The University of the West Indies

Financial Report & Consolidated Accounts

For the Year Ended July 31, 2016

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Table of Contents

THE UNIVERSITY OF THE WEST INDIES
FINANCIAL REPORT
FOR THE YEAR ENDED JULY 31, 2016

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, 2016, 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 71 to 73** and in United States dollars on **pages 74 to 76** 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).

I. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

RESULTS FOR THE YEAR

For the year ended July 31, 2016, the operations of the University resulted in a **deficit of BDS$18.7 million** (**2015: BDS$59.4 million**). This comprises the results by Campus as follows:

Campus	**BDS$ million**	
	July 2016	**July 2015**
Cave Hill	11.3	3.2
Centre	(4.8)	(9.4)
Mona	1.3	1.4
Open	(11.5)	(11.2)
St. Augustine	(15.0)	(43.4)
Total	**(18.7)**	**(59.4)**

The **total income** of the University for the year was **BDS$968.4** million, compared with **BDS$963.4** million for the prior year. **Total expenditure** for the year was **BDS$987.1** million compared with **BDS$1,022.8** million for 2015, a decrease of 3.5%.

The results on all Campuses included impairment of receivables, including BDS$10.7 million of Government contributions receivable and BDS$2.3 million of student receivables. The results also reflected an increase in Government contributions by BDS$3.4 million over 2015. However the reduced deficit was mainly due to lower impairment of receivables in 2016 of BDS$16 million compared with BDS$56.5 million in 2015.

The deficit for the year comprised:

Activity	**BDS$ million**	
	July 2016	**July 2015**
UGC Funded	(102.1)	(143.5)
Commercial Operations	19.9	16.2
Other Projects	63.5	67.9
Total	**(18.7)**	**(59.4)**

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

CONSOLIDATED INCOME

The sources of income for the University were:

Source	July 2016	July 2015
	%	%
Government Contributions	46	46
Tuition and Other Student Fees	13	13
Special and Other Projects	29	29
Commercial Operations	9	9
Other	3	3
Total	100	100

The income distribution is illustrated in **Table 1** and **Charts 1 and 1a** on **page 11**. A three year summary of income by source is shown in **Table 2** and **Chart 2 on page 12.** A three-year summary of total income is shown in **Chart 3 on page 13.**

Government Contributions

Income from Government Contributions totalled BDS$448 million and represented 46% of total income. This was similar to the prior year in which Government Contributions were BDS$443.2 million and also represented 46% of total income.

Project Income

a) Special Projects

For the year this source of income totalled BDS$85 million (2015: BDS$83.5 million), and again represented 9% of total income. Special Projects income did not contribute to the surplus, as it matched expenditure from grants received from sponsors particularly for research.

During the year ended July 31, 2016 the value of new grants received for research was BDS$28.7 million compared with BDS$60.2 million in the previous year.

Some examples of new projects funded during the year were:

- Integrative Genomics in Asthmatics of African Descent (**Cave Hill Campus)** – sponsor, The Regent of the University of Colorado, Denver;
- Exploring the Potential for British Council Involvement in the Implantation Social Enterprise Projects in Secondary Schools in Jamaica **(Mona Campus)** – sponsor, The British Council;
- Capacity Building – T&T Evaluation to International Human Rights Standards **(St. Augustine Campus)** – sponsor, ACP/EU;
- SGP Country Programme Strategy Development for Barbados **(University Centre)** – sponsor, Chronic Disease Research Centre (CDRC);
- USAID/UWIOC TLP-CSC Project **(Open Campus)** – sponsor CSDR

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

CONSOLIDATED INCOME (cont'd)

Project Income (Cont'd)

b) *Other Projects*

Income from Other Projects totalled BDS$190.2 million (2015: BDS$194.7 million) and was derived mainly from self-financing programmes and full fee paying programmes in the Faculties of Medical Sciences and Law. Funds earned by departments through consultancies and from coordination of Special Projects were also included. Other Projects also includes the consolidated results of UWISBASL and St Augustine Enterprises Limited. For the year ended July 31, 2016, income from Other Projects represented 20% of total income.

Total projects income (Special Projects and Other Projects) represented 29% of total income (2015: 29%).

Tuition and Other Student Fees

Tuition and other student fees totalled BDS$125.9 million for the year (2015: BDS$128.3 million). This represented 13% of total income (2015:13%). The 2% decrease reflects lower student registration at Cave Hill, as well as tuition discounts being offered to students at the Mona and Open Campuses.

Other Income

Other Income totalled BDS$26.2 million (2015: BDS$24.1 million) and comprised investment income of BDS$7.3 million (2015: BDS$5.7 million) and miscellaneous income of BDS$18.9 million (2015: BDS$18.4 million). Miscellaneous income included income earned from rental of facilities as well as an amount of BDS$6.7 million (2015: BDS$5.3 million) representing the value of Capital Grants amortised during the year. Investment income increased in 2016 mainly due to a surplus on disposal of shares during the year of BDS$2.4 million.

Commercial Operations

Income from commercial operations increased from BDS$89.6 million in 2015 to BDS$93.1 million, and represented 9% of total income (2015: 9%). 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:

Category	July 2016	July 2015
	%	%
Departmental	45	44
Administrative	10	9
Central	16	20
Special and Other Projects	22	20
Commercial Operations	7	7
Total	100	100

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

CONSOLIDATED EXPENDITURE (cont'd)

The distribution is illustrated by **Table 4** and **Charts 4** and **4a** on **page 14**. Expenditure has been tightly controlled due to funding limitations and there was no significant increase in most categories for the period.

For the year ended July 31, 2016, there was an actuarially determined expense of BDS$36.2.million (2015: BD$30.5 million) for post-employment pension and medical benefits. This is included in central expenditure.

A further impairment provision totalling BDS$10.7 million (2015: BDS$12.9 million) was made on Government contributions outstanding in excess of three years. The resulting impairment expense was included in consolidated central expenditure.

At the St. Augustine Campus, additional impairment of BDS$3.5 million was made for Government scholarships, project receivables and other receivables. In total, all the Campuses impaired an additional BDS$2.3 million (net) for student receivables.

The St. Augustine Campus also wrote off BDS$24.5 million for salary arrears and project receivables, which had been previously impaired and therefore did not affect the results for the current year.

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

II. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Net Current Assets

Current assets exceeded current liabilities by BDS$389.2 million (2015: BDS$380.8 million), an overall increase of 2%.

The balance for cash and cash equivalents increased by BDS$19.8 million while resale agreements increased by BD$3.5 million. Accounts receivable showed a decrease of BD$15.7 million or 4% over the prior year. Current liabilities decreased by 1%.

Cash and Cash Equivalents

Cash and cash equivalents increased by 9.7%. This balance includes amounts 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.

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

Accounts Receivable

The 4% decrease in accounts receivable at July 31, 2016 is heavily due to the increased impairment of amounts outstanding from Governments, including economic costs, scholarships, GATE, PSIP and tuition fees. Despite on-going discussions with the Governments regarding arrangements to liquidate the outstanding balances, the situation has not improved significantly over prior years.

The reduction of the balance for Government contributions is also partly due to the write off of an amount of TT$61.93 million (BDS$19.5 million) previously billed to the Government of The Republic of Trinidad and Tobago (GORTT) for salary arrears of the St Augustine Campus. A payment of TT$14 million (BDS$4.5 million) made in the year 2012/2013 by GORTT was also reclassified from advances receivable to reduce the Government contributions receivable balance. This however had no overall effect on the accounts receivable balance. The average collection period for Government contributions has moved from 6.2 months at July 2015 to 5.6 months at July 2016.

