The University of the West Indies

Financial Report & Consolidated Accounts

For the Year Ended July 31, 2014

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THE UNIVERSITY OF THE WEST INDIES
FINANCIAL REPORT
FOR THE YEAR ENDED JULY 31, 2014

OVERVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the University of the West Indies represent the financial operations of the four Campuses and the University Centre for the year ended July 31, 2014, and are presented in Jamaica dollars. The Consolidated Statement of Financial Position, Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Cash Flows are also represented in Barbados dollars on **pages 74 to 76** and in United States dollars on **pages 77 to 79** as supplementary information.

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

RESULTS FOR THE YEAR

I. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended July 31, 2014, the operations of the University resulted in a **surplus of BDS$3.7** million (**2013: BDS$4.1 million deficit**). The comparative results for 2013 are stated after prior year adjustments.

The **total operating income** of the University for the year was **BD$1,002.6** million, compared with **BDS$978.2** million for the corresponding period in the prior year. **Total expenditure** for the year was **BDS$1,006.0** million compared with **BDS$981.6** million for 2013. In addition, for 2014 an amount of **BDS$7.2** million was transferred to income, representing the accumulated share of profits from the UWI School of Business and Applied Studies Limited (ROYTEC) that was due to RBC Financial (Caribbean) Limited (RBC) under a joint venture agreement which has expired and was not renewed. RBC has waived its rights to these funds.

The results on all Campuses reflected the impairment of an additional BDS$7 million of Government contributions receivable. The results also reflect a reduction in Government contributions by BDS$10.1 million.

Effective August 1, 2013 the UWI adopted IAS 19(R), which requires all actuarial gains and losses to be recognised immediately in other comprehensive income. The change in policy was applied retrospectively, resulting in an increase in liability of approximately BDS$95 million to July 31, 2013. This required a prior year adjustment to the financial statements for all campuses.

A review of the pension scheme for non-academic staff at the Cave Hill Campus established that there was an amount of BDS$6.2 million owed to the scheme by the Campus for the period prior to July 31, 2012. The liability has been recognised as a prior year adjustment.

Another prior year adjustment was made for the University Centre, to account for net unrecorded income of BDS$4.7 million for 2013 at Cave Hill Centre. This arose from a reconciliation of inter-campus transactions.

For the first time the results of the financial operations of the St Augustine Campus were consolidated with the results of its new wholly-owned subsidiary St. Augustine Enterprises Co. Ltd. The consolidation did not materially affect the Campus' overall financial results.

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

CONSOLIDATED INCOME

As shown in **Charts 1 and 1A** on page 11, the University derived its operating income from the following sources: Government Contributions 46% (2013: 48%), Tuition and Other Student Fees 15% (2013: 15%), Special Projects 7% (2013: 7%), Other Projects 21% (2013:20%), Commercial Operations 8% (2013: 7%) and Other Income 3% (2013: 3%). A three-year summary of income by source is shown in **Table 2** and **Chart 2** on page 12. A three-year summary of total income is shown in **Table 3** and **Chart 3** on page 13.

Government Contributions

Income from Government Contributions totalled **BDS$465.6** million and represented 46% of total income, a decline in value of 2 percentage points over the prior year in which Government Contributions were **BDS$475.7** million and represented 48% of total income.

Project Income

a) Special Projects

For the year ended July 31, 2014 this source of income totalled BDS$74.4 million, and represented 7% of total income, similar to 2013. Income from Special Projects showed an increase of 11.3% over the BDS$66.9 million reported in the prior year. Special Projects income did not contribute to the surplus, as it matched expenditure from grants received from sponsors particularly for research.

During the year ended July 31, 2014 the value of new grants received for research was BDS$124.7 million compared with BDS$70.4 million in the previous year.

Some examples of new projects funded during the year were:

- Improve Access to Justice in the Caribbean (**Cave Hill Campus)** – sponsor, CIDA;
- Special Education Schools Technology Development Services **(Mona Campus)** – sponsor, E-Learning Jamaica Company Ltd;
- International Fine Cocoa Innovation Centre **(St. Augustine Campus)** – sponsor, European Union(EU)/EDF;
- Promoting Energy Efficiency and Renewable Energy in Buildings in Jamaica **(University Centre)** – sponsor, UNEP/Global Environment Facility(GEF);
- Trinidad Central Project **(Open Campus)** – sponsor, Ministry of Science Technology & Tertiary Education (MSTTE)

b) Other Projects

Income from Other Projects was derived from self-financing programmes and full fee paying programmes in the Faculties of Medical Sciences and Law. Funds earned by departments through consultancies and from coordination of Special Projects were also included. Other Projects also includes the consolidated results of UWISBASL and St Augustine Enterprises Limited. For the year ended July 31, 2014, income from Other Projects totalled BDS$208.6 million and represented 21% of total income.

Total projects income (Special Projects and Other Projects) represented 28% of total income, a marginal increase of 1% on the previous year.

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

Tuition and Other Student Fees

Tuition and other student fees totalled BDS$147 million (2013: BDS$148 million) for the year. Similar to the prior year, this represented 15% of total income.

Other Income

Other Income totalled BDS$30.1 million (2013: BDS$29.7 million) and comprised investment income of BDS$8.3 million (2013: BDS$10 million) and miscellaneous income of BDS$21.8 million (2013: BDS$19.6 million). Miscellaneous income included income earned from rental of facilities as well as an amount of BDS$1.9 million representing the value of Capital Grants amortised during the year.

Commercial Operations

Income from commercial operations experienced a growth of 23.5% from BDS$62.1 million in 2013 to BDS$76.7 million, and represented 8% of total income (2013: 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.

CONSOLIDATED EXPENDITURE

The categories of expenditure and their percentages of the total were as follows: Departmental 46% (2013: 46%), Administrative 8% (2013: 9%), Central 19% (2013: 18%), Special Projects 7% (2013: 7%), Other Projects 14% (2013: 14%) and Commercial Operations 6% (2013: 6%). This is illustrated by **Table 4** and **Charts 4 and 4A** on page 14.

For the year ended July 31, 2014, there was an actuarially determined expense of BDS$40.1 million (2013: BD$42.9 million) for post-employment pension and medical benefits.

A further impairment provision totalling BDS$7 million (2013: BDS$13.5 million) was made on Government contributions outstanding since 2011 from certain Governments of the Eastern Caribbean. The resulting impairment expense was included in consolidated expenditure. At the St. Augustine Campus additional impairment of BDS$3.5 million (net of transfer from capital grants) was made for PSIP advances.

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

II. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Net Current Assets

Current assets exceeded current liabilities by BDS$399.3 million (2013: BDS$376.1 million), an overall increase of 6%. The balance for cash and cash equivalents increased by BDS$64 million while resale agreements increased by BD$1 million. Accounts receivable showed an increase of BD$32.5 million or 8% over the prior year. The increased receivables mainly reflected outstanding contributions and other balances due from Contributing Governments. Current liabilities increased by 24%.

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

Cash and Cash Equivalents

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

Significantly, the increase in cash and cash equivalents includes BDS$88 million being held by the St. Augustine Campus directly related to the construction of the South Campus. Meanwhile most campuses continue to find it challenging to meet cash requirements for daily operations.

Accounts Receivable

The increase in accounts receivable at July 31, 2014 is heavily due to amounts outstanding from Governments, including economic costs, scholarships, GATE, PSIP and tuition fees. The steady rise in outstanding Government contributions over the last five years is illustrated in **Chart 7** on page 14. Despite on-going discussions with the Governments regarding arrangements to liquidate the outstanding balances, the situation continues to deteriorate.

Other receivables include amounts due from the Government of Jamaica for retroactive salaries arising from union agreements.

Short–term Investments and Resale Agreements

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

Current Liabilities

The total of BDS$372.4 million (2013: BDS$299.5 million) representing current liabilities, includes amounts due to suppliers for goods and services received, vacation leave accrual of BDS$33.5 million (2013: BDS$34.5 million), retroactive salaries and other staff benefits. The current portion of long- term liabilities was BDS$29 million (2013: BDS$34.8 million).

The balance includes a prior year adjustment for superannuation liability at the Cave Hill Campus of BDS$6 million, relating to the period prior to July 2012.

An amount of BDS$0.3 million representing contributions pre-paid by the Governments of Bermuda and Montserrat was included. Short-term loans and advances of J$852 million (BDS$15 million) due by the Mona Campus were also included in current liabilities.

Long-Term Investments

There was a decrease of 1% in the balance for long-term investments which totalled BDS$135 million (2013: BDS$137 million).

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

Long–Term Receivables

At July 31, 2014, long -term receivables included a total of BDS$ 63.2 million (2013: BDS$61 million) for Government contributions outstanding in excess of three years. Of this figure BDS$37 million (2013: BDS$33 million) has been impaired.

It is noteworthy that the Government of Montserrat that was formerly in this category has now paid all outstanding balances in full.

Outstanding tuition fees of BDS$0.9 million, from medical students who were given extended payment terms for settlement of their fees, are included in long-term receivables. This arrangement was to facilitate the increase in the number of students in the Faculty of Medical Sciences.

Property, Plant and Equipment

During the period additions to property plant and equipment totalled BDS$72.5 million. Of this amount over 60% was spent for additions to buildings. Additional expenditure was made mainly for the purchase of computers and other electronic equipment, office furniture and fixtures and library books.

At the Cave Hill Campus, during the year capital projects in progress related to the Football Stadium and the Multi Faith Centre.

At the St. Augustine Campus, major capital expenditure included the Seismic Centre, Conference Centre, Division of Facilities Management and the construction of the Teaching and Learning Complex, amounting to BDS$12 million.

Long-Term Liabilities

a) Long-term Loans

The balance of BDS$239.3 million (2013: BDS$257.2 million) for long-term loans represents an overall decrease of 7%, as the older loans are being repaid.

During the year the Mona Campus was granted a loan by the National Commercial Bank which was used to liquidate the DBJ loan of US$3 million granted in December 2012. The funds were also used towards the development of a Cogeneration Plant for the production of energy. The loan is secured by a promissory note and is payable in 28 equal quarterly instalments over 7 years.

In April 2014, UWI Mona acquired Fairfield Estates for the nominal consideration of J$92 million, for the purpose of expanding the Western Jamaica Campus. This was facilitated through a vendor mortgage of J$73.6 million, converted to US$. The loan is repayable in 48 equal quarterly instalments.

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

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

b) Other Long–term liabilities

Other long- term liabilities includes an amount of approximately BDS$10 million, being held by the University for the purpose of upgrading the facilities of the University Hospital of the West Indies.

Investment Revaluation Reserve

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

The net movement (appreciation) in the investment revaluation reserve for the year ended July 31, 2014 totalled BDS$3.6 million (2013: BDS$6.6 million), while BDS$2.3 million was reclassified to P&L on disposal of investments.

Revaluation Surplus

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

Employee Benefits Obligation

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

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

Effective August 1, 2013 the UWI adopted IAS 19(R), which requires all actuarial gains and losses to be recognised immediately in other comprehensive income. The change in policy was applied retrospectively, resulting in an increase in liability of approximately BDS$95 million to July 31, 2013.

The actuarial report on the obligation as at July 31, 2014 was prepared by the actuaries Eckler Partners Ltd. Based on this report an estimated net obligation of BDS$323 million has been included in these financial statements. The restated estimated obligation at July 31, 2013 was BDS$309 million.

PERFORMANCE INDICATORS

	2014	2013	2012
a) Total Operating Income/Expenses	99%	98%	109%
b) Government Contributions/Total Operating Income	46%	48%	49%
c) Total Income/Total Assets	52%	52%	59%
d) Liquidity ratio (acid test)	2	2.3	2.4
e) Income per FTE (BDS$)	27,666	27,201	28,614
f) Expense per FTE (BDS$)	27,761	27,697	26,292

a) For the year ended July 31, 2014 the ratio of total operating income to expenses was fairly constant when compared with the prior year. The ratio remains below 100%, indicating that income for the year was inadequate to cover the necessary expenditure.

b) The ratio of government contributions to total operating income indicates that for the year ended July 31, 2014 the University relied on Governments to provide 46% of its income. This is lower than the corresponding period in the prior year, and is in line with the strategic goals of the University to reduce its reliance on government funding.

c) Total income to total assets was 52%, and shows a gradual decline over recent years. This reflects the slow growth in income as government contributions decline. It also reflects the rapid increase in accounts receivable, being the main component of current assets.

d) The acid test ratio of 2.0 again reflects a steady decline in the ratio of liquid assets to current liabilities, as the arrears of amounts owing from governments increases.

STATUS OF GOVERNMENT CONTRIBUTIONS

Overview

The responsibility of interfacing with governments with respect to government contributions payable resides with the Office of Finance. To assist governments in planning the required contribution needed to fund the UWI, the Office of Finance prepares yearly assessments for each government and based on requests, provides projections of the required contributions beyond the months which are accommodated by the biennial budgeting cycle used by the University of the West Indies (UWI). The Office follows up with government ministries by correspondence, telephone calls and visits. The Vice Chancellor, Campus Principals and Bursars also relate to campus governments on amounts outstanding.

Annually governments are provided with a finalized bill which is based on actual student numbers and the approved budgets.

At July 31, 2014 the balance due from contributing governments to the University of the West Indies was BDS$234.3 million (net), representing an 11% increase over the balance of BDS$ 210.9 million (net) at July31, 2013.

STATUS BY COUNTRY

Barbados

At July 31, 2014, BDS$130.13 million remained outstanding from the Government of Barbados. The billing for the year was BDS$134.1 million. Payments totalling BDS$135.95 million which were received during the year settled the opening balance of BDS$131.98 million at August 1, 2013 but was not sufficient to make a significant contribution towards the billing for the year. Discussions are in progress with the Government of Barbados regarding arrangements to liquidate the outstanding balance. The Government has committed to reducing the arrears as soon as it is able to do so.

Jamaica

The Government of Jamaica opened the year with a balance of J$80.09 million outstanding. The funding expected for the twelve month period to July 31, 2014 was J$6,578.71 million and payments received during the period totalled J$6,552.75 million. The balance outstanding at July 31, 2014 was J$106.05 million. The Government continues to pay monthly tranches of committed funds to the University on a timely basis.

Trinidad and Tobago

The Government of Trinidad & Tobago opened the year at August 1, 2013 with an outstanding amount of TT$25.75 million. The total payment of TT$651.68 million received during the year to July 31, 2014 was not enough to liquidate the current billing of TT$708.32 million. The balance outstanding at July 31, 2014 was TT$82.39 million.

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

STATUS OF GOVERNMENT CONTRIBUTIONS (cont'd)

Anguilla

The opening balance of EC$3.95 million was increased by the current year's assessment of EC$0.63million to an outstanding balance of EC$4.58 million at July 31, 2014, as no payments were received during the year. Discussions will continue with the Government to liquidate the outstanding balance.

Antigua

The balance outstanding at August1, 2013 was EC$4.55 million. The assessment for the year was EC$3.76million and a payment of EC$1.98 million was received. The balance outstanding at July 31, 2014 was EC$6.33 million. Discussions will continue with the Government to liquidate the outstanding balance.

Bahamas

The Government of the Bahamas opened the year with a prepayment amount of BAH$210,653.
The assessment for the year was BAH$2,729,739. Payments totalling BAH$1,588,993 were received, resulting in the amount of BAH$930,093 outstanding at July 31, 2014.

Belize

The amount outstanding at August 1, 2013 was BZE$2.24 million and the assessment for the year was BZE$2.36million. The amount paid during the year was BZE$3.19 million which though insufficient to liquidate the opening balance and the billing, significantly reduced the liability to the UWI. The balance outstanding at July 31, 2014 was BZE$1.41 million.

Bermuda

The Government of Bermuda became an associate contributing government effective April, 2010. The opening balance on this government's account was US$5,409 at August 1, 2013 and the billing for the year was US$62,900. During the year a payment of US$80,704 was made which resulted in a prepayment of US$12,395 at July 31, 2014.

British Virgin Islands

The amount outstanding at August 1, 2013 was US$1,911,536. During the year the Government was billed US$499,121 and payments totalling US$1,349,860 were received. The Government has committed to liquidating the outstanding balance of US$1,060,797 at July 31, 2014 as early as possible during 2015.

Cayman Islands

The balance outstanding at August 1, 2013 was CAY$1,049,861. The Government was billed CAY$419,038 for the year and made payments of CAY$112,966. Discussions are in progress with a view to liquidating the balance of CAY$1,355,933 at July 31, 2014 as soon as possible.

