



THE UNIVERSITY OF THE WEST INDIES
FINANCIAL REPORT & COMBINED ACCOUNTS
For the Year Ended July 31, 2020



Cave Hill Campus



Regional Headquarters



Five Islands Campus

St. Augustine Campus



Mona Campus



Open Campus

2020

THE UNIVERSITY OF THE WEST INDIES
FINANCIAL REPORT AND COMBINED ACCOUNTS
FOR THE YEAR ENDED
JULY 31,2020

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THE UNIVERSITY OF THE WEST INDIES

FINANCIAL REPORT

FOR THE YEAR ENDED JULY 31, 2020

OVERVIEW OF THE COMBINED FINANCIAL STATEMENTS

The Combined Financial Statements of The University of the West Indies ('The University') represent the financial operations of the five Campuses, certain of their subsidiaries and the University Centre for the year ended July 31, 2020, and are presented in Jamaica dollars. The Combined Statement of Financial Position, Combined Statement of Comprehensive Income and Combined Statement of Cash Flows are also represented in Barbados dollars on **pages 96 to 98** and in United States dollars on **pages 99 to 101** as supplementary information.

The commentary on **pages 1 to 9** 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, 2020, the operations of The University resulted in a **deficit of BDS\$ 68.3 million (2019: BDS\$83.5 million restated)**. The results by Campus are as follows:

Campus	BDS\$ million	
	July 2020	July 2019 Restated
Cave Hill	3.8	5.6
Five Islands	0.5	N/A
Mona	(19.3)	(24.4)
Open	(21.1)	(16.3)
St. Augustine	(5.0)	(30.2)
University Centre	<u>(27.2)</u>	<u>(18.2)</u>
Total	<u>(68.3)</u>	<u>(83.5)</u>

The **total income** of The University for the year was **BDS\$905.2** million, compared with **BDS\$927.2** million restated for the prior year, a decrease of 2.3%. **Total expenditure** for the year was **BDS\$ 973.5** million compared with **BDS\$1,010.7** million restated for 2019, a decrease of 3.6%.

Restatement of 2019 financial statements

The financial position and results for the year to July 31, 2019, have been restated due to the prior period adjustments below. Further details are shown in Note 34.

i. St. Augustine Campus

Unexpended donations for Special Projects:

The Campus has reclassified balances previously held in Unexpended Donations for Special Projects, representing surpluses on other projects undertaken during the years which should have been classified as part of the Accumulated Fund.

Investments:

Republic Bank Limited confirmed the existence of a secured fixed rate investment in the name of the St. Augustine Campus amounting to TT\$20,389,304, originating in 1996, which on investigation was not recorded in the books of the Campus. Management has decided to record the amount as other income, restated to the earliest year presented.

The University of the West Indies

Financial Report

For the year ended 31 July 2020

RESULTS FOR THE YEAR (cont'd)

Restatement of 2019 financial statements (cont'd)

ii. Cave Hill Campus

An inter-campus balance between St Augustine Centre and the Cave Hill Campus, in the form of a loan, was booked by St Augustine Centre and not Cave Hill. The error was corrected by restating the Accumulated Fund.

iii. Open Campus

Capital Grants:

In the financial year ended July 31, 2019, a classification error was made in the recording of a grant from the Government of Belize to assist with some infrastructural works at the site. The error resulted in a material overstatement of other projects income and a corresponding understatement of the accumulated fund. The error has been corrected by restating the affected statement lines for the 2019 financial year.

An error was also recorded with the classification of funds which were received at the close of the Global Affairs Canada (GAC) project in July 2019. This was corrected by restating miscellaneous income.

iv. UWI Centre

Central Expenditure:

Exchange differences arising on restatement of closing current account balances between Centre locations have been removed from Central Expenditure in the Statement of Comprehensive Income and transferred to Cumulative Translation Reserve on consolidation, in the Statement of Financial Position, for the years 2014/2015 to 2018/2019. There has been no change to the overall balance for Total Reserves.

Change in Accounting Policies

The University has adopted IFRS 16 'Leases' from August 1, 2019 and the financial statements have been restated as of that date to reflect the effect of this adoption. The University recognised lease liabilities and right-of-use assets in relation to leases which had previously been classified as operating leases under the principles of IAS 17 'Leases'. The transition provisions applied do not require comparative figures to be restated. This adoption resulted in the reclassification of lease liabilities of \$1,810,757,000. See Note 26.

The deficit for the year comprised:

Activity	BDS\$ million	
	July 2020	July 2019 restated
UGC Funded	(111.5)	(137.6)
Commercial Operations	(8.5)	8.8
Other Projects	<u>51.7</u>	<u>45.3</u>
Total	<u>(68.3)</u>	<u>(83.5)</u>

The University of the West Indies

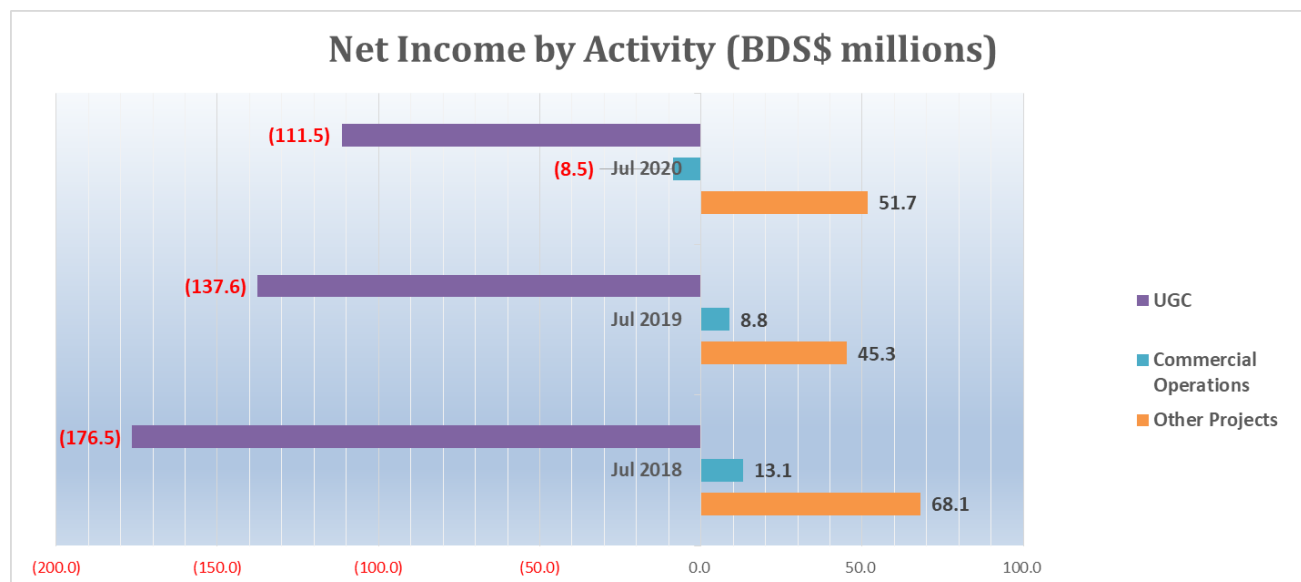
Financial Report

For the year ended 31 July 2020

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

RESULTS FOR THE YEAR (cont'd)

The net income by activity for the comparative years 2018 to 2020 is shown below:



COMBINED INCOME

The sources of income for the University were:

Source	July 2020	July 2019
	%	%
Government Contributions	47	48
Tuition and Other Student Fees	15	14
Special and Other Projects	26	27
Commercial Operations	8	7
Other	4	4
Total	100	100

The income distribution is illustrated in Table 1 and Charts 1 and 1a on page 10. A three year summary of income by source is shown in Table 2 and Chart 2 on page 11. A three year summary of total income is shown in Chart 3 on page 12.

Government Contributions

Income from Government Contributions totalled BDS\$426.6 million and represented 47% of total income. In the prior year Government Contributions were BDS\$441.5 million and represented 48% of total income. The income shown is net of adjustments totalling BDS\$106.4 million (2019: BDS\$107.6 million) to gross billing for the year, to reflect commitments from contributing governments.

The University of the West Indies

Financial Report

For the year ended 31 July 2020

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

COMBINED INCOME (cont'd)

Project Income

a) Special Projects

For the year this source of income totalled BDS\$ 39.2 million (2019: BDS\$45.7 million), and represented 5% (2019:5%) 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, 2020, the value of new grants received for research was BDS\$26.2 million compared with BDS\$12.5 million in the previous year.

Some examples of new projects funded during the year were:

Location/ Faculty/Department	Donor	Project Title	Amount
Cave Hill Campus CERMES	Food & Agriculture Organisation of the United Nations (FAO)	Adapting to a new reality: Managing responses to influxes of sargassum seaweed in the Eastern Caribbean as ecosystem hazards and opportunities (SargAdapt)	US\$981,393
St. Augustine Campus Cocoa Research Centre	Mondelez USA	Mondelez Cocoa Breeding Project	US\$631,968
Mona Campus Faculty of Medical Sciences	National Cancer Institute	Protocol Participation Support	US\$471,057
Open Campus CCDC/CSDR	Government of Barbados	NIS/NEB Unemployment Retraining Project	US\$131,400
Five Islands Campus School of Management Science and Technology	People's Republic of China	Information Communication Technology (ICT) Development	US\$250,000
University Centre CAIHR	ARUVANT	Gene Transfer for Patients with Sickle Cell using Gamma Globin Lentivirus vector	US\$961,585

b) Other Projects

Income from Other Projects totalled BDS\$ 193.4 million (2019: BDS\$203.8 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, 2020, income from Other Projects represented 21% of total income.

Total projects income (Special Projects and Other Projects) represented 26% of total income (2019: 27%).

Tuition and Other Student Fees

Tuition and other student fees totalled BDS\$ 137 million for the year (2019: BDS\$133.5 million). This represented 15% of total income (2019:14%). There was a 2.6% increase over the prior year in this category of income.

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

Other Income

Other Income totalled BDS\$40.7 million (2019: BDS\$35.5 million) and comprised investment income of BDS\$6.8 million (2019: BDS\$5.3 million) and miscellaneous income of BDS\$33.9 million (2019: BDS\$30.2 million). Miscellaneous income included income earned from rental of facilities as well as an amount of BDS\$14.5 million (2019: BDS\$9 million) representing the value of Capital Grants amortised during the year. Also included is BDS\$1.4 million (2019: BDS\$1.9 million) earned by Mona School of Business and Management (MSBM) from professional services and grants.

Commercial Operations

Income from commercial operations increased from BDS\$67.3 million in 2019 to BDS\$68.3 million, and represented 8% of total income (2019: 7%). This source of income was derived from concessionaires, book shops, the halls of residence at all campuses, income from rented properties, as well as the Open Campus operations of the School of Continuing Studies in Trinidad and Tobago.

COMBINED EXPENDITURE

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

Category	July 2020	July 2019
	%	%
Departmental	45	44
Administrative	12	13
Central	16	17
Special and Other Projects	19	20
Commercial Operations	8	6
Total	<u>100</u>	<u>100</u>

The distribution is illustrated by Table 4 and Charts 4 and 4a on page 13. 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, 2020, there was an actuarially determined expense of BDS\$43.2 million (2019: BDS\$57.8 million) for post-employment pension and medical benefits. This is included in Central Expenditure.

A net impairment expense totalling BDS\$22.7 million (2019: BDS\$17.2 million) was recorded on Government contributions outstanding, investments, student receivables and other receivables.

A three year summary of expenditure by category is shown in Table 5 and Chart 5 on page 14 and a three-year summary of total expenditure is illustrated in Chart 6 on page 15.

II. COMBINED STATEMENT OF FINANCIAL POSITION

Net Current Assets

Current assets exceeded current liabilities by BDS\$209 million (2019: BDS\$210 million), an overall decrease of 0.5%.

The balance for cash and cash equivalents increased by BDS\$69.1 million while short-term investments decreased by BDS\$8.3 million. Accounts receivable showed a decrease of BDS\$61.3 million or 19% from the prior year. Current liabilities increased by 0.3%.

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 designated 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 designated funds, which are not available for general use by the University, amounted to BDS\$64.5 million.

When short-term investments, resale agreements and cash and cash equivalents are combined, this total showed an increase of 25.4% compared with 2019. This has resulted from government contributions received shortly before the year-end.

Accounts Receivable

Accounts receivable amounted to BDS\$258.5 million (2019: BDS\$319.8 million). 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. The decrease of BDS\$61.3 million was mainly due to a decrease of BDS\$32 million in GATE receivables.

There were increases in the balances for student receivables (BDS\$1.2 million) and other receivables (BDS\$2.4 million). The balance also includes a net increase of BDS\$11 million in the impairment provision for students and third party receivables, primarily for scholarships.

The status of each Government with respect to contributions due to The University can be found on pages 17 to 20. The trend in total Government contributions outstanding over the past five years is shown in Table 7 and Chart 7 on page 16.

Current Liabilities

The balance of BDS\$356.8 million (2019: BDS\$355.9 million) includes amounts due to suppliers for goods and services received totalling BDS\$230 million. It also includes prepaid government contributions of BDS\$26.3 million; vacation leave accrual of BDS\$44.7 million; and other staff benefits such as study and travel and book grants. The current portion of long-term liabilities was BDS\$12.1 million (2019: BDS\$19.3 million), which is due to be paid within the next twelve months.

Short-term loans and advances of BDS\$24.7 million (2019: BDS\$15.1 million) were also included in current liabilities. This represents overdraft facilities with NCB Jamaica and CIBC FCIB in Antigua and Barbuda and Trinidad and Tobago.

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

Long-Term Investments

There was a decrease of 21% in the balance for long-term investments which totalled BDS\$147.2 million (2019: BDS\$186 million). This was mainly due to receipt of the balance of proceeds of a Government of Barbados Bond in the amount of BDS\$51.1 million in March 2020. This Bond was issued as part of the debt restructuring exercise by the Government in 2018.

Long-Term Receivables

At July 31, 2020, long-term receivables included a total of BDS\$79.5 million (2019: BDS\$76 million) for Government contributions not expected to be received within 12 months. Of this figure BDS\$28.3 million (2019: BDS\$24.8 million) has been impaired.

Property, Plant and Equipment

During the period, additions to property, plant and equipment totalled BDS\$179.9 million (2019: BDS\$75.8 million). Of this amount approximately 92.8% 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. Addition to buildings included the South Campus in the accounts of the St. Augustine Campus. This also resulted in the significant change in the balance for Capital grants.

An amount of BDS\$23.1 million was transferred to Right of Use Assets on adoption of IFRS16.

Long-Term Liabilities

The balance of BDS\$94.8 million (net of the current portion) for long-term liabilities reduced when compared with the balance at July 31, 2019 (BDS\$123.8 million). The balance includes long-term loans totalling BDS\$93.3 million and other long term liabilities totalling BDS\$1.5 million, after reclassification of the current portion amounting to BDS\$12.1 million.

a) Long-term Loans

The gross balance of BDS\$105.4 million (2019: BDS\$136.5 million) for long-term loans before reclassification of the current portion, represents an overall decrease of 23%, mainly reflecting the reclassification of BDS\$24 million to lease liabilities.

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

b) Other Long-term Liabilities

Other long-term liabilities include funds being held on behalf of the University Hospital of the West Indies for purposes of upgrading the facilities of the hospital.

Lease Liabilities

The balance of BDS\$24 million (2019: Nil) relates to lease liabilities at the Mona and Cave Hill Campuses, comprising operating leases for buildings and equipment. These liabilities are now recognized based on implementation of IFRS 16 during the year.

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

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 (depreciation) in the investment revaluation reserve for the year ended July 31, 2020 totalled BDS\$5.1 million (2019: BDS\$3 million - appreciation).

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, 2020 was prepared by the actuaries Eckler Partners Ltd. Based on this report an estimated net obligation of BDS\$458.3 million has been included in these financial statements. The estimated obligation at July 31, 2019 was BDS\$452.5 million.

The University of the West Indies

Financial Report

For the year ended 31 July 2020

III. PERFORMANCE INDICATORS

	<u>2020</u>	<u>2019</u>	<u>2018</u>
a) Total Operating Expenses/ Income	108%	110%	110%
b) Government Contributions/ Total Operating Income	47%	48%	45%
c) Total Income/Total Assets	50%	55%	56%
d) Liquidity ratio (acid test)	1.6	1.6	1.7
e) Operating Cash Flow ratio	0.29	0.33	(0.11)
f) Average collection period for government contributions (months)	3.5	3.5	5.9
g) Income per FTE (BDS\$)	23,690	25,338	26,229
h) Expense per FTE (BDS\$)	25,478	27,576	28,816

- a) For the year ended July 31, 2020 the ratio of total operating expenses to income was 108% which was a decrease of 2% points from the prior year. The ratio remains above 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, 2020 the University relied on Governments to provide 47% of its income, which is slightly less than the corresponding period in the prior year.
- c) Total income to total assets was 50%, a five percentage point decrease from the prior year.
- d) The liquidity ratio of 1.6 reflects no 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 3.5 months. This has remained constant in recent years.