The status of each Government with respect to contributions due to the University can be found on **pages 8 to 10**. The trend in total Government contributions outstanding over the past five years is shown in **Table 7 and Chart 7** on **page 17**.

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 balance of BDS$330.2 million (2015: BDS$332.6 million) includes amounts due to suppliers for goods and services received totalling BDS$226.2 million. It also includes vacation leave accrual of BDS$33.4 million (2015: BDS$32 million), and other staff benefits such as study and travel and book grants. The current portion of long-term liabilities was BDS$34.9 million (2015: BDS$26 million), which is due to be paid within the next twelve months.

Short-term loans and advances of BDS$5.6 million (2015: BDS$15.2 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$133.1 million (2015: BDS$134.6 million).

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

Long–Term Receivables

At July 31, 2016, long-term receivables included a total of BDS$77.0 million (2015: BDS$66.8 million) for Government contributions outstanding in excess of three years. Of this figure BDS$58.9 million (2015: BDS$48.3 million) has been impaired.

Long-term receivables also included BDS$32.9 million due from the Government of Barbados in respect of a loan from the Barbados National Insurance Board (NIB).

Property, Plant and Equipment

During the period additions to property plant and equipment totalled BDS$42.3 million. Of this amount over 60% was spent for additions to buildings and work-in-process. Additional expenditure was made mainly for the purchase of computers and other electronic equipment, office furniture and fixtures and library books.

Long-Term Liabilities

a) Long-term Loans

The balance of BDS$188.2 million (2015: BDS$180.9 million) for long-term loans represents an overall increase of 4%. During the year the Mona Campus negotiated additional loan arrangements with National Commercial Bank Jamaica Limited. A portion of the previous overdraft was converted into a two-year unsecured loan of J$630 million (BDS$10.5 million), and two further loans were routed through Mona Informatix; one for J$150 million (BDS$2.5 million) over two years and another for J$240 million (BDS$4 million) over three years.

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

b) Other Long–term Liabilities

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

Investment Revaluation Reserve

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

The net movement (appreciation) in the investment revaluation reserve for the year ended July 31, 2016 totalled BDS$3.9 million (2015: BDS$2 million), while BDS$2.4 million was reclassified to P&L on disposal of investments.

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

Revaluation Surplus

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

Employee Benefits Obligation

In accordance with International Financial Reporting Standards the University has disclosed estimates of its obligation for post-employment benefits. These financial statements include estimates related to such retirement benefits under the Supplementation scheme of all campuses and the University Centre, the Defined Benefit Scheme at the St. Augustine Campus and the medical scheme for pensioners at the Mona Campus and the St Augustine Campus.

The actuarial report on the obligation as at July 31, 2016 was prepared by the actuaries Eckler Partners Ltd. Based on this report an estimated net obligation of BDS$346 million has been included in these financial statements. The estimated obligation at July 31, 2015 was BDS$330 million.

PERFORMANCE INDICATORS

	2016	**2015**	**2014**
a) Total Operating Income/Expenses	98%	94%	99%
b) Government Contributions/Total Operating Income	46%	46%	46%
c) Total Income/Total Assets	54%	54%	51%
d) Liquidity ratio (acid test)	2.1	2.1	2.0
e) Average collection period for government contributions (months)	5.6	6.2	6.0
f) Income per FTE (BDS$)	26,764	26,757	27,666
g) Expense per FTE (BDS$)	27,280	28,405	27,761

a) For the year ended July 31, 2016 the ratio of total operating income to expenses was 98% compared with 94% in 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, 2016 the University relied on Governments to provide 46% of its income, which is the same as the corresponding period in the prior year, and is in line with the strategic goals of the University to reduce its reliance on government funding.

c) Total income to total assets was 54%, the same as in the prior year.

d) The acid test ratio of 2.1 reflects a fairly constant ratio of liquid assets to current liabilities in recent years. However, a significant portion of liquid assets is due from governments and the timing and value of the collection of these amounts is uncertain, thus creating difficulty in meeting commitments to suppliers.

e) The time needed for the UWI to collect outstanding Government contributions is currently averaging 5.6 months. The average collection period has shown a slight decrease due to consistent efforts by the University and the Governments to reduce the long outstanding arrears balances.

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 University of The West Indies (UWI), the Office of Finance prepares yearly assessments for each Government and based on requests provides projections of the required contributions beyond the period accommodated by the biennial budgeting cycle used by the University. The Office of Finance follows up with Government ministries by correspondence, telephone calls and visits. The 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, 2016 the balance due from contributing Governments to the University of the West Indies for economic cost billed was BDS$210.39 million (net), a decrease of BDS$20.58 million or 8.91% from the balance of BDS$230.97 million, outstanding at August 1, 2015 .

Barbados

At July 31, 2016, BDS$95.63 million remained outstanding from the Government of Barbados. The final billing for the year was BDS$144.65 million and funding committed by the Government for the year was BDS$113.68 million. Payments totalling BDS$125.69 million received during the year, were insufficient to repay the total of the committed amount and the outstanding amount of BDS$107.64 million at July 31, 2015. Discussions are in progress with the Government of Barbados regarding arrangements to liquidate the outstanding balance. The Government has committed to reduce the arrears as quickly as possible.

Jamaica

The Government of Jamaica opened the year with a balance of J$55.29 million outstanding. The final billing for the year to July 31, 2016 was J$10,874.5 million. Funding committed for the year was J$7,326.4 million and payments received during the year totalled J$7,266.62 million. The balance outstanding at July 31, 2016 was J$115.07 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 with an outstanding amount of TT$126.80 million at August 1, 2015. The final billing for the year was TT$768.68 million and funding committed by the Government for the year was TT$694.57 million. An adjustment of TT$61.93 million was made for salary arrears previously billed but now reversed. Payments totalling TT$688.19 million were received during the year to July 31, 2016. The balance outstanding at July 31, 2016 was TT$71.25 million.

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

STATUS OF GOVERNMENT CONTRIBUTIONS- (cont'd)

Anguilla

The opening balance of EC$4.17 million at August 1, 2015 was increased to an outstanding balance of EC$4.85 million at July 31, 2016, as there were no payments during the year and an assessment of EC$0.68 million was applied. EC$300,000 was received in September 2016. Discussions will continue with the Government to liquidate the outstanding balance.

Antigua

The balance outstanding at August 1, 2015 was EC$5.85 million and this was increased to EC$7.59 million after the final billing for the year of EC$4.23 million was added to the opening balance and a payment of EC$2.49 million was received. Discussions will continue with the Government to liquidate the outstanding balance.

Bahamas

The Government of the Bahamas opened the year with an outstanding amount of BAH$1.04 million. The final billing for the year was BAH$2.72 million and a payment of BAH$1.88 million was received. This resulted in the amount of BAH$1.88 million outstanding at July 31, 2016. The Government of Bahamas has since paid this amount.

Belize

The amount outstanding at August 1, 2015 was BZE$ 3.60 million and the final billing for the year was BZE$2.02 million. After receiving payments totalling BZE$2.91 million, the balance outstanding at July 31, 2016 was BZE$2.71 million.