STATUS OF GOVERNMENT CONTRIBUTIONS (cont'd)

Dominica

The balance outstanding at August 1, 2013 was EC$16.52 million which represents an accumulation of several years billings. The assessment for the year was EC$2.56 million. No payments were made during the year irrespective of the efforts made by the University in this regard. The balance outstanding at July 31, 2014 was EC$19.08 million.

Grenada

The balance outstanding from the Government of Grenada at August 1, 2013 was EC$15.51 million. The assessment for the year was EC$2.91 million. Payments totalling EC$1.00 million were made during the year. The balance outstanding at July 31, 2014 was EC$17.42 million.

Montserrat

The amount outstanding at August 1, 2013 was EC$5.30 million. The assessment for the year was EC$1.19 million and payments totalling EC$6.86 million were received during the year leaving a prepayment of EC$0.37 million at July 31, 2014. The University would like to thank the Government of Montserrat for its efforts in liquidating its arrears.

St. Kitts and Nevis

The amount outstanding at August 1, 2013 was EC$1.17 million and the assessment for the year was EC$3.10million. Payment of EC$1.16 million was received leaving a balance outstanding at July 31, 2014 of EC$3.11million.

St. Lucia

The balance outstanding at August 1, 2013 was EC$14.97 million and the assessment for the year was EC$3.27 million. A payment of EC$1.08 million was received, resulting in a balance of EC$17.16 million at July 31, 2014.

St. Vincent and the Grenadines

The year started with a balance of EC$20.53 million and the assessment for the year was EC$ 4.65 million. A payment of EC$1.00 million was received during the year, resulting in a balance of EC$24.18 million at July 31, 2014. Further discussions regarding liquidation are in progress with the Government.

Turks & Caicos Islands

Turks and Caicos Islands was admitted by the University Council as a full contributing member, on April 25, 2014. Billing to the new contributing country will commence during the year 2014-2015.

INCOME

Year ended July 31, 2014 with comparatives for the year ended July 31, 2013

TABLE 1 - $'000

SOURCES	J$		BDS$		TT$		EC$	
	2014	2013	2014	2013	2014	2013	2014	2013
West Indian Government Contributions *	24,967,763	22,554,723	465,634	475,733	1,494,169	1,523,401	628,610	642,244
Tuition and other student Fees	7,882,742	7,018,815	147,008	148,043	471,734	474,068	198,463	199,860
Special Projects	3,990,688	3,171,230	74,424	66,889	238,818	214,193	100,473	90,301
Other Projects	11,187,998	9,282,959	208,649	195,800	669,534	626,994	281,679	264,332
Commercial Operations	4,113,746	2,943,531	76,719	62,086	246,183	198,813	103,571	83,817
Other	1,615,583	1,406,596	30,129	29,668	96,683	95,005	40,676	40,053
TOTAL INCOME	53,758,520	46,377,854	1,002,563	978,219	3,217,120	3,132,473	1,353,473	1,320,606

*net of transfer to capital grants

CHART1
INCOME (%) August 1, 2013 to July 31, 2014

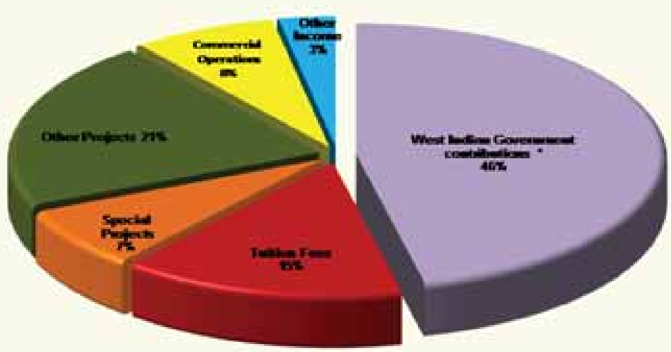
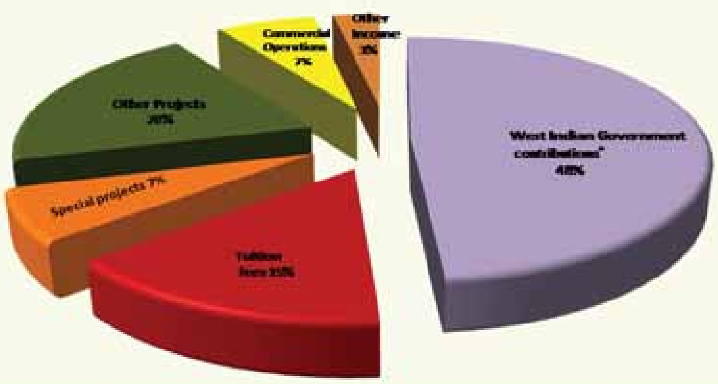


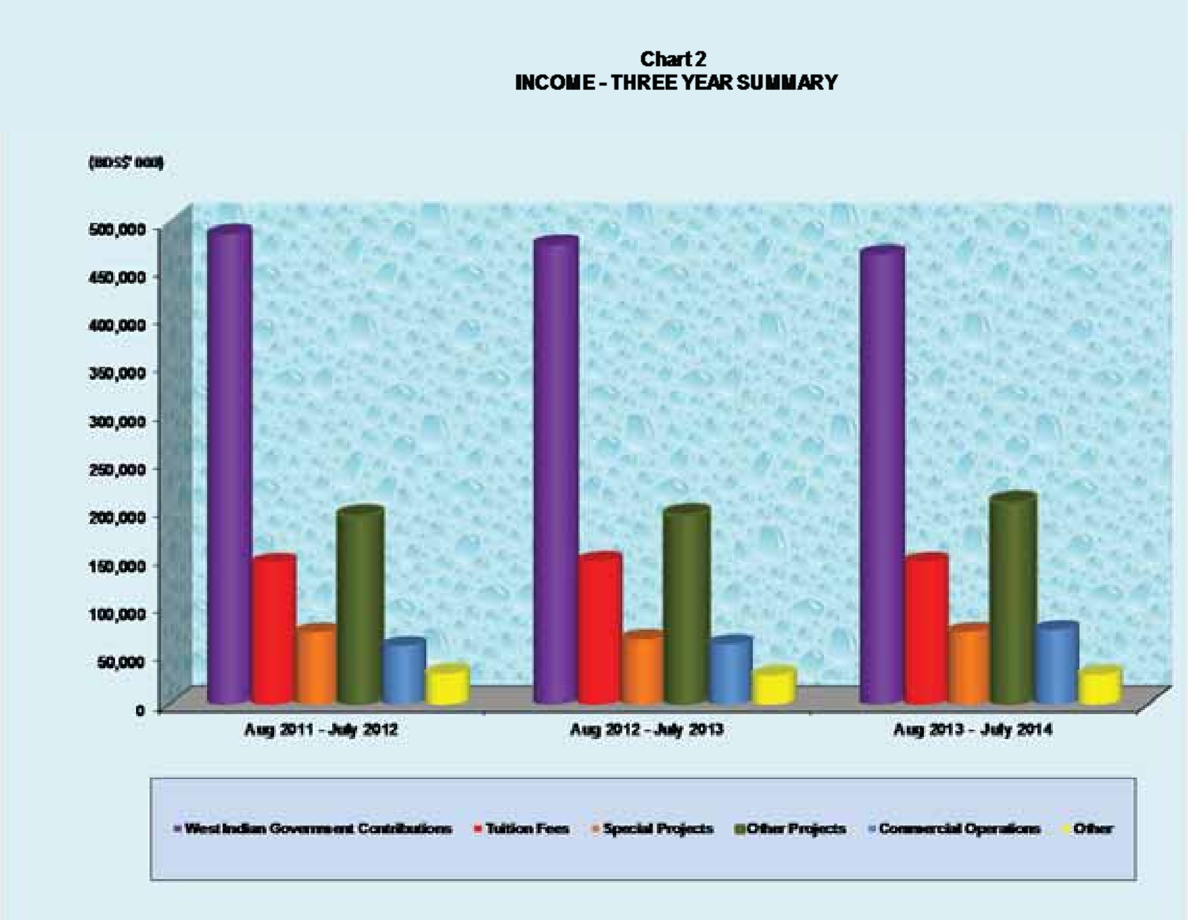
CHART1A
INCOME (%) August 1, 2012 to July 31, 2013



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

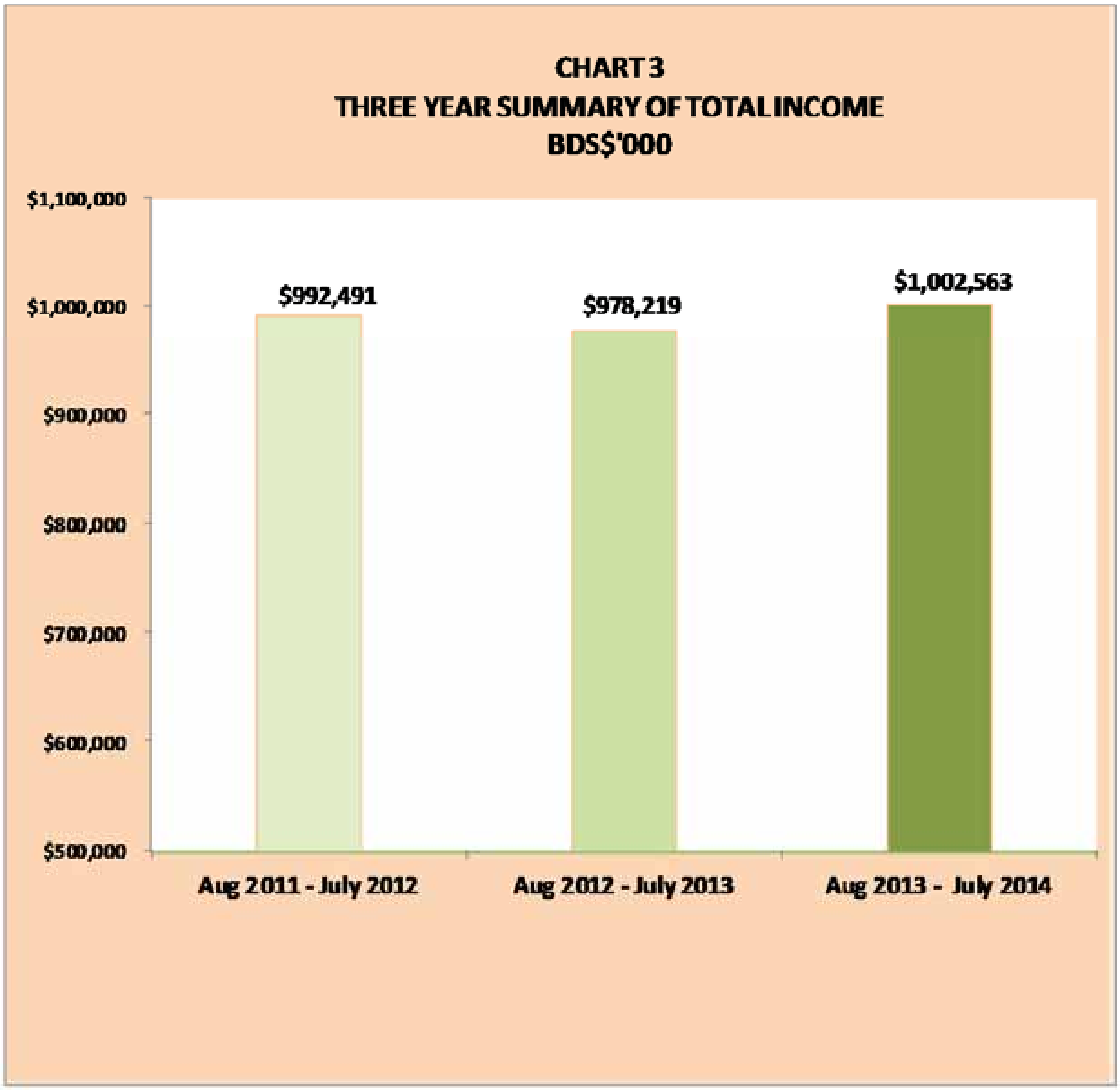
SOURCES	Aug 2011 - July 2012		Aug 2012 - July 2013		Aug 2013 - July 2014	
West Indian Government Contributions *	486,458	49%	475,733	48%	465,634	46%
Tuition and other student Fees	146,027	15%	148,043	15%	147,008	15%
Special Projects	73,813	7%	66,889	7%	74,424	7%
Other Projects	194,776	20%	195,800	20%	208,649	21%
Commercial Operations	60,078	6%	62,086	7%	76,719	8%
Other	31,339	3%	29,668	3%	30,129	3%
TOTAL INCOME	992,491	100%	978,219	100%	1,002,563	100%

*net of transfer to capital grants



THREE YEAR SUMMARY OF TOTAL INCOME
Table 3-BDS$'000

2011/2012	2012/2013	2013/2014
992,491	978,219	1,002,563



EXPENDITURE

Year ended July 31, 2014 with comparatives for the year ended July 31, 2013

TABLE 4 - $'000

CATEGORIES	J$		Bds$		TT$		EC$	
	2014	2013	2014	2013	2014	2013	2014	2013
Administrative	4,485,132	4,347,893	83,645	91,707	268,408	293,667	112,922	123,806
Departmental *	24,734,222	21,556,935	461,278	454,687	1,480,193	1,456,008	622,731	613,832
Central Expenditure +	9,990,709	8,342,943	186,321	175,972	597,882	563,503	251,536	237,565
Special Projects	3,990,688	3,171,230	74,424	66,889	238,818	214,193	100,473	90,301
Other Projects	7,333,176	6,370,316	136,759	134,365	438,846	430,267	184,627	181,394
Commercial Operations	3,409,778	2,749,832	63,590	58,000	204,054	185,730	85,848	78,301
TOTAL EXPENDITURE	53,943,704	46,539,149	1,006,017	981,621	3,228,201	3,143,367	1,358,135	1,325,199

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

Chart 4
Expenditure (%) Aug 2013 - Jul 2014

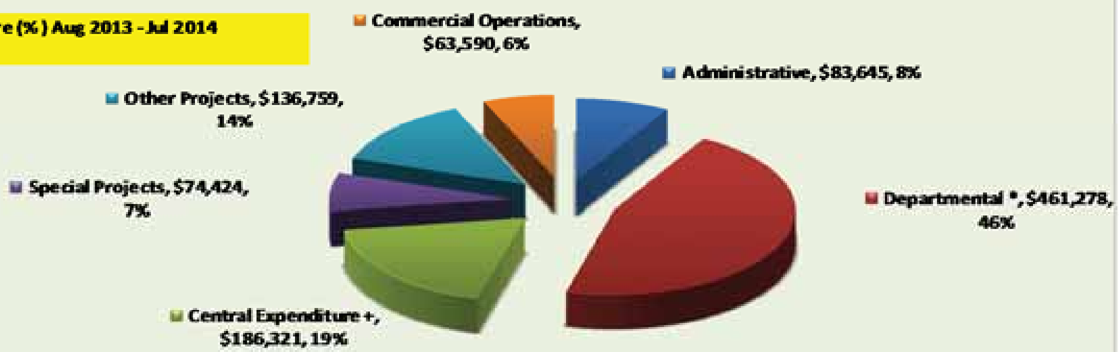
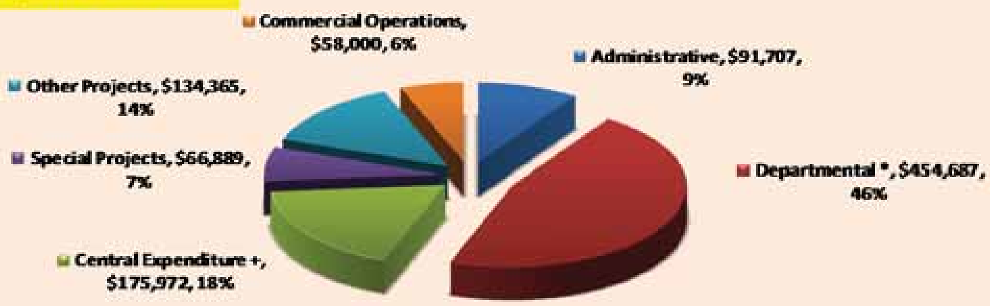