The University of the West Indies

Selected Financial and Statistical Highlights

For the year ended 31 July 2020

INCOME

For the period August 1, 2019 to July 31, 2020 with comparatives for the period August 1, 2018 to July 31, 2019

TABLE 1 - \$'000

SOURCES	J\$		BDS\$		TT\$		EC\$	
	2020	2019	2020	2019	2020	2019	2020	2019
West Indian Government Contributions *	29,262,316	28,890,560	426,568	441,485	1,440,613	1,492,135	556,438	596,018
Tuition and other Student Fees	9,400,278	8,737,630	137,031	133,522	462,785	451,280	178,751	180,259
Special Projects	2,687,692	2,990,066	39,179	45,692	132,318	154,430	51,108	61,686
Other Projects	13,268,907	13,336,713	193,426	203,802	653,242	688,812	252,315	275,140
Commercial Operations	4,686,307	4,403,576	68,314	67,292	230,712	227,435	89,113	90,847
Other	2,793,729	2,320,085	40,725	35,454	137,538	119,828	53,124	47,864
TOTAL INCOME	62,099,229	60,678,630	905,243	927,247	3,057,208	3,133,920	1,180,849	1,251,814

* net of transfer to capital grants

Chart 1
INCOME (%) August 1, 2019 to July 31, 2020

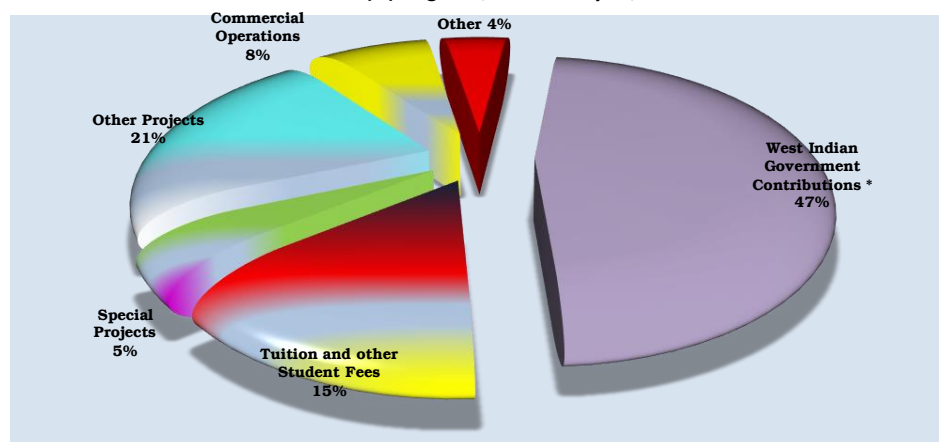
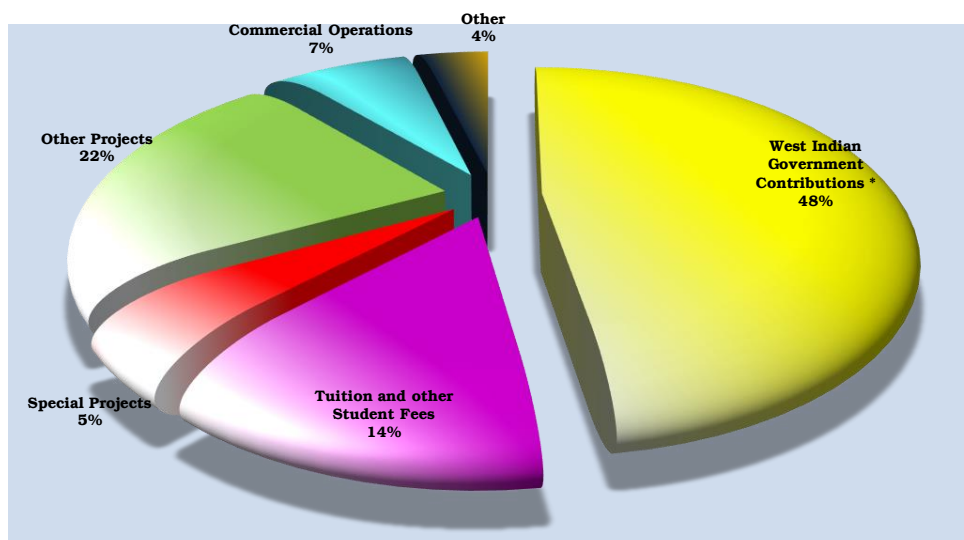


Chart 1a
INCOME (%) August 1, 2018 to July 31, 2019



The University of the West Indies

Selected Financial and Statistical Highlights

For the year ended 31 July 2020

INCOME- THREE YEAR SUMMARY BY SOURCE

Table 2-BDS\$'000

SOURCES	Aug 2017 - Jul 2018		Aug 2018 - July 2019		Aug 2019 - Jul 2020	
West Indian Government Contributions *	434,798	45%	441,485	48%	426,568	47%
Tuition and other Student Fees	130,154	13%	133,522	14%	137,031	15%
Special Projects	81,292	8%	45,692	5%	39,179	5%
Other Projects	211,349	22%	203,802	22%	193,426	21%
Commercial Operations	72,708	8%	67,292	7%	68,314	8%
Other	35,038	4%	35,454	4%	40,725	4%
TOTAL INCOME	965,339	100%	927,247	100%	905,243	100%

*net of transfer to capital grants

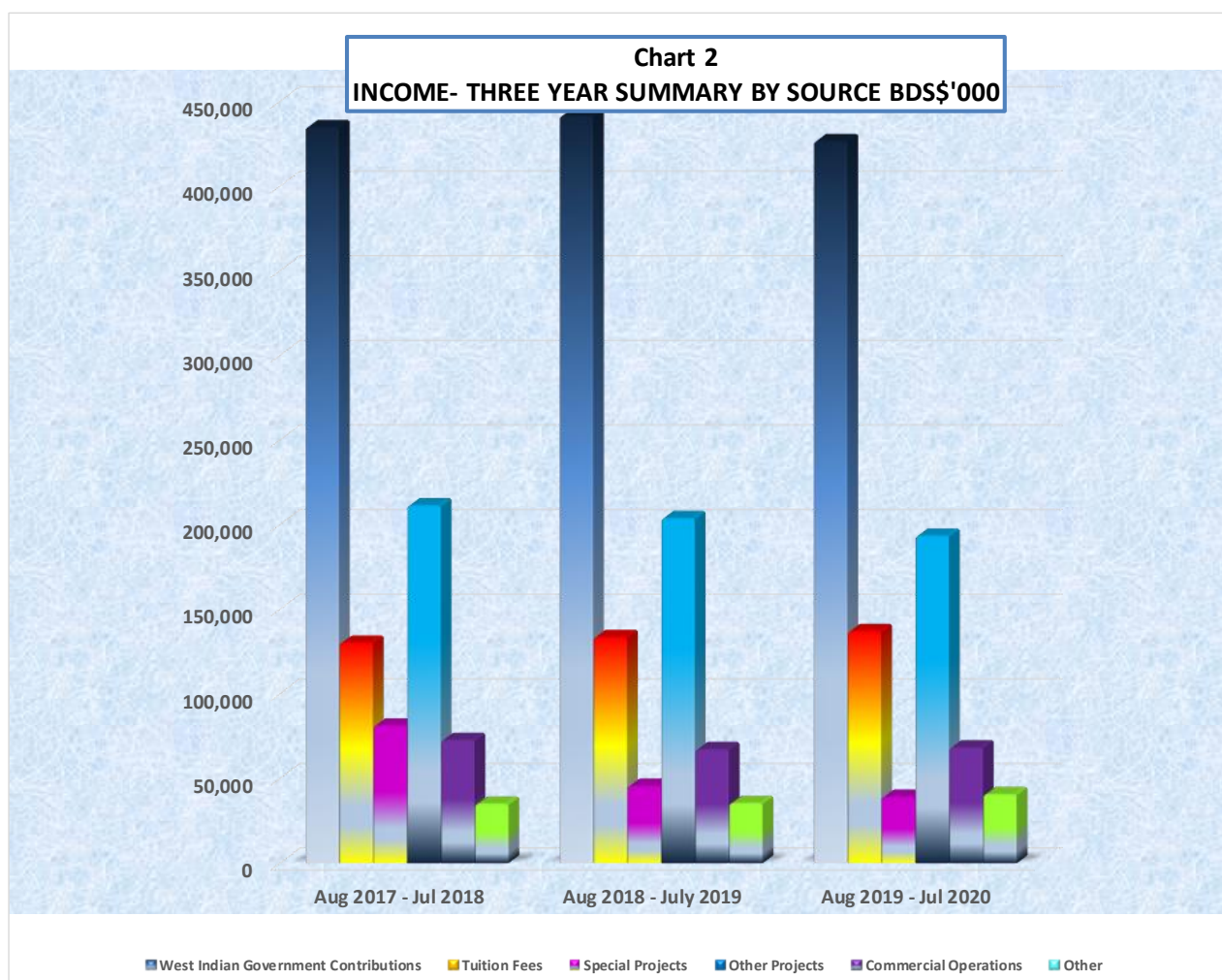
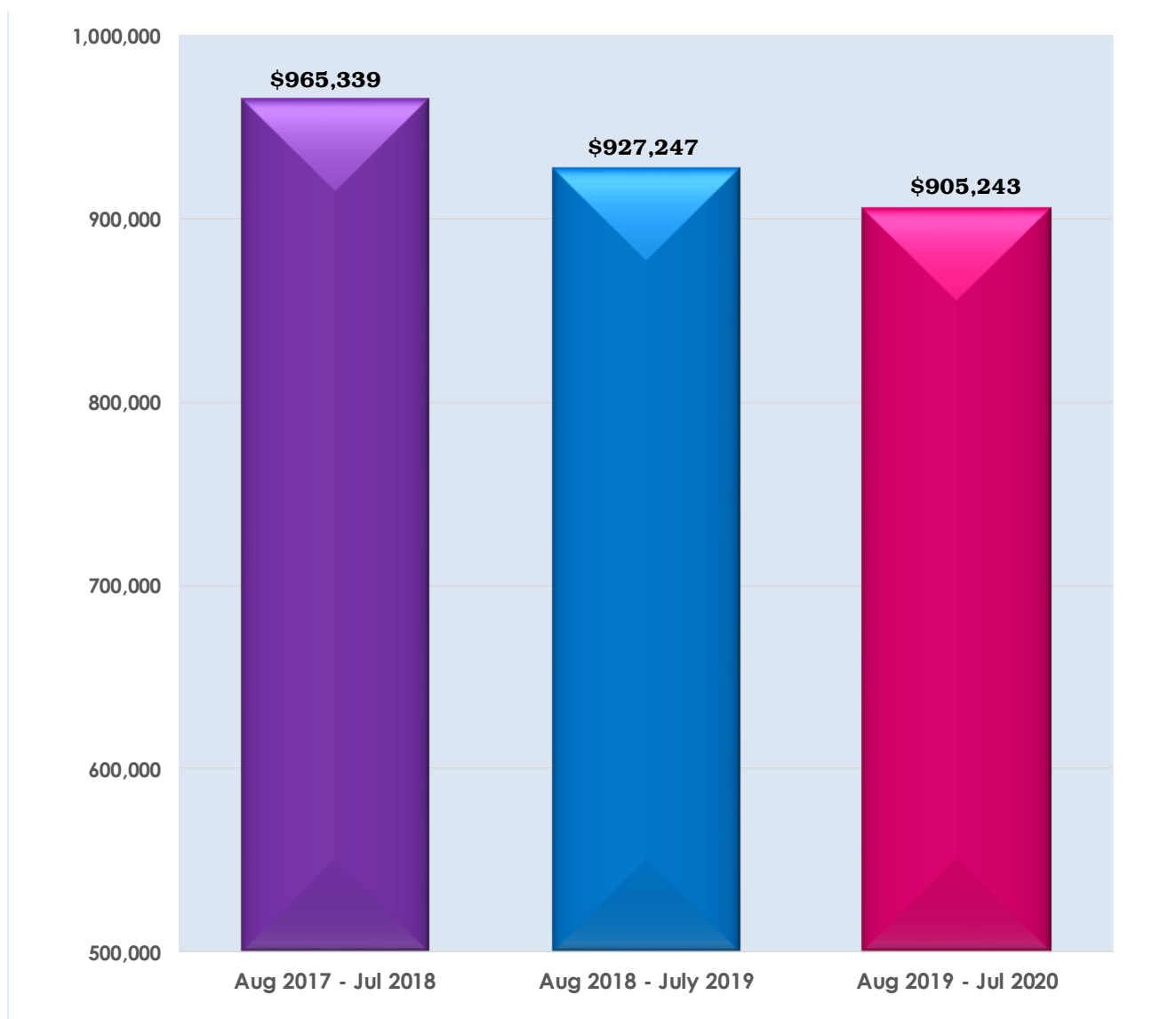


Chart 3 THREE YEAR SUMMARY OF TOTAL INCOME BDS\$'000



The University of the West Indies

Selected Financial and Statistical Highlights

For the year ended 31 July 2020

EXPENDITURE

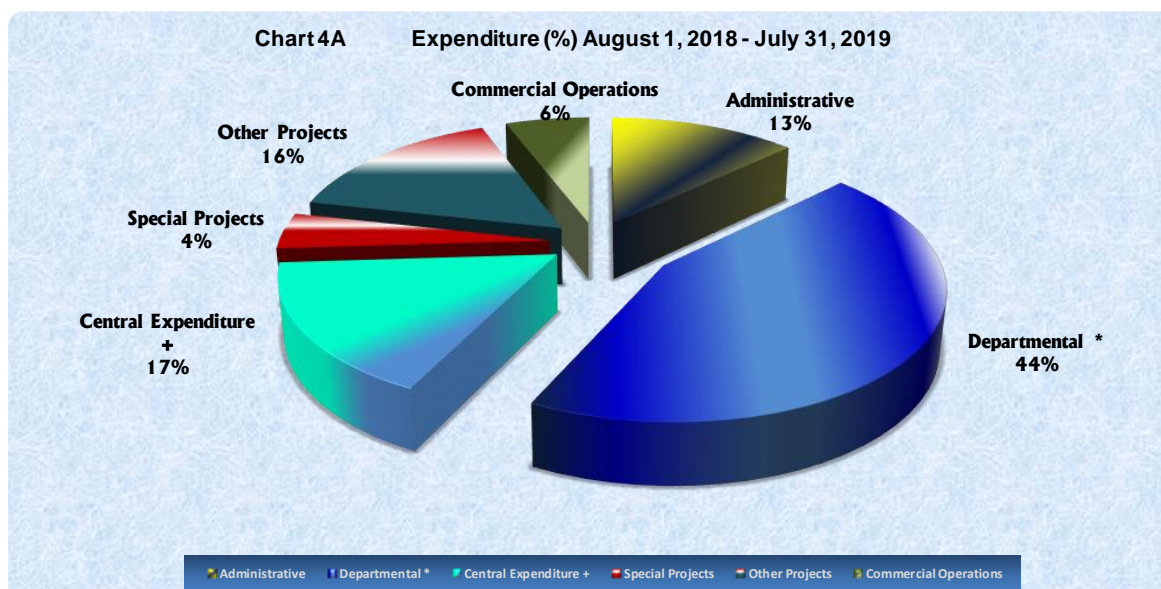
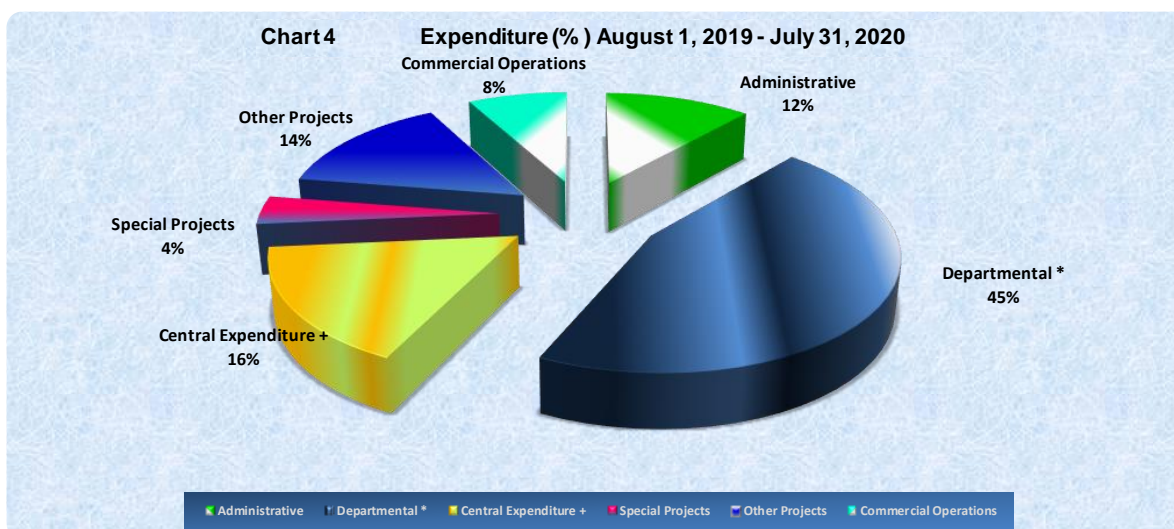
For the period August 1, 2019 to Jul 31, 2020 with comparatives for the period August 1, 2018 to Jul 31, 2019

TABLE 4 - '\$'000

CATEGORIES	J\$		Bds\$		TT\$		EC\$	
	2020	2019	2020	2019	2020	2019	2020	2019
Administrative	7,733,385	8,580,508	112,732	131,121	380,722	443,164	147,054	177,018
Departmental *	30,371,243	29,314,906	442,732	447,970	1,495,207	1,514,052	577,525	604,774
Central Expenditure +	10,998,025	11,059,563	160,322	169,004	541,444	571,203	209,133	228,162
Special Projects	2,687,692	2,990,066	39,179	45,692	132,318	154,430	51,108	61,686
Other Projects	9,724,854	10,369,629	141,763	158,461	478,764	535,569	184,923	213,928
Commercial Operations	5,272,213	3,828,082	76,855	58,498	259,556	197,712	100,254	78,974
TOTAL EXPENDITURE	66,787,412	66,142,754	973,583	1,010,746	3,288,011	3,416,130	1,269,997	1,364,542