Bermuda

The Government of Bermuda became an associate contributing government effective April, 2010. At August 1, 2015 the Government opened the year with a prepayment of US$48,047 and the billing for the year was US$66,316. An amount of US$5,029 was applied from the prepayment against tuition fees outstanding, and this resulted in a balance of US$23,298 at July 31, 2016.

The Virgin Islands

The amount outstanding as at August 1, 2015 was US$919, 474. The final billing for the year to July 31, 2016 was US$585,835 and no payment was received during the year. The Government has committed to liquidating the outstanding balance of US$1,505,309 as soon as possible. An amount of US$99,958 was received in September 2016.

Cayman Islands

The balance outstanding at August 1, 2015 was CAY$1,562,419. The Government was billed CAY$369,622 for the year and a payment of CAY$160,199 was received. Discussions are in progress with a view to liquidating the balance of CAY$1,771,842 as soon as possible.

STATUS OF GOVERNMENT CONTRIBUTIONS – (cont'd)

Dominica

The balance outstanding at August 1, 2015 was EC$21.68 million which represents an accumulation of several years billings. The final billing for the year was EC$1.91 million. No payments were made during the year. The balance outstanding at July 31, 2016 was EC$23.59 million.

Grenada

The balance outstanding from the Government of Grenada at August 1, 2015 was EC$19.72 million. The final billing for the year was EC$3.13 million. The balance outstanding at July 31, 2016 was EC$18.83 million. EC$300,002 was received in August 2016. Payments totalling EC$4.02 million were received during the year. Discussions are taking place with regards to a payment plan for the outstanding amount.

Montserrat

The amount outstanding at August 1, 2015 was EC$63,816. The final billing for the year was EC$1,334,835 and payments totalling EC$1,642,224 were received leaving an amount of EC$243,573 prepaid at July 31, 2016.

St. Kitts and Nevis

The amount outstanding at August 1, 2015 was EC$2.33 million and the final billing for the year was EC$3.15 million. A payment was made in the amount of EC$2.32 million during the year. The balance outstanding at July 31, 2016 was EC$3.16 million.

St. Lucia

The balance outstanding at August 1, 2015 was EC$19.69 million and the final billing for the year was EC$3.42 million, increasing the balance to EC$20.93 million at July 31, 2016 although payments amounting to EC$2.18 million were received.

St. Vincent and the Grenadines

The year started with a balance of EC$22.46 million and the final billing for the year was EC$4.84 million. Payments totalling EC$1.51 million were received and this resulted in the remaining balance of EC$25.79 million at July 31, 2016. EC$770,000 was received in August 2016. Discussions regarding payments are in progress with the Government.

Turks & Caicos Islands

The amount outstanding at August 1, 2015 was US$77,575. The final billing for the year was US$153,331. A payment of US$20,065 was made during the year resulting in an outstanding amount of US$210,841 at July 31, 2016.

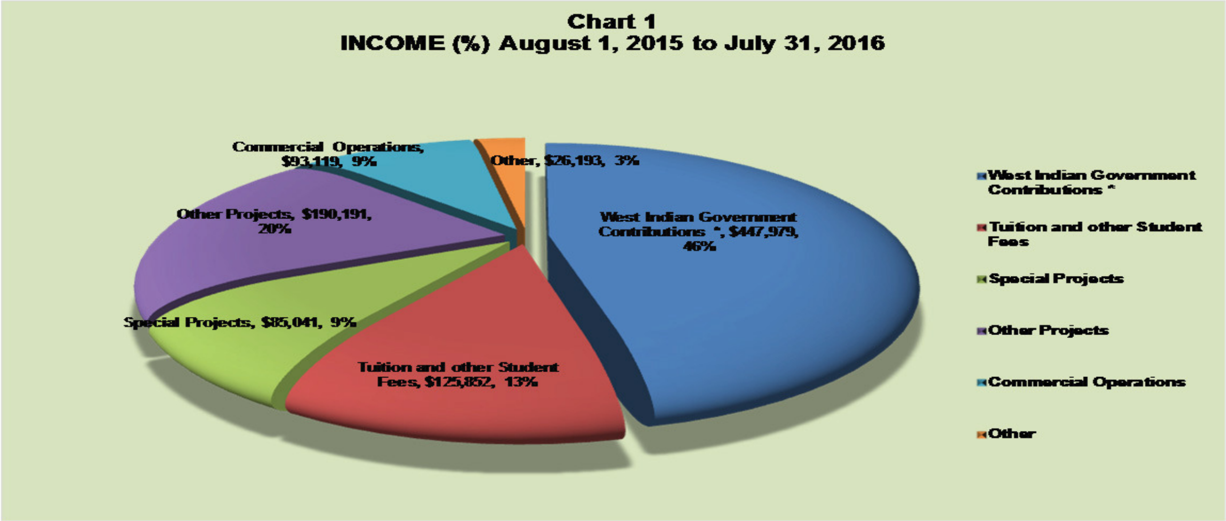
INCOME

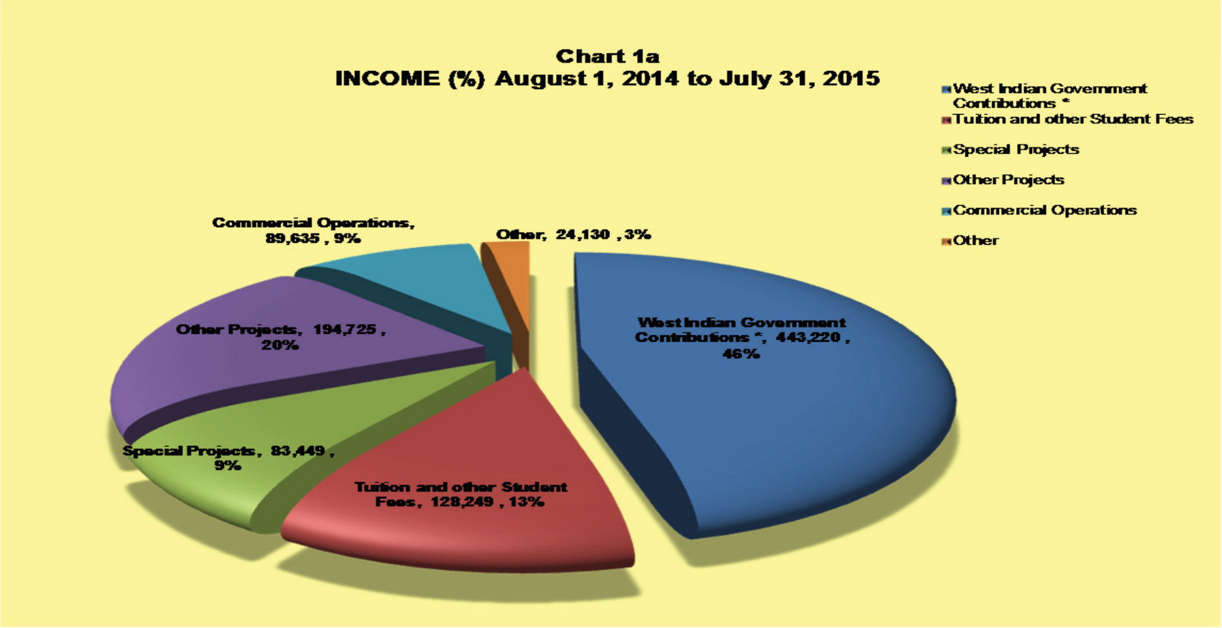
For the period August 1, 2015 to July 31, 2016 with comparatives for the period August 1, 2014 to July 31, 2015