Chart 4A
Expenditure (%) Aug 2012 - Jul 2013

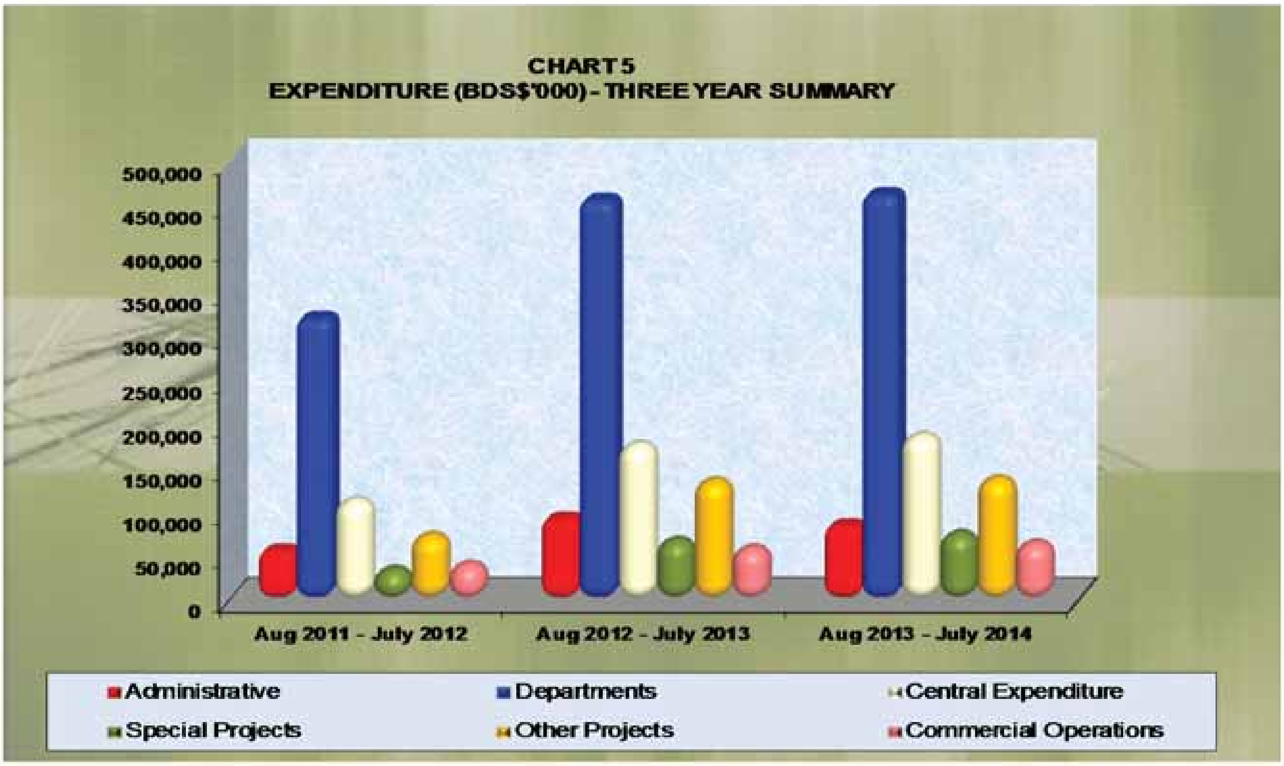


EXPENDITURE

THREE YEAR SUMMARY
Table 5
BDS$'000

CATEGORIES	Aug 2011 - July 2012		Aug 2012 - July 2013		Aug 2013 - July 2014	
Administrative	55,104	9%	91,707	9%	83,645	8%
Departmental*	319,966	51%	454,687	46%	461,278	46%
Central Expenditure +	112,396	18%	175,972	18%	186,321	19%
Special Projects	33,425	5%	66,889	7%	74,424	7%
Other Projects	72,222	11%	134,365	14%	136,759	14%
Commercial Operations	39,341	6%	58,000	6%	63,590	6%
TOTAL EXPENDITURE	632,454	100%	981,621	100%	1,006,017	100%

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



THREE YEAR SUMMARY OF TOTAL EXPENDITURE

Table 6-BDS$'000

2011/2012	2012/2013	2013/2014
632,454	981,621	1,006,017

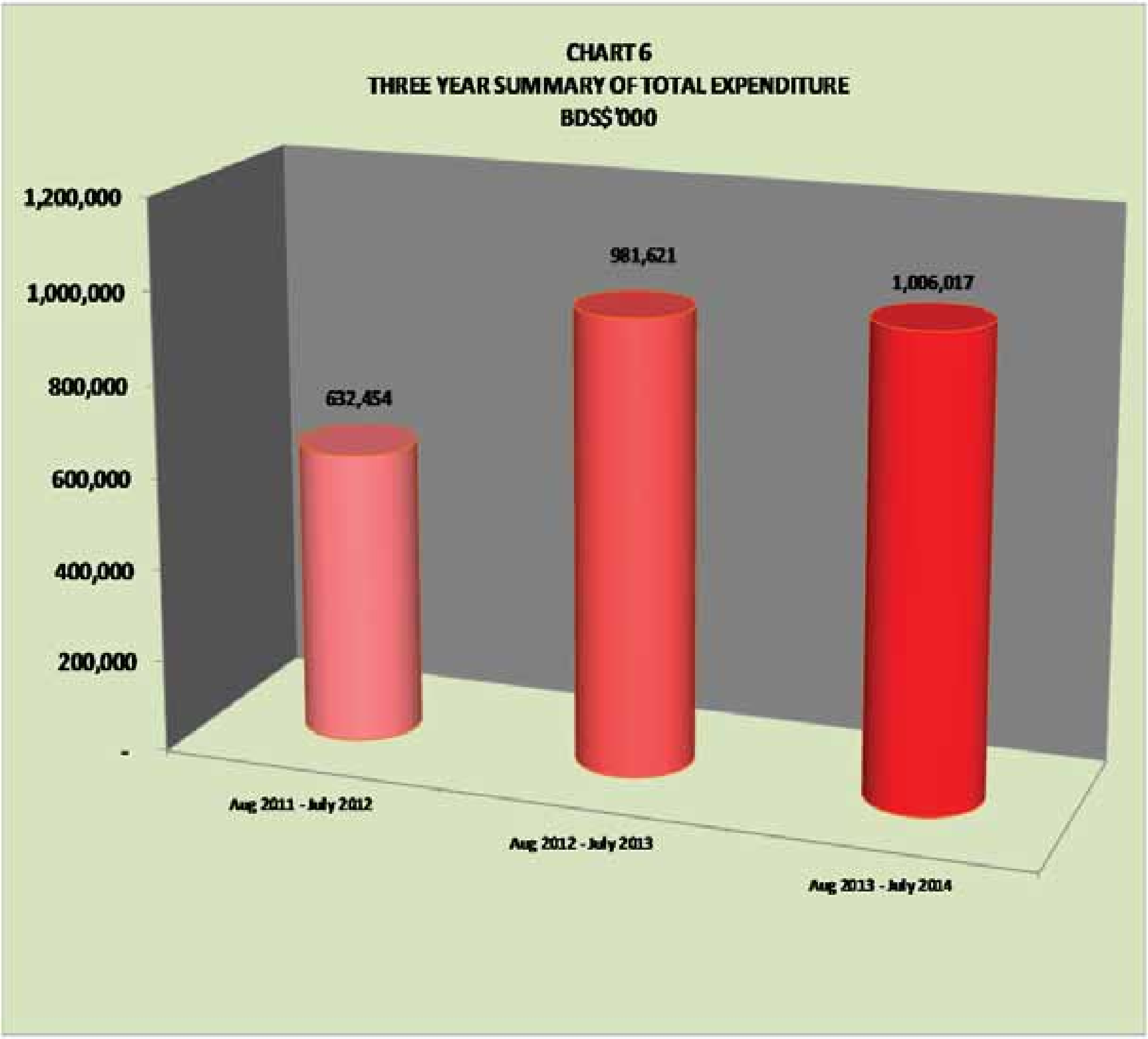
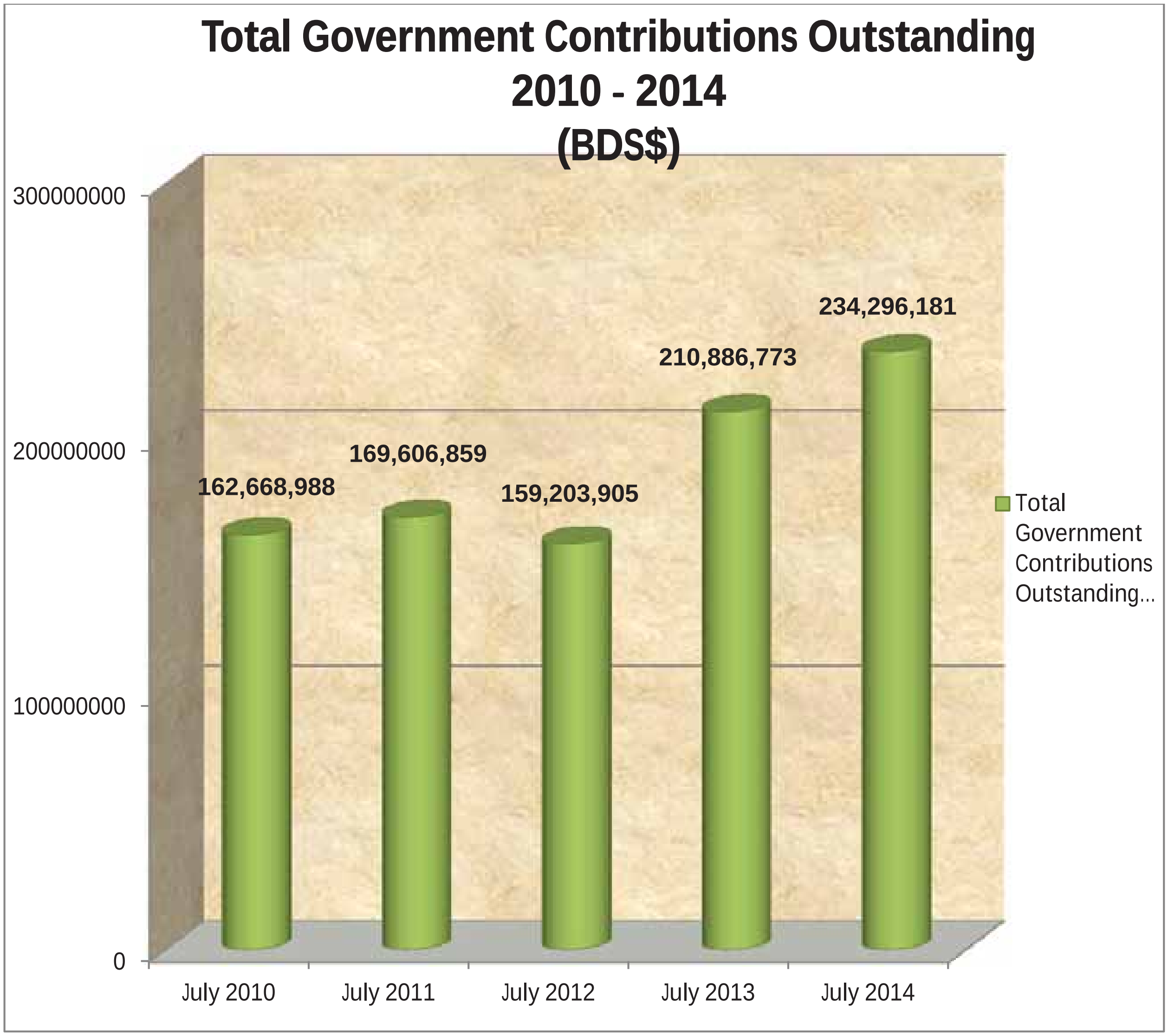


Chart 7


Total Government Contributions Outstanding
2010 - 2014
(BDS$)
300000000
200000000
100000000
0
162,668,988
169,606,859
159,203,905
210,886,773
234,296,181
July 2010
July 2011
July 2012
July 2013
July 2014
Total Government Contributions Outstanding...

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the consolidated financial statements of the University of the West Indies, set out on pages 20 to 72, which comprise the consolidated statement of financial position as at July 31, 2014, the consolidated statements of profit or loss and other comprehensive income, changes in reserves and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

KPMG

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements, cont'd

Opinion

In our opinion, the financial statements give a true and fair view of the consolidated financial position of the University of the West Indies as at July 31, 2014, and of its consolidated financial performance, and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

Chartered Accountants
Kingston, Jamaica

October 29, 2014

Consolidated Statement of Financial Position
July 31, 2014

	Notes	2014 J$000	Restated* 2013 J$000	Restated* 2012 J$000
CURRENT ASSETS				
Cash and cash equivalents	5	14,579,460	9,932,939	11,228,501
Resale agreements	6	1,152,128	984,197	1,286,779
Short-term investments	7	2,409,006	2,233,110	1,678,876
Accounts receivable	8	24,862,060	20,794,856	12,157,891
Inventories	9	397,609	358,350	350,658
		43,400,263	34,303,452	26,702,705
CURRENT LIABILITIES	10	(20,944,078)	(15,207,760)	(11,599,734)
NET CURRENT ASSETS		22,456,185	19,095,692	15,102,971
NON-CURRENT ASSETS				
Advances	11	3,443	3,351	2,859
Long-term investments	7	7,591,309	6,959,575	3,644,385
Investment properties	12	6,466	6,715	6,963
Long-term receivables	13	3,886,485	3,864,204	6,725,046
Interest in subsidiaries	14	284,220	209,224	188,421
Property, plant and equipment	15	48,726,738	44,202,927	38,221,246
		60,498,661	55,245,996	48,788,920
		82,954,846	74,341,688	63,891,891
RESERVES				
Cumulative translation reserve	16	13,422,335	10,211,391	6,431,116
Revaluation surplus	17	5,426,213	5,426,213	5,426,213
Investment revaluation reserve	18	1,322,444	1,252,280	937,892
General reserve		8,154,307	8,520,543	9,062,371
Accumulated fund		3,548,033	3,002,977	2,276,969
Total reserves		31,873,332	28,413,404	24,134,561
NON-CURRENT LIABILITIES				
Unexpended donations for special projects	19	6,123,323	5,177,675	4,612,445
Endowment funds	20	304,319	298,988	304,209
Capital grants	21	13,519,415	11,786,539	8,421,728
Long-term liabilities	22	12,975,467	12,961,010	12,038,229
Employee benefits obligation	23(d)	18,158,990	15,704,072	14,380,719
Total non-current liabilities		51,081,514	45,928,284	39,757,330
		82,954,846	74,341,688	63,891,891

The financial statements on pages 20 to 72 were approved for issue by the Finance and General Purposes Committee on October 29, 2014 and signed on its behalf by:

E. Nigel Harris _______________ Vice Chancellor
Professor E. Nigel Harris

Campbell _______________ Chief Financial Officer/University Bursar
Archibald Campbell

* See note 31
The accompanying notes form an integral part of the financial statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income
Year ended July 31, 2014

	Notes	2014 J$'000	Restated* 2013 J$'000
INCOME			
Government contributions	4	25,641,746	23,162,503*
Tuition and other student fees		7,882,742	7,018,815
Special projects		3,990,688	3,171,230
Other projects		11,187,998	9,282,959
Commercial operations		4,113,746	2,943,531
Investment income		447,479	474,805
Miscellaneous income		1,168,104	931,791
		54,432,503	46,985,634
Less: transfer to capital grants		(673,983)	(607,780)
Income after transfer to capital grants		53,758,520	46,377,854
EXPENSES			
Departmental		22,278,008	19,426,995
Administrative		4,485,132	4,347,893
Central		7,195,265	5,957,228
Special projects		3,990,688	3,171,230
Other projects		7,333,176	6,370,316
Commercial operations		3,409,778	2,749,832
		48,692,047	42,023,494
Surplus for the year before finance costs		5,066,473	4,354,360
Finance costs	24	(644,944)	(348,815)
Surplus for the year before depreciation, pension and post-employment medical benefits		4,421,529	4,005,545
Depreciation		(2,456,214)	(2,129,940)
Pension and post-employment medical benefits	23(e)	(2,150,500)	(2,036,900)
Deficit for the year before share of profits due to joint venture partner		(185,185)	(161,295)
Reversal of distribution of subsidiary profits		386,238	-
Share of profits due to joint venture partner		-	(35,291)
SURPLUS/(DEFICIT) FOR THE YEAR		201,053	(196,586)
OTHER COMPREHENSIVE INCOME			
Items that will never be reclassified to profit or loss			
Re-measurement of employee benefits obligation	23(e)	92,241	1,336,502
Items that may be reclassified to profit or loss			
Change in fair value of available-for-sale financial assets		194,654	314,388
Reclassification of fair value gains on disposal of investments		(124,490)	-
Currency translation adjustments		3,210,944	3,780,275
Total other comprehensive income		3,373,349	5,431,165
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,574,402	5,234,579