* includes depreciation

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



The University of the West Indies

Selected Financial and Statistical Highlights

For the year ended 31 July 2020

EXPENDITURE

THREE YEAR SUMMARY

Table 5
BD\$'000

CATEGORIES	Aug 2017 - Jul 2018		Aug 2018 - Jul 2019		Aug 2019 - Jul 2020	
Administrative	100,666	9%	131,121	13%	112,732	12%
Departmental*	428,997	40%	447,970	44%	442,732	45%
Central Expenditure +	246,788	23%	169,004	17%	160,322	16%
Special Projects	81,292	8%	45,692	5%	39,179	4%
Other Projects	143,210	14%	158,461	15%	141,763	15%
Commercial Operations	59,609	6%	58,498	6%	76,855	8%
TOTAL EXPENDITURE	1,060,562	100%	1,010,746	100%	973,583	100%

* includes depreciation

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

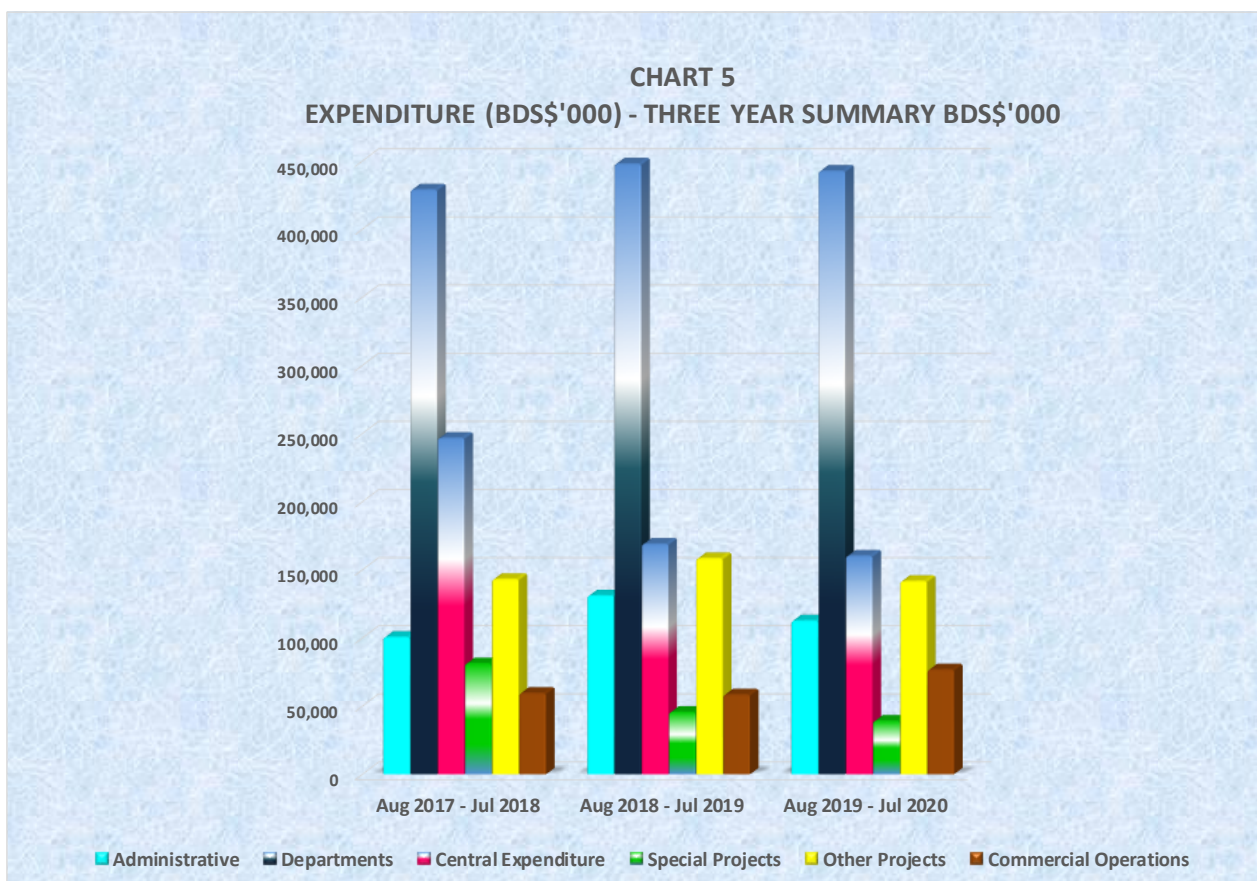
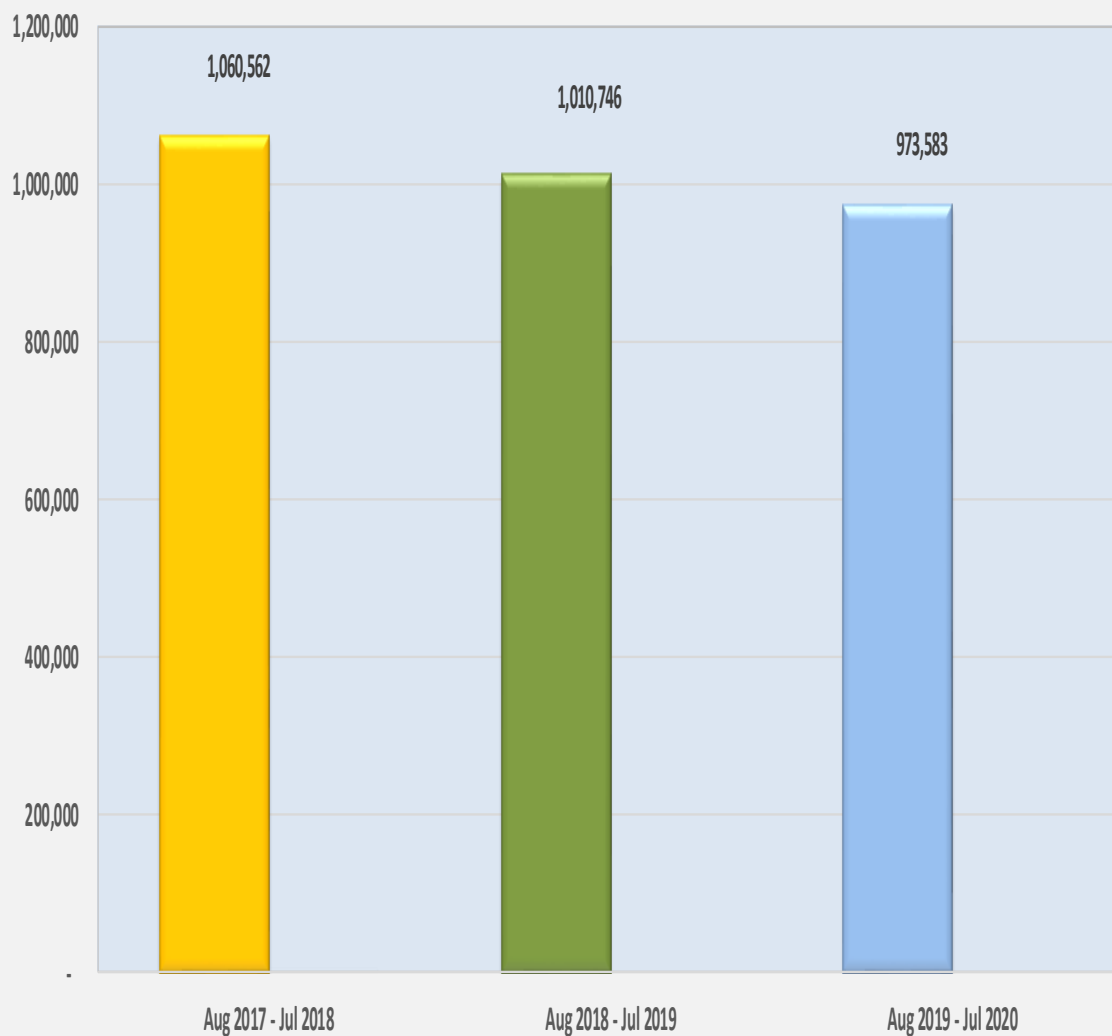


CHART 6
THREE YEAR SUMMARY OF TOTAL EXPENDITURE (BD\$'000)



GOVERNMENT CONTRIBUTIONS OUTSTANDING

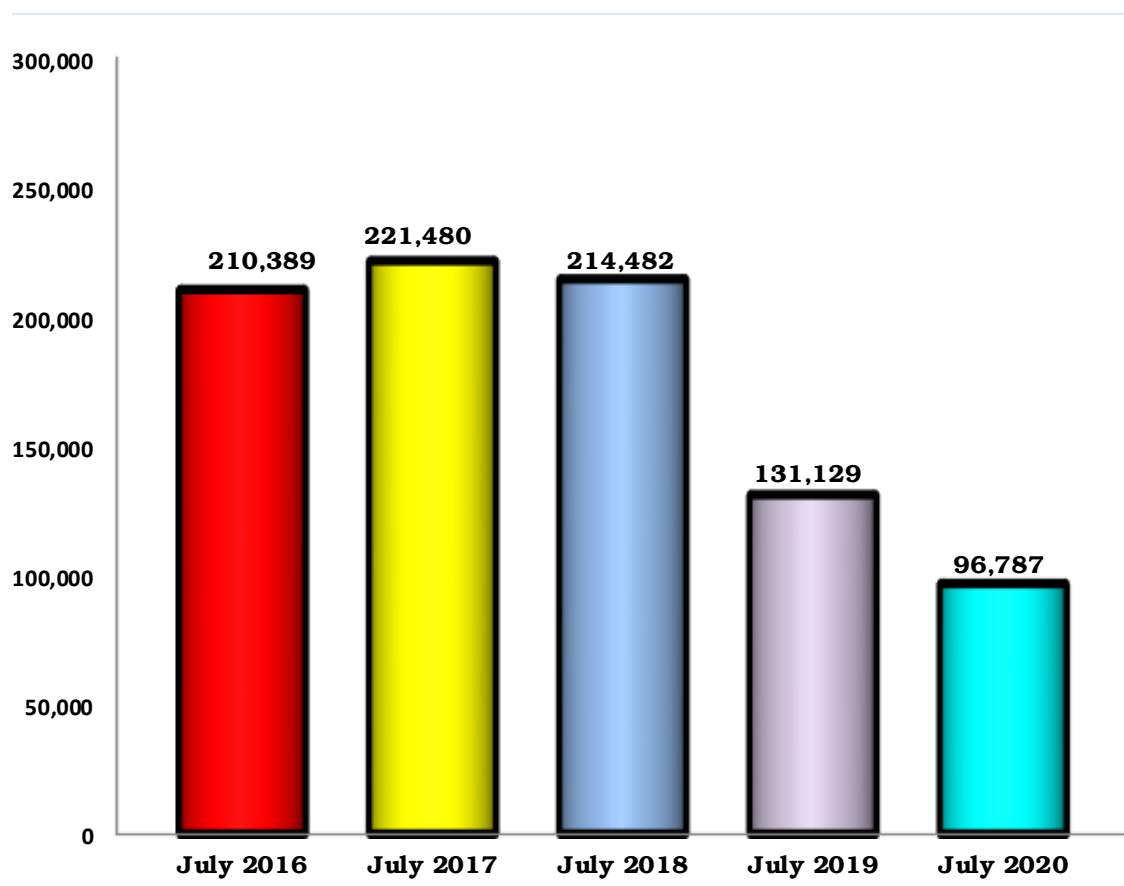
JULY 2016 - JULY 2020

TABLE 7 (BDS\$'000)

PERIOD	BDS\$'000
July 2016	210,389
July 2017	221,480
July 2018	214,482
July 2019	131,129
July 2020	96,787

Chart 7

Government Contributions Outstanding
July 2016 - 2020 BDS\$'000



STATUS OF GOVERNMENT CONTRIBUTIONS

Overview

The 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 for the landed Campuses on the basis of actual student numbers for the respective countries and the University's approved budgets. The billing for the Open Campus is an allocation of the cost of its operations.

Commentary on the status of the account of each Government is provided below.

At July 31, 2020 contributing Governments owed the University of the West Indies BDS\$96.79M (net) for amounts billed as contributions towards economic cost of the University. This reflects a decrease of BDS\$34.33M or 26.18% compared with the balance of BDS\$131.12M (net) that was outstanding at the start of the financial year.

Barbados

The Government of Barbados had an outstanding balance of BDS\$7.45M as at August 1, 2019. For the twelve month reporting period the Government made payments totalling BDS\$109.06M. The 2019/2020 final billing showed a required funding contribution of BDS\$120.49M. The Government however committed BDS\$109.64M including BDS\$6.05M which was paid for retroactive salaries to staff paid at the Cave Hill Campus. Payments totalling BDS\$109.06M were made for the year. There was an adjustment of BDS\$2.5M to reflect the billing for 2018/2019 on the basis of the government of Barbados' fiscal year. The balance outstanding at July 31, 2020 was BDS\$5.53M.

On March 31, 2020 the Government of Barbados paid to the University the balance of BDS\$51.1M, from a Bond issued in 2018 for arrears. The Bond was initially recorded in long-term investments, of which BDS\$24.5M related to a portion of the arrears of contributions to economic cost at July 31, 2018.

Jamaica

At the beginning of the academic year, The Government of Jamaica had an outstanding balance of J\$124.23M. The 2019/2020 final billing for the year to July 31, 2020 indicated a funding allocation of J\$13,524.24M. The Government committed the amount of J\$8,210.42M and made consistent monthly payments amounting to J\$10,183.62M. At July 31, 2020 the Government of Jamaica had a credit balance J\$1,848.97M representing advances for subvention made to the University before year end. A portion will be absorbed against future billings and the balance repaid in 2021. The University appreciates the efforts made by the Government of Jamaica to pay its subvention quarterly in advance.

Trinidad and Tobago

The Government of Trinidad & Tobago at the start of the year had an outstanding balance of TT\$112.83M. The final billing for the year to July 31, 2020 indicated a funding allocation of TT\$676.78M. The Government committed funding of TT\$630.25M for the period. Consistent monthly payments received over the year amounted to TT\$631.94M. The outstanding balance at July 31, 2020 stood at TT\$111.14M.

STATUS OF GOVERNMENT CONTRIBUTIONS (Cont'd)

Anguilla

The balance owed by the Government of Anguilla at August 1, 2019 was XCD5.59M and a final billing of XCD 0.92M for the year to July 31, 2020 was added to Anguilla's account resulting in a balance of XCD6.51M as at July 31, 2020. A payment of XCD1.9 million was received subsequent to year end. Discussions will continue with the Government to liquidate the outstanding balance.

Antigua and Barbuda

The Government of Antigua and Barbuda had an outstanding balance of XCD17.96M at August 1, 2019 which decreased to XCD4.36M at July 31, 2020. This resulted from the 2019/2020 final billing of XCD 3.20M, and payments totalling XCD 16.8M which liquidated most of the outstanding balance at the beginning of the academic year. The Government has committed to settling the arrears.

Bahamas

The Government of the Bahamas opened the year with a prepaid amount of BAH\$0.70M. The final billing for the year to July 31, 2020 was BAH\$4.06M and payments totalling BAH\$3.39M were received which resulted in a prepayment of BAH\$0.03M at July 31, 2020.

Belize

At August 1, 2019 the amount owing by the Government of Belize stood at BZE\$0.98M. The final billing for the year to July 31, 2020 was BZE\$1.81M and the receipt of payments on account amounting to BZE\$2.0M resulted in an outstanding balance at July 31, 2020 of BZE\$0.79M. The balance was cleared subsequent to year end.

Bermuda

The balance on the account of the Government of Bermuda at August 1, 2019 was US\$68,455 which increased to US\$90,393 at July 31, 2020 due to the application of the final billing of US\$21,938 for the period, as no payments were received.

The Virgin Islands

The amount outstanding as at August 1, 2019 stood at US\$2.49M. A payment of US\$0.51M was received and a final billing for the period to July 31, 2020 of US\$0.51M was applied to the account resulting in a balance of US\$2.49M.

Cayman Islands

The Cayman Islands had an outstanding balance of CI\$340,238 at August 1, 2019. The final billing for the year showed funding allocation of CI\$568,795. This was adjusted to reflect the commitment of CI\$279,742. Payments totalling CI\$537,039 were received during the year. The balance outstanding at July 31, 2020 was CI\$82,941, and was cleared subsequent to year end.

STATUS OF GOVERNMENT CONTRIBUTIONS (Cont'd)

Dominica

The Government of Dominica had a balance outstanding at August 1, 2019 of XCD28.83M which represents an accumulation of several years' billings. The final billing for the year to July 31, 2020 of XCD1.74M was added to the amount owing. No payment was received during the period resulting in a balance outstanding at July 31, 2020 of XCD30.57M.

Grenada

The balance outstanding from the Government of Grenada at August 1, 2019 was XCD10.46M and at July 31, 2020 the balance stood at XCD7.13M after applying a final billing of XCD2.86M and monthly payments totalling XCD6.19M. The Government of Grenada has been complying with a monthly payment arrangement which it made with the University with the objective of liquidating its arrears as well as current billings.

Montserrat

The Government of Montserrat opened the year with a balance of XCD1,520,664. A final billing for the year to July 31, 2020 of XCD1,108,970 was applied to the account. In addition there was an adjustment of XCD1,714,179 to reflect the commitment to the Open Campus between August 2014 and 2019 and XCD337,060 for the current year. This reduced the outstanding balance at July 31, 2020 to XCD 578,395. The balance was settled subsequent to year end.

St. Kitts and Nevis

The Government of St. Kitts and Nevis opened the year with a prepayment of XCD0.58M, and was billed an amount of XCD3.25M for the year ended July 31, 2020. Payments of XCD2.29M were received which resulted in a balance of XCD 0.38M at July 31, 2020. The balance was settled subsequent to year end.

St. Lucia

The Government of St Lucia, at August 1, 2019 had a balance of XCD 25.13M owing to the University. A payment of XCD0.90M was received. The application of the 2019/2020 final billing of XCD3.26M for the year to July 2020 has resulted in an increased balance of XCD27.49M. The Government of St Lucia has been provided with payment plans to be considered to settle its arrears but agreement to the plans were not received. Discussions will continue with the Government towards arriving at a satisfactory outcome. Payments totalling XCD 1.77M were received subsequent to year end.

