		
Government securities [see (ii)]	12,083	11,949
Fixed-term deposits	83,529	674,460
	95,612	686,409
	3,034,527	3,528,766
IFRS 9 expected credit loss adjustment	(5,981)	-
Total short-term investments	3,028,546	3,528,766
Long-term investments:		
Amortised cost (2018 – loans and receivables):		
Government securities [see (ii)]	4,687,265	1,191,963
Fixed-term deposits	9,114,161	9,578,421
	13,801,426	10,770,384
IFRS 9 expected credit loss adjustment	(1,588,342)	(830,240)
Total long-term investments	12,213,084	9,940,144
Total investments [see (iii)]	15,241,630	13,468,910

(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) Included in investments are restricted funds totaling J$9,721,000,000 (2018: J$3,273,050,000). 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.

8. Accounts Receivable

	2019 $'000	2018 $'000
Contributions due from governments [see (a) below]	3,799,174	5,609,764
Staff accounts	175,648	150,779
Student accounts	6,241,158	6,998,457
Government Assistance for Tuition Expense (GATE)	6,691,063	6,118,326
Cave Hill School of Business	76,523	77,253
Mona Tech Engineering Services	(121,438)	18,643
Norman Manley Law School	2,471	4,007
Advances for special projects	1,096,233	1,108,200
Other accounts receivable	10,830,965	17,684,456
	28,791,797	37,769,885
Less: impairment provisions [Note 26(i)]:		
- Student accounts	(3,511,991)	(1,937,403)
- Third parties	(1,079,776)	(5,657,660)
- Government of Trinidad and Tobago	(2,274,789)	(2,276,674)
	(6,866,556)	(9,871,737)
	21,925,241	27,898,148

(a) Contributions due from governments:

	2019 $'000	2018 $'000
Anguilla	280,605	292,514
Antigua	902,111	749,315
Bahamas	-	646,691
Barbados	505,386	3,291,570
Belize	66,448	121,662
Bermuda	9,283	6,222
British Virgin Islands	337,790	331,088
Cayman Islands	56,266	384,889
Dominica	1,447,890	1,395,067
Grenada	525,590	708,557
Jamaica	124,230	130,115
Montserrat	76,373	32,517
St. Kitts and Nevis	-	91,864
St. Lucia	1,262,267	1,213,757
St. Vincent and the Grenadines	1,300,192	1,180,866
Trinidad and Tobago	2,260,525	3,761,958
Turks and Caicos Islands	-	69,420
	9,154,956	14,408,072
Transferred to long-term receivables (Note 13)	(5,154,334)	(8,798,308)
	4,000,622	5,609,764
Provision for impairment	(201,448)	-
	3,799,174	5,609,764

9. Inventories

	2019 $'000	2018 $'000
General stores	240,797	174,816
Bookshop inventory	254,987	231,309
Stationery	36,215	31,309
	531,999	437,434

10. Current Liabilities

	2019 $'000	2018 $'000
Government contributions received in advance	264,254	-
University Hospital of the West Indies (UHWI)	227,490	619,429
Student accounts	671,170	729,858
Accrued vacation leave	2,401,450	2,260,167
Short- term loan (i)	1,022,611	256,201
Fixed rate corporate bond (ii)	-	1,189,306
Current portion of long-term liabilities (Note 21)	1,309,932	1,057,099
Deferred revenue	1,278,486	1,188,051
Sundry creditors	17,091,141	15,758,22
	24,266,534	23,058,33

(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 was settled in December 2019. Proceeds from the bond were used to finance a Cogeneration plant at the Mona Campus under a Public Private Partnership. The bond was converted to a lease on 30 June 2019 (see Note 21).

11. Advances

	University Press $'000	Joint Board of Teacher Education $'000	Total $'000
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
Net movement	(1,229)	-	(1,229)
Balances as at July 31, 2019	11,310	3,378	14,688

12. Investment Property

	2019 $'000	2018 $'000
Cost	9,948	9,948
Less: accumulated depreciation	(4,725)	(4,477)
Balance at end of year	5,223	5,471
Depreciation charge for year	249	249

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

	2019 $'000	2018 $'000
Income earned from the rental of properties	7,578	8,008
Expenses incurred by the properties	(6,456)	(6,324)

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

	2019 $'000	2018 $'000
Contributions due from governments [see (a) below]		
Anguilla	280,605	292,514
Barbados	-	3,291,570
British Virgin Islands	337,790	331,088
Cayman Islands	-	384,889
Dominica	1,447,890	1,395,067
Grenada	525,590	708,557
St. Lucia	1,262,267	1,213,757
St. Vincent and the Grenadines	1,300,192	1,180,866
	5,154,334	8,798,308
Less: impairment loss [see (a) below], [Note 26(i)]	(1,678,570)	(3,012,736)
	3,475,764	5,785,572
Medical Sciences students [see (b) below]	16,763	15,365
Net long-term receivables	3,492,527	5,800,937

13. Long-term Receivables (Continued)

(a) This represents government contributions outstanding for periods in excess of one year. A recovery of J$1,132,718,000 (BDS$17,121,000) [2018: impairment of J$164,869,800 (BDS$212,860)] 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.

14. Property, Plant and Equipment

	Land and Leasehold Improvements $'000	Buildings $'000	Furniture, Fixtures and Equipment $'000	Motor Vehicles $'000	Computer and Other Electronic Equipment $'000	Library Books $'000	Work-In-Progress $'000	Total $'000
Cost or deemed cost								
July 31, 2017	2,074,988	53,353,331	11,697,131	1,151,078	6,758,773	7,642,753	2,012,421	84,690,475
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	3,684,915
Transfers	-	702,685	-	-	-	-	(702,685)	-
Adjustments	-	-	260	-	(6,351)	-	(282,678)	(288,769)
Disposals	-	-	(81,464)	-	(41,973)	-	-	(123,437)
July 31, 2018	2,184,338	56,632,441	12,302,463	1,284,392	7,431,583	8,088,886	3,036,107	90,960,210
Currency translation adjustments	15,909	288,712	50,230	5,388	34,925	49,017	10,810	454,991
Additions	-	3,648,591	442,090	85,491	428,323	73,057	463,602	5,141,154
Transfers	1,633	-	-	-	-	-	(1,633)	-
Adjustments	(46,179)	(3,028)	1,329,899	(19,479)	(1,262,165)	-	1,729	777
Disposals	-	-	(44,652)	(52,929)	(13,324)	(41)	(1,187,373)	(1,298,319)
July 31, 2019	2,155,701	60,566,716	14,080,030	1,302,863	6,619,342	8,210,919	2,323,242	95,258,813
Depreciation								
July 31, 2017	-	11,267,063	8,538,794	927,416	5,510,352	7,212,397	-	33,456,022
Charge for the year	-	1,188,817	666,392	108,753	378,998	177,696	-	2,520,656
Disposals	-	-	(62,669)	-	(41,806)	-	-	(104,475)
Adjustments	-	-	-	-	(5,902)	-	-	(5,902)
Currency translation adjustments	-	365,048	314,938	28,955	158,934	362,561	-	1,230,436
July 31, 2018	-	12,820,928	9,457,455	1,065,124	6,000,576	7,752,654	-	37,096,737
Charge for the year	-	1,349,307	698,944	93,430	418,662	116,317	-	2,676,660
Disposals	-	-	(40,962)	(47,220)	(23,295)	(41)	-	(111,518)
Adjustments	-	-	15,091	-	(4,412)	-	-	10,679
Currency translation adjustments	-	96,812	691,944	11,698	(606,596)	51,421	-	245,279
July 31, 2019	-	14,267,047	10,822,472	1,123,032	5,784,935	7,920,351	-	39,917,837
Net book values								
At July 31, 2019	2,155,701	46,299,669	3,257,558	179,831	834,407	290,568	2,323,242	55,340,976
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