* See note 31

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

THE UNIVERSITY OF THE WEST INDIES
Consolidated Statement of Changes in Reserves
Year ended July 31, 2014

	Capital reserves			Other reserves		
	Cumulative translation reserve J$'000	Revaluation surplus J$'000	Investment revaluation reserve J$'000	General reserves J$'000	Accumulated fund J$'000	Total reserves J$'000
Balances as at July 31, 2012:						
As previously reported	6,173,465	5,426,213	937,892	11,262,867	7,112,543	30,912,980
Prior year adjustments (note 31)	257,651	-	-	(2,200,496)	(4,835,574)	(6,778,419)
As restated	**6,431,116**	**5,426,213**	**937,892**	**9,062,371**	**2,276,969**	**24,134,561**
Comprehensive income for the year:						
Deficit for the year, as restated (note 31)	-	-	-	-	(196,586)	(196,586)
Other comprehensive income, as restated (note 31)						
Currency translation adjustments	3,780,275	-	-	-	-	3,780,275
Appreciation in fair value of investments	-	-	314,388	-	-	314,388
Re-measurement of employee benefits obligation	-	-	-	214,265	1,122,237	1,336,502
Total comprehensive income for the year, as restated	3,780,275	-	314,388	214,265	925,651	5,234,579
Transactions recorded directly in equity:						
Reclassification of undistributed grant funds	-	-	-	-	(92,922)	(92,922)
Reclassification of special projects	-	-	-	-	4,441	4,441
Transfer to sabbatical fund	-	-	-	8,095	-	8,095
Adjustment for net funds under management	-	-	-	9,231	(727,454)	(718,223)
Transfers between reserves	-	-	-	(616,292)	616,292	-
Other transfers	-	-	-	(157,127)	-	(157,127)
Total transactions recorded directly in equity	-	-	-	(756,093)	(199,643)	(955,736)
Balances as at July 31, 2013, as restated	**10,211,391**	**5,426,213**	**1,252,280**	**8,520,543**	**3,002,977**	**28,413,404**
Balances as at July 31, 2013						
As previously reported	10,293,381	5,426,213	1,252,280	10,297,759	6,244,701	33,514,334
Prior year adjustments (note 31)	(81,990)	-	-	(1,777,216)	(3,241,724)	(5,100,930)
As restated	**10,211,391**	**5,426,213**	**1,252,280**	**8,520,543**	**3,002,977**	**28,413,404**

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

Consolidated Statement of Changes of Reserves (cont'd)
Year ended July 31, 2014

	Capital reserves			Other reserves		
	Cumulative Translation reserve J$ '000	Revaluation surplus J$ '000	Investment revaluation reserve J$ '000	General reserves J$ '000	Accumulated fund J$ '000	Total reserves J$ '000
Balances as at July 31, 2013, as restated	**10,211,391**	**5,426,213**	**1,252,280**	**8,520,543**	**3,002,977**	**28,413,404**
Comprehensive income for the year:						
Surplus for the year	-	-	-	-	201,053	201,053
Other comprehensive income:						
Currency translation adjustments	3,210,944	-	-	-	-	3,210,944
Appreciation in fair value of investments	-	-	194,654	-	-	194,654
Re-classification of fair value on disposal of investments	-	-	(124,490)	-	-	(124,490)
Re-measurement of employee benefit obligation	-	-	-	(241,795)	334,036	92,241
Total other comprehensive income/(loss)	3,210,944	-	70,164	(241,795)	334,036	3,373,349
Total comprehensive income for the year	3,210,944	-	70,164	(241,795)	535,089	3,574,402
Transactions recorded directly in equity:						
Reclassification of undistributed grant funds	-	-	-	-	(69,748)	(69,748)
Transfer to sabbatical fund	-	-	-	4,099	-	4,099
Adjustment for net funds under management	-	-	-	-	(48,825)	(48,825)
Transfers between reserves	-	-	-	(128,540)	128,540	-
Total transactions recorded directly in equity	-	-	-	(124,441)	9,967	(114,474)
Balances at July 31, 2014	**13,422,335**	**5,426,213**	**1,322,444**	**8,154,307**	**3,548,033**	**31,873,332**

The accompanying notes form an integral part of the financial statements

THE UNIVERSITY OF THE WEST INDIES

Consolidated Statement of Cash Flows
Year ended July 31, 2014

	Notes	2014 J$'000	Restated* 2013 J$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(deficit) for the year		201,053	(196,586)
Adjustments for:			
Depreciation: Property, plant and equipment	15	2,455,965	2,129,691
Investment properties	12	249	248
Amortisation of capital grants	21	(110,882)	(131,628)
Employee benefits obligation		2,547,159	2,012,051
Gain on sale of property, plant and equipment		(9,184)	(4,455)
Share of profits due to joint venture partner		-	35,291
Reversal of distribution of subsidiary profits		(386,238)	-
Foreign exchange adjustments		1,905,066	2,836,496
Discount on long-term receivables		395,466	684,650
Interest income		(411,095)	(447,001)
Dividend income		(36,383)	(27,804)
Interest expense		644,944	348,815
		7,196,120	7,239,768
Changes in:			
Accounts receivable		(4,018,657)	(8,080,255)
Inventories		(39,259)	(7,692)
Current liabilities		5,832,958	1,441,076
Net cash provided by operating activities		8,971,162	592,897
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		218,727	376,513
Dividend received		36,383	30,607
Investments, net		(786,291)	(3,555,036)
(Increase)/decrease in resale agreements		(167,931)	302,582
Increase in advances		(92)	(492)
Long-term receivables		(22,281)	2,176,191
Increase in interest in subsidiaries		(74,996)	(20,803)
Purchase of property, plant and equipment	15	(4,077,412)	(5,259,678)
Proceeds from sale of property, plant and equipment		16,830	22,977
Net cash used by investing activities		(4,857,063)	(5,927,139)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(258,386)	(272,430)
Unexpended donations for special projects		1,069,544	(148,904)
Endowment funds	20	4,393	(6,262)
Capital grants received	21	377,078	2,571,335
Proceeds of bank loan		-	907,760
Proceeds of long-term loans		560,000	2,133,605
Repayment of long-term loans		(744,079)	(1,325,568)
Other long-term liabilities		(476,128)	179,144
Net cash provided by financing activities		532,422	4,038,680
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4,646,521	(1,295,562)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		9,932,939	11,228,501
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5	14,579,460	9,932,939

* See note 31

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

1. THE UNIVERSITY

The University of the West Indies ("the University") is a not-for-profit educational institution providing higher education to seventeen contributing Caribbean countries. These are Anguilla, Antigua/Barbuda, Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Dominica, Grenada, Jamaica, Montserrat, St. Kitts & Nevis, St. Lucia, St. Vincent & the Grenadines, Trinidad & Tobago, and Turks & Caicos Islands. At the Council meeting of April 25, 2014, Turks & Caicos Islands was approved to be a full contributing country. The registered office of the University is located at Mona, Kingston 7, Jamaica W.I.

The University operates from four main campuses as follows:

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

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

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

2. BASIS OF PREPARATION

(a) *Statement of Compliance:*

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the International Accounting Standards Board.

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

Certain new, revised and amended standards and interpretations which were in issue came into effect for the current financial year of which the University has adopted the following which are applicable to its operations. The nature and effects of the changes are as follows:

- IFRS 10 *Consolidated Financial Statements* supersedes IAS 27 *Consolidated and Separate Financial Statements* and provides a single model to be applied in the control analysis for all investees, including entities that currently are special Purpose Entities. The consolidation procedures are carried forward from IAS 27 (2008).

  The University has therefore reassessed the control conclusion in respect of its investees as at August 1, 2013. This has however, not resulted in any changes to the control conclusions previously determined.

2. BASIS OF PREPARATION (cont'd)

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

New, revised and amended standards and interpretations that became effective during the year (cont'd):

- IAS 19 *Employee Benefits* requires all actuarial gains and losses to be recognised immediately in other comprehensive income. This change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined-benefit obligation and in plan assets in profit or loss. The expected return on plan assets recognised in profit or loss is to be calculated based on the rate used to discount the defined benefit obligation. The amendment also includes changes to the definitions and disclosure requirements in the current standard.

  As a result of the adoption of IAS 19 *Employee Benefits (2011)*, the University has changed its accounting policy with respect to the basis for determining the income or expense related to its post-employment pension and medical plans.

  The University now determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability at the beginning of the annual period. Net interest also takes into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Actuarial gains and losses are now recognised immediately in other comprehensive income. Previously, the University recognised actuarial gains and losses using the corridor method, which required that any cumulative unrecognised gains or losses exceeding 10% of the present value of the benefit obligation were recognised in profit or loss over the expected average remaining working lives of the employees affected.

  The change in policy is applied retrospectively (see note 31).

- IFRS 13 *Fair Value Measurement* defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value and is applicable to assets, liabilities and an entity's own equity instruments that, under other IFRSs, are required or permitted to be measured at fair value, or when disclosure of fair values is provided. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

  In accordance with the transitional provisions of IFRS 13, the University applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurement of assets and liabilities in the financial statements, as financial instruments carried at fair value are insignificant.

2. BASIS OF PREPARATION (cont'd)

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

New, revised and amended standards and interpretations not yet effective:

The following new, revised and amended standards and interpretations were in issue but were not yet effective, and had not been adopted early by the University. Those standards and interpretations that management considers relevant to the University are as follows:

- IFRS 9, *Financial Instruments,* which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized. The University is assessing the impact that the standard will have on its 2018 financial statements.

- The amendment to IAS 32 *Financial Instruments: Presentation*, which is effective for annual reporting periods beginning on or after January 1, 2014, clarifies those conditions needed to meet the criteria specified for offsetting financial assets and liabilities. It requires the entity to prove that there is a legally enforceable right to set off the recognised amounts. Conditions such as whether the set off is contingent on a future event and the nature and right of set-off and laws applicable to the relationships between the parties involved should be examined. Additionally, to meet the criteria, an entity should intend to either settle on a net basis or to realise the asset and settle the liability simultaneously.

- IAS 36 *Impairment of Assets*, was amended by the issue of *Recoverable Amount Disclosures for Non-financial Assets*, which is effective for accounting periods beginning on or after January 1, 2014. The amendment reverses the unintended requirement in IFRS 13 *Fair Value Measurement*, to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. The amendment requires the recoverable amount to be disclosed only when an impairment loss has been recognised or reversed.

- IFRS 15 *Revenue from Contracts with Customers* is effective for periods beginning on or after January 1, 2017. It replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*.

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

2. BASIS OF PREPARATION (cont'd)

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

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

- *Improvements to IFRS, 2010-2012 and 2011-2013* cycles contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments applicable to the University are as follows:

  - *IFRS 13 Fair Value Measurement*, has been amended to clarify that issuing of the standard and consequential amendments to IAS 39 and IFRS 9 did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

  - *IAS 24 Related Party Disclosures*, has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.

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

(b) Basis of measurement:

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

(c) Going concern:

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

(d) Functional and presentation currency:

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

2. BASIS OF PREPARATION (cont'd)

(e) *Use of estimates and judgements:*

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

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

(i) *Allowance for impairment losses on receivables*:

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

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

(ii) *Pension and other post-employment benefits:*

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation:

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

The consolidated financial statements include the financial positions, results of operations and cash flows of all four campuses and the University Centre ("subsidiaries"), made up to July 31, 2014, after eliminating all significant inter-group amounts. The subsidiaries are collectively referred to as "University".

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

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

Name of Subsidiary	Principal activity	Percentage ownership	
		2014	2013
Mona Informatix Limited (MIL)	Provision of data processing services.	100	100
Universal Media Company Limited (UMC)	Provision of communication services.	100	100
Mona School of Business and Management (MSBM)	Provision of management education to private and public sectors, research on management-related topics, and consultancy services to private and public sectors and international bodies.	100	100
UWI Consulting Inc. (UWIC)	Provision of consulting services.	100	100
Mona Institute of Medical Science (MIMS)	Provision of medical services.	100	100

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Summary information applicable to the subsidiaries, based on draft financial statements, as at and for the years ended July 31, 2014 and 2013, is as follows:

	Net assets/(liabilities)		Net profit/(loss)	
	2014	2013	2014	2013
	J$'000	J$'000	J$'000	J$'000
MIL	64,313	13,681	(7,473)	(10,113)
MSBM	120,188	288,740	(15,157)	20,256
UMC	(178,636)	(45,874)	(8,570)	(6,212)
UWIC	38,678	47,766	(9,160)	12,834
	44,543	304,313	(40,360)	16,765

(b) Cash and cash equivalents:

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

(c) Investments:

Available-for-sale investments:

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

Loans and receivables:

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Investments (cont'd):

Fair value through profit or loss:

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

Held to maturity:

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

(d) Resale agreements:

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

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

(e) Accounts receivable:

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

(f) Accounts payable:

Accounts payable and accrued charges are stated at amortised cost.

(g) Provisions:

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Inventories:

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

(i) Investment properties:

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

(j) Property, plant and equipment and depreciation:

(i) Owned assets:

Property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. Costs include expenditure that is directly attributable to the acquisition of the assets. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the University and its cost can be reliably measured. The cost of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

(ii) Depreciation:

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

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

(iii) Capital grants:

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

(k) Employee benefits:

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Employee benefits (cont'd):

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 are 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 have relied on the work of the actuary and the actuary's report.

(a) General benefits:

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

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

(b) Pension benefits:

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

(1) *Defined-contribution plan*

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Employee benefits (cont'd):

(b) Pension benefits (cont'd):

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

The University's net obligation in respect of its undertaking to supplement pensions as well as its obligations under the defined-benefit plans, are 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.

Re-measurements of the net defined-benefit liability, which comprise actuarial gains and 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 the 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Capital grants:

Capital grants comprise the following:

(i) Estimated fair value of property, plant and equipment donated to the University [note 3(j)(iii)]; and

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

The amounts meeting the condition include:

- sums included in the biennial budgets for the repayment of the principal of loans taken out to purchase or construct or otherwise acquire property, plant and equipment and funded by contributions from the contributing governments; and

- sums from donors other than the contributing governments referred to above, where the donors impose such a condition.

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

(m) Donations for designated projects:

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

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

(a) Donations received in advance of project expenditure:

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Donations for designated projects (cont'd):

(ii) Donations that are not subject to donor-imposed stipulations such as those at (a) above, are accounted for as "other projects" income.

(iii) The University charges administrative and common service fees for receiving and disbursing these funds; these fees are recognised as income in profit or loss.

(n) Revenue recognition:

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

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

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

(o) Finance costs:

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

(p) Impairment losses:

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

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

(i) Calculation of recoverable amount:

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Impairment losses (cont'd):

(ii) Reversals of impairment:

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

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

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

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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

(q) Foreign currency:

(i) Transactions in foreign currencies during the year are translated at the approximate rate ruling at the date of the transaction.

(ii) Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies and carried at historical cost are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities that are denominated in foreign currencies and carried at fair value are translated to the functional currency at the exchange rates ruling at the dates that the fair values were determined.

(iii) Foreign currency translation gains and losses are reported in profit or loss.

(iv) Gains and losses arising from conversion of inter-campus balances and government accounts are included in profit or loss.

(v) Gains and losses arising from consolidation are included in capital reserves.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) *Related parties:*

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

(a) A person or a close member of that person's family is related to the University if that person:

(i) has control or joint control over the University;

(ii) has significant influence over the University; or

(iii) is a member of the key management personnel of the University.

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

(i) The entity and the University are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan established for the benefit of employees of either the University or an entity related to the University.

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

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

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(s) *Finance leases:*

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

(t) Interest in subsidiaries:

Interest in subsidiaries is carried at cost less impairment losses.

(u) Expenses:

Expenses are recognized on the accrual basis.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Interest-bearing borrowings:

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

4. GOVERNMENT CONTRIBUTIONS

Contributions from contributing governments (note 1) are distributed to the campuses, the University Centre, the University Hospital of the West Indies 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

	2014 J$'000	2013 J$'000
Cash on hand and imprest accounts	7,952	7,105
Bank current accounts	10,766,631	5,617,357
Savings accounts	123,057	72,339
Fixed-term deposits	3,586,894	4,306,034
Treasury deposits	149,110	-
	14,633,644	10,002,835
Bank overdraft	(54,184)	(69,896)
	14,579,460	9,932,939

Included in cash and cash equivalents are restricted funds totalling J$1,124,617,000 (2013: J$608,759,742). The restricted amount is from donors who have stipulated that these funds must only be used to fund scholarships, prizes, and special projects, as the case may be. Accordingly, these funds are not available for general use by the University.