St. Vincent and the Grenadines

At the start of the year, XCD25.89M was due from the Government of St Vincent and the Grenadines. The Government made payments totalling XCD2.17M during the year and after applying the 2019/2020 final billing of XCD5.21M the amount owing at July 31, 2020 stood at XCD\$28.93M. Payments applied to the Government's account include payments made by the Government to the Caribbean Development Bank for a loan carried by the Open Campus for development of the Open Campus site in St Vincent and the Grenadines. The Government is finalizing arrangements to assume the loan. The Government has committed to providing a payment plan for the balance of the arrears. Payments totalling XCD3.3 million were received subsequent to year-end.

STATUS OF GOVERNMENT CONTRIBUTIONS (Cont'd)

Turks & Caicos Islands

After an adjustment in 2018/2019 to reflect the contributory status of the Government, and based on the payments made during the year, the Government of Turks and Caicos Islands started the academic year August 1, 2019 with a prepayment of US\$1,029,752. This decreased to US\$592,321 at July 31, 2020. The decrease was due to the final billing for 2019/2020 of US\$367,830. A billing adjustment of US\$69,600 for 2017/2018 and 2018/2019 was made in current year.

Independent auditor's report

To the members of the Council of the University of the West Indies

Report on the audit of the combined 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 University) as at 31 July 2020, and of its combined financial performance and its combined cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The University's combined financial statements comprise:

- the combined statement of financial position as at 31 July 2020;
- 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; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 combined 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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management and those charged with governance for the combined financial statements

Management is responsible for the preparation of the combined financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the combined 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.



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

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

PricewaterhouseCoopers

Chartered Accountants

28 July 2021

Kingston, Jamaica

The University of the West Indies

Combined Statement of Financial Position

31 July 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 \$'000	Restated 2019 \$'000	Restated 2018 \$'000
Current Assets				
Cash and cash equivalents	5	18,152,242	12,016,709	6,770,602
Resale agreements	6	1,207,187	1,130,784	1,226,428
Short-term investments	7	2,680,921	3,028,546	3,528,766
Accounts receivable	8	19,046,477	21,682,264	27,776,893
Inventories	9	599,368	532,000	437,434
		<u>41,686,195</u>	<u>38,390,303</u>	<u>39,740,123</u>
Current Liabilities	10	<u>(26,289,134)</u>	<u>(24,130,521)</u>	<u>(23,058,336)</u>
Net Current Assets		<u>15,397,061</u>	<u>14,259,782</u>	<u>16,681,787</u>
Non-Current Assets				
Advances	11	29,020	14,688	15,917
Long-term investments	7	10,844,728	12,621,580	10,336,304
Investment properties	12	4,974	5,223	5,472
Long-term receivables	13	3,790,855	3,492,527	5,800,937
Property, plant and equipment	14	67,117,669	55,340,976	53,863,473
Right-of-use assets	26	1,655,919	-	-
		<u>83,443,165</u>	<u>71,474,994</u>	<u>70,022,103</u>
		<u>98,840,226</u>	<u>85,734,776</u>	<u>86,703,890</u>
Reserves				
Cumulative translation reserve	15	19,099,012	17,005,264	17,189,488
Revaluation surplus	16	5,426,313	5,426,313	5,426,313
Investment revaluation reserve	17	1,529,025	1,907,199	1,692,070
General reserve		(1,038,832)	(1,056,636)	(1,056,636)
Accumulated (deficit)/surplus		<u>(8,156,888)</u>	<u>(1,140,381)</u>	<u>6,140,112</u>
Total reserves		<u>18,858,630</u>	<u>22,141,759</u>	<u>29,391,347</u>
Non-Current Liabilities				
Unexpended donations for special projects	18	4,580,995	3,910,424	3,563,850
Endowment funds	19	243,177	236,578	234,227
Capital grants	20	32,496,600	20,223,140	19,655,454
Long-term liabilities	21	6,989,407	8,395,878	6,955,941
Employee benefits obligation	22(d)	33,763,843	30,678,664	26,744,738
Deferred income	23	140,833	148,333	158,333
Lease liabilities	26	1,766,741	-	-
		<u>79,981,596</u>	<u>63,593,017</u>	<u>57,312,543</u>
Total non-current liabilities		<u>98,840,226</u>	<u>85,734,776</u>	<u>86,703,890</u>

Approved for issue by the University Audit Committee on 21 July 2021 and signed on its behalf by:

Sir Hilary Beckles

Vice Chancellor

Mrs. Andrea McNish

University Bursar /
Chief Financial Officer

The University of the West Indies

Combined Statement of Comprehensive Income

For the year ended 31 July 2020

(expressed in Jamaican dollars unless otherwise indicated)

Income

Government contributions	4	29,531,120	29,108,933
Tuition and other student fees		9,400,278	8,737,630
Special projects		2,687,692	2,990,066
Other projects		13,268,907	13,336,713
Commercial operations		4,686,307	4,403,576
Investment income		466,559	346,590
Miscellaneous income		2,327,170	1,973,495
		<u>62,368,033</u>	<u>60,897,003</u>
Less: transfer to capital grants	20	<u>(268,804)</u>	<u>(218,373)</u>
Income after transfer to capital grants		<u>62,099,229</u>	<u>60,678,630</u>

Expenses

Departmental		(27,292,005)	(26,637,997)
Administrative		(7,733,385)	(8,580,508)
Central		(5,585,704)	(5,591,514)
Net impairment losses on financial assets		(1,557,045)	(1,124,702)
Special projects		(2,687,692)	(2,990,066)
Other projects		(9,724,854)	(10,369,629)
Commercial operations		<u>(5,272,213)</u>	<u>(3,828,082)</u>
	24	<u>(59,852,898)</u>	<u>(59,122,498)</u>

Surplus for the year before finance costs		2,246,331	1,556,132
Finance costs	25	<u>(889,414)</u>	<u>(562,815)</u>
Surplus for the year before depreciation, pension and post-employment medical benefits		1,356,917	993,317
Depreciation		(3,079,237)	(2,676,909)
Pension and post-employment medical benefits	22(e)	<u>(2,965,862)</u>	<u>(3,780,532)</u>
Deficit for The Year		<u>(4,688,182)</u>	<u>(5,464,124)</u>

Other Comprehensive Income

Item that will never be reclassified to profit or loss

Re-measurement of employee benefits obligation	22(e)	(110,462)	(1,404,092)
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Items that may be reclassified to profit or loss

Changes in fair value of debt instruments at fair value through other comprehensive income		(378,174)	215,129
Currency translation adjustments		<u>2,093,748</u>	<u>(184,224)</u>

Total Other Comprehensive Income		<u>1,605,112</u>	<u>(1,373,187)</u>
Total Comprehensive Income for the Year		<u>(3,083,070)</u>	<u>(6,837,311)</u>

The University of the West Indies

Combined Statement of Changes in Reserves

For the year ended 31 July 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Capital Reserves			Other Reserves		
	Cumulative translation reserve \$'000	Revaluation surplus \$'000	Investment revaluation reserve \$'000	General reserves \$'000	Accumulated deficit \$'000	Total reserves \$'000
Balances at August 1, 2018	18,729,322	5,426,313	1,692,070	6,237,878	(5,547,125)	26,538,458
Effect of restatement (Note 34)	(1,539,834)	-	-	(7,294,514)	11,687,237	2,852,889
Balances at August 1, 2018 as restated	17,189,488	5,426,313	1,692,070	(1,056,636)	6,140,112	29,391,347
Comprehensive income for the year:						
Deficit for the year	-	-	-	-	(5,464,124)	(5,464,124)
Other comprehensive income	(184,224)	-	215,129	-	(1,404,092)	(1,373,187)
Total comprehensive income for the year	(184,224)	-	215,129	-	(6,868,216)	(6,837,311)
Transactions recorded directly in equity:						
Transfer to net funds under management	-	-	-	-	(412,277)	(412,277)
Total transactions recorded directly in equity	-	-	-	-	(412,277)	(412,277)
Balances at July 31, 2019	17,005,264	5,426,313	1,907,199	(1,056,636)	(1,140,381)	22,141,759
Comprehensive income for the year:						
Deficit for the year	-	-	-	-	(4,688,182)	(4,688,182)
Other comprehensive income	2,093,748	-	(378,174)	-	(110,462)	1,605,112
Total comprehensive income for the year	2,093,748	-	(378,174)	-	(4,798,644)	(3,083,070)
Transactions recorded directly in equity:						
Transfer to sabbatical fund	-	-	-	17,804	-	17,804
Transfer to net funds under management	-	-	-	-	(217,863)	(217,863)
Total transactions recorded directly in equity	-	-	-	17,804	(217,863)	(200,059)
Balances at July 31, 2020	19,099,012	5,426,313	1,529,025	(1,038,832)	(6,156,888)	18,858,630

The University of the West Indies

Combined Statement of Cash Flows

For the year ended 31 July 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 \$'000	Restated 2019 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit for the year		(4,688,182)	(5,464,124)
Adjustments for:			
Depreciation: Property, plant and equipment	14	3,032,293	2,676,660
Investment properties	12	249	249
Right of use assets	14	46,695	-
Amortisation of capital grants	20	(997,265)	(590,688)
Employee benefits obligation		2,965,862	3,780,532
Gain on sale of property, plant and equipment		(12,567)	(14,605)
Foreign exchange adjustments		908,156	(1,081,344)
Impairment of financial assets (excluding economic cost)		1,351,959	2,257,420
Impairment of government receivables (for economic cost)		205,086	(1,132,718)
Interest income		(452,960)	(332,145)
Dividend income		(13,599)	(14,445)
Deferred income	23	(7,500)	(10,000)
Interest expense		889,414	562,815
		<u>3,227,641</u>	<u>637,607</u>
Changes in:			
Accounts receivable		2,635,786	6,003,608
Inventories		(67,368)	(94,566)
Current liabilities		<u>1,701,953</u>	<u>1,316,772</u>
Net cash provided by operating activities		<u>7,498,012</u>	<u>7,863,421</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		516,298	370,334
Dividend received		13,599	14,445
Investment, (net)		1,746,303	(1,569,927)
(Increase) /decrease in resale agreements		(76,403)	95,644
(Increase)/decrease in advances		(14,331)	1,229
(Increase)/decrease in long-term receivables		(93,243)	1,175,694
Purchase of property, plant and equipment	14	(13,261,972)	(5,141,154)
Proceeds from sale of property, plant and equipment		<u>12,567</u>	<u>18,552</u>
Net cash used by investing activities		<u>(11,157,182)</u>	<u>(5,035,183)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(808,454)	(407,388)
Unexpended donations for special projects		670,571	346,574
Endowment funds	19	5,590	2,244
Capital grants received	20	10,745,641	805,215
Proceeds of long-term loans		242,037	2,878,275
Repayment of long-term loans		(476,530)	(885,574)
Lease repayments		(245,479)	-
Other long-term liabilities, (net)		<u>(338,673)</u>	<u>(321,477)</u>
Net cash provided by financing activities		<u>9,794,703</u>	<u>2,417,869</u>
Net increase in cash and cash equivalents		<u>6,135,533</u>	<u>5,246,107</u>
Cash and cash equivalents at beginning of the year		<u>12,016,709</u>	<u>6,770,602</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5	<u><u>18,152,242</u></u>	<u><u>12,016,709</u></u>

The University of the West Indies

Notes to the Financial Statements

31 July 2020

(expressed in Jamaican dollars unless otherwise indicated)

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 and Barbuda, Bahamas, Barbados, Belize, Bermuda, The 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 five 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
Antigua and Barbuda	The Five Islands 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.

The University of the West Indies

Notes to the Financial Statements

31 July 2020

(expressed in Jamaican dollars unless otherwise indicated)

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:

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 amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised 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. There was no impact from the adoption of this amendment.

IFRS 16, 'Leases' (effective for annual periods beginning on or after 1 January 2019). This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. It replaces the guidance in IAS 17, which made a distinction in classification between leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset (finance leases) and those that do not (operating leases). For a lessee, finance leases were recognised as an asset that was depreciated over the lease term and the amount due to the lessor recognised as borrowings. While operating leases were recognised as a periodic rental payment that was treated as a current expense in the income statement.

IFRS 16 introduces a single lease accounting model for lessees. It requires lessees to recognise a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts. The standard includes an optional exemption for certain short-term leases and leases of low-value assets. For lessors, the accounting stays almost the same.

The adoption of IFRS 16 from 1 January 2019 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in IFRS 16 [C7], comparative figures have not been restated. Details of the new accounting policy in relation to IFRS 16 are outlined in Note 2 (v) and the impact on the financial statements on adoption of the new standard is disclosed in Note 33.

Amendments to IAS 19, 'Employee benefits' (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 remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or 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. Any changes in the asset ceiling is recognised separately through other comprehensive income. The University has adopted this treatment for its post-employment benefit plans. There was no impact on the asset ceiling from adoption of this amendment.

The University of the West Indies

Notes to the Financial Statements

31 July 2020

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

Annual improvements to IFRSs 2015 – 2017 cycles. These amendments include minor changes to the following standard:

- IAS 23, 'Borrowing costs' (effective for annual periods beginning on or after 1 January 2019). This amendment clarifies that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes a part of general borrowings.

There was no impact from the adoption of this amendment.

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

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. Management 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. Management is currently assessing the impact of this revision.

IFRS 3 'Business combinations' (effective for annual periods beginning on or after 1 January 2020). This amendment revises the definition of a business which requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term outputs is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The University will apply this amendment to future transactions.

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.

The University of the West Indies

Notes to the Financial Statements

31 July 2020

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Basis of Combination

The combined financial statements include the financial positions, results of operations and cash flows of all five campuses and the University Centre, made up to July 31, 2020, 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 subsidiaries.

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

The University of the West Indies

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(expressed in Jamaican dollars unless otherwise indicated)

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	
		2020	2019
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, 2020 and 2019, is as follows:

	Net assets/(liabilities)		Net (loss)/profit	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
UMC	8,989	(295,048)	333	(7,676)
Lumin	(4,607)	16,169	(20,777)	(24,044)
	<u>4,382</u>	<u>(278,879)</u>	<u>(20,444)</u>	<u>(31,720)</u>

(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.

The University of the West Indies

Notes to the Financial Statements

31 July 2020

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(f) Investments

(i) Classification

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:

The University of the West Indies

Notes to the Financial Statements

31 July 2020

(expressed in Jamaican dollars unless otherwise indicated)

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.

The University of the West Indies

Notes to the Financial Statements

31 July 2020

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(f) Investments (continued)

(iv) *Impairment*

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 27 for further details.

(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.

The University of the West Indies

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

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 27 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

a. 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.

The University of the West Indies

Notes to the Financial Statements

31 July 2020

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

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

b. Depreciation:

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

Buildings	2 1/2%
Furniture, fixtures and equipment	10%
Motor vehicles	20%
Computers and other electronic equipment	33 1/2%
Library books	20%

c. 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.

The University of the West Indies

Notes to the Financial Statements

31 July 2020

(expressed in Jamaican dollars unless otherwise indicated)

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.

The University of the West Indies

Notes to the Financial Statements

31 July 2020

(expressed in Jamaican dollars unless otherwise indicated)

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 2(m)c]; and
- (ii) Amounts granted to the University subject to conditions that must be met, the primary condition being that the grant must be used for the acquisition or construction of property, plant and equipment.

The amounts meeting the condition include:

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

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

The University of the West Indies

Notes to the Financial Statements

31 July 2020

(expressed in Jamaican dollars unless otherwise indicated)

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.

The University of the West Indies

Notes to the Financial Statements

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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.

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.

The University of the West Indies

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

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.
 - (vi) The entity is controlled, or jointly controlled by a person identified in (a).

The University of the West Indies

Notes to the Financial Statements

31 July 2020

(expressed in Jamaican dollars unless otherwise indicated)

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):
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key
 - (viii) management personnel of the entity (or of a parent of the entity).
 - (ix) 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) Leases

As lessee

Accounting policy effective 1 August 2019

The University leases various offices, equipment and vehicles. Rental contracts are typically made for fixed periods of 3 to 15 years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The University allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

From 1 August 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the University.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Some equipment and motor vehicle leases contain variable lease payment terms that are linked to usage. These payments are excluded from the measurement of the lease liability and are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The University of the West Indies

Notes to the Financial Statements

31 July 2020

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(v) Leases (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. To determine the incremental borrowing rate, the University uses recent third-party financing received by the individual lessee as a starting point.

The University is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the University is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The lease term is determined as the non-cancellable period of the lease and also takes account of extension and termination options if reasonably certain to be exercised. The majority of extension and termination options held are exercisable only by the University and not by the respective lessor. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the University.

As lessor

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

The University of the West Indies

Notes to the Financial Statements

31 July 2020

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(v) Leases (continued)

Application of this policy until 31 July 2019

The University adopted IFRS 16 on 1 August 2019 applying the simplified transition approach and has elected not to restate comparative information in accordance with the transitional provisions in IFRS 16 [C7]. As a result, the comparative information provided continues to be accounted for in accordance with the University's previous accounting policy.

As lessee

Leases of fixed assets where the University assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised 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 fixed asset 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 recognised as an expense in the period in which termination takes place.

(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.

The University of the West Indies

Notes to the Financial Statements

31 July 2020

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(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.

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.

a. 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.

The University of the West Indies

Notes to the Financial Statements

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3. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (continued)

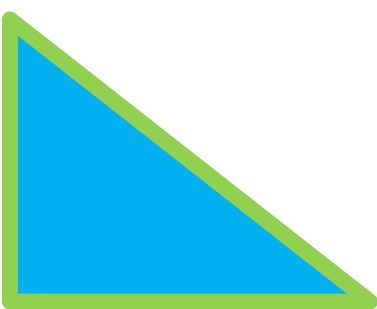
a. Pension and other post-employment benefits:

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.

b. 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.