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 $'000	Scholarships $'000	Prizes $'000	Total $'000
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
Receipts	2,852,625	2,943,936	-	5,796,561
Expenditure	(2,696,162)	(2,885,027)	-	(5,581,189)
Transfers	3,367		-	3,367
Currency translation adjustments	29,645	4,035	-	33,680
Balances as at July 31, 2019	5,859,644	605,005	10,886	6,475,535

19. Endowment Funds

	2019 $'000	2018 $'000
Balance at beginning of year	234,227	317,391
Receipts/ (expenditure)	2,244	(83,743)
Currency translation adjustments	108	579
Balance at end of year	236,579	234,227

20. Capital Grants

	2019 $'000	2018 $'000
Balance at beginning of year	19,655,454	16,861,781
Receipts	772,476	2,172,224
Amortisation	(590,688)	(517,460)
Transfers	218,373	309,568
Currency translation adjustments	133,603	829,341
Balance at end of year	20,189,218	19,655,454

21. Long-term Liabilities

(i) Long-term Loans

	Notes	Interest Rates %	2019 $'000	2018 $'000
European Union	(a)	1.0	351,267	385,412
Caribbean Development Bank (CDB)	b)(i) & (ii)	2.0-3.6	1,043,317	1,149,763
Caribbean Development Bank (CDB)	(c)	4.5	182,537	215,308
Caribbean Development Bank (CDB)	(d)		793,415	571,274
National Housing Trust – Loan #1	(e)	5.0	397,690	414,062
National Housing Trust – Loan #2	(f)	5.0	1,843,397	1,853,901
CLICO International	(g)	7.0	201,912	200,044
Republic Bank (Barbados) Limited convertible loan	(h)	0	-	593
Republic Bank (Barbados) Limited	(i)	5.5	108,485	201,529
NCB Capital Markets Limited and National Commercial Bank Jamaica Limited	(j)	9.85	67,069	335,345
Republic Finance and Trust (Barbados) Corporation	(k)	7.5	632,218	645,000
Finance lease – GK Investments	(l)	13.0	-	44,207
National Commercial Bank	(m)	9.5	772,000	900,000
Republic Bank (Barbados) Limited	(n)	3.75	54,243	80,611
JMMB Limited	(o)	6.0	162,728	241,835
Republic Bank (Trinidad) Ltd	(p)	5.5	1,007,197	-
Finance Lease- Pelican Power	(q)		1,635,656	-
			9,253,131	7,238,884

(ii) Other Long-term Liabilities

Barnett Limited	(r)	5.0	19,444	31,542
University Hospital of the West Indies	(s)		217,351	347,554
Retroactive pension supplementation			97,030	129,566
Digicel Jamaica Limited	(t)		118,854	265,494
			452,679	774,156
			9,705,810	8,013,040
Less: current portion of long-term liabilities (Note 10)			(1,309,932)	(1,057,099)
Total non-current portion of long-term			8,395,878	6,955,941

21. Long-term Liabilities (Continued)

(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, 2019, was €2,303,707 (2018: €2,476,979).

(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$8,695,380 (J$1,179,141,800) up to July 31, 2019 [2018: 8,695,300 (J$1,168,236,000)].

Portion A, amounting to US$5,544,000 (J$751,804,099), 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, 2019 is US$2,538,700 (J$344,270,700) [2018: US$2,716,899 (J$365,022,369)].

(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, 2019, the amount disbursed was US$8,246,000 (2018: US$8,246,000) which equates to J$1,118,213,700 (2018: J$1,107,871,000) at the year-end exchange rate.

21. Long-term Liabilities (Continued)

(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 4.8% (2018: 4.5%) 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 funds drawn down against the loan at July 31, 2019 were commitment fees, interest costs, disbursements to the contractors in St. Vincent and disbursements to the SDEC/GAC project office for curriculum development in the amount of BDS$11,701,699 (2018: BDS$8,504,101). The undrawn balance at year end is BDS$7,806,733 (2018: BDS$17,459,899).

(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 (Continued)

(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 (2018: 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. The loan was repaid during the year.

(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 totaling 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 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.

21. Long-term Liabilities (Continued)

(k) 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.

(l) 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. The loan was repaid during the year.

(m) In the prior 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.

(n) 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 totaling 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$1.2 million out of the BDS$2.5 million facility was disbursed.

(o) In November 2018, 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.

(p) In February 2019, Roytec undertook a mortgage loan through Republic Bank Limited in the amount of TT$51,200.00 to purchase its head office at 136-138 Henry Street, Port of Spain, Trinidad. This mortgage loan is at an annual interest rate of 5.5% for a period of 15 years with instalments payable monthly. The St. Augustine campus has provided a guarantee for the repayment of this loan.

(q) As of July 1, 2019 a power plant lease agreement was executed between Pelican Power Ltd (the lessor) and the University of the West Indies, Mona Campus (the lessee) whereby a 7- Megawatt GE Jenbacher dual fuel cogeneration power plant will be leased for 15 years at a rent of US$2,205,000 per annum and shall be payable in 12 equal monthly payments during the lease term.

(r) 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.

(s) 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.

21. Long-term Liabilities (Continued)

(t) In September 2016, UWI Mona and Digicel (Jamaica) Limited had entered into a Master Service Agreement for the implementation of a WiFi Solution. Furthermore, an addendum to the contract to provide Cabling Infrastructure for the Halls of Residence and Faculties in support of the implementation of a WiFi Solution was signed February 17, 2017. The duration of the loan is 60 months and is interest free. The repayment on the loan is approximately 60 monthly equal instalments and no security deposit is required.

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.

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

(a) Plan for academic and senior administrative staff

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

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

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

(b) Plan for administrative and technical staff

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

22. Employee Benefits Obligation (Continued)

(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:

	2019 $'000	2018 $'000
Defined contribution supplementation plan [Note 22(d)(i)]	19,405,879	17,604,371
Defined benefit plan [Note 22 (d)(i)]	2,452,704	2,274,130
	21,858,583	19,878,501
Post-employment medical benefits [Note 22(d)(ii)]	8,820,081	6,866,237
Amount recognized in the statement of financial position	30,678,664	26,744,738

22. Employee Benefits Obligation (Continued)

(d) Post–employment benefits computation (continued)

(i) Defined contribution supplementation plan and defined benefit plan

	F.S.S.U. 2019 $'000	F.S.S.U. 2018 $'000	St. Augustine Campus 2019 $'000	St. Augustine Campus 2018 $'000	Total 2019 $'000	Total 2018 $'000
Present value of unfunded obligations	19,405,879	17,604,371	-	-	19,405,879	17,604,371
Present value of funded obligations	-	-	10,821,696	10,365,465	10,821,696	10,365,465
Fair value of plan assets	-	-	(8,368,992)	(8,091,335)	(8,368,992)	(8,091,335)
Recognised liability	19,405,879	17,604,371	2,452,704	2,274,130	21,858,583	19,878,501