6. RESALE AGREEMENTS

The fair value of the underlying securities for resale agreements as at July 31, 2014, was J$1,363,578,000 (2013: J$1,256,516,000).

Included in resale agreements are restricted funds with a nominal value of J$1,006,034,000 (2013: J$813,396,745). The restricted amount is from donors who have stipulated that these funds must only be used to fund scholarships, prizes and endowments, as the case may be. Accordingly, these funds are not available for general use by the University.

7. INVESTMENTS

	2014 J$'000	2013 J$'000
Short-term investments		
Available-for-sale carried at fair value		
Regional quoted equities [see (i)]:	2,240,868	2,084,953
Loans and receivables carried at amortised cost		
Mortgages	-	12
Government securities [see (ii)]	10,939	9,423
Fixed-term deposits	157,199	138,722
	168,138	148,157
Total short-term investments	2,409,006	2,233,110
Long-term investments:		
Loans and receivables carried at amortised cost		
Government securities [see (ii)]	986,308	1,600,068
Fixed-term deposits	7,073,590	5,782,529
	8,059,898	7,382,597
Provision for impairment [see (iii)]	(468,589)	(423,022)
Total long-term investments	7,591,309	6,959,575
Total investments [see (iv)]	10,000,315	9,192,685

(i) The investment in quoted equities was initially funded by the Princess Alice Appeal and other funds.

(ii) Government securities held were issued by the Governments of Barbados, Jamaica, and Trinidad and Tobago.

(iii) The movement in the provision for impairment is as a result of foreign exchange adjustment of $45,567,000 (2013: $50,555,000).

(iv) Included in investments are restricted funds totalling J$2,927,331,000 (2013: J$2,686,622,800). The restricted amount is from donors who have stipulated that these funds must only be used to fund special projects, scholarships and prizes, as the case may be. Accordingly, these funds are not available for general use by the University.

8. ACCOUNTS RECEIVABLE

	2014 J$'000	2013 J$'000
Contributions due from governments [see (a) below]	9,640,462	7,646,205
Staff accounts	220,208	176,892
Student accounts	2,693,290	1,907,291
Government Assistance for Tuition Expense (GATE)	3,598,513	2,472,291
Cave Hill School of Business	47,332	44,799
Advances for special projects	624,168	398,413
Other accounts receivable [see (b) below]	11,165,175	8,746,373
	27,989,148	21,392,264
Less: impairment provisions [note 25(i)]:		
- Student accounts	(637,016)	(488,039)
- Third parties	(1,107,107)	-
- Government of Trinidad & Tobago	(1,382,965)	(109,369)
	24,862,060	20,794,856

(a) Contributions due from governments:

	2014 J$'000	2013 J$'000
Anguilla	191,109	148,890
Antigua	263,810	171,240
Bahamas	104,619	-
Barbados	7,318,617	6,700,636
Belize	79,222	113,991
Bermuda	-	550
British Virgin Islands	119,454	194,228
Cayman Islands	183,022	127,929
Dominica	794,871	621,254
Grenada	725,892	583,575
Jamaica	106,048	80,093
Montserrat	-	199,225
St. Kitts & Nevis	129,480	44,084
St. Lucia	714,818	562,852
St Vincent & The Grenadines	1,007,476	772,316
Trinidad & Tobago	1,455,644	407,682
	13,194,082	10,728,545
Transferred to long-term receivables (note 13)	(3,553,620)	(3,082,340)
	9,640,462	7,646,205

(b) Included in other accounts receivable is J$398,371,000 (2013: J$467,448,639) for current salary arrears due from the Government of Jamaica arising from wage agreements for the 2008/2009 to 2010/2011 Union contract periods.

9. INVENTORIES

	2014 J$'000	2013 J$'000
General stores	125,209	113,116
Bookshop inventory	260,444	235,330
Stationery	11,956	9,904
	397,609	358,350

10. CURRENT LIABILITIES

	2014 J$'000	2013 J$'000
Joint venture partner – RBC	-	320,863
Government contributions received in advance	17,007	21,391
University Hospital of the West Indies (UHWI)	275,733	222,844
Mona Informatix Limited	300,000	-
Student accounts	406,164	355,798
Accrued vacation leave	1,888,463	1,753,417
Short- term loan (i)	851,546	1,050,260
Current portion of long-term liabilities (note 22)	1,673,367	1,766,228
Sundry creditors	15,531,798	9,716,959
	20,944,078	15,207,760

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

11. ADVANCES

	University Press J$'000	Joint Board of Teacher Education J$'000	Total J$'000
Balances as at July 31, 2012	(519)	3,378	2,859
Net movements	492	-	492
Balances as at July 31, 2013	(27)	3,378	3,351
Net movements	92	-	92
Balances as at July 31, 2014	65	3,378	3,443

12. INVESTMENT PROPERTIES

	2014 J$'000	2013 J$'000
Cost	9,948	9,948
Less: accumulated depreciation	(3,482)	(3,233)
Balance at end of year	6,466	6,715
Depreciation charge for year	249	248

12. INVESTMENT PROPERTIES (cont'd)

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

	2014 J$'000	2013 J$'000
Income earned from the rental of properties	6,675	6,270
Expenses incurred by the properties	4,501	4,920

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

13. LONG-TERM RECEIVABLES

	2014 J$'000	2013 J$'000
Contributions due from governments (a):		
Anguilla	191,109	148,890
British Virgin Islands	119,454	194,228
Dominica	794,871	621,254
Grenada	725,892	583,575
Montserrat	-	199,225
St. Lucia	714,818	562,852
St. Vincent & The Grenadines	1,007,476	772,316
	3,553,620	3,082,340
Less: impairment loss [see note (a) below]	(2,065,638)	(1,670,172)
	1,487,982	1,412,168
Medical Sciences students (b)	44,437	44,437
Retroactive salaries receivable (c)	504,043	780,816
Government of Barbados - NIB Loan [note 22(o)]	2,094,278	1,994,872
	4,130,740	4,232,293
Less: current portion [see note 8(b)]	(244,255)	(368,089)
	3,886,485	3,864,204

(a) This represents government contributions outstanding for periods in excess of one year. An impairment loss of J$395,466,258 (BDS$7,031,588) [2013: J$684,650,215 (BDS$13,484,786)] has been recognised for the year.

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

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

14. INTEREST IN SUBSIDIARIES

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

	2013				
	MSBM J$'000	UMC J$'000	MIL J$'000	UWIC J$'000	TOTAL J$'000
Shares at cost	116	79,697	100	-	79,913
Loans receivable (see notes below)	25,318	51,235	39,194	-	115,747
Current accounts	7,159	51,741	1,408	19,306	79,614
Net interest subsidy	(18,533)	(47,517)	-	-	(66,050)
	14,060	135,156	40,702	19,306	209,224

Notes:

(a) In accordance with an agreement dated June 14, 2002, between the Mona Campus and Mona School of Business and Management (MSBM), the loan receivable was due in instalments over 20 years bearing interest at five percent per annum, with a moratorium of three years on the principal. The payment of interest commenced on August 1, 2002. If MSBM's finances at any point can allow for earlier or larger instalments, that is permitted without penalty. The balance was stated net of an imputed interest subsidy. The imputed interest was calculated using the discounted cash flow technique at an estimated market rate of interest of 22%, which was the rate at the date of receipt of the loan funds.

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

(c) The loan receivable from Mona Informatix Limited (MIL) relates to contributions made by UWI Mona towards operations.

15. PROPERTY, PLANT AND EQUIPMENT

	Land and leasehold improvements	Buildings	Furniture, fixtures and equipment	Motor vehicles	Computers and other electronic equipment	Library books	Work-in-progress	Total
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
Cost								
July 31, 2012	784,734	30,104,251	6,590,337	643,281	5,358,434	4,864,881	7,731,659	56,077,577
Currency translation adjustments	104,084	2,703,858	577,144	44,576	420,945	574,740	177,082	4,602,429
Additions	647,356	2,255,903	771,205	45,705	350,268	367,375	821,866	5,259,678
Transfers	-	7,108,043	-	-	-	-	(7,108,043)	-
Other adjustments	-	-	1,696	-	-	-	-	1,696
Disposals	-	(71)	(48,247)	(36,094)	(59,995)	-	-	(144,407)
July 31, 2013	1,536,174	42,171,984	7,892,135	697,468	6,069,652	5,806,996	1,622,564	65,796,973
Currency translation adjustments	174,774	2,843,169	598,395	42,789	414,104	607,316	63,106	4,743,653
Additions	198,752	1,823,365	773,452	160,642	365,564	319,939	435,698	4,077,412
Transfers	-	770,091	-	-	-	-	(770,091)	-
Disposals	-	-	(88,149)	(41,240)	(90,707)	-	-	(220,096)
July 31, 2014	1,909,700	47,608,609	9,175,833	859,659	6,758,613	6,734,251	1,351,277	74,397,942
Depreciation								
July 31, 2012	-	4,842,452	3,973,523	506,960	4,424,669	4,108,727	-	17,856,331
Charge for the year	-	808,456	567,917	61,824	354,959	336,535	-	2,129,691
Eliminated on disposals	-	-	(45,461)	(21,123)	(59,301)	-	-	(125,885)
Other adjustments		1,353	81,966	-	(384)	-	-	82,935
Currency translation adjustments	-	418,689	382,246	24,234	334,435	491,370	-	1,650,974
July 31, 2013	-	6,070,950	4,960,191	571,895	5,054,378	4,936,632	-	21,594,046
Charge for the year	-	951,270	638,802	81,065	412,126	372,702	-	2,455,965
Eliminated on disposals	-	-	(88,869)	(28,173)	(95,408)	-	-	(212,450)
Currency translation adjustments	-	470,400	438,829	35,032	347,389	541,993	-	1,833,643
July 31, 2014	-	7,492,620	5,948,953	659,819	5,718,485	5,851,327	-	25,671,204
Net book values:								
At July 31, 2014	1,909,700	40,115,989	3,226,880	199,840	1,040,128	882,924	1,351,277	48,726,738
At July 31, 2013	1,536,174	36,101,034	2,931,944	125,573	1,015,274	870,364	1,622,564	44,202,927

16. CUMULATIVE TRANSLATION RESERVE

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

17. REVALUATION SURPLUS

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

18. INVESTMENT REVALUATION RESERVE

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

19. UNEXPENDED DONATIONS FOR SPECIAL PROJECTS

	Departmental J$'000	Scholarships J$'000	Prizes J$'000	Total J$'000
Balances as at July 31, 2012	4,662,997	(61,438)	10,886	4,612,445
Receipts	3,195,155	2,083,680	-	5,278,835
Expenditure	(2,791,889)	(2,095,118)	-	(4,887,007)
Transfers	(540,732)	-	-	(540,732)
Currency translation adjustments	215,587	498,547	-	714,134
Balances as at July 31, 2013	4,741,118	425,671	10,886	5,177,675
Receipts	3,813,714	1,164,928	-	4,978,642
Expenditure	(2,536,959)	(1,333,556)	-	(3,870,515)
Transfers	(38,583)	-	-	(38,583)
Currency translation adjustments	(144,699)	20,803	-	(123,896)
Balances as at July 31, 2014	5,834,591	277,846	10,886	6,123,323

20. ENDOWMENT FUNDS

	2014 J$'000	2013 J$'000
Balance at beginning of year	298,988	304,209
New grants during the year	4,393	-
Disbursement during the year	-	(6,262)
Currency translation adjustments	938	1,041
Balance at end of year	304,319	298,988

21. CAPITAL GRANTS

	2014 J$'000	2013 J$'000
Balance at beginning of year	11,786,539	8,421,728
Receipts	377,078	2,571,335
Amortisation	(110,882)	(131,628)
Transfers	321,393	-
Currency translation adjustments	1,145,287	925,104
Balance at end of year	13,519,415	11,786,539

22. LONG-TERM LIABILITIES

(i) Long-term Loans

	Interest Rates %	Notes	2014 J$'000	2013 J$'000
United States Agency for International Development (USAID)	3.0	(a)	137,222	162,433
European Union	1.0	(b)	464,076	431,969
Inter-American Development Bank (IDB)	2.8-6.4	(c)	1,346,810	1,617,849
Caribbean Development Bank (CDB)	2.0-8.0	(d)(i)&(ii)	1,314,749	1,210,241
Caribbean Development Bank (CDB)	3.83	(d)(iii)	295,716	293,005
Development bonds	6.5	(e)	99,549	182,629
National Housing Trust – Loan #1	5.0	(f)(i)	503,635	529,964
National Housing Trust – Loan #2	5.0	(f)(ii)	1,922,140	1,718,687
CLICO International	7.0	(g)	167,480	151,194
Republic Bank (Barbados) Limited	7.7	(h)	24,193	34,597
Republic Bank (Barbados) Limited convertible loan	-	(i)	15,681	18,726
Republic Bank (Barbados) Limited	7.7	(j)	337,447	304,633
Republic Finance and Trust (Barbados) Corporation- Bond Issue	9.45	(k)	1,398,374	1,355,902
First Citizens Bank Barbados Limited	8.0	(l)	527,814	561,998
NCB Capital Markets Limited and National Commercial Bank Jamaica Limited	9.85	(m)	1,408,448	1,676,748
Republic Finance and Trust (Barbados) Corporation	7.5	(n)	591,996	544,141
National Insurance Board of Barbados	7.75	(o)	2,094,278	1,994,872
Development Bank of Jamaica (DBJ)	4.5	(p)	-	269,172
National Commercial Bank Jamaica Ltd.	11.0	(q)	806,876	-
			13,456,484	13,058,760
Less: current portion of long-term loans (note 10)			(1,613,451)	(1,325,997)
Non-current portion of long-term loans			11,843,033	11,732,763

(ii) Other Long-term Liabilities

	Interest Rates %	Notes	2014 J$'000	2013 J$'000
Barnett Limited	5.0	(r)	82,049	-
University Hospital of the West Indies		(s)	610,734	536,927
Retroactive salaries		(t)	296,423	444,775
Trade creditors		(u)	203,144	686,776
			1,192,350	1,668,478
Less: current portion of other long-term liabilities (note 10)			(59,916)	(440,231)
Non-current portion of other long-term liabilities			1,132,434	1,228,247
Total non-current portion of long-term liabilities			12,975,467	12,961,010

22. LONG-TERM LIABILITIES (cont'd)

(a) In February 1977, a loan of US$8.5 million was granted to the University by USAID. The purpose of this loan was the construction of certain buildings and the provision of scholarships and training on three of the four Campuses. This loan is repayable in sixty-one (61) half-yearly instalments, which commenced in May 1987, and bears interest at the rate of 2% per annum for the first ten years, thereafter at 3% per annum. The principal outstanding at July 31, 2014 was US$1,217,121 (2013: US$1,611,838).

(b) In March 1993, the European Union made a loan to the University of €4,692,232, the allocation of which was as follows:

- €1,764,796 to the Mona Campus;
- €1,640,246 to the St. Augustine/Mount Hope Campus; and
- €1,287,190 to the Cave Hill Campus.

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

The loan is repayable in 60 half-yearly instalments, which commenced June 1, 2003, and bears interest at the rate of 1% per annum. The principal outstanding at July 31, 2014, was €3,046,381 (2013: €3,195,866 million).

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

Interest accrues on the daily outstanding balance of the loan at a rate per annum for each semester determined by the cost of qualified borrowing for the preceding semester, plus a spread, both as established by IDB. The balance outstanding at July 31, 2014 was US$11,947,889 (2013: US$16,047,400).

(d) *(i)* 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$979,155,100) to July 31, 2014 [2013: US$8,695,300 (J$883,517,300)].

Repayment terms vary with each component, viz:

Special Funds Resources Loan

Portion A, amounting to US$5,544,000 (J$495,531,000), was 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, 2014 was US$3,429,500 (J$386,190,300) [2013: US$3,607,700 (J$366,571,800)].

22. LONG-TERM LIABILITIES (cont'd)

(d) **(i)** **(cont'd)**

Ordinary Capital Resources Loan

Portion B, amounting to US$2,174,000 (J$194,315,400), was repayable in sixty (60) equal quarterly instalments, which commenced on December 31, 2001. Interest on this portion was 4% per annum, payable quarterly. This portion has now been repaid in full.