The University of the West Indies

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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

	2020 \$'000	2019 \$'000
Cash on hand and imprest accounts	201,764	10,739
Bank current accounts	13,297,884	11,008,789
Savings accounts	555,417	19,573
Fixed-term deposits	4,259,359	988,590
Treasury deposits	-	179,447
	<u>18,314,424</u>	<u>12,207,138</u>
Bank overdraft	<u>(162,182)</u>	<u>(190,429)</u>
	<u>18,152,242</u>	<u>12,016,709</u>

Included in cash and cash equivalents are designated funds totalling J\$4,652,923,721 (2019: J\$3,798,398,000). The designated 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 2020, approximates carrying value.

Included in resale agreements are designated funds with a nominal value of J\$1,201,268,118 (2019: J\$843,903,000). The designated 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.

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7. Investments

	2020 \$'000	Restated 2019 \$'000
Short-term investments:		
Fair value through other comprehensive income:		
Regional quoted equities	2,635,649	2,909,960
Government securities	25,211	4,972
Unit trust accounts	26,664	23,983
	<u>2,687,524</u>	<u>2,938,915</u>
Amortised cost :		
Government securities	-	12,083
Fixed-term deposits	-	83,529
	<u>-</u>	<u>95,612</u>
	2,687,524	3,034,527
IFRS 9 expected credit loss adjustment	(6,603)	(5,981)
Total short-term investments	<u>2,680,921</u>	<u>3,028,546</u>
Long-term investments:		
Amortised cost :		
Government securities	803,854	4,687,265
Fixed-term deposits	10,687,727	9,522,657
	<u>11,491,581</u>	<u>14,209,922</u>
IFRS 9 expected credit loss adjustment	(646,853)	(1,588,342)
Total long-term investments	<u>10,844,728</u>	<u>12,621,580</u>
Total investments	<u>13,525,649</u>	<u>15,650,126</u>

- The investment in quoted equities was initially funded by the Princess Alice Appeal and other funds.
- Government securities held were issued by the Governments of Barbados, Jamaica, and Trinidad and Tobago.
- Included in investments are restricted funds totalling J\$10,685,535 (2019: J\$9,721,000,000). 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.

The University of the West Indies

Notes to the Financial Statements

31 July 2020

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8. Accounts Receivable

	2020 \$'000	Restated 2019 \$'000	Restated 2018 \$'000
Contributions due from governments [see (a) below]	3,212,122	3,799,174	5,609,764
Government Assistance for Tuition Expense (GATE)	4,897,242	6,691,063	6,118,326
Other Government receivables	6,642,305	6,732,785	5,751,108
Staff accounts	97,622	175,648	150,779
Student accounts	6,892,565	6,241,158	6,998,457
Cave Hill School of Business	83,155	76,523	77,253
Mona Tech Engineering Services	(54,016)	(121,438)	18,643
Norman Manley Law School	-	2,471	4,007
Advances for special projects	873,096	796,344	1,108,200
Other accounts receivable	4,334,469	4,155,092	11,812,092
	<u>26,978,560</u>	<u>28,548,820</u>	<u>37,648,629</u>
Less: impairment provisions [Note 27(i)]:			
- Student accounts	(4,622,788)	(3,511,991)	(1,937,403)
- Third parties	(1,172,137)	(1,079,776)	(5,657,659)
- Government of Trinidad and Tobago	(2,137,158)	(2,274,789)	(2,276,674)
	<u>(7,932,083)</u>	<u>(6,866,556)</u>	<u>(9,871,736)</u>
	<u>19,046,477</u>	<u>21,682,264</u>	<u>27,776,893</u>

(a) Contributions due from governments:

	2020 \$'000	2019 \$'000	2018 \$'000
Anguilla	355,440	280,605	292,514
Antigua	238,102	902,111	749,315
Bahamas	-	-	646,691
Barbados	407,360	505,386	3,291,570
Belize	58,372	66,448	121,662
Bermuda	13,328	9,283	6,222
The Virgin Islands	368,181	337,790	331,088
Cayman Islands	14,904	56,266	384,889
Dominica	1,668,299	1,447,890	1,395,067
Grenada	389,126	525,590	708,557
Jamaica	-	124,230	130,115
Montserrat	31,567	76,373	32,517
St. Kitts and Nevis	20,892	-	91,864
St. Lucia	1,500,054	1,262,267	1,213,757
St. Vincent and the Grenadines	1,578,863	1,300,192	1,180,866
Trinidad and Tobago	2,427,598	2,260,525	3,761,958
Turks and Caicos Islands	-	-	69,420
	<u>9,072,086</u>	<u>9,154,956</u>	<u>14,408,072</u>
Transferred to long-term receivables (Note 13)	<u>(5,859,964)</u>	<u>(5,154,334)</u>	<u>(8,798,308)</u>
	3,212,122	4,000,622	5,609,764
Provision for impairment	-	(201,448)	-
	<u>3,212,122</u>	<u>3,799,174</u>	<u>5,609,764</u>

The University of the West Indies

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9. Inventories

	2020 \$'000	2019 \$'000
General stores	279,063	240,797
Bookshop inventory	275,357	254,987
Stationery	44,948	36,216
	<u>599,368</u>	<u>532,000</u>

10. Current Liabilities

	2020 \$'000	Restated 2019 \$'000
Government contributions received in advance	1,940,713	264,254
University Hospital of the West Indies (UHWI)	16,894	227,490
Norman Manley Law School	1,351	-
Student accounts	543,081	671,170
Accrued vacation leave	3,293,466	2,761,543
Short- term loan (i)	1,820,698	1,022,611
Current portion of long-term liabilities (Note 21)	888,316	1,309,932
Deferred revenue	770,088	1,278,486
Sundry creditors	16,970,511	16,595,035
Current portion of lease liabilities (Note 26)	44,016	-
	<u>26,289,134</u>	<u>24,130,521</u>

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

11. Advances

	University Press \$'000	Joint Board of Teacher Education \$'000	Total \$'000
Balances as at July 31, 2018	12,539	3,378	15,917
Net movement	<u>(1,229)</u>	<u>-</u>	<u>(1,229)</u>
Balances as at July 31, 2019	11,310	3,378	14,688
Net movement	<u>14,332</u>	<u>-</u>	<u>14,332</u>
Balances as at July 31, 2020	<u>25,642</u>	<u>3,378</u>	<u>29,020</u>

The University of the West Indies

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12. Investment Properties

	2020 \$'000	2019 \$'000
Cost	9,948	9,948
Less: accumulated depreciation	(4,974)	(4,725)
Balance at end of year	4,974	5,223
Depreciation charge for year	249	249

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

	2020 \$'000	2019 \$'000
Income earned from the rental of properties	7,811	7,578
Expenses incurred by the properties	(8,011)	(6,456)

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

Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the University may obtain bank guarantees for the term of the lease. Although the University is exposed to changes in the residual value at the end of the current leases, the University typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

Minimum lease payments receivable on leases of investment properties are as follows:

	2020 \$'000	2019 \$'000
Within 1 year	7,127	-
Between 1 and 2 years	7,483	-
Between 2 and 3 years	7,857	-
Between 3 and 4 years	8,250	-
Between 4 and 5 years	8,662	-
Later than 5 years	9,095	-
	48,474	-

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13. Long-term Receivables

	2020 \$'000	2019 \$'000
Contributions due from governments [see (a) below]		
Anguilla	355,440	280,605
The Virgin Islands	368,181	337,790
Dominica	1,668,299	1,447,890
Grenada	389,126	525,590
St. Lucia	1,500,054	1,262,267
St. Vincent and the Grenadines	1,578,863	1,300,192
	5,859,964	5,154,334
Less: impairment loss [see (a) below], [Note 27(a)]	(2,085,104)	(1,678,570)
	3,774,860	3,475,764
Medical Sciences students [see (b) below]	15,995	16,763
Net long-term receivables	3,790,855	3,492,527

(a) This represents government contributions outstanding for periods in excess of one year. An ECL provision of J\$205,086,000 [2019: recovery of J\$1,132,718,000] has been recognised for the year.

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

The University of the West Indies

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(expressed in Jamaican dollars unless otherwise indicated)

14. (a) 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, 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
Currency translation adjustments	289,103	3,586,147	847,720	130,290	300,873	686,526	136,238	5,976,897
Additions	-	11,985,357	548,460	48,420	314,253	39,111	326,372	13,261,972
Transferred to Right of Use of Asset	-	(1,633,115)	-	-	-	-	-	(1,633,115)
Revaluation	(48,418)	-	-	-	-	-	-	(48,418)
Transfers	-	24,314	(15,084)	27,312	(12,228)	-	(24,314)	0
Adjustments	-	(64,135)	(3,906)	(69,070)	6,001	-	(19,172)	(150,282)
Disposals	-	158,535	(524,413)	(158,929)	(566,625)	-	-	(1,091,432)
July 31, 2020	2,396,386	74,623,819	14,932,807	1,280,886	6,661,616	8,936,556	2,742,366	111,574,436
Depreciation								
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
Charge for the year	-	1,611,725	817,985	94,416	430,327	77,840	-	3,032,293
Disposals	-	(5,458)	(487,715)	(138,300)	(555,982)	-	-	(1,187,455)
Adjustments	-	(36,199)	(13,565)	-	3,069	-	-	(46,695)
Currency translation adjustments	-	1,027,010	644,448	37,209	335,470	696,650	-	2,740,787
July 31, 2020	-	16,864,125	11,783,625	1,116,357	5,997,819	8,694,841	0	44,456,767
Net book values								
At July 31, 2020	2,396,386	57,759,694	3,149,182	164,529	663,797	241,715	2,742,366	67,117,669
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

The University of the West Indies

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14. (b) Right of Use Assets

	Buildings \$'000	Furniture, Fixtures and Equipment \$'000	Total \$'000
Cost or deemed cost			
Additions/transfer	1,633,115	64,357	1,697,472
Currency translation adjustments	-	5,142	5,142
Adjustments	-	-	-
Balances at July 31, 2020	1,633,115	69,499	1,702,614
Depreciation			
Charge for the year	40,828	5,867	46,695
Balances at July 31, 2020	40,828	5,867	46,695
Net book values			
At July 31, 2020	1,592,287	63,632	1,655,919

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.

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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
Balances as at July 31, 2018	5,670,168	542,062	10,886	6,223,116
Effect of restatements [Note 34(d)]	(2,659,266)	-	-	(2,659,266)
Balances as at July 31, 2018 after	3,010,902	542,062	10,886	3,563,850
Receipts	141,378	2,943,936	-	3,085,314
Expenditure	(235,140)	(2,885,028)	-	(3,120,168)
Transfers	3,367	-	-	3,367
Currency translation adjustments	374,026	4,035	-	378,061
Balances as at July 31, 2019 after	3,294,533	605,005	10,886	3,910,424
Receipts	4,580,616	898,167	-	5,478,783
Expenditure	(4,669,372)	(755,899)	-	(5,425,271)
Transfers	358,486	-	-	358,486
Currency translation adjustments	206,336	52,237	-	258,573
Balances as at July 31, 2020	3,770,599	799,510	10,886	4,580,995

19. Endowment Funds

	2020 \$'000	2019 \$'000
Balance at beginning of year	236,578	234,227
Receipts/ (expenditure)	5,590	2,244
Currency translation adjustments	1,009	107
Balance at end of year	243,177	236,578

20. Capital Grants

	2020 \$'000	Restated 2019 \$'000
Balance at beginning of year	20,223,140	19,655,454
Receipts	10,745,641	805,215
Amortisation	(997,265)	(590,688)
Transfers	268,804	218,373
Currency translation adjustments	2,256,280	134,786
Balance at end of year	32,496,600	20,223,140

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21. Long-term Liabilities

(i) Long-term Loans

	Notes	Interest Rates %	2020 \$'000	2019 \$'000
European Union	(a)	1.0	348,050	351,267
Caribbean Development Bank (CDB)	(b)(i), (ii) & (iii)	2.0-4.8	1,028,553	1,043,317
Caribbean Development Bank (CDB)	(c)	4.55	160,560	182,537
Caribbean Development Bank (CDB)	(d)		1,104,198	793,415
National Housing Trust – Loan #1	(e)	5.0	397,690	397,690
National Housing Trust – Loan #2	(f)	5.0	1,840,656	1,843,397
CLICO International	(g)	7.0	219,410	201,912
Republic Bank (Barbados) Limited	(h)	5.5	22,104	108,485
NCB Capital Markets Limited and National Commercial Bank Jamaica Limited	(i)	9.85	-	67,069
Republic Finance and Trust (Barbados) Corporation	(j)	7.5	665,200	632,218
National Commercial Bank	(k)	7.75	676,000	772,000
Republic Bank (Barbados) Limited	(l)	3.75	22,104	54,243
JMMB Limited	(m)	6.0	235,924	162,728
Republic Bank (Trinidad) Ltd	(n)	5.5	1,043,268	1,007,197
Finance Lease- Pelican Power	(o)		-	1,635,656
			<u>7,763,717</u>	<u>9,253,131</u>

(ii) Other Long-term Liabilities

Barnett Limited	(p)	5.0	-	19,444
University Hospital of the West Indies	(q)		64,265	217,351
Retroactive pension supplementation			-	97,030
Digicel Jamaica Limited	(r)		49,741	118,854
			<u>114,006</u>	<u>452,679</u>
			7,877,723	9,705,810
Less: current portion of long-term liabilities (Note 10)			<u>(888,316)</u>	<u>(1,309,932)</u>
Total non-current portion of long-term liabilities			<u>6,989,407</u>	<u>8,395,878</u>

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21. Long-term Liabilities (Continued)

This section sets out the movements in net debt for the year ended 31 July 2020 and 2019.

	2020	2019
	\$'000	\$'000
At 1 August	8,395,878	6,955,941
Loans received	242,037	2,878,275
Loans repaid	(476,530)	(885,574)
Other long-term liabilities repaid	(338,673)	(321,477)
Transfers	(1,635,656)	-
Foreign exchange adjustments	802,351	(231,287)
At 31 July	6,989,407	8,395,878

- (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, 2020, was €2,143,627 (2019: €2,303,707).

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

The CDB loans, amounting to US\$8,896,000, are guaranteed by all the contributing governments. The University has drawn down US\$8,695,300 (J\$1,282,145,500) up to July 31, 2020 [2019: US\$8,695,300 (J\$1,179,141,800)].

Portion A, amounting to US\$5,544,000 (J\$817, 477, 800), 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, 2020 is US\$2,360,585 (J\$348,074,600) [2019: US\$2,538,700 (J\$344,270,700)].

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21. Long-term Liabilities (Continued)

(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 4.8% 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, 2020, the amount disbursed was US\$8,246,000 (2019: US\$8,246,000) which equates to J\$1,215,895,000 (2019: J\$1,118,213,700) at the year-end exchange rate. The balance outstanding as at July 31, 2020 is US\$4,467,780 (J\$658,786,200) [2019: US\$5,154,951 (J\$699,047,462)].

(iii) *Digital Transformation Project*

During the year the University Centre received a drawdown of US \$152,803 from the CDB to assist with its digital transformation project. This was disbursed from an approved but unutilized portion of a loan currently carried by the Open Campus. The balance outstanding at year end was US\$147,112 (J\$21,691,500).

- (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 4.55% (2019: 4.8%) 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 2014, the University of the West Indies, Open Campus, signed a loan agreement with the Caribbean Development Bank. This loan agreement is to facilitate the development of the Open Campus Country Sites in St. Lucia and St. Vincent and the Grenadines. The funds drawn down against the loan at July 31, 2020 were commitment fees, interest costs, disbursements to the contractors in St. Vincent and disbursements to the SDEC/GAC project office for curriculum development. The balance outstanding at July 31, 2020 was BDS\$14,986,529 (2019: BDS\$11,701,699). The undrawn balance at year end was BDS\$193,169 (2019: BDS\$7,663,051).

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21. Long-term Liabilities (Continued)

- (e) In April 2001, the National Housing Trust ("The Trust") granted a loan of J\$545,005,457 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\$12,604,930 per quarter to March 2028.
- (f) In June 2011, The Trust granted a loan of J\$1,934,033,182 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%.
- (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 (2019: 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].
- 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) On April 1, 2014 the Cave Hill Campus entered into a loan agreement with Republic Bank (Barbados) Limited for a loan of BDS\$6,500,000 to assist with the construction of the Institute for Cultural Development. The loan bears interest at 1.0% per annum below the bank's prime rate, currently 6.5%, for an effective rate of 5.5% per annum. The loan is repayable over five years via semi-annual principal payments of BDS\$650,000 each, commencing February 28, 2015. The loan is secured by a lien over term deposits totalling BDS\$6,500,000 in the name of the Cave Hill Campus. BDS\$1,000,000 was disbursed in September 2014, an additional BDS\$3,000,000 was disbursed in 2016 and BDS\$1,000,000 was disbursed in 2017.

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21. Long-term Liabilities (Continued)

- (i) 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 was 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 was 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. The loan was fully repaid as at 31 July 2020.
- (j) 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.
- (k) During 2018, 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 was for a duration of 84 months and was repayable by 27 consecutive quarterly instalments of J\$32 million, plus one final quarterly payment of J\$36 million. The interest rate on the loan was reduced to 7.75% in February 2020. Given the Covid-19 pandemic, NCB reached out and provided assistance by way of a moratorium of six (6) months on principal payments, for the period April to September 2020. The principal repayments have been revised to \$32,190,476 quarterly. The loan is scheduled to be repaid in December 2025.
- (l) On February 8, 2018, the Cave Hill Campus entered into a loan agreement with Republic Bank (Barbados) Limited for a loan in the amount of BDS\$2.5 million to assist with repairs to roofs and other areas on the Campus and assist the Cave Hill School of Business with operational expenses. The loan is secured by a lien over term deposits totalling BDS\$6 million and bears interest at 3.75% per annum, subject to change with 90 days written notice. The loan is repayable over five years via semi-annual principal payments of BDS\$250,000 each, commencing August 31, 2018. In February 2018, BDS\$1.2 million out of the BDS\$2.5 million facility was disbursed.
- (m) In November 2017, the University Centre obtained a revolving Line of Credit for US\$1.8 million from JMMB Limited for operational support, which is repayable as a lump sum by November 2020. Interest is payable at 6% at quarterly intervals up to the time of repayment. The facility is secured by investments held by the University Centre at JMMB Investments Limited.
- (n) In February 2019, Roytec undertook a mortgage loan through Republic Bank Limited in the amount of TT\$51,200,000 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.
- (o) 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 was initially leased for 15 years at a rent of US\$2,025,000 per annum payable in 12 equal monthly payments during the lease term. Given the Covid-19 pandemic, UWI Mona requested assistance by way of a restructuring of the monthly lease payment.