TABLE 1 - $'000

SOURCES	J$		BDS$		TT$		EC$	
	2016	2015	2016	2015	2016	2015	2016	2015
West Indian Government Contributions *	27,205,069	25,407,914	447,979	443,220	1,452,212	1,406,310	604,728	598,361
Tuition and other Student Fees	7,642,807	7,351,957	125,852	128,249	407,974	406,926	169,888	173,140
Special Projects	5,164,398	4,783,762	85,041	83,449	275,676	264,778	114,797	112,659
Other Projects	11,550,017	11,162,784	190,191	194,725	616,542	617,852	256,740	262,886
Commercial Operations	5,654,944	5,138,414	93,119	89,635	301,862	284,407	125,701	121,011
Other	1,590,631	1,383,299	26,193	24,130	84,908	76,565	35,358	32,578
TOTAL INCOME	58,807,866	55,228,130	968,375	963,408	3,139,174	3,056,838	1,307,212	1,300,635

*net of transfer to capital grants





INCOME– THREE YEAR SUMMARY BY SOURCE

Table 2-BDS$'000

SOURCES	Aug 2013 - July 2014		Aug 2014 - July 2015		Aug 2015 - July 2016	
West Indian Government Contributions *	465,634	46%	443,220	46%	447,979	46%
Tuition and other Student Fees	146,477	15%	128,249	13%	125,852	13%
Special Projects	74,424	7%	83,449	9%	85,041	9%
Other Projects	210,649	21%	194,725	20%	190,191	20%
Commercial Operations	76,719	8%	89,635	9%	93,119	9%
Other	31,324	3%	24,130	3%	26,193	3%
TOTAL INCOME	1,005,227	100%	963,408	100%	968,375	100%

*net of transfer to capital grants

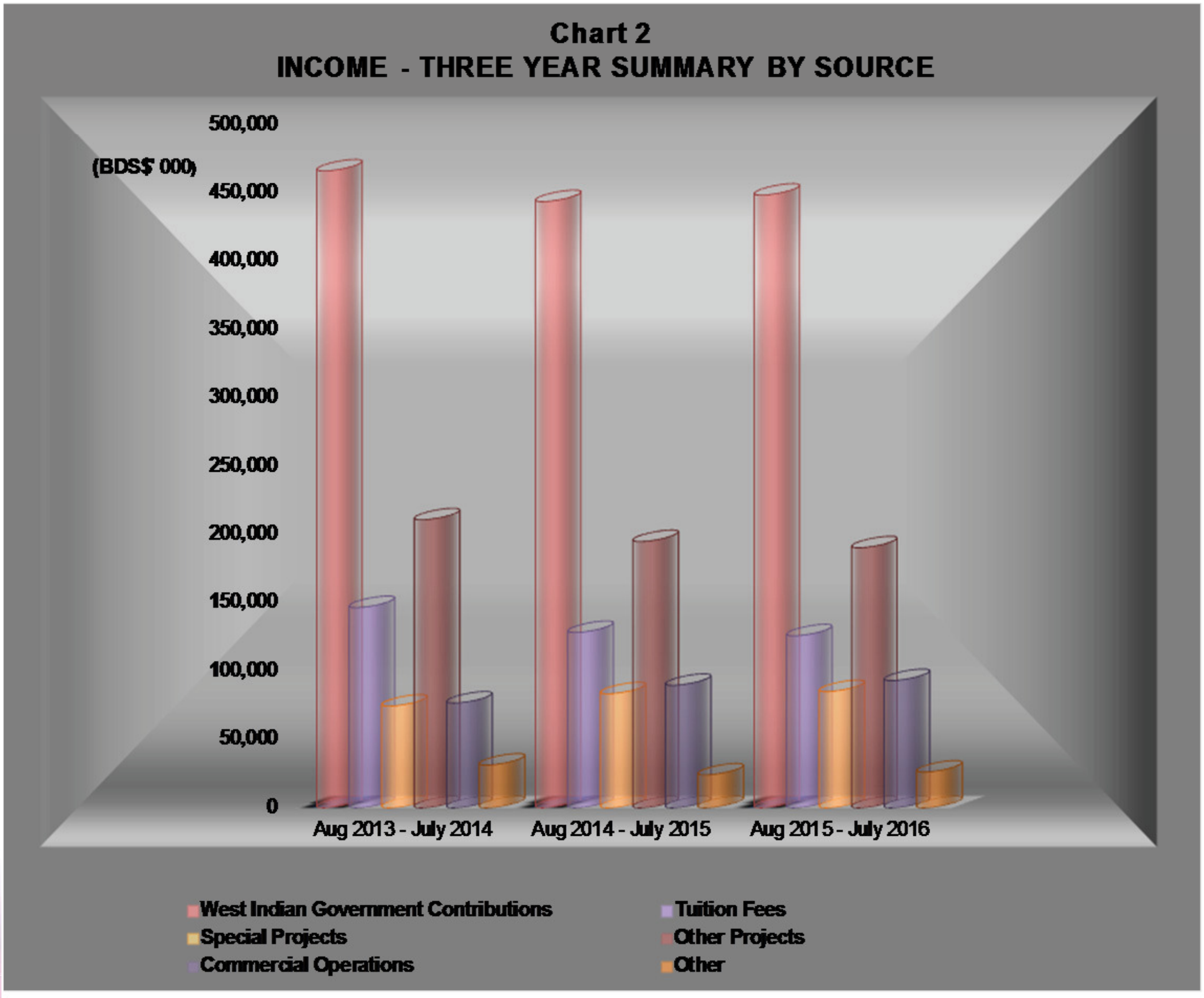
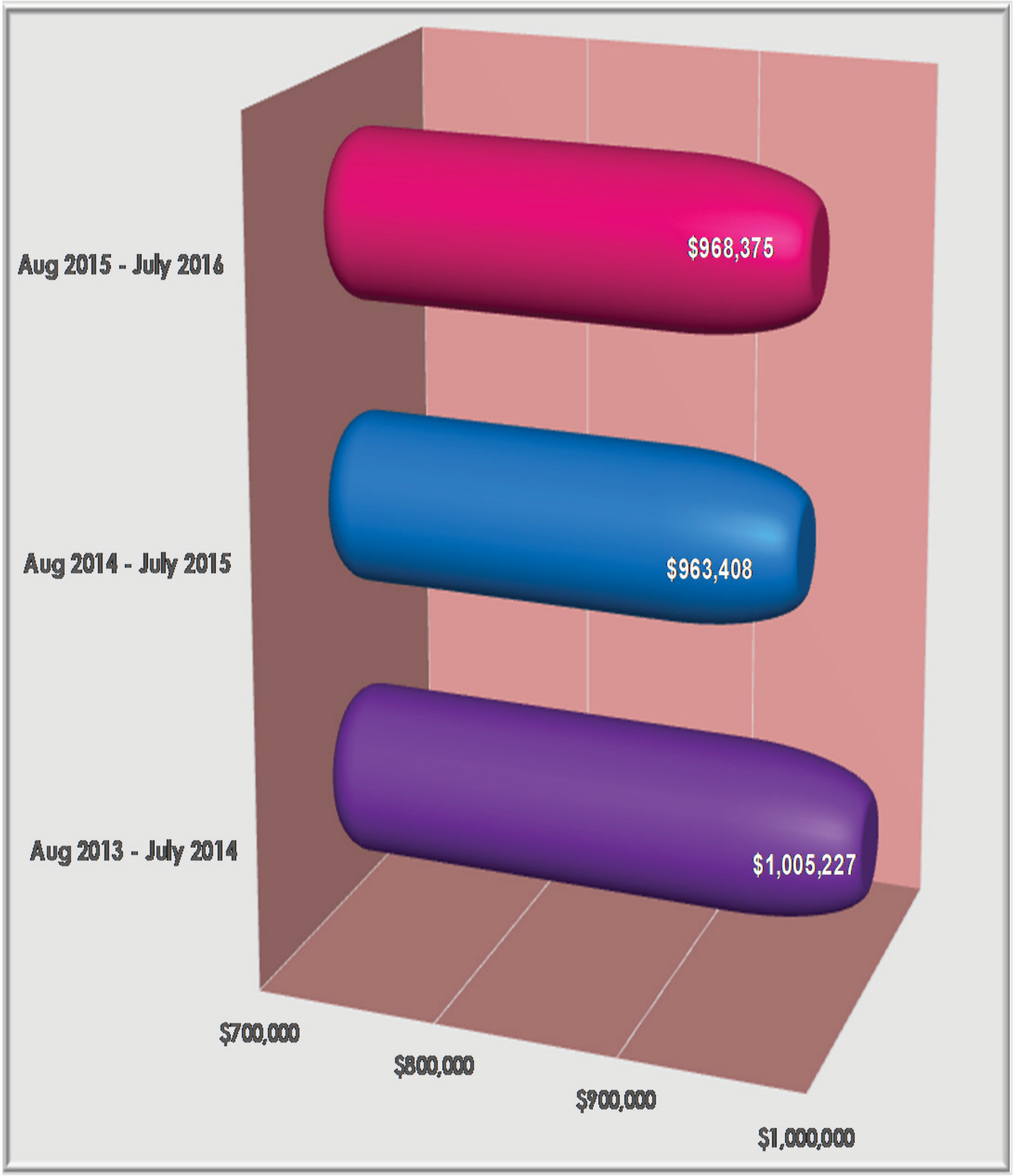