Portion C, amounting to US$977,300 (J$87,352,500), was repayable in sixty (60) equal quarterly instalments, which commenced on December 31, 2001. Interest on this portion was 8% per annum, payable quarterly. This portion has now been repaid in full.

(ii) **University Enhancement Project**

On February 15, 2010, the University of the West Indies, University Centre, entered into an agreement with Caribbean Development Bank to borrow an amount not exceeding US$8,250,000 (J$929,011,000) 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 is therefore due to begin quarter ending 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, 2014 the amount disbursed was US$8,246,000 (2013: US$8,246,000) which equates to J$928,558,600 (2013: J$837,862,300) at the year-end exchange rate.

(iii) On March 6, 2007, the University of the West Indies, Cave Hill Campus, entered into an agreement with the Caribbean Development Bank for the provision to the University of a loan not exceeding the equivalent of US$3,500,000. The purpose of the loan was to provide the University with funds for on-lending to the Cave Hill School of Business Inc. (the School) to assist the School in its expansion. It is a condition of the loan that the University enters into an agreement with the School for the on-lending of the funds received and for the School to have primary responsibility to make all payments of principal, interest and other charges associated with the loan. The loan bears interest at the rate of 3.83% (2013: 3.83%) per annum on the outstanding balance and is repayable in fifty-six (56) equal quarterly instalments, commencing three years after the date of first disbursement. The loan is guaranteed by the Government of Barbados.

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

The proceeds of the issue were used to finance the upgrading of student accommodation, building additional teaching and training spaces, and the building of a Creative Arts Centre. The guarantee was issued by the Government of Barbados for the repayment of the principal of

22. LONG-TERM LIABILITIES (cont'd)

US$10,475,000 and interest. The current effective interest rate is 6.5% (2013: 6.5%) per annum. Repayment of principal and interest is by twenty-four (24) equal semi-annual payments of US$436,658, which commenced on September 15, 2003.

(f) (i) In April 2001, the National Housing Trust ("The Trust") granted a loan of J$584,800,458 to UWI Mona towards the construction of a new student residence, The Rex Nettleford Hall ("the Hall"). The loan is to be repaid from income earned from the operations of the Hall in semi-annual instalments, over twenty-five (25) years, at eight percent (8%) per annum on a graduated basis for nine (9) years, and then a fixed sum for the remaining years. The graduated loan repayments will increase by five percent (5%) per annum for the first five (5) years of the repayment period. The agreement provides that the repayment of the loan principal begins after the expiration of 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%.

(ii) In June 2011, The Trust granted a loan of J$1,440,335,000 to UWI Mona towards the construction of new student residences. The loan will be repaid from income earned from the operations of the Halls in quarterly instalments, over twenty-five (25) years, at eight percent (8%) per annum on a graduated payment mortgage basis. The agreement provides that the first instalment of principal together with interest shall be due within three (3) months following the date of final disbursement. With effect from July 1, 2012, the Board of the Trust approved a reduction in interest rate from 8% to 5%.

(g) CLICO International Life Insurance Limited ("CLICO"), in partnership with the University of the West Indies, 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 (2013: BDS$1,430,254). Repayment was scheduled to commence December 31, 2005, in equal annual instalments of BDS$371,500, comprising both principal and interest, at a fixed rate of 5.5% for a period of 10 years; however, the repayment arrangements have been changed as set out in the third paragraph hereof. At July 31, 2014, the term deposit which provides security for the loan was included in the provision for impaired deposits.

On May 1, 2006, CLICO made available to the University an additional loan facility of BDS$4,000,000 of which BDS$2,000,000 was drawn down on June 23, 2006.

The two loans have been combined and the combined loan is repayable in equal annual instalments of principal and interest of BDS$707,000 from December 31, 2006, over a period of 15 years. The rate of interest is now 7% per annum.

22. LONG-TERM LIABILITIES (cont'd)

(h) In February 2006, the Barbados National Bank (BNB), renamed Republic Bank (Barbados) Limited, granted a loan of BDS$2,000,000 to the University to support the outfitting of the Creative Arts Centre at the Cave Hill Campus. The loan is unsecured and bears interest at the rate of 1.0% below Republic Bank (Barbados) Limited's prime rate, currently 8.7% (2013: 8.7%), for an effective rate of 7.7% (2013:7.7%). The loan is repayable by monthly instalments of BDS$24,840 covering principal and interest, over a period of 10 years.

(i) In August 2006 the Barbados National Bank, renamed Republic Bank (Barbados) Limited, made available to the University an unsecured convertible demand loan of BDS$1,000,000 for the construction of the theatre and cinema building at the Errol Barrow Centre for Creative Imagination. The loan is interest free and is convertible into a grant by way of equal annual donations of BDS$100,000 from the Republic Bank (Barbados) Limited, commencing one year after the initial draw down or after the loan is fully disbursed, whichever is sooner. An initial draw down of BDS$500,000 was made in August 2006 and the remainder was received in April 2008. In September 2008 an additional BDS$500,000 was disbursed to the University to cover costs associated with the Media Centre at the 3W's Oval.

(j) On January 29, 2013 the Cave Hill Campus entered into a loan agreement with Republic Bank (Barbados) Limited for a loan of BDS$8,000,000 to assist in the completion of sports facilities at Paradise Park. The loan bears interest at 1.0% per annum below the bank's prime rate, currently 8.7%, for an effective rate of 7.7% per annum. Principal is repayable over four years in instalments of BDS$2,000,000 in September of each year, while the interest is payable monthly. The loan is secured on fixed deposits totalling BDS$8,000,000 and in the name of the campus.

(k) Barbados National Bank Finance and Trust Corporation, renamed Republic Finance & Trust (Barbados) Corporation, was issued a bond of BDS$25,000,000 by the University to finance the upgrading and expansion of the School of Clinical Medicine and Research. There is a three year moratorium on principal and interest payments. Thereafter, the principal is to be amortised over seventeen years in equal semi-annual payments. Interest is accrued monthly and capitalized semi-annually during the moratorium. Thereafter, interest is payable semi-annually in arrears. The rate of interest is fixed at the date of each disbursement at an amount equal to that on the most recent Government of Barbados debenture or bond (adjusted to tenor) plus 0.15%. The current effective rate is 9.45% (2013: 9.45%). The bond issue is guaranteed by the Government of Barbados.

(l) In September 2008 the University obtained a loan of BDS$16,000,000 from First Citizens Bank (Barbados) Limited (formerly Butterfield Bank Barbados Limited) to finance the construction of infrastructure and other costs relating to the expansion of the Cave Hill Campus. The loan is secured by a Letter of Comfort from the Government of Barbados in relation to the repayment of BDS$7,000,000 of the loan and the assignment by the borrower of Government of Barbados Treasury Notes in the amount of BDS$10,000,000. Interest on the loan is at the rate of 8% per annum for the first three years. Thereafter, it is to be re-set every three years based on the prevailing Government of Barbados Debenture rate. Thereafter, the loan is repayable in semi-annual payments of principal and interest with a bullet payment in year 10 in the sum which achieves full repayment of the loan and interest on maturity.

22. LONG-TERM LIABILITIES (cont'd)

(m) In February 2011, UWI Mona entered into an agreement with NCB Capital Markets Limited and National Commercial Bank Jamaica Limited (NCB) for a J$2,100,000,000 loan facility towards the partial financing of the construction of a complex at the Mona Campus to house the Basic Medical Sciences Departments of the Faculty of Medical Sciences. The facility involves UWI Mona issuing promissory notes under the commercial paper transactions arranged by NCB Capital Markets Limited. There was a moratorium on the principal of 12 months following the issue date. The facility attracts a financing cost of 13.75% p.a. and was repayable quarterly on a calendar quarter basis. The finance cost is inclusive of the coupon payable on the notes, with the coupon fixed at 13.25%. The facility has a final maturity of 5 years inclusive of a 12 month moratorium and is based on a 5-year amortization schedule. With effect from August 1, 2012 the facility was restructured by reducing the interest rate on both tranches from 13.75% and 13.25%, respectively, to a single rate of 9.85% and extending the maturity of the notes from 2016 to 2019.

(n) In June 2010, the University entered into an agreement with Barbados National Bank Finance and Trust Corporation, renamed Republic Finance and Trust (Barbados) Corporation, for the issue of bonds in the amount of BDS$31,000,000 to finance the construction of a three-block student accommodation at Clarendon, St. Michael. The bonds are repayable in blended instalments of principal and interest following a two year moratorium, with interest of 7.5% for the first ten years, 8% for the next ten years and 8.5% for the remaining five years.

(o) This loan of BDS$41,000,000, was provided in March 2012 to fund arrears of contributions from the Government of Barbados (see note 13). Repayments are being made by the Government of Barbados at a fixed interest rate of 7.75% over a period of twenty (20) years. Repayment commenced August 1, 2012.

(p) In December 2012, the DBJ granted a loan of US$3,000,000 towards capital expenditure for the construction of a business process outsourcing facility and the purchase of related equipment. The repayment terms include a twelve (12) month moratorium on the principal, and the principal amount due shall be repaid in United States Dollars in quarterly instalments over ten (10) years. The loan was repaid during the year using funds borrowed from NCB (see note q).

(q) UWI Mona received a loan from NCB during the year which was used to liquidate the DBJ loan [see note (p)], and also to finance the development of the CoGen Plant for the production of energy. The loan is secured by a promissory note and is payable in 28 equal quarterly instalments over 7 years. Interest is payable at 11% per annum.

(r) On April 24, 2014, UWI Mona acquired Fairfield Estates from Barnett Limited for the nominal consideration of $92,000,000 for the purpose of expanding the Western Jamaica Campus. This was facilitated through a mortgage with the vendor for the balance of J$73,600,000, which was converted to US$. The balance is payable in 48 equal monthly instalments at 5% per annum, which commenced on May 24, 2014. Performance conditions attached to this mortgage require UWI Mona to construct a named building of an agreed size within a specified period from a mutually agreed commencement date.

22. LONG-TERM LIABILITIES (cont'd)

(s) This represents funds held on behalf of the University Hospital of the West Indies by UWI Mona for upgrading the facilities at the hospital.

(t) This represents salary arrears due by the Government of Jamaica.

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

23. EMPLOYEE BENEFITS OBLIGATION

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

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

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

(a) Plan for academic and senior administrative staff:

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

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

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

23. EMPLOYEE BENEFITS OBLIGATION (cont'd)

(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 the University as employer and 5% payable by the employees). Sagicor Life Jamaica Limited ("Sagicor") is the Administrator and one of the Investment Managers of the plan. Guardian Life is also an Investment Manager.

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

(d) Post–employment benefits computation

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

	2014 J$'000	Restated* 2013 J$'000
Defined contribution supplementation plan [note 23(d)(i)]	11,858,116	11,266,688
Defined benefit plan [note 23(d)(i)]	1,577,089	472,168
	13,435,205	11,738,856
Post-employment medical benefits [note 23(d)(ii)]	4,723,785	3,965,216
Amount recognised in the statement of financial position	18,158,990	15,704,072

* See note 31

23. EMPLOYEE BENEFITS OBLIGATION (cont'd)

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

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

	F.S.S.U.		St. Augustine Campus		Total	
	2014	2013	2014	2013	2014	2013
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
Present value of unfunded obligations	11,858,116	11,266,688	-	-	11,858,116	11,266,688
Present value of funded obligations	-	-	7,687,571	5,599,863	7,687,571	5,599,863
Fair value of plan assets	-	-	(6,110,482)	(5,127,695)	(6,110,482)	(5,127,695)
Recognised liability	11,858,116	11,266,688	1,577,089	472,168	13,435,205	11,738,856

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

	F.S.S.U.		St. Augustine Campus		Total	
	2014	2013	2014	2013	2014	2013
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
Net liability at beginning of year	11,266,688	11,448,259	472,168	171,247	11,738,856	11,619,506
Included in profit or loss [note 23(e)]	1,315,116	1,195,674	226,623	155,961	1,541,739	1,351,635
Included in other comprehensive income	(1,025,404)	(1,966,174)	965,595	262,206	(59,809)	(1,703,968)
Contributions paid	(567,523)	(350,953)	(199,034)	(157,945)	(766,557)	(508,898)
Currency translation adjustments	869,239	939,882	111,737	40,699	980,976	980,581
Net liability at end of year	11,858,116	11,266,688	1,577,089	472,168	13,435,205	11,738,856

23. EMPLOYEE BENEFITS OBLIGATION (cont'd)

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

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

Movements in plan assets:

	F.S.S.U.		St. Augustine Campus		Total	
	2014 J$'000	2013 J$'000	2014 J$'000	2013 J$'000	2014 J$'000	2013 J$'000
Fair value of plan assets at beginning of year	-	-	5,127,695	4,234,713	5,127,695	4,234,713
Plan participants' contributions	-	-	95,916	75,123	95,916	75,123
Expected return on plan assets	-	-	326,884	271,341	326,884	271,341
Contributions paid	-	-	199,034	157,945	199,034	157,945
Benefits paid	-	-	(225,370)	(160,536)	(225,370)	(160,536)
Actuarial losses on plan assets	-	-	(30,179)	(33,845)	(30,179)	(33,845)
Currency translation adjustments	-	-	616,502	582,954	616,502	582,954
Fair value of plan assets at end of year	-	-	6,110,482	5,127,695	6,110,482	5,127,695

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

Included in profit or loss:

	F.S.S.U.		St. Augustine Campus		Total	
	2014 J$'000	2013 J$'000	2014 J$'000	2013 J$'000	2014 J$'000	2013 J$'000
Current service costs	405,213	452,554	196,795	145,449	602,008	598,003
Interest on obligation	915,158	827,209	29,828	10,512	944,986	837,721
Past service costs vested benefits	(5,255)	(84,089)	-	-	(5,255)	(84,089)
	1,315,116	1,195,674	226,623	155,961	1,541,739	1,351,635

Included in other comprehensive income:

	F.S.S.U.		St. Augustine Campus		Total	
	2014 J$'000	2013 J$'000	2014 J$'000	2013 J$'000	2014 J$'000	2013 J$'000
Re-measurement gain due to actuarial (gain)/loss arising from:						
- Experience adjustment	(293,694)	(1,757,611)	(221,493)	262,206	(515,187)	(1,495,405)
- Demographic assumptions	-	-	(139,864)	-	(139,864)	-
- Financial assumptions	(731,710)	(208,563)	1,326,952	-	595,242	(208,563)
	(1,025,404)	(1,966,174)	965,595	262,206	(59,809)	(1,703,968)

23. EMPLOYEE BENEFITS OBLIGATION (cont'd)

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

(ii) Post-employment medical benefits:

	2014 J$'000	Restated* 2013 J$'000
Liability at beginning of year	3,965,216	2,761,213
Included in profit or loss:		
Current service cost	307,967	227,418
Interest cost on obligation	300,794	229,340
Past service cost-vested benefits	-	228,507
	608,761	685,265
Included in other comprehensive income:		
Re-measurement gain due to actuarial (gain)/loss arising from:		
- Experience adjustment	(28,621)	363,365
- Financial assumptions	(3,811)	4,101
	(32,432)	367,466
Other:		
Contributions paid	(57,237)	(48,864)
Currency translation adjustments	239,477	200,136
Liability at end of year	4,723,785	3,965,216

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

	2014 J$'000	Restated* 2013 J$'000
Amount included in profit or loss:		
Pension supplementation-defined contribution plan [note 23(d)(i)]	1,315,116	1,195,674
Defined benefit pension plan [note 23(d)(i)]	226,623	155,961
	1,541,739	1,351,635
Post-employment medical care [note 23(d)(ii)]	608,761	685,265
	2,150,500	2,036,900

* See note 31

23. EMPLOYEE BENEFITS (cont'd)

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

	2014 J$'000	Restated* 2013 J$'000
Amount included in other comprehensive income:		
Pension supplementation-defined contribution plan [note 23 (d) (i)]	(1,025,404)	(1,966,174)
Defined benefit pension plan [note 23(d) (i)]	965,595	262,206
	(59,809)	(1,703,968)
Post-employment medical care [note 23(d)(ii)]	(32,432)	367,466
	(92,241)	(1,336,502)

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

	FSSU 2014	FSSU 2013	St. Augustine 2014	St. Augustine 2013
Discount rate	5.0 - 9.5%	5.0 - 10.0%	5.0%	6.0%
Future salary increases	4.0 - 6.0%	4.0 - 6.0%	3.0%	3.0%
Health cost inflation	5.5 - 7.0%	5.5 - 7.5%	5.5%	5.5%

(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.