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21. Long-term Liabilities (Continued)

A revised repayment schedule was agreed for the period May 2020 to December 2020. UWI Mona will revert to the original repayment schedule in January 2021.

The principal balance outstanding as at July 31, 2020 was US\$11,848,997 (2019: US\$12,042,589).

- (p) 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. The loan was repaid during the year.
- (q) 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. Repayment has commenced.
- (r) In September 2016, UWI Mona and Digicel (Jamaica) Limited had entered into a Master Service Agreement for the implementation of a WiFi Solution. This is described as part A of the loan with the following terms: Principal US\$2,025,191.32, interest rate of 10% repayable over 36 months at US\$65,347.22 per month, commencing in December 2016. Furthermore, an addendum was signed in February 2017 to provide Cabling Infrastructure for the Halls of Residence and Faculties Lecture Rooms for the implementation of the WiFi solution. This is described as part B of the loan with the following terms: Principal US\$676,376.42, interest rate 10%, repayable over 60 months at US\$14,371.00 per month. Part A of the loan was repaid in November 2019. The balance on part B of the loan is US\$299,656.12 as at July 31, 2020.

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.

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22. Employee Benefits Obligation (Continued)

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

(b) Plan for administrative and technical staff

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

(c) Plan for non-academic staff

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

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

(d) Post-employment benefits computation

The University's obligation for post-employment pensions and medical care is determined and accounted for as described in note 2(n) and comprises the following amounts:

	2020 \$'000	2019 \$'000
Defined contribution supplementation plan [Note 22(d)(i)]	21,557,453	19,405,879
Defined benefit plan [Note 22 (d)(i)]	3,143,374	2,452,704
	<u>24,700,827</u>	<u>21,858,583</u>
Post-employment medical benefits [Note 22(d)(ii)]	9,063,016	8,820,081
Amount recognized in the statement of financial position	<u>33,763,843</u>	<u>30,678,664</u>

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22. Employee Benefits Obligation (Continued)

(d) Post-employment benefits computation (continued)

(i) Defined contribution supplementation plan and defined benefit plan

	FSSU		St. Augustine Campus		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Present value of unfunded obligations	21,557,453	19,405,879	-	-	21,557,453	19,405,879
Present value of funded obligations	-	-	12,681,185	10,821,696	12,681,185	10,821,696
Fair value of plan assets	-	-	(9,537,811)	(8,368,992)	(9,537,811)	(8,368,992)
Recognised liability	21,557,453	19,405,879	3,143,374	2,452,704	24,700,827	21,858,583

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

	FSSU		St. Augustine Campus		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Net liability at beginning of year	19,405,879	17,604,371	2,452,704	2,274,130	21,858,583	19,878,501
Include in profit or loss [Note 22(e)]	1,505,046	1,454,388	456,623	422,457	1,961,669	1,876,845
Included in other comprehensive income	793,012	1,277,225	257,074	(21,124)	1,050,086	1,256,101
Contributions paid	(1,151,531)	(1,023,444)	(277,345)	(242,605)	(1,428,876)	(1,266,049)
Currency translation adjustments	1,005,047	93,339	254,318	19,846	1,259,365	113,185
Net liability at end of year	21,557,453	19,405,879	3,143,374	2,452,704	24,700,827	21,858,583

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22. Employee Benefits Obligation (Continued)

(d) Post-employment benefits computation (continued)

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

	FSSU		St. Augustine Campus		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Movements in plan assets						
Fair value of plan assets at beginning of year	-	-	8,368,992	8,091,335	8,368,992	8,091,335
Plan participants' contributions	-	-	138,673	121,283	138,673	121,283
Expected return on plan assets	-	-	426,946	392,524	426,946	392,524
Contributions paid	-	-	277,366	242,605	277,366	242,605
Benefits paid	-	-	(308,058)	(341,544)	(308,058)	(341,544)
Actuarial losses on plan assets	-	-	(150,616)	(195,807)	(150,616)	(195,807)
Currency translation adjustments	-	-	784,508	58,596	784,508	58,596
Fair value of plan assets at end of year	-	-	9,537,811	8,368,992	9,537,811	8,368,992

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

	FSSU		St. Augustine Campus		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Current service costs	310,662	287,143	320,753	301,329	631,415	588,472
Interest on obligation	1,194,384	1,130,458	125,429	112,047	1,319,813	1,242,505
Past service costs vested benefits	-	36,787	10,441	9,081	10,441	45,868
	1,505,046	1,454,388	456,623	422,457	1,961,669	1,876,845

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22. Employee Benefits Obligation (Continued)

(d) Post-employment benefits computation (continued)

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

Included in other comprehensive income:

	FSSU		St. Augustine Campus		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Re-measurement gain due to actuarial (gain)/loss arising from:						
- Experience adjustment	891,303	349,419	257,074	(21,124)	1,148,377	328,295
- Demographic assumptions	535,788	179,959	-	-	535,788	179,959
- Financial assumptions	(634,079)	747,847	-	-	(634,079)	747,847
	<u>793,012</u>	<u>1,277,225</u>	<u>257,074</u>	<u>(21,124)</u>	<u>1,050,086</u>	<u>1,256,101</u>

The University of the West Indies

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22. Employee Benefits Obligation (Continued)

(d) Post-employment benefits computation (continued)

(ii) Post-employment medical benefits

	2020 \$'000	2019 \$'000
Liability at beginning of year	8,820,081	6,866,237
Included in profit or loss:		
- Current service cost	300,443	269,246
- Interest cost on obligation	501,967	419,848
- Past service cost-vested benefits	201,783	1,214,593
	1,004,193	1,903,687
Included in other comprehensive income:		
Re-measurement gain due to actuarial (gain)/loss arising from:		
- Experience adjustment	(165,296)	126,195
- Demographic assumptions	(141,571)	487,442
- Financial assumptions	(632,757)	(465,646)
	(939,624)	147,991
Other:		
- Contributions paid	(175,339)	(141,759)
- Currency translation adjustments	353,705	43,925
Liability at end of year	9,063,016	8,820,081

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

	2020 \$'000	2019 \$'000
Amount included in profit or loss:		
Pension supplementation-defined contribution plan [Note 22(d)(i)]	1,505,046	1,454,388
Defined benefit pension plan [Note 22(d)(i)]	456,623	422,457
	1,961,669	1,876,845
Post-employment medical care [Note 22(d)(ii)]	1,004,193	1,903,687
	2,965,862	3,780,532

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22. Employee Benefits Obligation (Continued)

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

	2020 \$'000	2019 \$'000
Amount included in other comprehensive income:		
Pension supplementation-defined contribution plan [Note 22(d)(i)]	793,012	1,277,225
Defined benefit pension plan [Note 22(d)(i)]	257,074	(21,124)
	1,050,086	1,256,101
Post-employment medical care [Note 22(d)(ii)]	(939,624)	147,991
	110,462	1,404,092

(f) Principal actuarial assumptions at the reporting date

	FSSU		St. Augustine	
	2020	2019	2020	2019
	%	%	%	%
Discount rate	5.0- 8.0	4.75-7.75	5.0	5.0
Future salary increases	3.0- 5.0	3.0-5.0	3.0	3.0
Health cost inflation	4.0- 6.0	4.0-5.0	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.

	2020		2019	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Pension:				
Discount rate	(3,241,961)	3,925,632	(2,902,524)	3,516,001
Salary escalation rate	868,502	(729,805)	1,016,610	(822,144)
Health:				
Discount rate	(1,442,435)	1,875,330	(1,439,112)	1,872,447
Health inflation rate	1,848,703	(1,449,604)	1,838,528	(1,441,155)

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22. Employee Benefits Obligation (Continued)

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

	2020	2019
Pension	10.0	10.0
Health	18.0	18.5

- (i) As mortality continues to improve, estimates of life expectancy are expected to increase. An increase of one year in life expectancy will increase the employee benefit obligation by approximately J\$1,439,563,000 (2019: 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:

	2020 \$'000	2019 \$'000
Balance at beginning of the year	158,333	168,333
Less: amount recognized during the year	(7,500)	(10,000)
	150,833	158,333
Less: current portion included in current liabilities	(10,000)	(10,000)
	140,833	148,333

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.

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24. Expenses by Nature

	2020 \$'000	2019 \$'000
Administrative services	725,024	677,065
Advertising	150,523	134,927
Cleaning and sanitation	195,252	269,101
Computer and software license fees	432,394	374,456
Courier services, shipping and freight charges	45,461	63,609
Donations and charity	118,714	86,587
General office supplies and consumables	235,494	182,704
Hospitality and entertainment	242,843	456,382
Impairment losses on financial assets	1,557,045	1,124,702
Insurance	390,993	288,036
Laboratory and medical supplies	506,153	697,242
Legal and professional fees	391,245	435,744
Local and foreign travel	625,211	830,896
Miscellaneous	5,575,863	5,260,564
Motor vehicle expenses	43,025	59,024
Printing and stationery	403,806	486,900
Repairs and maintenance		
- building	1,103,219	1,020,681
- furniture and fixtures	443,004	545,587
- motor vehicles	84,689	182,782
Security	698,686	686,049
Staff costs	40,306,472	39,818,175
Teaching and research	3,272,558	2,759,127
Training and development	477,476	440,312
Utilities	1,827,748	2,241,846
	<u>59,852,898</u>	<u>59,122,498</u>

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25. Finance Costs

	2020	2019
	\$'000	\$'000
Interest expense-loans	582,858	484,144
Interest expense-leases	208,909	-
Other finance costs	97,647	78,671
	<u>889,414</u>	<u>562,815</u>

26. Leases

(a) Amounts recognised in the statement of financial position

	31 July	1 August
	2020	2019
	\$'000	\$'000
Buildings	1,592,287	-
Equipment	63,632	-
Total right-of-use asset	<u>1,655,919</u>	<u>-</u>
Current	44,016	-
Non-current	1,766,741	-
Total lease liabilities	<u>1,810,757</u>	<u>-</u>

(b) Amounts recognised in the statement of comprehensive income

	2020	2019
	\$'000	\$'000
Depreciation charge of right-of-use assets:		
Buildings	40,828	-
Equipment	5,867	-
Vehicles	-	-
	<u>46,695</u>	<u>-</u>
Interest expense	<u>208,909</u>	<u>-</u>

The total cash outflow for leases in 2020 was \$245,479,000.

(c) The University's leasing activities and how these are accounted for:

The University leases its offices, equipment and vehicles. Rental contracts are typically made for fixed periods, on average 3-15 years but may have extension options.

Contracts may contain both lease and non-lease components. Where these exist, the University allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate where the University is a lease, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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26. Leases (Continued)

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the University exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the University, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the University:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held, which does not have recent third-party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the University use that rate as a starting point to determine the incremental borrowing rate.

The University is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the University is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the University revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the group.

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26. Leases (Continued)

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options:

Extension and termination options are included in a number of property and equipment leases of the University. These are used to maximise operational flexibility in terms of managing the assets used in the University's operations. The majority of extension and termination options held are exercisable only by the University and not by the respective lessor.

Residual value guarantees:

To optimise lease costs during the contract period, the group sometimes provides residual value guarantees in relation to equipment leases.

27. 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.

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27. Financial Risk Management (Continued)

(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.

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:

- i. Accounts receivable
- ii. debt investments carried at amortised cost, and
- iii. 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 2020 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.



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27. Financial Risk Management (Continued)

a. Credit risk (continued)

(ii) *Student accounts*

On this basis, the loss allowance as at 31 July 2020 and 1 August 2019 (on adoption of IFRS 9) was determined as follows for student accounts receivable:

	Expected Credit Loss Rate	Gross Carrying Amount \$'000
31 July 2020		
Current	18%	1,465,468
More than 90 days past due	57%	250,201
More than 120 days past due	49%	1,745,026
More than one year past due	98%	3,431,870
		<u>6,892,565</u>
Loss allowance		<u>(4,622,788)</u>
Total		<u><u>2,269,777</u></u>

	Expected Credit Loss Rate	Gross Carrying Amount \$'000
31 July 2019		
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
		<u>6,241,158</u>
Loss allowance		<u>(3,511,991)</u>
Total		<u><u>2,729,167</u></u>

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27. Financial Risk Management (Continued)

(a) Credit risk (continued)

(ii) Student accounts receivable (continued)

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

	2020 \$'000	2019 \$'000
Balance at beginning of year	3,511,991	3,071,557
Increase in loan loss allowance recognised in income statement	1,111,177	461,794
Receivables written off during the year as uncollectible	(380)	(21,279)
Unused amount reversed	-	(81)
At 31 July 2020	<u><u>4,622,788</u></u>	<u><u>3,511,991</u></u>

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:

	2020 \$'000	2019 \$'000
Government	806,180	4,367,973
Corporate	<u>12,719,469</u>	<u>11,282,153</u>
	<u><u>13,525,649</u></u>	<u><u>15,650,126</u></u>

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27. Financial Risk Management (Continued)

(a) Credit risk (continued)

(iii) Debt investments (continued)

- a. 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).

- b. 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:

- c. 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.
- d. 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.
- e. If the financial instrument is credit impaired, the financial instrument is then moved to 'Stage 3'.
- f. 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.
- g. A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.
- h. 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).

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27. 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 2019 reconciles to the opening loss allowance on 1 August 2019 and to the closing loss allowance as at 31 July 2020 as follows:

	Government Securities \$'000	Repos \$'000	Deposits \$'000	Total \$'000
Opening loss allowance as at 1 August 2019 – calculated under IFRS 9	749,528	4,446	840,349	1,594,323
Increase in loss allowance recognised in the income statement during the year	(744,167)	(90)	(196,610)	(940,867)
Closing loss allowance as at 31 July 2020	5,361	4,356	643,739	653,456

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

The University of the West Indies

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27. Financial Risk Management (Continued)

(a) Credit risk (continued)

Total loss allowance on financial assets recognised in deriving surplus or deficit was as follows:

Financial Assets	2020 \$'000	2019 \$'000
Debt instruments – FVOCI cost	-	(1,880)
Debt instruments – amortised cost	(940,867)	(298)
Other advances	-	(196,800)
Student accounts receivable	1,111,177	461,794
Foreign Exchange Adjustment	(220,147)	(5,745)
Receivables from governments-economic cost	205,086	(1,132,718)
Other government receivables	1,049,850	1,016,173
Other receivables	351,946	984,176
Total loss allowance on financial assets	<u>1,557,045</u>	<u>1,124,702</u>

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.

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Notes to the Financial Statements

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27. 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:

	2020 \$'000		2019 \$'000	
	Gross	ECL	Gross	ECL
Past due 0-30 days	1,634,642	375,702	1,852,119	335,768
Past due 31-60 days	1,511,087	347,304	1,308,564	276,707
Past due 61-120 days	353,693	81,292	352,318	74,501
Past due 121-365 days	397,634	91,391	1,516,658	320,710
More than one year	5,175,030	1,189,415	4,125,297	872,330
Total	9,072,086	2,085,104	9,154,956	1,880,018

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

	2020 \$'000	2019 \$'000
Balance at beginning of year	1,880,018	3,012,736
Amount (recovered)/recognised	205,086	(1,132,718)
Balance at end of year	2,085,104	1,880,018

Student receivables

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

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

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27. 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:

	2020 \$'000		2019 \$'000	
	Gross	ECL	Gross	ECL
Past due 0-120 days	1,715,669	400,918	1,603,685	803,614
Past due 121-365 days	1,745,026	849,753	1,142,598	853,964
More than one year	3,431,870	3,372,117	3,494,875	1,854,413
	<u>6,892,565</u>	<u>4,622,788</u>	<u>6,241,158</u>	<u>3,511,991</u>

Students, Third parties and Government of Trinidad and Tobago receivables

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

	Students \$'000	Third parties \$'000	Government of Trinidad and Tobago \$'000
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	<u>1,562,697</u>	<u>(4,629,392)</u>	<u>(16,317)</u>
Balance at July 31, 2019	3,511,991	1,079,776	2,274,789
Currency translation adjustment	220,146	97,480	205,365
Amount recognised/(recovered)	<u>890,651</u>	<u>(5,119)</u>	<u>(342,996)</u>
Balance at July 31, 2020	<u>4,622,788</u>	<u>1,172,137</u>	<u>2,137,158</u>

Staff and other receivables

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

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

The University of the West Indies

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27. 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, 2020:	\$'000	\$'000	\$'000	\$'000	\$'000
Current liabilities	22,107,352	22,107,352	22,107,352	-	-
Long-term liabilities	7,877,723	9,417,257	1,094,770	1,128,388	7,194,099
	29,985,075	31,524,609	23,202,122	1,128,388	7,194,099
July 31, 2019:					
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

(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.

The University of the West Indies

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27. 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:

	2020 \$'000	2019 \$'000
<i>Fixed rate instruments:</i>		
Financial assets	16,345,878	14,623,271
Financial liabilities	(7,104,051)	(6,960,827)
	<u>9,241,827</u>	<u>7,662,444</u>
<i>Variable rate instruments</i>		
Financial assets	13,691,119	10,837,933
Financial liabilities	(709,408)	(2,430,601)
	<u>12,981,711</u>	<u>8,407,332</u>

The University of the West Indies

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31 July 2020

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27. 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 (2019: 100) basis points in interest rates would have decreased deficit for the year by J\$129,817,100 (2019: J\$84,073,300).