CHART 3
THREE YEAR SUMMARY OF TOTAL INCOME
BDS$'000



EXPENDITURE

For the period August 1, 2015 to July 31, 2016 with comparatives for the period August 1, 2014 to July 31, 2015

TABLE 4 - $'000

CATEGORIES	J$		Bds$		TT$		EC$	
	2016	2015	2016	2015	2016	2015	2016	2015
Administrative	5,893,866	5,048,113	97,053	88,060	314,616	279,409	131,012	118,884
Departmental *	26,962,949	25,543,333	443,992	445,582	1,439,287	1,413,805	599,346	601,550
Central Expenditure +	9,779,372	11,775,376	161,034	205,412	522,025	651,759	217,381	277,313
Special Projects	5,164,398	4,783,762	85,041	83,449	275,676	264,778	114,797	112,659
Other Projects	7,695,285	7,271,813	126,716	126,851	410,776	402,490	171,055	171,253
Commercial Operations	4,446,698	4,208,410	73,223	73,412	237,366	232,932	98,843	99,109
TOTAL EXPENDITURE	59,942,568	58,630,807	987,059	1,022,766	3,199,746	3,245,173	1,332,434	1,380,768

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

Chart 4
Expenditure (%) Aug 2015 - July 31, 2016

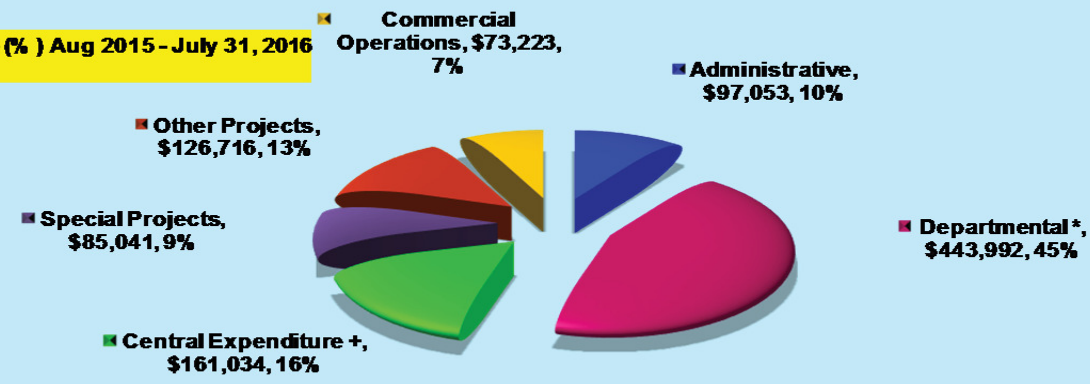
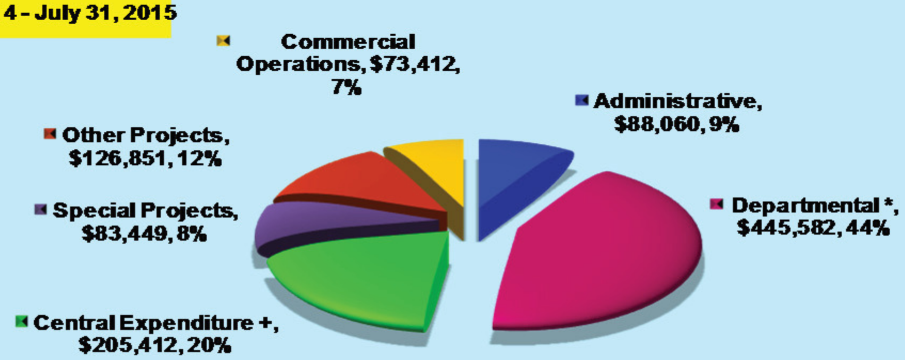


Chart 4A
Expenditure (%) Aug 2014 - July 31, 2015



EXPENDITURE

THREE YEAR SUMMARY
Table 5
BDS$'000

CATEGORIES	Aug 2013 - July 2014		Aug 2014 - July 2015		Aug 2015 - July 2016	
Administrative	83,113	8%	88,060	9%	97,053	10%
Departmental*	461,278	46%	445,582	44%	443,992	45%
Central Expenditure +	186,321	19%	205,412	20%	161,034	16%
Special Projects	74,424	7%	83,449	8%	85,041	9%
Other Projects	136,759	14%	126,851	12%	126,716	13%
Commercial Operations	63,590	6%	73,412	7%	73,223	7%
TOTAL EXPENDITURE	1,005,485	100%	1,022,766	100%	987,059	100%