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

	F.S.S.U. 2019 $'000	F.S.S.U. 2018 $'000	St. Augustine Campus 2019 $'000	St. Augustine Campus 2018 $'000	Total 2019 $'000	Total 2018 $'000
Net liability at beginning of year	17,604,371	16,037,010	2,274,130	2,548,391	19,878,501	18,585,401
Include in profit or loss [Note 22(e)]	1,454,388	1,337,607	422,457	394,099	1,876,845	1,731,706
Included in other comprehensive income	1,277,225	546,092	(21,124)	(543,518)	1,256,101	2,574
Contributions paid	(1,023,444)	(871,590)	(242,605)	(238,217)	(1,266,049)	(1,109,807)
Currency translation adjustments	93,339	555,252	19,846	113,375	113,185	668,627
Net liability at end of year	19,405,879	17,604,371	2,452,704	2,274,130	21,858,583	19,878,501

22. Employee Benefits Obligation (Continued)

(d) Post–employment benefits computation (continued)

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

Movements in plan assets	F.S.S.U. 2019 $'000	F.S.S.U. 2018 $'000	St. Augustine Campus 2019 $'000	St. Augustine Campus 2018 $'000	Total 2019 $'000	Total 2018 $'000
Fair value of plan assets at beginning of year	-	-	8,091,335	7,417,374	8,091,335	7,417,374
Plan participants' contributions	-	-	121,283	118,485	121,283	118,485
Expected return on plan assets	-	-	392,524	371,838	392,524	371,838
Contributions paid	-	-	242,605	238,217	242,605	238,217
Benefits paid	-	-	(341,544)	(301,976)	(341,544)	(301,976)
Actuarial losses on plan assets	-	-	(195,807)	(157,451)	(195,807)	(157,451)
Currency translation adjustments	-	-	58,596	404,848	58,596	404,848
Fair value of plan assets at end of year	-	-	8,368,992	8,091,335	8,368,992	8,091,335

The plan assets comprise investments in a deposit administration contract administered by Guardian Life of the Caribbean. Included in profit or loss:

	F.S.S.U. 2019 $'000	F.S.S.U. 2018 $'000	St. Augustine Campus 2019 $'000	St. Augustine Campus 2018 $'000	Total 2019 $'000	Total 2018 $'000
Current service costs	287,143	332,335	301,329	257,719	588,472	590,054
Interest on obligation	1,130,458	1,172,181	112,047	127,763	1,242,505	1,299,944
Past service costs vested benefits	36,787	(166,909)	9,081	8,617	45,868	(158,292)
	1,454,388	1,337,607	422,457	394,099	1,876,845	1,731,706

Included in other comprehensive income

22. Employee Benefits Obligation (Continued)

(d) Post–employment benefits computation (continued)

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

	F.S.S.U.		St. Augustine Campus		Total	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Re-measurement gain due to actuarial (gain)/loss arising from:						
- Experience adjustment	349,419	(525,783)	(21,124)	(543,518)	328,295	(1,069,301)
- Demographic assumptions	179,959	-	-	-	179,959	-
- Financial assumptions	747,847	1,071,875	-	-	747,847	1,071,875
	1,277,225	546,092	(21,124)	(543,518)	1,256,101	2,574

22. Employee Benefits Obligation (Continued)

(d) Post–employment benefits computation (continued)

(ii) **Post-employment medical benefits**

	2019 $'000	**2018 $'000**
Liability at beginning of year	6,866,237	6,237,472
Included in profit or loss:		
- Current service cost	269,246	289,406
- Interest cost on obligation	419,848	435,037
- Past service cost-vested benefits	1,214,593	-
	1,903,687	724,443
Included in other comprehensive income:		
Re-measurement gain due to actuarial (gain)/loss arising from:		
- Experience adjustment	126,195	(40,501)
- Demographic assumptions	487,442	464,601
- Financial assumptions	(465,646)	(567,234)
	147,991	(143,134)
Other:		
- Contributions paid	(141,759)	(109,463)
- Currency translation adjustments	43,925	156,919
Liability at end of year	8,820,081	6,866,237

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

	2019 $'000	**2018 $'000**
Amount included in profit or loss:		
Pension supplementation-defined contribution plan [Note 22(d)(i)]	1,454,388	1,337,607
Defined benefit pension plan [Note 22(d)(i)]	422,457	394,099
	1,876,845	1,731,706
Post-employment medical care [Note 22(d)(ii)]	1,903,687	724,443
	3,780,532	2,456,149

22. Employee Benefits Obligation (Continued)

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

	2019 $'000	2018 $'000
Amount included in other comprehensive income:		
Pension supplementation-defined contribution plan [Note 22(d)(i)]	1,277,225	546,092
Defined benefit pension plan [Note 22(d)(i)]	(21,124)	(543,518)
	1,256,101	2,574
Post-employment medical care [Note 22(d)(ii)]	147,991	(143,134)
	1,404,092	(140,560)

(f) Principal actuarial assumptions at the reporting date

	FSSU		St. Augustine	
		2018	2019	2018
	%	%	%	%
Discount rate	4.75-	4.75-7.75	5.0	5.0
Future salary increases	3.4-5.0	4.0- 5.0	3.0	3.0
Health cost inflation	4.0-	4.5- 6.0	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.

	2019		2018	
	1% Increase $'000	1% Decrease $'000	1% Increase $'000	1% Decrease $'000
Pension:				
Discount	(2,902,524)	3,516,001	(2,737,961)	3,270,192
Salary escalation rate	1,016,610	(822,144)	874,146	(725,631)
Health:				
Discount rate	(1,439,112)	1,872,447	(1,151,246)	1,517,772
Health inflation rate	1,838,528	(1,441,155)	1,484,657	(1,149,971)

22. Employee Benefits Obligation (Continued)

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

	2019	2018
Pension	10.0	10.0
Health	18.5	19.8

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:

	2019 $'000	2018 $'000
Balance at beginning of the year	168,333	178,333
Less: amount recognized during the year	(10,000)	(10,000)
	158,333	168,333
Less: current portion included in current liabilities	(10,000)	(10,000)
	148,333	158,333

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.

24. Expenses by Nature

	2019 $'000	2018 $'000
Administrative services	1,248,430	1,038,144
Advertising	164,528	118,325
Cleaning and sanitation	428,630	241,666
Computer and software license fees	374,456	419,614
Courier services, shipping and freight charges	56,901	59,170
Donations and charity	88,635	16,814
General office supplies and consumables	193,552	250,751
Hospitality and entertainment	511,543	438,513
Laboratory and medical supplies	756,311	519,484
Legal and professional fees	501,587	631,649
Local and foreign travel	826,568	846,094
Miscellaneous	5,392,122	5,796,590
Motor vehicle expenses	66,200	85,335
Printing and stationery	490,686	474,018
Impairment losses on financial assets	1,124,702	7,213,966
Repairs and maintenance		
- building	1,228,935	1,015,053
- furniture and fixtures	559,752	471,279
- motor vehicles	167,449	73,331
Security costs	1,060,535	1,176,097
Staff costs	39,071,125	35,924,178
Teaching and research	2,629,490	2,543,905
Training and development	506,647	322,244
Utilities	2,136,534	2,468,086
	59,585,318	62,144,306

25. Finance Costs

	2019 $'000	2018 $'000
Interest expense-loans	453,560	375,623
Other finance costs	78,670	196,334
	532,230	571,957

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.