	2014 1% Increase J$'000	2014 1% Decrease J$'000	2013 1% Increase J$'000	2013 1% Decrease J$'000
Pension:				
Discount rate	(1,205,369)	1,445,928	(1,323,910)	1,604,694
Salary escalation rate	863,716	(717,392)	978,483	(818,664)
Health:				
Discount rate	(823,543)	1,090,539	(737,707)	977,161
Health inflation rate	1,064,473	(821,362)	952,711	(734,985)

* See note 31

23. EMPLOYEE BENEFITS (cont'd)

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

	2014	2013
Pension	10.7	11.4
Health	20.4	20.7

(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 $706,444,000.

24. FINANCE COSTS

	2014 J$'000	2013 J$'000
Interest expense - loans	376,782	285,878
Other finance costs	268,162	62,937
	644,944	348,815

25. FINANCIAL RISK MANAGEMENT

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. For the purposes of the financial statements, financial assets have been determined to include cash and cash equivalents, securities purchased under resale agreements, accounts receivable, investments, advances and long-term receivables. Financial liabilities have been determined to include current liabilities and long-term loans.

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.

25. FINANCIAL RISK MANAGEMENT (cont'd)

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

(i) Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to suffer a financial loss. Credit risk arises principally from the University's receivables from governments and students, cash and cash equivalents, investments and resale agreements.

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

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

Management of credit risk relating to different types of financial assets

Cash and cash equivalents, resale agreements and investments

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

Accounts receivable

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

25. FINANCIAL RISK MANAGEMENT (cont'd)

(i) Credit risk (cont'd):

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

Due from Governments

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

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

	Gross 2014 J$'000	Discount 2014 J$'000	Gross 2013 J$'000	Discount 2013 J$'000
Past due 0-30 days	1,871,468	-	650,727	-
Past due 31-60 days	1,900,759	-	1,308,847	-
Past due 61- 120 days	2,875,342	-	2,602,907	-
Past due 121-365 days	3,399,491	-	2,977,976	-
More than one year	3,147,022	2,065,638	3,188,088	1,670,172
Total	13,194,082	2,065,638	10,728,545	1,670,172

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.

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

	Gross 2014 J$'000	Impairment 2014 J$'000	Gross 2013 J$'000	Impairment 2013 J$'000
Past due 0-120 days	934,511	-	115,510	-
Past due 121-365 days	927,690	-	787,084	-
More than one year	831,089	637,016	1,004,697	488,039
	2,693,290	637,016	1,907,291	488,039

25. FINANCIAL RISK MANAGEMENT (cont'd)

(i) Credit risk (cont'd):

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

Students, third parties and Government of Trinidad & Tobago receivables

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

	Students	Third parties	Government of Trinidad & Tobago
Balance at July 31, 2012	449,295	-	92,359
Currency translation adjustment	60,266	-	3,661
Amount (recovered)/recognised	(21,522)	-	13,349
Balance at July 31, 2013	488,039	-	109,369
Currency translation adjustment	31,919	-	11,781
Amount recognised	117,058	1,107,107	1,261,815
Balance at July 31, 2014	637,016	1,107,107	1,382,965

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. These amounts are all current and not impaired.

(ii) Liquidity risk:

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

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

	Carrying amount J$'000	Cash outflow J$'000	Less than 1 year J$'000	1-2 years J$'000	Over 2 years J$'000
July 31, 2014:					
Accounts payable and accruals	19,270,711	19,270,711	19,270,711	-	-
Long-term liabilities	14,646,834	18,646,818	3,344,771	2,556,048	12,745,999
	33,917,545	37,917,529	22,615,482	2,556,048	12,745,999

25. FINANCIAL RISK MANAGEMENT (cont'd)

(ii) Liquidity risk (cont'd):

	Carrying amount J$'000	Cash outflow J$'000	Less than 1 year J$'000	1-2 years J$'000	Over 2 years J$'000
July 31, 2013:					
Accounts payable and accruals	13,661,492	13,661,492	13,661,492	-	-
Long-term liabilities	14,727,238	19,653,736	3,331,033	2,371,199	13,951,504
	28,388,730	33,315,228	16,992,525	2,371,199	13,951,504

(iii) Market risk:

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

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

(a) Interest rate risk:

Interest rate risk is the risk that the value 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 both short-term and long-term investments which are contracted at fixed interest rates for the duration of the term.

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

	2014 J$'000	2013 J$'000
Fixed rate instruments:		
Financial assets	12,692,016	10,290,017
Financial liabilities	(9,724,484)	(12,974,267)
	2,967,532	(2,684,250)

25. FINANCIAL RISK MANAGEMENT (cont'd)

(iii) Market risk (cont'd):

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

	2014 J$'000	2013 J$'000
Variable rate instruments		
Financial assets	10,835,504	7,237,401
Financial liabilities	(3,798,368)	(1,209,920)
	7,037,136	6,027,481

Fair value sensitivity analysis for financial instruments

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

Cash flow sensitivity analysis for variable rate instruments

An increase of 250 (2013: 250) basis points in interest rates would have increased surplus for the year by J$175,928,400 (2013: J$150,687,000). This analysis assumes that all other variables, in particular, foreign currency rates, remain constant.

A decrease of 100 (2013: 100) basis points in interest rates would have reduced surplus for the year by J$70,371,300 (2013: J$60,274,800). This analysis assumes that all other variables, in particular, foreign currency rates, remain constant.

(b) Equity price risk:

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

A change in the market price at the reporting date would result in an increase/(decrease), respectively, in equity and profit by the amounts shown below.

	2014		2013	
	Equity J$'000	Profit J$'000	Equity J$'000	Profit J$'000
10% (2013: 10%) increase	224,087	224,087	208,495	208,495
10% (2013: 10%) decrease	(224,087)	(224,087)	(208,495)	(208,495)

25. FINANCIAL RISK MANAGEMENT (cont'd)

(iii) Market risk (cont'd):

(c) Foreign currency risk:

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

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

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

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

	2014									
	BAH $'000	BDS $'000	BZE $'000	CDN $'000	CAY $'000	EC $'000	EURO €'000	GB £'000	TT $'000	US $'000
Cash and cash equivalents	41	3,430	23	724	-	985	39,672	11,091	37,980	43,856
Short-term investments	-	2,732	-	-	-	-	-	230	54,829	14,251
Accounts payable	(5)	-	(17)	-	-	(2,468)	-	(110)	(10,707)	(1,749)
Long-term loans	-	-	-	-	-	-	(11,398)	-	-	(59,728)
Accounts receivable	144	-	1,115	-	821	22,065	-	130	-	16,661
Government contributions	930	130,129	1,409	-	1,356	91,499	-	-	82,391	1,049
Net exposure	1,110	136,291	2,530	724	2,177	112,081	28,274	11,341	164,493	14,340

	2013									
	BAH $'000	BDS $'000	BZE $'000	CDN $'000	CAY $'000	EC $'000	EURO €'000	GB £'000	TT $'000	US $'000
Cash and cash equivalents	11	6,134	57	238	-	671	41,276	16,347	22,787	36,421
Short-term investments	-	2,732	-	-	-	-	-	229	60,344	10,702
Accounts payable	(7)	-	(16)	-	-	(2,713)	-	(13)	(7,795)	(1,430)
Long-term loans	-	-	-	-	-	(1,206)	(10,691)	-	-	(77,328)
Accounts receivable	25	-	1,642	-	711	37,648	-	-	-	3,509
Government contributions	(211)	131,975	2,245	-	1,050	82,519	-	-	25,755	1,917
Net exposure	(182)	140,841	3,928	238	1,761	116,919	30,585	16,563	101,091	(26,209)

25. FINANCIAL RISK MANAGEMENT (cont'd)

(iii) Market risk (cont'd):

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

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

	2014	2013
BAH$1.00	= J$112.4823	= J$101.5441
BDS$1.00	= J$ 56.2411	= J$ 50.7721
BZE$1.00	= J$ 56.2411	= J$ 50.7721
CDN$1.00	= J$103.7031	= J$ 98.2208
Cay$1.00	= J$134.9787	= J$121.8529
EC$1.00	= J$ 41.6600	= J$ 37.6089
EURO€1.00	= J$150.4843	= J$134.5561
GB£1.00	= J$189.6499	= J$154.8558
TT$1.00	= J$ 17.6675	= J$ 15.8291
US$1.00	= J$112.6074	= J$101.6085

Sensitivity analysis

A 1% (2013: 1%) strengthening of the Jamaica dollar against the currencies listed above would have decreased surplus for the year by J$238,972,000 (2013: J$92,124,000).

A 15% (2013: 10%) weakening of the Jamaica dollar against the currencies listed above would have increased surplus for the year by $3,584,573,000 (2013: $921,240,000). This analysis assumes that all other variables, in particular interest rates, remain constant.

(iv) Operational risk:

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

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

25. FINANCIAL RISK MANAGEMENT (cont'd)

(iv) Operational risk (cont'd):

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

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

26. 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.

IFRS specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. The different levels have been defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Discounted cash flow technique using a discount rate from observable market data, i.e. average of several brokers/dealers market indicative yields in active markets for identical assets or liabilities.

Level 3 – Valuation techniques using significant unobservable inputs.

26. FAIR VALUES (cont'd)

The fair value of cash and cash equivalents, resale agreements, accounts receivable and accounts payable is assumed to be their carrying values due to the short-term nature of these instruments.

The fair value of investments classified as available-for-sale is as disclosed in note 7 and falls in level 1 of the fair value hierarchy. The fair value of other investments is their cost less impairment provision.

The fair value of long-term receivables and long-term liabilities could not be readily determined as there are no instruments with similar risks and the instruments are not all at market terms.

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

	2014			
	Carrying amount J$'000	Level 1 $'000	Level 2 J$'000	Level 3 J$'000
Available-for-sale financial assets	2,240,868	2,240,868	-	-

	2013			
	Carrying amount J$'000	Level 1 J$'000	Level 2 J$'000	Level 3 J$'000
Available-for-sale financial assets	2,084,953	2,084,953	-	-

27. STAFF COSTS

	2014 J$'000	2013 J$'000
Salaries and wages	28,477,315	24,605,039
Statutory payroll contributions	1,178,197	960,001
Pension plan contributions-defined contribution plans	401,903	337,232
Post-employment benefit costs: [note 23(e)]		
Supplementation arrangements	1,315,116	1,195,674
Defined benefit plans	226,623	155,961
Medical care	608,761	685,265
Other	1,123,847	863,848
	33,331,762	28,803,020

Key management personnel compensation paid during the year was as follows:

	2014 J$'000	2013 J$'000
Salaries and short-term employee benefits	384,927	355,563

28. 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 & 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.

29. CAPITAL COMMITMENT

The University is committed to incur contractual capital expenditure of approximately J$6.5 billion (2013: J$802 million).

30. CONTINGENT LIABILITY

Housing and car loans guarantee

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

- The Campus has guaranteed academic staff housing loans with Republic Bank Limited (RBL). The liability in respect of each mortgage continues until the first 25% of the mortgage loan is repaid, up to a limit of TT$4.0 million on all the loans covered by the guarantee.

- The Campus has guaranteed car loans for academic staff up to a limit of TT$7.5 million in aggregate with RBL. The University has provided RBL with a letter of undertaking agreeing to guarantee up to TT$150,000 on individual loans granted under the terms of the Agreement. The guaranteed liability portion of the loan is reduced in proportion as the loan is repaid.

31. PRIOR YEAR ADJUSTMENTS

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

All Campuses and University Centre:

(i) As indicated in note 2(a), effective August 1, 2013, the University adopted IAS 19 *Employee Benefits (Revised).* The change in accounting policy was applied retrospectively.

Cave Hill Campus:

(ii) Following a review of the pension scheme for non-academic staff, it was established that there was an amount of BDS$6,229,136 owed to the scheme by the Campus. This liability arose as a result of timing differences between the crediting of contributions and interest to members account and the payment of those contributions by the Campus. The liability relates to the period prior to July 31, 2012 and has been recognised as a prior year adjustment.

University Centre:

(iii) A review of inter-campus transactions revealed that in 2013, Cave Hill Centre had net unrecorded income of BDS$4,332,301 (J$219,959,803). An adjustment has now been made to account for this sum.

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

	As previously reported	Prior year adjustments	As restated
	J$'000	J$'000	J$'000
July 31, 2012:			
Current liabilities	11,321,265	278,469	11,599,734
Cumulative translation reserve	6,173,465	257,651	6,431,116
General reserve	11,262,867	(2,200,496)	9,062,371
Accumulated fund	7,112,543	(4,835,574)	2,276,969
Employee benefits obligation	7,880,769	6,499,950	14,380,719

	As previously reported	Prior year adjustments	As restated
	J$'000	J$'000	J$'000
July 31, 2013:			
Current liabilities	15,108,388	99,372	15,207,760
Cumulative translation reserve	10,293,381	(81,990)	10,211,391
General reserve	10,297,759	(1,777,216)	8,520,543
Accumulated fund	6,244,701	(3,241,724)	3,002,977
Employee benefits obligation	10,702,513	5,001,559	15,704,072

31. PRIOR YEAR ADJUSTMENTS (cont'd)

(b) Effects on the statement of profit or loss and other comprehensive income:

July 31, 2013:

	J$'000
Deficit for the year, as previously reported	(841,923)
Share of subsidiary profit due to joint venture partner	(35,291)
Impact of re-measurement of employee benefits obligation	488,658
Impact of additional income	186,794
Other adjustments to expenses	5,176
Deficit for the year, as restated	(196,586)
Other comprehensive income, as previously reported	4,184,255
Impact of change in accounting policy:	
Re-measurement of employee benefits	1,336,502
Impact of reclassification:	
Reclassification of undistributed grant funds and other transfers	250,049
Cumulative translation reserve	(339,641)
Other comprehensive income, as restated	5,431,165
Total comprehensive income for the year, as restated	5,234,579

(c) Effects on the statement of cash flows for the year ended July 31, 2013:

The change in accounting policy and adjustments to other prior year amounts did not have any effect on the statement of cash flows for the year, except for the restatement of the deficit for the year, current liabilities and employee benefits obligation, which offset each other.

THE UNIVERSITY OF THE WEST INDIES

Supplementary Information to the Financial Statements for the Year Ended July 31, 2014

Basis of Presentation of Supplementary Information

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

The consolidated statement of financial position is translated using the closing rates of exchange at July 31, 2014:

BDS$1: J$56.2411 (2013: BDS$1: J$50.7721)
US$1: J$112.6074 (2013: US$1: J$101.6086).

The consolidated statement of profit or loss and other comprehensive income is translated using the average rates of exchange for the year to July 31, 2014:

BDS$1: J$53.6210 (2013: BDS$1: J$47.4105)
US$1: J$107.2506 (2013: US$1: J$94.8468).

The consolidated statement of cash flows is translated using the closing rates of exchange at July 31, 2014 and 2013 and items related to the consolidated statement of profit or loss and other comprehensive income are translated at the average rates of exchange for 2014 and 2013.

Exchange differences are included in foreign exchange adjustments.