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

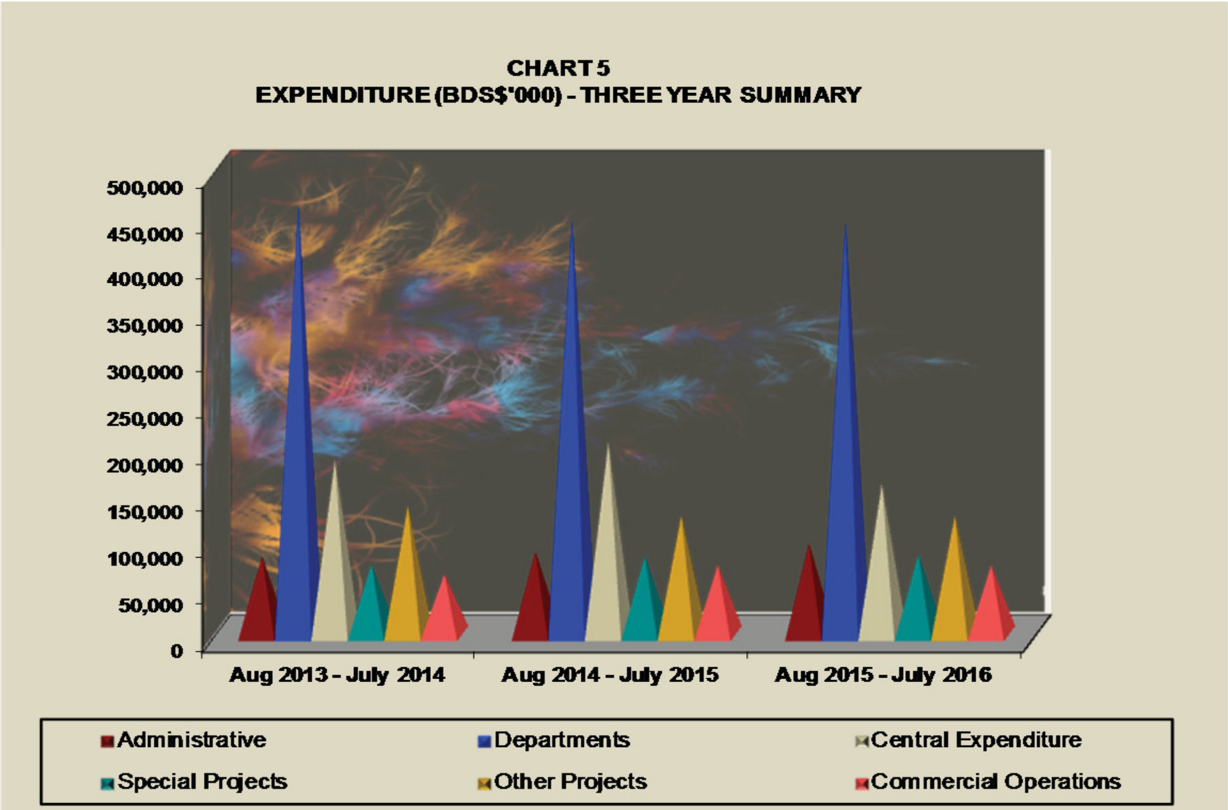
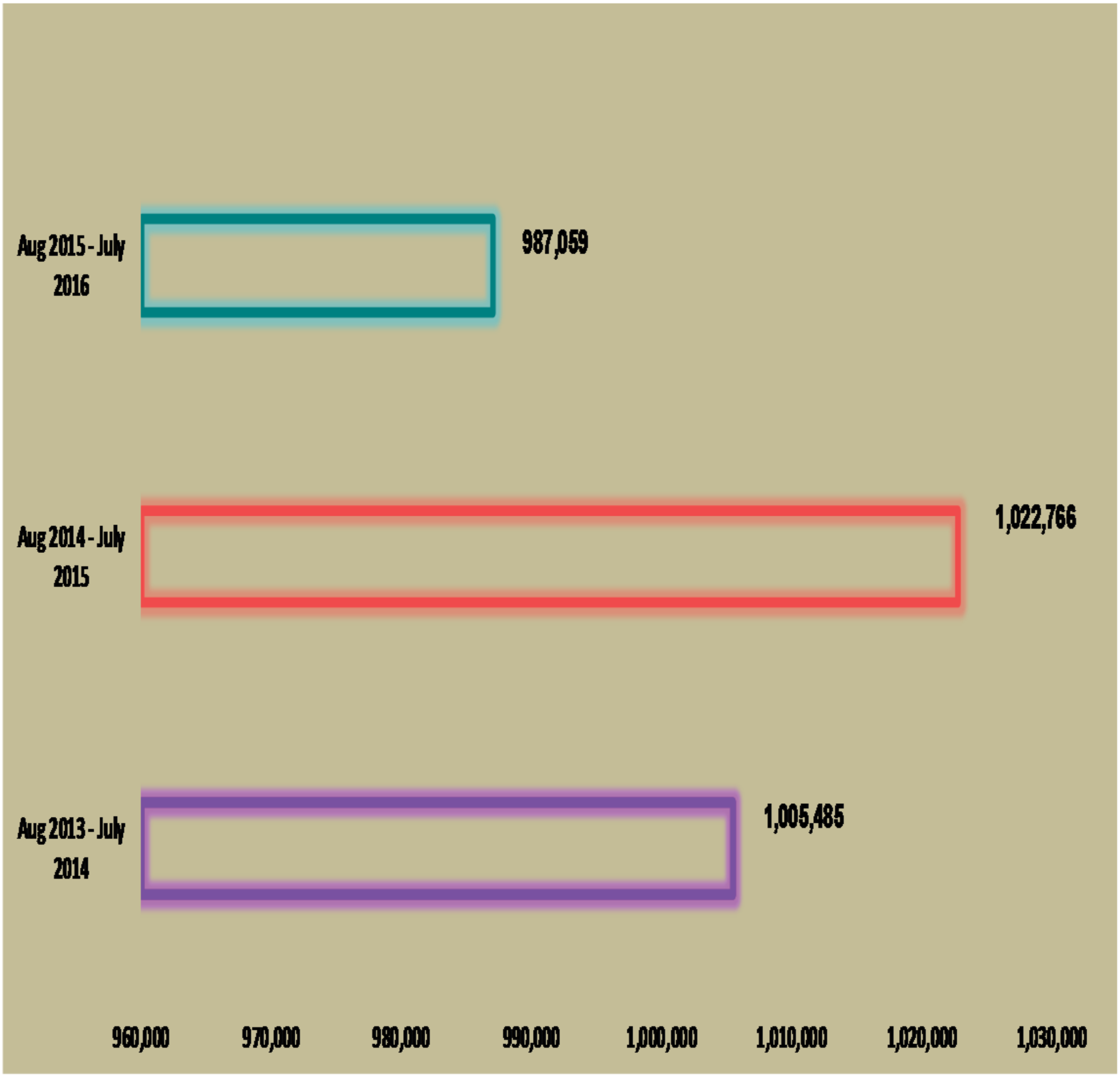