A decrease of 100 (2019: 100) basis points in interest rates would have increased deficit for the year by J\$129,817,100 (2019: J\$84,073,300).

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2019.

(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% (2019: 15%) change in the market price of equities at the reporting date would result in an increase/decrease in investment revaluation reserve by J\$399,347,000 (2019: J\$440,091,000).

(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.

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27. 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:

	BAH	BDS	BZE	CDN	CAY	EC	EURO	PND	TT	2020 US
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	€'000	£'000	\$'000	\$'000
Cash and cash equivalents	(14)	15,665	1,037	329	-	12,870	25,078	15,394	28,535	64,337
Short term investments	-	-	-	-	-	-	-	47	-	5,678
Government contributions	(30)	5,529	792	-	83	105,950	-	-	111,135	1,995
Accounts receivable	1,128	619	992	-	348	37,542	-	147	29,556	5,874
Accounts payable	(69)	-	(225)	-	-	(6,681)	-	-	(18,994)	(8,630)
Long-term loans	-	-	-	-	-	-	(1,403)	-	-	(8,218)
Net exposure	1,015	21,813	2,596	329	431	149,681	23,675	15,588	150,232	61,036

	BAH	BDS	BZE	CDN	CAY	EC	EURO	PND	TT	2019 US
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	€'000	£'000	\$'000	\$'000
Cash and cash equivalents	85	10,503	-	295	-	9,086	22,532	9,286	77,834	64,543
Short term investments	-	1,220	-	-	-	-	-	225	-	19,298
Government contributions	4,813	48,998	1,810	-	2,349	113,833	-	-	188,956	3,027
Accounts receivable	551	796	847	-	418	45,623	-	-	24,112	4,235
Accounts payable	(85)	-	(54)	-	-	(4,103)	-	(2)	(6,603)	(8,386)
Long-term loans	-	-	-	-	-	-	(7,866)	-	-	(10,513)
Net exposure	5,364	61,517	2,603	295	2,767	164,439	14,666	9,509	284,299	72,204

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27. 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:

		2020	2019
BAH	\$1.00	=J\$ 147.3587	=J\$ 135.6068
BDS	\$1.00	=J\$ 73.6793	=J\$ 67.8034
BZE	\$1.00	=J\$ 73.6793	=J\$ 67.8034
CDN	\$1.00	=J\$ 111.4735	=J\$ 103.6814
CAY	\$1.00	=J\$ 179.7058	=J\$ 165.3741
EC	\$1.00	=J\$ 54.5773	=J\$ 50.2247
EURO	€1.00	=J\$ 172.8760	=J\$ 148.7274
GB	£1.00	=J\$ 191.4104	=J\$ 164.1699
TT	\$1.00	=J\$ 21.8435	=J\$ 20.0348
US	\$1.00	=J\$ 147.4527	=J\$ 135.6068

Sensitivity analysis

A 2% (2019: 4%) strengthening of the Jamaica dollar against the currencies listed above would have increased deficit for the year by J\$535,654 (2019: J\$1,322,064).

A 4% (2019: 6%) weakening of the Jamaica dollar against the currencies listed above would have decreased deficit for the year by J\$1,071,308 (2019: 1,983,096).

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is done on the same basis as 2019.

The University of the West Indies

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28. 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:

	2020		
	Carrying amount \$'000	Level 1 \$'000	Level 2 \$'000
Financial assets at fair value through other comprehensive income	2,687,524	2,662,313	25,211
	2019		
	Carrying amount \$'000	Level 1 \$'000	Level 2 \$'000
Financial assets at fair value through comprehensive income	2,938,915	2,933,943	4,972

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.

The University of the West Indies

Notes to the Financial Statements

31 July 2020

(expressed in Jamaican dollars unless otherwise indicated)

29. Staff Costs

	2020 \$'000	2019 \$'000
Salaries and wages	36,097,446	36,483,681
Statutory payroll contributions	1,675,965	1,522,002
Pension plan contributions-defined contribution plans	960,335	822,185
Other	1,572,726	990,307
	<u>40,306,472</u>	<u>39,818,175</u>
Post-employment benefit costs [Note 22(e)]	2,965,862	3,780,532
	<u>43,272,334</u>	<u>43,598,707</u>

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

	2020 \$'000	2019 \$'000
Salaries and short-term employee benefits	<u>742,992</u>	<u>639,235</u>

30. 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.

The University of the West Indies

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

31. Capital Commitment

The University is committed to incur contractual capital expenditure of approximately J\$649.9 million (2019: J\$305.6 million).

32. Contingent Liability

Housing and car loans guarantee

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

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

33. Changes in Accounting Policies

- a) The University has adopted IFRS 16 'Leases', from 1 August 2019, and the financial statements have been restated as of that date to reflect the effect of this adoption. The University recognised lease liabilities and right-of-use assets in relation to leases which had previously been classified as operating leases under the principles of IAS 17 'Leases'.

As noted in the accounting policies for the new standards, the transition provisions applied by the University do not require comparative figures to be restated. The total impact of adoption is therefore recognised in the opening statement of financial position on 1 August 2019.

The adoption of IFRS 16 resulted in an increase in the lease liabilities of \$1,697,472,000 and a corresponding increase in the right-of-use assets of \$1,697,472,000 on 1 August 2019.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 August 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 August 2019 ranged from 4-15%

For leases previously classified as finance leases the University recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

The University of the West Indies

Notes to the Financial Statements

31 July 2020

(expressed in Jamaican dollars unless otherwise indicated)

34. Restatements

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

St. Augustine Campus

Unexpended donations for Special Projects:

Management performed a review of the presentation of financial information of its Unexpended Donations on Special Projects to ensure alignment with the accounting policy note 3. (i)

As a result, the St. Augustine Campus has reclassified balances previously held in Unexpended Donations for Special Projects to General Reserves, as it represented surpluses on other projects undertaken during the years which should have been accounted for under accounting policy note 3(i)(c) where all surplus or deficit should be classified as part of the surplus or deficit of the Campus.

Investments:

Republic Bank Limited (the Bank) confirmed the existence of a secured fixed rate investment in the name of the St. Augustine Campus amounting to TT\$20,389,304 which on investigation was not recorded in the books of the Campus.

The amount resulted from an arrangement by the Campus and the Bank in 1996 to factor the receivables of the Campus to provide much needed liquidity at that time. This transaction was not properly reflected in the records of the Campus. Management has decided to record the amount as other income, restated to the earliest year presented

Cave Hill Campus

The prior period adjustment represents an inter-campus balance between St. Augustine Centre and the Cave Hill Campus, in the form of a loan which was booked by St. Augustine and not Cave Hill. The error was corrected by restating the Accumulated Fund.

Open Campus

Capital Grants:

In January 2021 it was discovered that a classification error was made in the recording of a grant from the Government of Belize to assist with some infrastructural works at one of the Campuses. The error resulted in a material overstatement of other projects income for the financial year ended July 31, 2019 and a corresponding understatement of the accumulated fund. The error has been corrected by restating each of the affected statement lines for the 2019 financial year.

An error was also recorded with the classification of funds which were received at the close of the Global Affairs Canada (GAC) project in July 2019. The error was corrected by restating miscellaneous income.

UWI Centre

Central Expenditure:

Exchange differences arising on restatement of closing current account balances between Centre locations have been removed from central expenditure in the Statement of Comprehensive Income and transferred to

Cumulative Translation Reserve on consolidation, in the Statement of Financial Position. The effect of this transfer for the years 2014/2015 to 2018/2019 has been reflected in the Accumulated Fund and the Cumulative Translation Reserve in the Statement of Financial Position. There has been no change to the overall balance for Total Reserves.

The University of the West Indies

Notes to the Financial Statements

31 July 2020

(expressed in Jamaican dollars unless otherwise indicated)

34. Restatements (Continued)

The effects of the prior year adjustments are as follows:

(a) Effect of restatements on statement of financial position as at 31 July 2019:

	As previously reported	Adjustments \$'000	As Restated \$'000
Current Assets			
Cash and cash equivalents	12,016,709	-	12,016,709
Resale agreements	1,130,784	-	1,130,784
Short-term investments	3,028,546	-	3,028,546
Accounts receivable	21,925,241	(242,977)	21,682,264
Inventories	531,999	1	532,000
	38,633,279	(242,976)	38,390,303
Current Liabilities	(24,266,534)	136,013	(24,130,521)
Net Current Assets	14,366,745	(106,963)	14,259,782
Non-Current Assets			
Advances	14,688	-	14,688
Long-term investments	12,213,084	408,496	12,621,580
Investment property	5,223	-	5,223
Long-term receivables	3,492,527	-	3,492,527
Property, plant and equipment	55,340,976	-	55,340,976
	71,066,498	408,496	71,474,994
	85,433,243	301,533	85,734,776
Reserves			
Cumulative translation reserve	18,956,261	(1,950,997)	17,005,264
Revaluation surplus	5,426,313	-	5,426,313
Investment revaluation reserve	1,907,199	-	1,907,199
General reserve	4,730,869	(5,787,505)	(1,056,636)
Accumulated (deficit)/surplus	(11,711,606)	10,571,225	(1,140,381)
Total reserve	19,309,036	2,832,723	22,141,759
Non-Current Liabilities			
Unexpended donations for special projects	6,475,535	(2,565,111)	3,910,424
Endowment funds	236,579	(1)	236,578
Capital grants	20,189,218	33,922	20,223,140
Long-term liabilities	8,395,878	-	8,395,878
Employee benefits obligation	30,678,664	-	30,678,664
Deferred income	148,333	-	148,333
Total non-current liabilities	66,124,207	(2,531,190)	63,593,017
	85,433,243	301,533	85,734,776

The University of the West Indies

Notes to the Financial Statements

31 July 2020

(expressed in Jamaican dollars unless otherwise indicated)

34. Restatements (Continued)

(b) Effect on the statement of comprehensive income for the period ended 31 July 2019:

	As previously reported \$'000	Adjustments \$'000	As Restated \$'000
Income			
Special projects	4,173,257	(1,183,191)	2,990,066
Other projects	11,964,414	1,372,299	13,336,713
Miscellaneous income	2,068,490	(94,995)	1,973,495
Expenses			
Central	(6,023,749)	432,235	(5,591,514)
Special projects	(4,173,257)	1,183,191	(2,990,066)
Other projects	(9,217,022)	(1,152,607)	(10,369,629)
Finance costs	(532,230)	(30,585)	(562,815)
Deficit for The Year	(5,990,472)	526,348	(5,464,124)
Other Comprehensive Income	(962,024)	(411,163)	(1,373,187)
Total Comprehensive Income for the Year	<u>(6,952,496)</u>	<u>115,185</u>	<u>(6,837,311)</u>

(c) Effect on the statement of cash flows for the year ended 31 July 2019:

The adjustments to prior year amounts had the following effect on cash flows:

	Increase/(decrease) 2019 \$'000
Net cash provided by operating activities	5,629,078
Net cash used by investing activities	(12,336)
Net cash provided by financial activities	<u>5,616,742</u>
Net change in cash and cash equivalents	<u>-</u>

The University of the West Indies

Notes to the Financial Statements

31 July 2020

(expressed in Jamaican dollars unless otherwise indicated)

34. Restatements (Continued)

(d) Effect of restatement on statement of financial position as at 31 July 2018:

	As previously reported	Adjustments \$'000	As Restated \$'000
Current Assets			
Cash and cash equivalents	6,770,602	-	6,770,602
Resale agreements	1,226,428	-	1,226,428
Short-term investments	3,528,766	-	3,528,766
Accounts receivable	27,989,169	(212,276)	27,776,893
Inventories	437,434	-	437,434
	39,952,399	(212,276)	39,740,123
	(23,058,336)	-	(23,058,336)
Current Liabilities			
Net Current Assets	16,894,063	(212,276)	16,681,787
Non-Current Assets			
Advances	15,917	-	15,917
Long-term investments	9,930,406	405,898	10,336,304
Investment property	5,471	1	5,472
Long-term receivables	5,800,937	-	5,800,937
Property, plant and equipment	53,863,473	-	53,863,473
	69,616,204	405,899	70,022,103
	86,510,267	193,623	86,703,890
Reserves			
Cumulative translation reserve	18,729,322	(1,539,834)	17,189,488
Revaluation surplus	5,426,313	-	5,426,313
Investment revaluation reserve	1,692,070	-	1,692,070
General reserve	6,237,878	(7,294,514)	(1,056,636)
Accumulated (deficit)/surplus	(5,547,125)	11,687,237	6,140,112
Total reserve	26,538,458	2,852,889	29,391,347
Non-Current Liabilities			
Unexpended donations for special projects	6,223,116	(2,659,266)	3,563,850
Endowment funds	234,227	-	234,227
Capital grants	19,655,454	-	19,655,454
Long-term liabilities	6,955,941	-	6,955,941
Employee benefits obligation	26,744,738	-	26,744,738
Deferred income	158,333	-	158,333
Total non-current liabilities	59,971,809	(2,659,266)	57,312,543
	86,510,267	193,623	86,703,890

The University of the West Indies

Notes to the Financial Statements

31 July 2020

(expressed in Jamaican dollars unless otherwise indicated)

35. Impact of COVID-19

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 UWI operates is uncertain at this point and has the potential to continue to adversely affect its business, results of operations or financial condition.

The UWI receives a significant portion of its funding from contributing Governments. These Governments have had to increase their allocation of funds to their health sectors, to respond to the increased demands created by the COVID-19 pandemic.

The UWI receives a significant portion of its funding from tuition fees, and therefore faces the risk of reduced funding from this source, should student enrolment decline or should collection of fees from students, Governments and other sponsors be reduced.

The UWI therefore faces the risk of reduced funding from Government subventions and tuition fees. The University is considering implementation of various income generating programmes to minimise the impact.

THE UNIVERSITY OF THE WEST INDIES

Supplementary Information to the
Combined Financial Statements for the
Year Ended July 31, 2020

The Combined Financial Statements presented in thousands of Jamaica dollars, as set out on pages 24, 25 and 27, have been translated to thousands of Barbados and United States dollars and included on pages 96 to 101 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, 2020:

BDS\$1: J\$73.6793	(2019: BDS\$1: J\$67.8034)
US\$1: J\$147.4527	(2019: US\$1: J\$135.6068)

The Combined Statement of Profit or Loss and Other Comprehensive Income is translated using the average rates of exchange for the year to July 31, 2020:

BDS\$1: J\$68.5995	(2019: BDS\$1: J\$65.4395)
US\$1: J\$138.1724	(2019: US\$1: J\$131.3378)

The Combined Statement of Cash Flows is translated using the closing rates of exchange at July 31, 2020 and 2019 and items related to the Combined Statement of Profit or Loss and Other Comprehensive Income are translated at the average rates of exchange for 2020 and 2019.

Exchange differences are included in foreign exchange adjustments.

THE UNIVERSITY OF THE WEST INDIES

Combined Statement of Financial Position

31 July 2020

(expressed in Jamaican and Barbados dollars)

	<u>2020</u>	Restated <u>2019</u>	Restated <u>2018</u>	<u>2020</u>	Restated <u>2019</u>	Restated <u>2018</u>
	J\$'000	J\$'000	J\$'000	BD\$'000	BD\$'000	BD\$'000
CURRENT ASSETS						
Cash and cash equivalents	18,152,242	12,016,709	6,770,602	246,368	177,229	100,789
Resale agreements	1,207,187	1,130,784	1,226,428	16,384	16,677	18,257
Short-term investments	2,680,921	3,028,546	3,528,766	36,386	44,667	52,530
Accounts receivable	19,046,477	21,682,264	27,776,893	258,505	319,781	413,493
Inventories	599,368	532,000	437,434	8,135	7,846	6,512
	<u>41,686,196</u>	<u>38,390,303</u>	<u>39,740,123</u>	<u>565,778</u>	<u>566,200</u>	<u>591,580</u>
CURRENT LIABILITIES	<u>(26,289,135)</u>	<u>(24,130,521)</u>	<u>(23,058,336)</u>	<u>(356,805)</u>	<u>(355,890)</u>	<u>(343,251)</u>
NET CURRENT ASSETS	<u>15,397,061</u>	<u>14,259,782</u>	<u>16,681,787</u>	<u>208,974</u>	<u>210,311</u>	<u>248,329</u>
NON-CURRENT ASSETS						
Advances	29,020	14,688	15,917	394	217	237
Long-term investments	10,844,728	12,621,580	10,336,304	147,188	186,150	153,868
Investment properties	4,974	5,223	5,472	68	77	81
Long-term receivables	3,790,855	3,492,527	5,800,937	51,451	51,510	86,354
Property, plant and equipment	67,117,669	55,340,976	53,863,473	910,942	816,198	801,823
Right-of-use assets	1,655,919	-	-	22,475	-	-
	<u>83,443,166</u>	<u>71,474,994</u>	<u>70,022,103</u>	<u>1,132,517</u>	<u>1,054,151</u>	<u>1,042,363</u>
	<u>98,840,227</u>	<u>85,734,776</u>	<u>86,703,890</u>	<u>1,341,491</u>	<u>1,264,461</u>	<u>1,290,692</u>
RESERVES						
Cumulative translation reserve	19,099,012	17,005,264	17,189,488	259,218	250,803	255,886
Revaluation surplus	5,426,313	5,426,313	5,426,313	73,648	80,030	80,777
Investment revaluation reserve	1,529,025	1,907,199	1,692,070	20,752	28,128	25,189
General reserve	(1,038,832)	(1,056,636)	(1,056,636)	(14,099)	(15,584)	(15,729)
Accumulated deficit	(6,156,888)	(1,140,381)	6,140,112	(83,563)	(16,819)	91,403
Total reserves	<u>18,858,630</u>	<u>22,141,759</u>	<u>29,391,347</u>	<u>255,955</u>	<u>326,558</u>	<u>437,526</u>
NON-CURRENT LIABILITIES						
Unexpended donations for special projects	4,580,995	3,910,424	3,563,850	62,175	57,673	53,052
Endowment funds	243,177	236,578	234,227	3,300	3,489	3,487
Capital grants	32,496,600	20,223,140	19,655,454	441,054	298,261	292,595
Long-term liabilities	6,989,407	8,395,878	6,955,941	94,862	123,827	103,548
Employee benefits obligation	33,763,843	30,678,664	26,744,738	458,254	452,465	398,128
Deferred income	140,833	148,333	158,333	1,911	2,188	2,357
Lease liabilities	1,766,741	-	-	23,979	-	-
Total non-current liabilities	<u>79,981,596</u>	<u>63,593,017</u>	<u>57,312,543</u>	<u>1,085,536</u>	<u>937,903</u>	<u>853,166</u>
	<u>98,840,226</u>	<u>85,734,776</u>	<u>86,703,890</u>	<u>1,341,491</u>	<u>1,264,461</u>	<u>1,290,692</u>