Consolidated Statement of Financial Position
(expressed in thousands of Jamaica and Barbados dollars)
July 31, 2014

	2014 J$'000	Restated * 2013 J$'000	Restated * 2012 J$'000	2014 BDS$'000	Restated * 2013 BDS$'000	Restated * 2012 BDS$'000
CURRENT ASSETS						
Cash and cash equivalents	14,579,460	9,932,939	11,228,501	259,231	195,638	251,172
Resale agreements	1,152,128	984,197	1,286,779	20,486	19,385	28,784
Short-term investments	2,409,006	2,233,110	1,678,876	42,834	43,983	37,555
Accounts receivable	24,862,060	20,794,856	12,157,891	442,062	409,573	271,962
Inventories	397,609	358,350	350,658	7,070	7,058	7,844
	43,400,263	34,303,452	26,702,705	771,683	675,637	597,317
CURRENT LIABILITIES	(20,944,078)	(15,207,760)	(11,599,734)	(372,398)	(299,530)	(259,477)
NET CURRENT ASSETS	22,456,185	19,095,692	15,102,971	399,285	376,107	337,840
NON-CURRENT ASSETS						
Advances	3,443	3,351	2,859	61	66	64
Long-term investments	7,591,309	6,959,575	3,644,385	134,978	137,075	81,522
Investment properties	6,466	6,715	6,963	115	132	156
Long-term receivables	3,886,485	3,864,204	6,725,046	69,104	76,109	150,434
Interest in subsidiaries	284,220	209,224	188,421	5,054	4,121	4,215
Property, plant & equipment	48,726,738	44,202,927	38,221,246	866,390	870,615	854,978
	60,498,661	55,245,996	48,788,920	1,075,702	1,088,118	1,091,369
	82,954,846	74,341,688	63,891,891	1,474,987	1,464,225	1,429,209
RESERVES						
Cumulative translation reserve	13,422,335	10,211,391	6,431,116	238,657	201,122	143,858
Revaluation surplus	5,426,213	5,426,213	5,426,213	96,481	106,874	121,380
Investment revaluation reserve	1,322,444	1,252,280	937,892	23,514	24,665	20,980
General reserve	8,154,307	8,520,543	9,062,371	144,988	167,820	202,718
Accumulated fund	3,548,033	3,002,977	2,276,969	63,086	59,146	50,934
Total reserves	31,873,332	28,413,404	24,134,561	566,726	559,627	539,870
NON-CURRENT LIABILITIES						
Unexpended donations for special projects	6,123,323	5,177,675	4,612,445	108,876	101,979	103,177
Endowment funds	304,319	298,988	304,209	5,412	5,890	6,805
Capital grants	13,519,415	11,786,539	8,421,728	240,384	232,146	188,387
Long -term liabilities	12,975,467	12,961,010	12,038,229	230,711	255,278	269,285
Employee benefits obligation	18,158,990	15,704,072	14,380,719	322,878	309,305	321,685
Total non-current liabilities	51,081,514	45,928,284	39,757,330	908,261	904,598	889,339
	82,954,846	74,341,688	63,891,891	1,474,987	1,464,225	1,429,209

* See note 31

THE UNIVERSITY OF THE WEST INDIES

Consolidated Statement of Comprehensive Income

(expressed in thousands of Jamaica and Barbados dollars)

Year ended July 31, 2014

	2014 J$'000	Restated * 2013 J$'000	2014 BDS$'000	Restated * 2013 BDS$'000
INCOME				
Government contributions	25,641,746	23,162,503	478,203	488,552
Tuition and other student fees	7,882,742	7,018,815	147,008	148,043
Special projects	3,990,688	3,171,230	74,424	66,889
Other projects	11,187,998	9,282,959	208,649	195,800
Commercial operations	4,113,746	2,943,531	76,719	62,086
Investment income	447,479	474,805	8,345	10,015
Miscellaneous income	1,168,104	931,791	21,784	19,654
	54,432,503	46,985,634	1,015,132	991,039
Less: transfer to capital grants	(673,983)	(607,780)	(12,569)	(12,820)
Income after transfer to capital grants	53,758,520	46,377,854	1,002,563	978,219
EXPENSES				
Departmental	22,278,008	19,426,995	415,471	409,761
Administrative	4,485,132	4,347,893	83,645	91,707
Central	7,195,265	5,957,228	134,187	125,652
Special projects	3,990,688	3,171,230	74,424	66,889
Other projects	7,333,176	6,370,316	136,759	134,365
Commercial operations	3,409,778	2,749,832	63,590	58,001
	48,692,047	42,023,494	908,076	886,375
Surplus for the year before finance costs	5,066,473	4,354,360	94,487	91,844
Finance costs	(644,944)	(348,815)	(12,028)	(7,357)
Surplus for the year before depreciation, pension and post-employment medical benefits	4,421,529	4,005,545	82,459	84,487
Depreciation	(2,456,214)	(2,129,940)	(45,807)	(44,925)
Pension and post-employment medical benefits	(2,150,500)	(2,036,900)	(40,105)	(42,963)
Deficit for the year before share of profits due to joint venture partner	(185,185)	(161,295)	(3,454)	(3,401)
Reversal of distribution of subsidiary profits	386,238	-	7,203	-
Share of profits due to joint venture partner	-	(35,291)	-	(744)
SURPLUS/(DEFICIT) FOR THE YEAR	201,053	(196,586)	3,749	(4,145)
OTHER COMPREHENSIVE INCOME:				
Items that will never be reclassified to profit or loss				
Re-measurement of employee benefits obligation	92,241	1,336,502	1,720	28,190
Items that may be reclassified to profit or loss				
Change in fair value of available-for-sale financial assets	194,654	314,388	3,630	6,631
Reclassification of fair value gains on disposal of investments	(124,490)	-	(2,322)	-
Currency translation adjustments	3,210,944	3,780,275	59,882	79,735
Total other comprehensive income	3,373,349	5,431,165	62,910	114,556
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	3,574,402	5,234,579	66,659	110,411

* See note 31

Consolidated Statement of Cash Flows
(expressed in thousands of Jamaica and Barbados dollars)
Year ended July 31, 2014

	2014 J$'000	Restated * 2013 J$'000	2014 BDS$'000	Restated * 2013 BDS$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Surplus/(deficit) for the year	201,053	(196,586)	3,749	(4,145)
Adjustments				
Depreciation :Property, plant & equipment	2,455,965	2,129,691	45,802	44,920
Investment properties	249	248	5	5
Amortization of capital grants	(110,882)	(131,628)	(2,068)	(2,776)
Employee benefits obligation	2,547,159	2,012,051	47,503	42,439
Gain on sale of property, plant & equipment	(9,184)	(4,455)	(171)	(94)
Share of profits due to joint venture partner	-	35,291	-	744
Reversal of distribution of subsidiary profits	(386,238)	-	(7,203)	-
Foreign exchange adjustments	1,905,066	2,836,496	10,256	19,512
Discount on long-term receivables	395,466	684,650	7,375	14,441
Interest income	(411,095)	(447,001)	(7,667)	(9,428)
Dividend income	(36,383)	(27,804)	(679)	(586)
Interest expense	644,944	348,815	12,028	7,357
	7,196,120	7,239,768	108,930	112,389
Changes in :				
Accounts receivable	(4,018,657)	(8,080,255)	(71,454)	(159,148)
Inventories	(39,259)	(7,692)	(698)	(152)
Current liabilities	5,832,958	1,441,076	103,713	28,383
Net cash provided by operating activities	8,971,162	592,897	140,491	(18,528)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	218,727	376,513	4,079	7,942
Dividend received	36,383	30,607	679	646
Investments, net	(786,291)	(3,555,036)	(13,981)	(70,020)
(Increase)/decrease in resale agreements	(167,931)	302,582	(2,986)	5,960
Increase in advances	(92)	(492)	(2)	(10)
Long-term receivables	(22,281)	2,176,191	(396)	42,862
Increase in interest in subsidiaries	(74,996)	(20,803)	(1,333)	(410)
Purchase of property, plant & equipment	(4,077,412)	(5,259,678)	(72,499)	(103,594)
Proceeds from sale of property, plant and equipment	16,830	22,977	299	453
Net cash used by investing activities	(4,857,063)	(5,927,139)	(86,140)	(116,171)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid	(258,386)	(272,430)	(4,819)	(5,746)
Unexpended donations for special projects	1,069,544	(148,904)	19,017	(2,933)
Endowment funds	4,393	(6,262)	78	(123)
Capital grants received	377,078	2,571,335	6,705	50,645
Proceeds of bank loan	-	907,760	-	17,879
Proceeds of long-term loans	560,000	2,133,605	9,957	42,023
Repayment of long-term loans	(744,079)	(1,325,568)	(13,230)	(26,108)
Other long term liabilities	(476,128)	179,144	(8,466)	3,528
Net cash provided by financing activities	532,422	4,038,680	9,242	79,165
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,646,521	(1,295,562)	63,593	(55,534)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	9,932,939	11,228,501	195,638	251,172
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	14,579,460	9,932,939	259,231	195,638

* See note 31

THE UNIVERSITY OF THE WEST INDIES

Consolidated Statement of Financial Position

(expressed in thousands of Jamaica and United States dollars)

July 31, 2014

	2014 J$'000	Restated * 2013 J$'000	Restated * 2012 J$'000	2014 US$'000	Restated * 2013 US$'000	Restated * 2012 US$'000
CURRENT ASSETS						
Cash and cash equivalents	14,579,460	9,932,939	11,228,501	129,472	97,757	125,624
Resale agreements	1,152,128	984,197	1,286,779	10,231	9,686	14,396
Short-term investments	2,409,006	2,233,110	1,678,876	21,393	21,978	18,783
Accounts receivable	24,862,060	20,794,856	12,157,891	220,785	204,657	136,022
Inventories	397,609	358,350	350,658	3,531	3,527	3,923
	43,400,263	34,303,452	26,702,705	385,412	337,605	298,748
CURRENT LIABILITIES	(20,944,078)	(15,207,760)	(11,599,734)	(185,992)	(149,670)	(129,778)
NET CURRENT ASSETS	22,456,185	19,095,692	15,102,971	199,420	187,935	168,970
NON-CURRENT ASSETS						
Advances	3,443	3,351	2,859	31	33	32
Long-term investments	7,591,309	6,959,575	3,644,385	67,414	68,494	40,773
Investment properties	6,466	6,715	6,963	57	66	78
Long-term receivables	3,886,485	3,864,204	6,725,046	34,514	38,030	75,240
Interest in subsidiaries	284,220	209,224	188,421	2,524	2,059	2,108
Property, plant & equipment	48,726,738	44,202,927	38,221,246	432,713	435,032	427,619
	60,498,661	55,245,996	48,788,920	537,253	543,714	545,850
	82,954,846	74,341,688	63,891,891	736,673	731,649	714,820
RESERVES						
Cumulative translation reserve	13,422,335	10,211,391	6,431,116	119,196	100,498	71,951
Revaluation surplus	5,426,213	5,426,213	5,426,213	48,187	53,403	60,708
Investment revaluation reserve	1,322,444	1,252,280	937,892	11,744	12,325	10,493
General reserve	8,154,307	8,520,543	9,062,371	72,414	83,857	101,390
Accumulated fund	3,548,033	3,002,977	2,276,969	31,508	29,554	25,475
Total reserves	31,873,332	28,413,404	24,134,561	283,049	279,637	270,017
NON-CURRENT LIABILITIES						
Unexpended donations for special projects	6,123,323	5,177,675	4,612,445	54,378	50,957	51,603
Endowment funds	304,319	298,988	304,209	2,702	2,943	3,403
Capital grants	13,519,415	11,786,539	8,421,728	120,058	115,999	94,222
Long -term liabilities	12,975,467	12,961,010	12,038,229	115,227	127,558	134,684
Employee benefits obligation	18,158,990	15,704,072	14,380,719	161,259	154,555	160,891
Total non-current liabilities	51,081,514	45,928,284	39,757,330	453,624	452,012	444,803
	82,954,846	74,341,688	63,891,891	736,673	731,649	714,820

* See note 31

Consolidated Statement of Profit and Loss and Other Comprehensive Income
(expressed in thousands of Jamaica and United States dollars)
Year ended July 31, 2014

	2014 J$'000	Restated * 2013 J$'000	2014 US$'000	Restated * 2013 US$'000
INCOME				
Government contributions	25,641,746	23,162,503	239,082	244,210
Tuition and other student fees	7,882,742	7,018,815	73,498	74,002
Special projects	3,990,688	3,171,230	37,209	33,435
Other projects	11,187,998	9,282,959	104,316	97,873
Commercial operations	4,113,746	2,943,531	38,356	31,035
Investment income	447,479	474,805	4,172	5,006
Miscellaneous income	1,168,104	931,791	10,891	9,824
	54,432,503	46,985,634	507,524	495,385
Less: transfer to capital grants	(673,983)	(607,780)	(6,284)	(6,408)
Income after transfer to capital grants	53,758,520	46,377,854	501,240	488,977
EXPENSES				
Departmental	22,278,008	19,426,995	207,719	204,825
Administrative	4,485,132	4,347,893	41,819	45,841
Central	7,195,265	5,957,228	67,088	62,809
Special projects	3,990,688	3,171,230	37,209	33,435
Other projects	7,333,176	6,370,316	68,374	67,164
Commercial operations	3,409,778	2,749,832	31,793	28,992
	48,692,047	42,023,494	454,002	443,066
Surplus for the year before finance costs	5,066,473	4,354,360	47,238	45,911
Finance costs	(644,944)	(348,815)	(6,013)	(3,678)
Surplus for the year before depreciation, pension and post-employment medical benefits	4,421,529	4,005,545	41,224	42,233
Depreciation	(2,456,214)	(2,129,940)	(22,902)	(22,457)
Pension and post-employment medical benefits	(2,150,500)	(2,036,900)	(20,051)	(21,476)
Deficit for the year before share of profits due to joint venture partner	(185,185)	(161,295)	(1,728)	(1,700)
Reversal of distribution of subsidiary profits	386,238	-	3,601	-
Share of profits due to joint venture partner	-	(35,291)	-	(372)
SURPLUS/(DEFICIT) FOR THE YEAR	201,053	(196,586)	1,873	(2,072)
OTHER COMPREHENSIVE INCOME:				
Items that will never be reclassified to profit or loss				
Re-measurement of employee benefits obligation	92,241	1,336,502	860	14,091
Items that may be reclassified to profit or loss				
Change in fair value of available-for-sale financial assets	194,654	314,388	1,815	3,315
Reclassification of fair value gains on disposal of investments	(124,490)	-	(1,161)	-
Currency translation adjustments	3,210,944	3,780,275	29,939	39,857
Total other comprehensive income	3,373,349	5,431,165	31,453	57,262
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	3,574,402	5,234,579	33,326	55,191

* See note 31

THE UNIVERSITY OF THE WEST INDIES
Consolidated Statement of Cash Flows
(expressed in thousands of Jamaica and United States dollars)
Year ended July 31, 2014

	2014 J$'000	Restated * 2013 J$'000	2014 US$'000	Restated * 2013 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Surplus/(deficit) for the year	201,053	(196,586)	1,873	(2,072)
Adjustments for:				
Depreciation :Property, plant & equipment	2,455,965	2,129,691	22,899	22,454
Investment properties	249	248	2	3
Amortization of capital grants	(110,882)	(131,628)	(1,034)	(1,388)
Employee benefits obligation	2,547,159	2,012,051	23,750	21,214
Gain on sale of property, plant & equipment	(9,184)	(4,455)	(86)	(47)
Share of profits due to joint venture partner	-	35,291	-	372
Reversal of distribution of subsidiary profits	(386,238)	-	(3,601)	-
Foreign exchange adjustments	1,905,066	2,836,496	5,028	9,616
Discount on long- term receivables	395,466	684,650	3,687	7,218
Interest income	(411,095)	(447,001)	(3,833)	(4,713)
Dividend income	(36,383)	(27,804)	(339)	(293)
Interest expense	644,944	348,815	6,013	3,678
	7,196,120	7,239,768	54,359	56,042
Changes in :				
Accounts receivable	(4,018,657)	(8,080,255)	(35,687)	(79,523)
Inventories	(39,259)	(7,692)	(349)	(76)
Current liabilities	5,832,958	1,441,076	51,799	14,183
Net cash provided by operating activities	8,971,162	592,897	70,122	(9,374)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	218,727	376,513	2,039	3,970
Dividend received	36,383	30,607	339	323
Investments, net	(786,291)	(3,555,036)	(6,983)	(34,988)
(Increase)/decrease in resale agreements	(167,931)	302,582	(1,491)	2,978
Increase in advances	(92)	(492)	(1)	(5)
Long-term receivables	(22,281)	2,176,191	(198)	21,417
Increase in interest in subsidiaries	(74,996)	(20,803)	(666)	(205)
Purchase of property, plant & equipment	(4,077,412)	(5,259,678)	(36,209)	(51,764)
Proceeds from sale of property, plant & equipment	16,830	22,977	149	226
Net cash used by investing activities	(4,857,063)	(5,927,139)	(43,021)	(58,048)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid	(258,386)	(272,430)	(2,409)	(2,872)
Unexpended donations for special projects	1,069,544	(148,904)	9,498	(1,465)
Endowment funds	4,393	(6,262)	39	(62)
Capital grants received	377,078	2,571,335	3,349	25,306
Proceeds of bank loan	-	907,760	-	8,934
Proceeds of long-term loans	560,000	2,133,605	4,973	20,998
Repayment of long-term loans	(744,079)	(1,325,568)	(6,608)	(13,046)
Other long term liabilities	(476,128)	179,144	(4,228)	1,763
Net cash provided by financing activities	532,422	4,038,680	4,614	39,556
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,646,521	(1,295,562)	31,715	(27,867)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	9,932,939	11,228,501	97,757	125,624
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	14,579,460	9,932,939	129,472	97,757

* See note 31