CHART 6
THREE YEAR SUMMARY OF TOTAL EXPENDITURE
BDS$'000

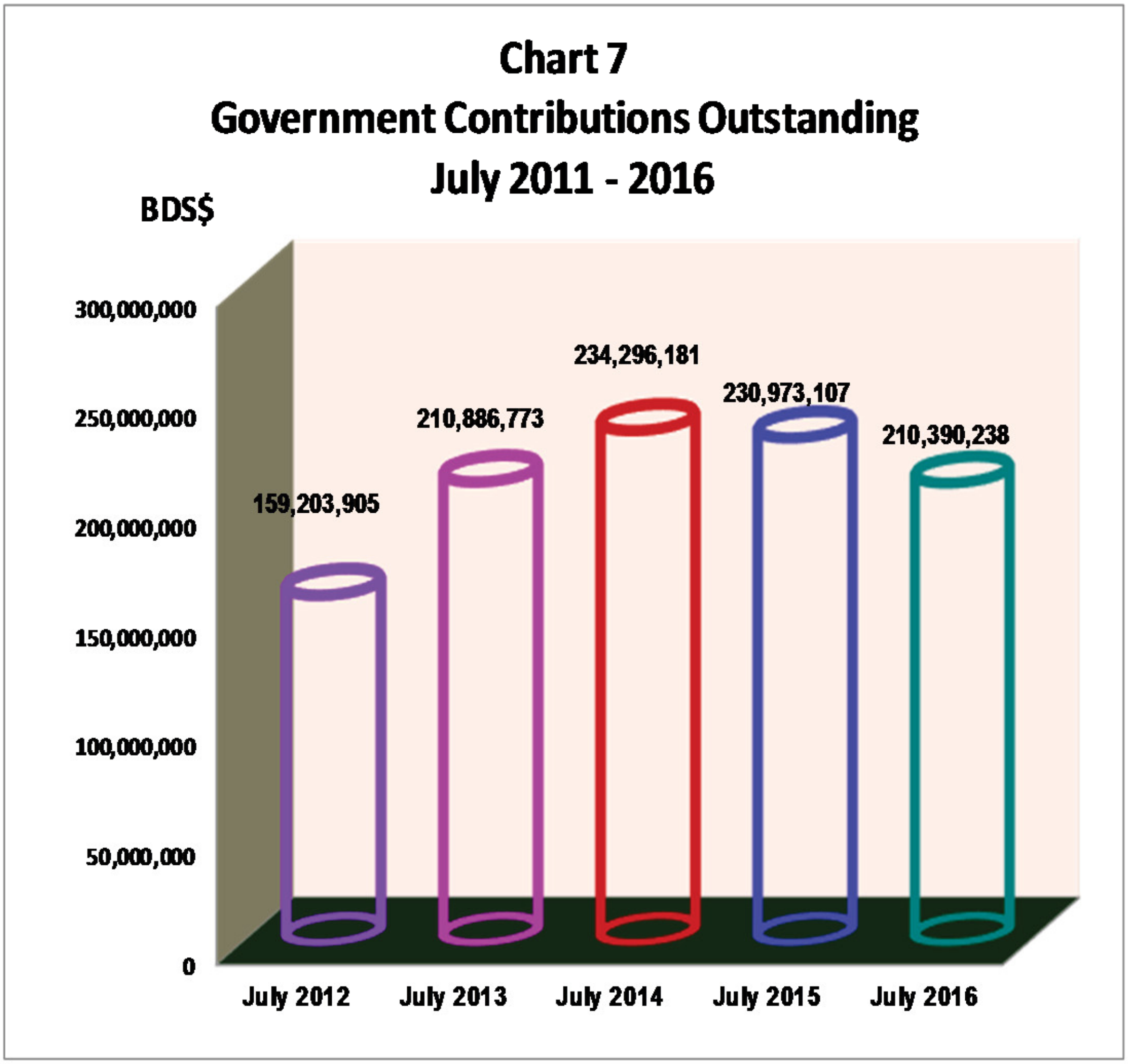


GOVERNMENT CONTRIBUTIONS OUTSTANDING

JULY 2011 - JULY 2016

TABLE 7 (BDS$)

PERIOD	BDS$
July 2012	159,203,905
July 2013	210,886,773
July 2014	234,296,181
July 2015	230,973,107
July 2016	210,390,238



KPMG

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INDEPENDENT AUDITORS' REPORT

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

We have audited the consolidated financial statements of the University of the West Indies, set out on pages 20 to 69, which comprise the consolidated statement of financial position as at July 31, 2016, 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.

KPMG

INDEPENDENT AUDITORS' REPORT (CONT'D)

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

Auditors' Responsibility (cont'd)

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

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, 2016, 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

December 5, 2016

THE UNIVERSITY OF THE WEST INDIES
Consolidated Statement of Financial Position
July 31, 2016

	Notes	2016 J$000	2015 J$000
CURRENT ASSETS			
Cash and cash equivalents	5	14,103,757	11,920,965
Resale agreements	6	1,466,133	1,157,394
Short-term investments	7	2,732,547	2,624,559
Accounts receivable	8	26,655,469	25,643,042
Inventories	9	446,718	421,325
		45,404,624	41,767,285
CURRENT LIABILITIES	10	(20,838,435)	(19,471,475)
NET CURRENT ASSETS		24,566,189	22,295,810
NON-CURRENT ASSETS			
Advances	11	8,879	12,931
Long-term investments	7	8,400,587	7,879,862
Investment properties	12	5,969	6,218
Long-term receivables	13	3,237,329	3,322,866
Interest in subsidiaries	14	87,901	210,992
Property, plant and equipment	15	51,506,682	50,015,385
		63,247,347	61,448,254
		87,813,536	83,744,064
RESERVES			
Cumulative translation reserve	16	16,634,020	14,838,959
Revaluation surplus	17	5,426,213	5,426,213
Investment revaluation reserve	18	1,523,953	1,438,607
General reserve		3,853,151	4,992,151
Accumulated fund		3,836,460	4,518,920
Total reserves		31,273,797	31,214,850
NON-CURRENT LIABILITIES			
Unexpended donations for special projects	19	7,912,740	7,193,880
Endowment funds	20	321,010	315,882
Capital grants	21	15,937,223	14,062,416
Long-term liabilities	22	10,371,665	11,453,184
Employee benefits obligation	23(d)	21,818,768	19,315,519
Deferred income	24	178,333	188,333
Total non-current liabilities		56,539,739	52,529,214
		87,813,536	83,744,064

The financial statements on pages 20 to 69 were approved for issue by the University Audit Committee on December 5, 2016 and signed on its behalf by:

____________________ Vice Chancellor
Sir Hilary M. Beckles

____________________ Chief Financial Officer/University Bursar
Archibald Campbell

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, 2016

	Notes	2016 J$'000	2015 J$'000
INCOME			
Government contributions	4	27,947,703	26,188,023
Tuition and other student fees		7,642,807	7,351,957
Special projects		5,164,398	4,783,762
Other projects		11,550,017	11,162,784
Commercial operations		5,654,944	5,138,414
Investment income		441,427	327,070
Miscellaneous income		1,149,204	1,056,229
		59,550,500	56,008,239
Less: transfer to capital grants		(742,634)	(780,109)
Income after transfer to capital grants		58,807,866	55,228,130
EXPENSES			
Departmental		(24,373,593)	(22,906,648)
Administrative		(5,893,866)	(5,048,113)
Central		(6,974,998)	(9,336,300)
Special projects		(5,164,398)	(4,783,762)
Other projects		(7,695,285)	(7,271,813)
Commercial operations		(4,446,698)	(4,208,410)
	25	(54,548,838)	(53,555,046)
Surplus for the year before finance costs		4,259,028	1,673,084
Finance costs	26	(607,387)	(690,593)
Surplus for the year before depreciation, pension and post-employment medical benefits		3,651,641	982,491
Depreciation		(2,589,355)	(2,636,685)
Pension and post-employment medical benefits	23(e)	(2,196,988)	(1,748,483)
DEFICIT FOR THE YEAR		(1,134,702)	(3,402,677)
OTHER COMPREHENSIVE INCOME			
Item that will never be reclassified to profit or loss			
Re-measurement of employee benefits obligation	23(e)	(752,826)	276,950
Items that may be reclassified to profit or loss			
Change in fair value of available-for-sale financial assets		233,826	116,163
Reclassification of fair value gains on disposal of investments		(148,480)	-
Currency translation adjustments		1,795,061	1,416,624
Total other comprehensive income		1,127,581	1,809,737
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(7,121)	(1,592,940)