THE UNIVERSITY OF THE WEST INDIES
Combined Statement of Comprehensive Income
For the year ended 31 July 2020
(expressed in Jamaican and Barbados dollars)

	<u>2020</u>	<u>Restated</u> <u>2019</u>	<u>2020</u>	<u>Restated</u> <u>2019</u>
	J\$'000	J\$'000	BD\$'000	BD\$'000
INCOME				
Government contributions	29,531,120	29,108,933	430,486	444,822
Tuition and other student fees	9,400,278	8,737,630	137,031	133,522
Special projects	2,687,692	2,990,066	39,179	45,692
Other projects	13,268,907	13,336,713	193,426	203,802
Commercial operations	4,686,307	4,403,576	68,314	67,292
Investment income	466,559	346,590	6,801	5,296
Miscellaneous income	2,327,170	1,973,495	33,924	30,158
	<u>62,368,033</u>	<u>60,897,003</u>	<u>909,161</u>	<u>930,585</u>
Less: transfer to capital grants	(268,804)	(218,373)	(3,918)	(3,337)
Income after transfer to capital grants	<u>62,099,229</u>	<u>60,678,630</u>	<u>905,243</u>	<u>927,247</u>
EXPENSES				
Departmental	(27,292,005)	(26,637,997)	(397,845)	(407,063)
Administrative	(7,733,385)	(8,580,508)	(112,732)	(131,121)
Central	(5,585,704)	(5,591,514)	(81,425)	(85,446)
Net impairment losses on financial assets	(1,557,045)	(1,124,702)	(22,698)	(17,187)
Special projects	(2,687,692)	(2,990,066)	(39,179)	(45,692)
Other projects	(9,724,854)	(10,369,629)	(141,763)	(158,461)
Commercial operations	(5,272,213)	(3,828,082)	(76,855)	(58,498)
	<u>(59,852,898)</u>	<u>(59,122,498)</u>	<u>(872,497)</u>	<u>(903,469)</u>
Surplus for the year before finance costs	2,246,331	1,556,132	32,746	23,778
Finance costs	(889,414)	(562,815)	(12,965)	(8,601)
Surplus for the year before depreciation, pension and post-employment medical benefits	1,356,917	993,317	19,780	15,177
Depreciation	(3,079,237)	(2,676,909)	(44,887)	(40,907)
Pension and post-employment medical benefits	(2,965,862)	(3,780,532)	(43,234)	(57,771)
DEFICIT FOR THE YEAR	<u>(4,688,182)</u>	<u>(5,464,124)</u>	<u>(68,340)</u>	<u>(83,501)</u>
OTHER COMPREHENSIVE INCOME				
Items that will never be reclassified to profit or loss				
Re-measurement of employee benefits obligation	(110,462)	(1,404,092)	(1,610)	(21,456)
Items that may be reclassified to profit or loss				
Changes in fair value of debt instruments at fair value through other comprehensive income	(378,174)	215,129	(5,512.78)	3,287
Currency translation adjustments	2,093,748	(184,224)	30,521	(2,815)
Total Other Comprehensive Income	<u>1,605,112</u>	<u>(1,373,187)</u>	<u>23,398</u>	<u>(20,984)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(3,083,070)</u>	<u>(6,837,311)</u>	<u>(44,942)</u>	<u>(104,485)</u>

THE UNIVERSITY OF THE WEST INDIES
Combined Statement of Cash Flows
For the year ended 31 July 2020
(expressed in thousands of Jamaican and Barbados dollars)

	<u>2020</u>	<u>Restated</u> <u>2019</u>	<u>2020</u>	<u>Restated</u> <u>2019</u>
	J\$'000	J\$'000	BDS\$'000	BDS\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Deficit for the year	(4,688,182)	(5,464,124)	(68,342)	(83,499)
Adjustments for:				
Depreciation :Property, plant and equipment	3,032,293	2,676,660	44,203	40,903
Investment properties	249	249	4	4
Right-of-use assets	46,695	-	681	-
Amortization of capital grants	(997,265)	(590,688)	(14,537)	(9,026)
Employee benefits obligation	2,965,862	3,780,532	43,234	57,771
Loss on sale of property, plant and equipment	(12,567)	(14,605)	(183)	(223)
Foreign exchange adjustments	908,156	(1,081,344)	13,239	(17,784)
Impairment of financial assets (excluding economic cost)	1,351,959	2,257,420	19,708	34,496
Impairment of government receivables (for economic cost)	205,086	(1,132,718)	2,990	(17,309)
Interest income	(452,960)	(332,145)	(6,603)	(5,076)
Dividend income	(13,599)	(14,445)	(198)	(221)
Deferred income	(7,500)	(10,000)	(109)	(153)
Interest expense	889,414	562,815	12,071	8,601
	3,227,641	637,607	46,156	8,483
Changes in :				
Accounts receivable	2,635,786	6,003,608	35,774	88,544
Inventories	(67,368)	(94,566)	(914)	(1,395)
Current liabilities	1,701,953	1,316,772	23,099	19,420
Net cash provided by operating activities	7,498,012	7,863,421	104,114	115,054
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	516,298	370,334	7,526	5,659
Dividend received	13,599	14,445	198	221
Investments, (net)	1,746,303	(1,569,927)	23,701	(23,154)
Decrease/(increase) in resale agreements	(76,403)	95,644	(1,037)	1,411
Decrease/(increase) in advances	(14,331)	1,229	(195)	18
Long-term receivables	(93,243)	1,175,694	(1,266)	17,340
Purchase of property, plant and equipment	(13,261,972)	(5,141,154)	(179,996)	(75,824)
Proceeds from sale of property, plant and equipment	12,567	18,552	171	274
Net cash used by investing activities	(11,157,182)	(5,035,183)	(150,896)	(74,057)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid	(808,454)	(407,388)	(11,785)	(6,225)
Unexpended donations for special projects	670,571	346,574	9,101	5,111
Endowment funds	5,590	2,244	76	33
Capital grants received	10,745,641	805,215	129,639	11,876
Proceeds of long-term loans	242,037	2,878,275	3,285	42,450
Repayment of long-term loans	(476,530)	(885,574)	(6,468)	(13,061)
Lease repayments	(245,479)	-	(3,332)	-
Other long term liabilities (net)	(338,673)	(321,477)	(4,597)	(4,741)
Net cash provided by financing activities	9,794,703	2,417,869	115,920	35,443
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,135,533	5,246,107	69,138	76,440
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	12,016,709	6,770,602	177,229	100,789
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	18,152,242	12,016,709	246,367	177,229

THE UNIVERSITY OF THE WEST INDIES
Combined Statement of Financial Position
31 July 2020

(expressed in Jamaican and United States dollars)

	2020	Restated 2019	Restated 2018	2020	Restated 2019	Restated 2018
	J\$'000	J\$'000	J\$'000	US\$'000	US\$'000	US\$'000
CURRENT ASSETS						
Cash and cash equivalents	18,152,242	12,016,709	6,770,602	123,106	88,614	50,394
Resale agreements	1,207,187	1,130,784	1,226,428	8,187	8,339	9,128
Short-term investments	2,680,921	3,028,546	3,528,766	18,182	22,333	26,265
Accounts receivable	19,046,477	21,682,264	27,776,893	129,170	159,891	206,746
Inventories	599,368	532,000	437,434	4,065	3,923	3,256
	<u>41,686,196</u>	<u>38,390,303</u>	<u>39,740,123</u>	<u>282,709</u>	<u>283,100</u>	<u>295,790</u>
CURRENT LIABILITIES	<u>(26,289,135)</u>	<u>(24,130,521)</u>	<u>(23,058,336)</u>	<u>(178,289)</u>	<u>(177,945)</u>	<u>(171,626)</u>
NET CURRENT ASSETS	<u>15,397,061</u>	<u>14,259,782</u>	<u>16,681,787</u>	<u>104,420</u>	<u>105,155</u>	<u>124,164</u>
NON-CURRENT ASSETS						
Advances	29,020	14,688	15,917	197	108	118
Long-term investments	10,844,728	12,621,580	10,336,304	73,547	93,075	76,934
Investment properties	4,974	5,223	5,472	34	39	41
Long-term receivables	3,790,855	3,492,527	5,800,937	25,709	25,755	43,177
Property, plant and equipment	67,117,669	55,340,976	53,863,473	455,181	408,099	400,911
Right-of-use assets	1,655,919	-	-	11,230	-	-
	<u>83,443,166</u>	<u>71,474,994</u>	<u>70,022,103</u>	<u>565,898</u>	<u>527,075</u>	<u>521,181</u>
	<u>98,840,227</u>	<u>85,734,776</u>	<u>86,703,890</u>	<u>670,318</u>	<u>632,231</u>	<u>645,346</u>
RESERVES						
Cumulative translation reserve	19,099,012	17,005,264	17,189,488	129,526	125,401	127,943
Revaluation surplus	5,426,313	5,426,313	5,426,313	36,800	40,015	40,389
Investment revaluation reserve	1,529,025	1,907,199	1,692,070	10,370	14,064	12,594
General reserve	(1,038,832)	(1,056,636)	(1,056,636)	(7,045)	(7,792)	(7,865)
Accumulated deficit	(6,156,888)	(1,140,381)	6,140,112	(41,755)	(8,409)	45,701
Total reserves	<u>18,858,630</u>	<u>22,141,759</u>	<u>29,391,347</u>	<u>127,896</u>	<u>163,279</u>	<u>218,763</u>
NON-CURRENT LIABILITIES						
Unexpended donations for special projects	4,580,995	3,910,424	3,563,850	31,068	28,836	26,526
Endowment funds	243,177	236,578	234,227	1,649	1,745	1,743
Capital grants	32,496,600	20,223,140	19,655,454	220,387	149,131	146,298
Long-term liabilities	6,989,407	8,395,878	6,955,941	47,401	61,913	51,774
Employee benefits obligation	33,763,843	30,678,664	26,744,738	228,981	226,232	199,064
Deferred income	140,833	148,333	158,333	955	1,094	1,178
Lease liabilities	1,766,741	-	-	11,982	-	-
Total non-current liabilities	<u>79,981,596</u>	<u>63,593,016</u>	<u>57,312,543</u>	<u>542,422</u>	<u>468,952</u>	<u>426,583</u>
	<u>98,840,226</u>	<u>85,734,776</u>	<u>86,703,890</u>	<u>670,318</u>	<u>632,231</u>	<u>645,346</u>

THE UNIVERSITY OF THE WEST INDIES
Combined Statement of Comprehensive Income
For the year ended 31 July 2020
(expressed in Jamaican and United States dollars)

	<u>2020</u>	Restated	<u>2020</u>	Restated
	J\$'000	J\$'000	US\$'000	US\$'000
INCOME				
Government contributions	29,531,120	29,108,933	213,727	221,634
Tuition and other student fees	9,400,278	8,737,630	68,033	66,528
Special projects	2,687,692	2,990,066	19,452	22,766
Other projects	13,268,907	13,336,713	96,032	101,545
Commercial operations	4,686,307	4,403,576	33,916	33,529
Investment income	466,559	346,590	3,377	2,639
Miscellaneous income	2,327,170	1,973,495	16,843	15,026
	<u>62,368,033</u>	<u>60,897,003</u>	<u>451,378</u>	<u>463,668</u>
Less: transfer to capital grants	(268,804)	(218,373)	(1,945)	(1,663)
Income after transfer to capital grants	<u>62,099,229</u>	<u>60,678,630</u>	<u>449,433</u>	<u>462,005</u>
EXPENSES				
Departmental	(27,292,005)	(26,637,997)	(197,521)	(202,821)
Administrative	(7,733,385)	(8,580,508)	(55,969)	(65,332)
Central	(5,585,704)	(5,591,514)	(40,426)	(42,574)
Net impairment losses on financial assets	(1,557,045)	(1,124,702)	(11,269)	(8,563)
Special projects	(2,687,692)	(2,990,066)	(19,452)	(22,766)
Other projects	(9,724,854)	(10,369,629)	(70,382)	(78,954)
Commercial operations	(5,272,213)	(3,828,082)	(38,157)	(29,147)
	<u>(59,852,898)</u>	<u>(59,122,498)</u>	<u>(433,175)</u>	<u>(450,156)</u>
Surplus for the year before finance costs	2,246,331	1,556,132	16,258	11,848
Finance costs	(889,414)	(562,815)	(6,437)	(4,285)
Surplus for the year before depreciation, pension and post-employment medical benefits	1,356,917	993,317	9,821	7,564
Depreciation	(3,079,237)	(2,676,909)	(22,285)	(20,382)
Pension and post-employment medical benefits	(2,965,862)	(3,780,532)	(21,465)	(28,785)
DEFICIT FOR THE YEAR	<u>(4,688,183)</u>	<u>(5,464,124)</u>	<u>(33,929)</u>	<u>(41,604)</u>
OTHER COMPREHENSIVE INCOME				
Items that will never be reclassified to profit or loss				
Re-measurement of employee benefits obligation	(110,462)	(1,404,092)	(799)	(10,691)
Items that may be reclassified to profit or loss				
Changes in fair value of debt instruments at fair value through other comprehensive income	(378,174)	215,129	(2,737)	1,638
Currency translation adjustments	2,093,748	(184,224)	15,153	(1,403)
Total Other Comprehensive Income	<u>1,605,112</u>	<u>(1,373,187)</u>	<u>11,617</u>	<u>(10,455)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(3,083,071)</u>	<u>(6,837,311)</u>	<u>(22,312)</u>	<u>(52,059)</u>

THE UNIVERSITY OF THE WEST INDIES
Combined Statement of Cash Flows
For the year ended 31 July 2020
(expressed in thousands of Jamaican and United States dollars)

	2020 J\$'000	Restated 2019 J\$'000	2020 US\$'000	Restated 2019 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Deficit for the year	(4,688,182)	(5,464,124)	(33,929)	(41,604)
Adjustments for:				
Depreciation :Property, plant and equipment	3,032,293	2,676,660	21,946	20,380
Investment properties	249	249	2	2
Right-of-use assets	46,695	-	338	-
Amortization of capital grants	(997,265)	(590,688)	(7,218)	(4,497)
Employee benefits obligation	2,965,862	3,780,532	21,465	28,785
Loss on sale of property, plant and equipment	(12,567)	(14,605)	(91)	(111)
Foreign exchange adjustments	908,156	(1,081,344)	6,573	(8,847)
Impairment of financial assets (excluding economic cost)	1,351,959	2,257,420	9,785	17,188
Impairment of government receivables (for economic cost)	205,086	(1,132,718)	1,484	(8,624)
Interest income	(452,960)	(332,145)	(3,278)	(2,529)
Dividend income	(13,599)	(14,445)	(98)	(110)
Deferred income	(7,500)	(10,000)	(54)	(76)
Interest expense	889,414	562,815	6,032	4,285
	3,227,641	637,607	22,955	4,241
Changes in :				
Accounts receivable	2,635,786	6,003,608	17,875	44,272
Inventories	(67,368)	(94,566)	(457)	(697)
Current liabilities	1,701,953	1,316,772	11,542	9,710
Net cash provided by operating activities	7,498,012	7,863,421	51,916	57,526
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	516,298	370,334	3,737	2,820
Dividend received	13,599	14,445	98	110
Investments, (net)	1,746,303	(1,569,927)	11,843	(11,577)
Decrease/(increase) in resale agreements	(76,403)	95,644	(518)	705
Decrease/(increase) in advances	(14,331)	1,229	(97)	9
Long-term receivables	(93,243)	1,175,694	(632)	8,670
Purchase of property, plant and equipment	(13,261,972)	(5,141,154)	(89,941)	(37,912)
Proceeds from sale of property, plant and equipment	12,567	18,552	85	137
Net cash used by investing activities	(11,157,181)	(5,035,183)	(75,425)	(37,039)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid	(808,454)	(407,388)	(5,851)	(3,102)
Unexpended donations for special projects	670,571	346,574	4,548	2,556
Endowment funds	5,590	2,244	38	17
Capital grants received	10,745,641	805,215	64,818	5,938
Proceeds of long-term loans	242,037	2,878,275	1,641	21,225
Repayment of long-term loans	(476,530)	(885,574)	(3,232)	(6,530)
Lease repayments	(245,479)	-	(1,665)	-
Other long term liabilities (net)	(338,673)	(321,477)	(2,297)	(2,371)
Net cash provided by financing activities	9,794,703	2,417,869	58,001	17,732
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,135,534	5,246,107	34,492	38,220
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	12,016,709	6,770,602	88,614	50,394
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	18,152,243	12,016,709	123,106	88,614



THE UNIVERSITY OF THE WEST INDIES
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