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

- Credit risk
- Liquidity risk
- Market risk

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

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

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

(a) 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.

26. Financial Risk Management (Continued)

(a) Credit risk (continued)

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.

Impairment of financial assets

The University has three types of financial assets that are subject to the expected credit loss model:

- Accounts receivable
- debt investments carried at amortised cost, and
- debt investments carried at FVOCI.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

(i) Accounts receivable

The University applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivable.

The expected credit loss rates are based on the amounts recovered from students over the period of 36 months before 31 July 2019 or 1 August 2018 respectively and the corresponding historical credit losses experienced within this period. The historical rates are adjusted to reflect current and forward-looking information on the macroeconomic factors affecting the ability of the students to settle the receivables. The University has identified GDP and the unemployment rate of the country in which it sells its services to be the most relevant factors and accordingly adjusts the historical loss rates based on the expected changes in these factors.

26. Financial Risk Management (Continued)

(a) Credit risk (continued)

(ii) Student accounts

On this basis, the loss allowance as at 31 July 2019 and 1 August 2018 (on adoption of IFRS 9) was determined as follows for student accounts receivable:

31 July 2019	**Expected Credit Loss Rate**	**Gross Carrying Amount $'000**
Current	21%	1,068,123
More than 90 days past due	53%	1,106,188
More than 120 days past due	46%	1,869,754
More than one year past due	84%	2,197,093
		6,241,158
Loss allowance		(3,511,991)
Total		2,729,167

1 August 2018	**Expected Credit Loss Rate**	**Gross Carrying Amount $'000**
Current	16%	1,040,290
More than 90 days past due	44%	939,416
More than 120 days past due	27%	2,730,643
More than one year past due	27%	2,288,108
		6,998,457
Loss allowance		(1,937,403)
Total		5,061,054

26. Financial Risk Management (Continued)

(a) Credit risk (continued)

(ii) Student accounts receivable (continued)

The closing loss allowances for student accounts receivable as at 31 July 2018 reconcile to the opening loss allowance as follows:

	2019 $'000	2018 $'000
31 July – calculated under IAS 39	2,959,547	1,917,985
Amounts restated through opening retained earnings	112,010	753,135
Opening loss allowance as at 1 August 2018 – calculated under IFRS 9	3,071,557	2,671,120
Increase in loan loss allowance recognised in income statement	461,794	458,205
Receivables written off during the year as uncollectible	(21,279)	614,932
Unused amount reversed	(81)	-
At 31 July	3,511,991	3,744,257

Student accounts receivable are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the University, and a failure to make contractual payments for a period of greater than 365 days.

Impairment losses on student accounts receivable are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(iii) Debt investments

The following table summarises the credit exposure of the University to businesses and government by sectors in respect of investments:

	2019 $'000	2018 $'000
Government	399,256	996,378
Corporate	2,629,290	2,532,388
	3,028,546	3,528,766

26. Financial Risk Management (Continued)

(a) Credit risk (continued)

(ii) Debt investments (continued)

- Qualitative assessment – Credit ratings are associated with ranges of default probabilities based on historical information. Rating outlooks, which are inherently forward-looking, are used to determine the probability of default to be applied to a specific security within its respective range. Issuer-specific default risk estimates incorporate forward-looking information directly. In calculating the probability of default, the University uses credit ratings along with rating outlooks from recognised rating agencies, as well as issuer-specific default risk estimates where available and appropriate. The ratings and risk estimates are mapped to an internal credit risk grading model in order to standardise across different rating systems and to clearly demarcate significant changes in credit risk over time.

  A qualitative assessment is done at initial recognition and subsequently at each statement of financial position date and where it is determined that there is a significant increase in the probability of default the security is categorised as stage 2 for the purpose of calculating the ECL. If the financial instrument is credit impaired, the financial instrument is then moved to 'Stage 3. Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

- Quantitative assessment - Investment securities considered to have experienced a significant increase in credit risk if it is more than 30 days past due on its contractual payments.

Expected credit loss measurement
IFRS 9 outlined a 'three stage' model for impairment based on changes in the credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the University.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

26. Financial Risk Management (Continued)

(a) Credit risk (continued)

(iii) Debt investments (continued)

Expected credit loss measurement (continued)
All of the entity's debt investments at amortised cost and FVOCI are considered to have low credit risk (except for investment in Government of Barbados securities), and the loss allowance recognised during the period was therefore limited to 12 months expected losses (Stage 1). Management considers 'low credit risk' for bonds to be those with an investment grade or high yield credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The loss allowance for debt investments at FVOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

The loss allowance for debt investments at FVOCI and at amortised cost as at 31 July 2018 reconciles to the opening loss allowance on 1 August 2018 and to the closing loss allowance as at 31 July 2019 as follows:

	FVOCI	**Repos**	**Deposits**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Closing loss allowance as at 31 July 2018(calculated under IAS 39)	-	-	830,240	830,240
Amounts restated through opening retained earnings	1,865	937	(823,785)	(820,983)
Opening loss allowance as at 1 August 2018 – calculated under IFRS 9	1,865	937	6,455	9,257
Increase in loss allowance recognised in the income statement during the year	1,251,076	332,946	1,045	1,585,066
Closing loss allowance as at 31 July 2019	1,252,941	333,883	7,500	1,594,323

The methodology utilised to determine ECL on debt instruments was also used to determine ECL on receivable from governments.

26. Financial Risk Management (Continued)

(a) Credit risk (continued)

Total loss allowance on financial assets at 31 July 2019 was as follows:

Financial Assets

	2019
	$'000
Debt instruments – FVOCI cost	(1,880)
Debt instruments – amortised cost	(298)
Other advances	(196,800)
Student accounts receivable	461,794
Foreign Exchange Adjustment	(5,745)
Receivables from governments	(116,545)
Other receivables	984,176
Total loss allowance on financial assets	1,124,702

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.

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.

26. Financial Risk Management (Continued)

(a) Credit risk (continued)

Management of credit risk relating to different types of financial assets (continued)

Due from Governments (continued)

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

	2019 $'000		2018 $'000	
	Gross	ECL	Gross	Impairment
Past due 0-30 days	1,852,119	335,768	2,229,702	274,193
Past due 31-60 days	1,308,564	276,707	2,408,604	548,387
Past due 61-120 days	352,318	74,501	1,950,987	526,360
Past due 121-365 days	1,516,658	320,710	724,258	156,335
More than one year	4,125,297	872,330	7,094,521	1,507,461
Total	9,154,956	1,880,018	14,408,072	3,012,736

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

	2019 $'000	2018 $'000
Balance at beginning of year	3,012,736	2,847,866
Amount (recovered)/recognised	(1,132,718)	164,870
Balance at end of year	1,880,018	3,012,736

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.

26. Financial Risk Management (Continued)

(a) Credit risk (continued)

Management of credit risk relating to different types of financial assets (continued)

Student receivables (continued)

The ageing of the student receivables (note 8) at the reporting date is summarised as follows:

	2019 $'000		2018 $'000	
	Gross	Impairment	Gross	Impairment
Past due 0-120 days	1,603,685	803,614	2,256,025	-
Past due 121-365 days	1,142,598	853,964	1,825,755	-
More than one year	3,494,875	1,854,413	2,889,677	1,937,403
	6,241,158	3,511,991	6,998,457	1,937,403

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 was as follows:

	Students $'000	Third parties $'000	Government of Trinidad and Tobago $'000
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
Currency translation adjustment	11,891	51,508	14,432
Amount recognised/(recovered)	1,562,697	(4,629,392)	(16,317)
Balance at July 31, 2019	3,511,991	1,079,776	2,274,789

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.

26. Financial Risk Management (Continued)

(b) 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.

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, 2019:	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Current liabilities	20,555,152	20,555,152	20,555,152		
Long-term liabilities	9,659,472	10,806,786	823,824	1,249,065	8,733,897
	30,214,624	31,361,938	21,378,976	1,249,065	8,733,897
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

(c) 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.

26. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) 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.

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:

	2019 $'000	**2018 $'000**
Fixed rate instruments:		
Financial assets	14,623,271	13,101,233
Financial liabilities	(6,960,827)	(7,753,285)
	7,662,444	5,347,948
Variable rate instruments		
Financial assets	10,837,933	5,563,327
Financial liabilities	(2,430,601)	(971,348)
	8,407,332	4,591,979

26. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

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 (2018: 100) basis points in interest rates would have decreased deficit for the year by J$84,073,000 (2018: J$45,920,000).

A decrease of 100 (2018: 100) basis points in interest rates would have increased deficit for the year by J$84,073,000 (2018: J$45,920,000).

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2018.

(ii) 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.

A 15% (2018: 15%) change in the market price of equities at the reporting date would result in an increase/decrease in investment revaluation reserve by J$440,091,000 (2018: J$425,565,000).

(iii) 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.

26. Financial Risk Management (Continued)

(c) Market risk (continued)

(iii) Foreign currency risk (continued)

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

	2019									
	BAH	BDS	BZE	CDN	CAY	EC	EURO	PND	TT	US
	$'000	$'000	$'000	$'000	$'000	$'000	€'000	£'000	$'000	$'000
Cash and cash equivalents	-	9,525	-	295	-	9,450	22,532	9,234	91,746	64,926
Short term investments	-	1,220	-	-	-	-	-	226	-	18,529
Government contributions	4,813	48,998	1,810	-	2,349	113,833	-	-	188,956	3,027
Accounts receivable	-	2,325	-	-	-	-	-	-	5,678	142
Accounts payable		-	-	-	-	-	-	(4)	(213)	(2,876)
Long-term loans	-	-	-	-	-	-	(7,008)	-	-	(9,040)
Net exposure	4,813	62,068	1,810	295	2,349	123,283	15,524	9,456	286,167	74,708

	2018									
	BAH	BDS	BZE	CDN	CAY	EC	EURO	PND	TT	US
	$'000	$'000	$'000	$'000	$'000	$'000	€'000	£'000	$'000	$'000
Cash and cash equivalents	-	1,384	-	1,624	-	7,707	22,606	14,446	22,317	85,426
Short term investments	-	1,149	-	-	-	-	-	225	15,348	16,490
Government contributions	-	48,998	1,810	-	2,349	113,833	-		188,956	3,027
Accounts receivable	4,813	2,372	-	-	-	-	-	2	8,551	4,437
Accounts payable		-	-	-	-	-	-	(4)	(213)	(2,627)
Long-term loans	-	-	-	-	-	-	(7,801)	-	-	(19,021)
Net exposure	4,813	53,903	1,810	1,624	2,349	121,540	14,805	14,669	234,959	87,732

26. Financial Risk Management (Continued)

(c) Market risk (continued)

(iii) Foreign currency risk (continued)

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

	2019	2018
BAH$1.00	=J$135.6068	=J$134.3526
BDS$1.00	=J$ 67.8034	=J$ 67.1763
BZE$1.00	=J$ 67.8034	=J$ 67.2183
CDN$1.00	=J$103.6814	=J$105.1654
CAY$1.00	=J$165.3741	=J$163.8446
EC$1.00	=J$ 50.2247	=J$ 49.7602
EURO€1.00	=J$148.7274	=J$154.1163
GB£1.00	=J$164.1699	=J$173.1086
TT$1.00	=J$ 20.0348	=J$ 19.9094
US$1.00	=J$135.6068	=J$134.3526

Sensitivity analysis

A 4% (2018: 2%) strengthening of the Jamaica dollar against the currencies listed above would have increased deficit for the year by J$1,252,800,000 (2018: J$645,575,000).

A 6% (2018: 4%) weakening of the Jamaica dollar against the currencies listed above would have decreased deficit for the year by J$7,516,844,000 (2018: J$2,582,300,000).

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is done on the same basis as 2018.

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:

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 that are observable for the asset or liability, either directly or indirectly.

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

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

	2019		
	Carrying amount $'000	**Level 1 $'000**	**Level 2 $'000**
Fair value through other comprehensive income	2,938,915	2,933,943	4,972

	2018		
	Carrying amount $'000	**Level 1 $'000**	**Level 2 $'000**
Available-for-sale financial assets	2,842,357	2,837,102	5,255

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 assets and liabilities not measured at fair value approximates their carrying value due to their short-term nature or market conditions.

28. Staff Costs

	2019 $'000	2018 $'000
Salaries and wages	35,664,465	32,434,596
Statutory payroll contributions	1,521,999	1,376,251
Pension plan contributions-defined contribution plans	893,115	904,694
Other	991,546	1,208,637
	39,071,125	35,924,178
Post-employment benefit costs [Note 22(e)]	3,780,532	2,456,149
	42,851,657	38,380,327

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

	2019 $'000	2018 $'000
Salaries and short-term employee benefits	579,286	524,674

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$305.6 million (2018: J$2.7 billion).

31. Contingent Liability

Housing and car loans guarantee

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

32. Changes in Accounting Policies

(a) IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets.

The adoption of IFRS 9 Financial Instruments from 1 August 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 2. In accordance with the transitional provisions in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated.

The total impact on the University's accumulated fund as at 1 August 2018 is as follows:

	2018 $'000
Closing retained earnings 31 July - IAS 39	(5,628,408)
Reclassify investments from available-for-sale to FVPL	-
Increase in provision for student accounts receivable	(1,949,093)
Increase in provision for debt investments at amortised cost	-
Increase in provision for accounts receivable	(338,948)
Decrease in provision for receivable from governments	2,379,062
Increase in repurchase agreements and deposits	(9,738)
Adjustment to accumulated fund from adoption of IFRS 9 on 1 August 2018	81,283
Opening accumulated fund 1 August 2018	(5,547,125)

32. Changes in Accounting Policies (Continued)

(a) IFRS 9 Financial Instruments (continued)

(i) Classification and measurement

On 1 August 2018 (the date of initial application of IFRS 9), the University determined which business models applied to its financial assets and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

Financial assets – 1 August 2018	**Notes**	**FVPL $'000**	**Available-for-sale $'000**	**Held-to-maturity $'000**	**Amortised cost $'000**	**Loans and Receivables $'000**	**FVOCI $'000**	**TOTAL $'000**
Closing balance at 31 July 2018 – IAS 39		-	3,439,638	-	-	10,859,512	-	14,299,150
Reclassify investments from available-for-sale to FVOCI	(a)	-	(2,439,006)	-			2,439,006	-
Reclassify deposits from available- for-sale to amortised cost	(b)	-	(597,281)	-	597,281	-	-	-
Reclassify bonds from available- for-sale to amortised cost				(5,255)		5,255		
Reclassify non-trading Equities from available- for-sale to FVOCI	(c)	-	(398,096)	-	-	-	398,096	-
Reclassify bonds from loans and receivables to amortised cost	(d)	-	-	-	3,991,416	(3,991,416)	-	
Reclassify deposits from loans and receivables to amortised cost	(e)					6,868,096	(6,868,096)	
Opening balance 1 August 2018 – IFRS 9		-	-	-	11,462,048	-	2,837,102	14,299,150

32. Changes in Accounting Policies (Continued)

(a) IFRS 9 Financial Instruments (continued)

(i) Classification and measurement (continued)

(a) Reclassify investments from available-for-sale to FVOCI
Certain investments in were reclassified from available-for-sale to financial assets at FVPL ($2,439,006,000 as at 1 August 2018). The business model is to hold these investments for collection of contractual cash flows, and the cash flows represent solely payments of principal and interest on the principal amount.

(b) Reclassification from available-for-sale to amortised
Certain investments were reclassified from available-for-sale to amortised cost ($597,281,000 as at 1 August 2018) as the business model is to hold these investments for collection of contractual cash flows, and the cash flows represent solely payments of principal and interest on the principal amount.

32. Changes in Accounting Policies (Continued)

(a) IFRS 9 Financial Instruments (continued)

(i) Classification and measurement (continued)

(c) Reclassify non-trading equities from available-for-sale to FVOCI
Certain non-trading equities were reclassified from available-for-sale to financial assets at FVOCI ($398,096,000 as at 1 August 2018). The business model is to hold these investments for collection of contractual cash flows, and the cash flows represent solely payments of principal and interest on the principal amount

(d) Reclassification from held-to-maturity to amortised cost
Certain investments in listed corporate bonds were reclassified from loans and receivables to amortised cost ($3,979,467,000 as at 1 August 2018) as the business model is to hold these investments for collection of contractual cash flows, and the cash flows represent solely payments of principal and interest on the principal amount. There was no impact on retained earnings at 1 August 2018.

(e) Reclassification from loans and receivables to amortised cost
Certain deposits were reclassified from loans and receivables to amortised cost ($6,868,096,000 as at 1 August 2018) as the business model is to hold these investments for collection of contractual cash flows, and the cash flows represent solely payments of principal and interest on the principal amount. There was no impact on retained earnings at 1 August 2018.

There was no impact to retained earnings of equities reclassified from available for sale to fair value through OCI or from debt securities previously classified as loans and receivables to amortised cost.

(ii) Impairment of financial assets

The University has three types of financial assets that are subject to IFRS 9's new expected loss credit loss model:

- Accounts receivable
- debt investments carried at amortised cost, and
- debt investments carried at FVOCI.

The University was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The impact of the change on retained earnings and equity is disclosed in the table in Note 32 above.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

32. Changes in Accounting Policies (Continued)

(a) IFRS 9 Financial Instruments (continued)

(ii) Impairment of financial assets (continued)

Accounts receivable
The University applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all student accounts receivables while the general approach was used for amounts receivable from governments. This resulted in an increase of the loss allowance on 1 August 2018 by $81,000,000 for accounts receivable. Note 26 provides for details about the calculation of the allowance. The loss allowance for Students Receivable increased from $1.9B to $3.5B, for Third parties decreased from $5.7B to $1.1B, for Government of Trinidad and Tobago, from $2.2B to $2.2B and for Government Contribution decreased from $3.01B to $1.88B for accounts receivable during the current reporting period.

Debt investments
Debt investments at amortised cost and those at FVOCI are considered to be low risk, and therefore the impairment provision is determined as 12 months expected credit losses. Applying the expected credit risk model resulted in the recognition of a loss allowance of $1,500,000 for the University on 1 August 2018 (previous loss allowance was nil) for debt investments at amortised cost and a further increase in the allowance by $821M for the University in the current reporting period.

(b) IFRS 15 Revenue from contracts with customers

The University's adoption of IFRS 15 did not result in adjustments to the amount recognized in the financial statements, as the pattern of revenue recognition and treatment of variable consideration remain unchanged with the application of the standard.

33. Subsequent events

Beginning in January 2020, global markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The extent and duration of the impact of COVID-19 on global and local economies, financial markets, and sectors and the specific industry in which the University operates is uncertain at this point and has the potential to continue to adversely affect its business, results of operations or financial condition, the impact of which is still under assessment.

THE UNIVERSITY OF THE WEST INDIES

Supplementary Information to the
Combined Financial Statements for the
Year Ended July 31, 2019

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 91 to 96 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, 2019:

BDS$1: J$67.8034	(2018: BDS$1: J$67.1763)
US$1: J$135.6068	(2018: US$1: J$134.3526)

The Combined Statement Comprehensive Income is translated using the average rates of exchange for the year to July 31, 2019:

BDS$1: J$65.4395	(2018: BDS$1: J$63.8277)
US$1: J$131.3378	(2018: US$1: J$127.6595)

The Combined Statement of Cash Flows is translated using the closing rates of exchange at July 31, 2019 and 2018 and items related to the Combined Statement of Comprehensive Income are translated at the average rates of exchange for 2019 and 2018.

Exchange differences are included in foreign exchange adjustments.

The University of the West Indies

Combined Statement of Financial Position

July 31, 2019

(expressed in Jamaica and Barbados dollars)

	2019 J$'000	2018 J$'000	2019 BDS$'000	2018 BDS$'000
CURRENT ASSETS				
Cash and cash equivalents	12,016,709	6,770,602	177,229	100,789
Resale agreements	1,130,784	1,226,428	16,677	18,259
Short-term investments	3,028,546	3,528,766	44,667	52,530
Accounts receivable	21,925,241	27,898,148	323,365	415,298
Inventories	531,999	437,434	7,846	6,512
	38,633,279	39,861,378	569,784	593,388
CURRENT LIABILITIES	(24,266,534)	(23,058,336)	(357,896)	(343,251)
NET CURRENT ASSETS	14,366,745	16,803,042	211,888	250,137
NON-CURRENT ASSETS				
Advances	14,688	15,917	217	237
Long-term investments	12,213,084	9,940,144	180,125	147,971
Investment properties	5,223	5,471	77	81
Long-term receivables	3,492,527	5,800,937	51,510	86,354
Property, plant and equipment	55,340,976	53,863,473	816,198	801,823
	71,066,498	69,625,942	1,048,127	1,036,466
	85,433,243	86,428,984	1,260,015	1,286,602
RESERVES				
Cumulative translation reserve	18,956,261	18,729,322	279,578	278,809
Revaluation surplus	5,426,313	5,426,313	80,030	80,777
Investment revaluation reserve	1,907,199	1,692,070	28,128	25,189
General reserve	4,730,869	6,237,878	69,773	92,858
Accumulated deficit	(11,711,606)	(5,628,408)	(172,729)	(83,785)
Total reserves	19,309,036	26,457,175	284,780	393,848
NON-CURRENT LIABILITIES				
Unexpended donations for special projects	6,475,535	6,223,116	95,505	92,639
Endowment funds	236,579	234,227	3,489	3,487
Capital grants	20,189,218	19,655,454	297,761	292,595
Long -term liabilities	8,395,878	6,955,941	123,827	103,548
Employee benefits obligation	30,678,664	26,744,738	452,465	398,128
Deferred income	148,333	158,333	2,188	2,357
Total non-current liabilities	66,124,207	59,971,809	975,235	892,754
	85,433,243	86,428,984	1,260,015	1,286,602

The University of the West Indies

Combined Statement of Comprehensive Income
For the year ended July 31, 2019
(expressed in Jamaica and Barbados dollars)

	2019 J$'000	2018 J$'000	2019 BDS$'000	2018 BDS$'000
INCOME				
Government contributions	29,108,933	28,061,709	444,822	439,648
Tuition and other student fees	8,737,630	8,307,444	133,522	130,154
Special projects	4,173,257	5,188,705	63,773	81,292
Other projects	11,964,414	13,489,894	182,832	211,349
Commercial operations	4,403,576	4,640,807	67,292	72,708
Investment income	346,590	541,741	5,296	8,488
Miscellaneous income	2,068,490	1,694,626	31,609	26,550
	60,802,889	61,924,926	929,146	970,189
Less: transfer to capital grants	(218,373)	(309,568)	(3,337)	(4,850)
Income after transfer to capital grants	60,584,517	61,615,358	925,809	965,339
EXPENSES				
Departmental	(26,637,997)	(24,860,972)	(407,062)	(389,503)
Administrative	(8,580,509)	(6,425,310)	(131,121)	(100,666)
Central	(6,023,749)	(5,509,852)	(92,051)	(86,324)
Net impairment losses on financial assets	(1,124,702)	(7,213,966)	(17,187)	(113,022)
Special projects	(4,173,257)	(5,188,705)	(63,773)	(81,292)
Other projects	(9,217,022)	(9,140,780)	(140,848)	(143,210)
Commercial operations	(3,828,082)	(3,804,721)	(58,498)	(59,609)
	(59,585,319)	(62,144,306)	(910,540)	(973,626)
Surplus/(deficit) for the year before finance costs	999,198	(528,948)	15,269	(8,287)
Finance costs	(532,230)	(571,957)	(8,133)	(8,961)
Surplus/(deficit) for the year before depreciation, pension post-employment medical benefits	466,968	(1,100,905)	7,136	(17,248)
Depreciation	(2,676,909)	(2,520,905)	(40,907)	(39,495)
Pension and post-employment medical benefits	(3,780,532)	(2,456,149)	(57,771)	(38,481)
DEFICIT FOR THE YEAR	(5,990,473)	(6,077,959)	(91,542)	(95,224)
OTHER COMPREHENSIVE INCOME				
Items that will never be reclassified to profit or loss				
Re-measurement of employee benefits obligation	(1,404,092)	140,560	(21,456)	2,202
Items that may be reclassified to profit or loss				
Change in fair value of debt instruments at fair value through other comprehensive income	215,129		3,287	
Change in fair value of available-for-sale financial assets		48,938		767
Reclassification of fair value gains on disposal of investments	-	(33,340)	-	(522)
Currency translation adjustments	226,939	1,823,265	3,468	28,565
Total other comprehensive (loss)/income	(962,024)	1,979,423	(14,701)	31,012
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(6,952,497)	(4,098,536)	(106,243)	(64,212)

The University of the West Indies

Combined Statement of Cash Flows
For the year ended July 31, 2019
(expressed in Jamaica and Barbados dollars)

	2019 J$'000	2018 J$'000	2019 BDS$'000	2018 BDS$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Deficit for the year	(5,990,473)	(6,077,959)	(91,542)	(95,224)
Adjustments for:				
Depreciation: Property, plant and equipment	2,676,660	2,520,656	40,903	39,492
Investment property	249	249	4	4
Amortization of capital grants	(590,688)	(517,460)	(9,026)	(8,107)
Employee benefits obligation	3,780,533	2,456,149	57,771	38,481
(Gain)/Loss on sale of property, plant and equipment	(14,605)	292,024	(223)	4,575
Foreign exchange adjustments	(3,353,232)	(8,760,611)	(50,997)	(141,777)
Impairment of financial assets (excluding economic cost)	2,257,419	6,861,385	34,496	107,499
Impairment of government receivables (for economic cost)	(1,132,717)	164,870	(17,309)	2,583
Interest income	(332,145)	(507,817)	(5,076)	(7,956)
Dividend income	(14,445)	(33,924)	(221)	(531)
Deferred income	(10,000)	(10,000)	(153)	(157)
Interest expense	532,230	571,957	8,133	8,961
	(2,191,213)	(3,040,481)	(33,240)	(52,157)
Changes in:				
Accounts receivable	5,972,907	1,374,863	88,092	20,466
Inventories	(94,566)	(19,129)	(1,395)	(285)
Current liabilities	(1,452,785)	(746,713)	(21,426)	(11,116)
Net cash provided/(used) by operating activities	2,234,343	(2,431,460)	32,031	(43,092)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	370,334	511,201	5,659	8,009
Dividend received	14,445	33,924	221	531
Investments, (net)	(1,557,591)	1,927,673	(22,972)	28,696
Decrease/(increase) in resale agreements	95,644	(50,349)	1,411	(750)
Decrease/(increase) in advances	1,229	(7,822)	18	(116)
Decrease/(increase) in long-term receivables	1,175,694	(1,774,345)	17,340	(26,413)
Purchase of property, plant and equipment	(5,141,154)	(3,684,915)	(75,824)	(54,854)
Proceeds from sale of property, plant and equipment	18,552	-	274	
Net cash used by investing activities	(5,022,847)	(3,044,633)	(73,873)	(44,897)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid	(407,388)	(328,111)	(6,225)	(5,141)
Unexpended donations for special projects	252,419	31,590	3,723	470
Endowment funds	2,244	(83,743)	33	(1,247)
Capital grants received	990,849	2,481,792	14,614	36,944
Proceeds of long-term loans	2,878,275	2,010,872	42,450	29,934
Repayment of long-term loans	(885,574)	(3,689,300)	(13,061)	(54,920)
Other long-term liabilities, (net)	5,203,786	3,273,352	76,748	48,728
Net cash provided by financing activities	8,034,611	3,696,452	118,282	54,768
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,246,107	(1,779,641)	76,440	(33,221)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	6,770,602	8,550,243	100,789	134,010
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	12,016,709	6,770,602	177,229	100,789

The University of the West Indies
Combined Statement of Financial Position
July 31, 2019
(expressed in Jamaica and United States dollars)

	2019 J$'000	2018 J$'000	2019 US$'000	2018 US$'000
CURRENT ASSETS				
Cash and cash equivalents	12,016,709	6,770,602	88,614	50,394
Resale agreements	1,130,784	1,226,428	8,339	9,128
Short-term investments	3,028,546	3,528,766	22,333	26,265
Accounts receivable	21,925,241	27,898,148	161,682	207,649
Inventories	531,999	437,434	3,923	3,256
	38,633,279	39,861,378	284,891	296,692
CURRENT LIABILITIES	(24,266,534)	(23,058,336)	(178,948)	(171,626)
NET CURRENT ASSETS	14,366,745	16,803,042	105,943	125,066
NON-CURRENT ASSETS				
Advances	14,688	15,917	108	118
Long-term investments	12,213,084	9,940,144	90,062	73,986
Investment properties	5,223	5,471	39	41
Long-term receivables	3,492,527	5,800,937	25,755	43,177
Property, plant and equipment	55,340,976	53,863,473	408,099	400,911
	71,066,498	69,625,942	524,063	518,233
	85,433,243	86,428,984	630,006	643,299
RESERVES				
Cumulative translation reserve	18,956,261	18,729,322	139,787	139,404
Revaluation surplus	5,426,313	5,426,313	40,015	40,389
Investment revaluation reserve	1,907,199	1,692,070	14,064	12,594
General reserve	4,730,869	6,237,878	34,887	46,429
Accumulated deficit	(11,711,606)	(5,628,408)	(86,364)	(41,893)
Total reserves	19,309,036	26,457,175	142,389	196,923
NON-CURRENT LIABILITIES				
Unexpended donations for special projects	6,475,535	6,223,116	47,752	46,319
Endowment funds	236,579	234,227	1,745	1,743
Capital grants	20,189,218	19,655,454	148,881	146,298
Long -term liabilities	8,395,878	6,955,941	61,913	51,774
Employee benefits obligation	30,678,664	26,744,738	226,232	199,064
Deferred income	148,333	158,333	1,094	1,178
Total non-current liabilities	66,124,207	59,971,809	487,617	446,376
	85,433,243	86,428,984	630,006	643,299

The University of the West Indies
Combined Statement of Comprehensive Income
For the year ended July 31, 2019
(expressed in Jamaica and United States dollars)

	2019 J$'000	2018 J$'000	2019 US$'000	2018 US$'000
INCOME				
Government contributions	29,108,933	28,061,709	221,634	219,817
Tuition and other student fees	8,737,630	8,307,444	66,528	65,075
Special projects	4,173,257	5,188,705	31,775	40,645
Other projects	11,964,414	13,489,894	91,097	105,671
Commercial operations	4,403,576	4,640,807	33,529	36,353
Investment income	346,590	541,741	2,639	4,244
Miscellaneous income	2,068,490	1,694,626	15,749	13,275
	60,802,889	61,924,926	462,951	485,080
Less: transfer to capital grants	(218,373)	(309,568)	(1,663)	(2,425)
Income after transfer to capital grants	60,584,517	61,615,358	461,288	482,655
EXPENSES				
Departmental	(26,637,997)	(24,860,972)	(202,821)	(194,744)
Administrative	(8,580,509)	(6,425,310)	(65,332)	(50,332)
Central	(6,023,749)	(5,509,852)	(45,865)	(43,161)
Impairment of receivables	(1,124,702)	(7,213,966)	(8,563)	(56,509)
Special projects	(4,173,257)	(5,188,705)	(31,775)	(40,645)
Other projects	(9,217,022)	(9,140,780)	(70,178)	(71,603)
Commercial operations	(3,828,082)	(3,804,721)	(29,147)	(29,804)
	(59,585,319)	(62,144,306)	(453,680)	(486,797)
Surplus/(deficit) for the year before finance costs	999,198	(528,948)	7,608	(4,143)
Finance costs	(532,230)	(571,957)	(4,052)	(4,480)
Surplus/(deficit) for the year before depreciation, pension and post-employment medical benefits	466,968	(1,100,905)	3,556	(8,623)
Depreciation	(2,676,909)	(2,520,905)	(20,382)	(19,747)
Pension and post-employment medical benefits	(3,780,532)	(2,456,149)	(28,785)	(19,240)
DEFICIT FOR THE YEAR	(5,990,473)	(6,077,959)	(45,611)	(47,610)
OTHER COMPREHENSIVE INCOME				
Items that will never be reclassified to profit or loss				
Re-measurement of employee benefits obligation	(1,404,092)	140,560	(10,691)	1,101
Items that may be reclassified to profit or loss				
Change in fair value of debt instruments at fair value through other comprehensive income	215,129		1,638	
Change in fair value of available-for-sale financial assets		48,938		383
Reclassification of fair value gains on disposal of investments	-	(33,340)	-	(261)
Currency translation adjustments	226,939	1,823,265	1,728	14,282
Total other comprehensive (loss)/income	(962,024)	1,979,423	(7,325)	15,505
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(6,952,497)	(4,098,536)	(52,936)	(32,105)

The University of the West Indies

Combined Statement of Cash Flows

For the year ended July 31, 2019

(expressed in Jamaica and United States dollars)

	2019 J$'000	2018 J$'000	2019 US$'000	2018 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Deficit for the year	(5,990,473)	(6,077,959)	(45,611)	(47,610)
Adjustments for:			-	
Depreciation: Property, plant and equipment	2,676,660	2,520,656	20,380	19,745
Investment property	249	249	2	2
Amortization of capital grants	(590,688)	(517,460)	(4,497)	(4,053)
Employee benefits obligation	3,780,533	2,456,149	28,785	19,240
(Gain)/Loss on sale of property, plant and equipment	(14,605)	292,024	(111)	2,288
Foreign exchange adjustments	(3,353,232)	(8,760,611)	(25,469)	(72,622)
Impairment of financial assets (excluding economic cost)	2,257,419	6,861,385	17,188	53,748
Impairment of government receivables (for economic cost)	(1,132,717)	164,870	(8,624)	1,291
Interest income	(332,145)	(507,817)	(2,529)	(3,978)
Dividend income	(14,445)	(33,924)	(110)	(266)
Deferred income	(10,000)	(10,000)	(76)	(78)
Interest expense	532,230	571,957	4,052	4,480
	(2,191,213)	(3,040,481)	(16,620)	(27,813)
Changes in:				
Accounts receivable	5,972,907	1,374,863	44,046	10,233
Inventories	(94,566)	(19,129)	(697)	(142)
Current liabilities	(1,452,785)	(746,713)	(10,713)	(5,558)
Net cash provided/(used) by operating activities	2,234,343	(2,431,460)	16,016	(23,280)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	370,334	511,201	2,820	4,004
Dividend received	14,445	33,924	110	266
Investments, (net)	(1,557,591)	1,927,673	(11,486)	14,348
Decrease/(increase) in resale agreements	95,644	(50,349)	705	(375)
Decrease/(increase) in advances	1,229	(7,822)	9	(58)
Decrease/(increase) in long-term receivables	1,175,694	(1,774,345)	8,670	(13,207)
Purchase of property, plant and equipment	(5,141,154)	(3,684,915)	(37,912)	(27,427)
Proceeds from sale of property, plant and equipment	18,552	-	137	-
Net cash used by investing activities	(5,022,847)	(3,044,633)	(36,947)	(22,449)
				-
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid	(407,388)	(328,111)	(3,102)	(2,570)
Unexpended donations for special projects	252,419	31,590	1,861	247
Endowment funds	2,244	(83,743)	17	(656)
Capital grants received	990,849	2,481,792	7,307	19,441
Proceeds of long-term loans	2,878,275	2,010,872	21,225	15,752
Repayment of long-term loans	(885,574)	(3,689,300)	(6,530)	(27,460)
Other long-term liabilities, (net)	5,203,786	3,273,352	38,374	24,364
Net cash provided by financing activities	8,034,611	3,696,452	59,152	29,118
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,246,107	(1,779,641)	38,220	(16,611)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	6,770,602	8,550,243	50,394	67,005
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	12,016,709	6,770,602	88,614	50,394

The University of the West Indies

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