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

Consolidated Statement of Changes in Reserves

Year ended July 31, 2016

	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, 2014	**13,422,335**	**5,426,213**	**1,322,444**	**8,154,307**	**4,512,488**	**32,837,787**
Comprehensive income for the year:						
Deficit for the year	-	-	-	-	(3,402,677)	(3,402,677)
Other comprehensive income	1,416,624	-	116,163	316,625	(39,675)	1,809,737
Total comprehensive loss for the year	1,416,624	-	116,163	316,625	(3,442,352)	(1,592,940)
Transactions recorded directly in equity:						
Transfer to sabbatical fund	-	-	-	5,679	-	5,679
Adjustment for net funds under management	-	-	-	-	(35,676)	(35,676)
Transfers between reserves	-	-	-	(3,484,460)	3,484,460	-
Total transactions recorded directly in equity	-	-	-	(3,478,781)	3,448,784	(29,997)
Balances at July 31, 2015	**14,838,959**	**5,426,213**	**1,438,607**	**4,992,151**	**4,518,920**	**31,214,850**
Comprehensive income for the year:						
Deficit for the year	-	-	-	-	(1,134,702)	(1,134,702)
Other comprehensive income	1,795,061	-	85,346	(165,623)	(587,203)	1,127,581
Total comprehensive loss for the year	1,795,061	-	85,346	(165,623)	(1,721,905)	(7,121)
Transactions recorded directly in equity:						
Transfer to sabbatical fund	-	-	-	5,711	-	5,711
Adjustment for net funds under management	-	-	-	-	60,357	60,357
Transfers between reserves	-	-	-	(979,088)	979,088	-
Total transactions recorded directly in equity	-	-	-	(973,377)	1,039,445	66,068
Balances at July 31, 2016	**16,634,020**	**5,426,213**	**1,523,953**	**3,853,151**	**3,836,460**	**31,273,797**

THE UNIVERSITY OF THE WEST INDIES

Consolidated Statement of Cash Flows

Year ended July 31, 2016

	Notes	2016 J$'000	2015 J$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit for the year		(1,134,702)	(3,402,677)
Adjustments for:			
Depreciation: Property, plant and equipment	15	2,589,106	2,636,437
Investment properties	12	249	248
Amortisation of capital grants	21	(423,466)	(310,692)
Employee benefits obligation		2,196,988	1,433,478
Loss/(gain) on sale of property, plant and equipment		1,767	(2,495)
Foreign exchange adjustments		2,167,107	1,310,548
Discount on long-term receivables		894,012	759,426
Interest income		(409,753)	(307,104)
Dividend income		(31,674)	(19,966)
Deferred income	24	(10,000)	(1,667)
Interest expense		607,387	690,593
		6,447,021	2,786,129
Changes in:			
Accounts receivable		(1,906,439)	(717,448)
Inventories		(25,393)	(23,716)
Current liabilities		(1,997,637)	(1,488,577)
Net cash provided by operating activities		2,517,552	556,388
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		152,194	109,498
Dividend received		31,674	19,966
Investments, (net)		(543,368)	(423,619)
Increase in resale agreements		(308,739)	(5,266)
Decrease/(increase) in advances		4,052	(9,488)
Long-term receivables		85,537	563,619
Interest in subsidiaries		123,091	73,228
Purchase of property, plant and equipment	15	(2,668,916)	(2,662,756)
Proceeds from sale of property, plant and equipment		11,122	14,450
Net cash used by investing activities		(3,113,353)	(2,320,368)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(377,861)	(587,578)
Unexpended donations for special projects		718,860	818,612
Endowment funds	20	4,344	11,167
Capital grants received	21	1,090,789	826,373
Proceeds of long-term loans		1,211,990	67,091
Deferred income received		-	100,000
Repayment of long-term loans		(2,165,505)	(1,861,446)
Other long-term liabilities, (net)		2,295,976	(268,734)
Net cash provided/ (used) by financing activities		2,778,593	(894,515)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		2,182,792	(2,658,495)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		11,920,965	14,579,460
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5	14,103,757	11,920,965

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

1. THE UNIVERSITY

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

The University operates from four main campuses as follows:

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

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

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

2. BASIS OF PREPARATION

(a) Statement of Compliance:

The financial statements as at and for the year ended July 31, 2016 (the reporting date) have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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

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

New and amended standards and interpretations that are not yet effective

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

2. BASIS OF PREPARATION (cont'd)

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

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

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

- *Improvements to IFRS, 2012-2014* cycle, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendment applicable to the University is as follows:

  - IAS 19, *Employee Benefits,* has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid. Consequently, the depth of the market for high-quality corporate bonds should be assessed at the currency level and not the country level.

- Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation,* are effective for accounting periods beginning on or after January 1, 2016.

  - The amendment to IAS 16, *Property, Plant and Equipment* explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.

  - The amendment to IAS 38, *Intangible Assets* introduces a rebuttable presumption that the use of revenue-based amortisation methods is in appropriate for intangible assets.

- Amendments to IAS 27, *Equity Method in Separate Financial Statements*, effective for accounting periods beginning on or after January 1, 2016 and can be early adopted. The amendments allow the use of the equity method in separate financial statements, and apply to the accounting for subsidiaries, associates, and also joint ventures.

- Amendments to IAS 7, *Statement of Cash Flows*, effective for accounting periods beginning on or after January 1, 2017, requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.

2. BASIS OF PREPARATION (cont'd)

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

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

- IAS *1 Presentation of Financial Statements*, effective for accounting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:
  - specific single disclosures that are not material do not have to be presented even if they are minimum requirements of a standard.
  - the order of notes to the financial statements is not prescribed.
  - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material.
  - specific criteria is now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI.
  - the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.

- *IFRS 15, Revenue from Contracts with Customers* is effective for periods beginning on or after January 1, 2018. It replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*.

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

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

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

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

2. BASIS OF PREPARATION (cont'd)

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

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

Management is in the process of evaluating the impact of adopting these standards and amendments on the financial statements, when they 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, except where otherwise indicated, which is the functional currency of the University.

(e) Use of estimates, assumptions and judgements:

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

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

(i) Allowance for impairment losses on receivables:

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

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

2. BASIS OF PREPARATION (cont'd)

(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, 2016, 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. The Open Campus has one wholly-owned subsidiary, Early Childhood Centres of Excellence, a company limited by guarantee. Their financial positions, results of operations and cash flows have been consolidated.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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 and UWI Consulting Inc., 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 2016	Percentage ownership 2015
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

Summary information applicable to the subsidiaries, based on draft financial statements, as at and for the years ended July 31, 2016 and 2015, is as follows:

	Net assets/(liabilities)		Net profit/(loss)	
	2016	2015	2016	2015
	J$'000	J$'000	J$'000	J$'000
MIL	(41,396)	(67,838)	(30,322)	(34,150)
MSBM	194,431	188,733	15,938	16,918
UMC	(266,178)	(269,075)	(33,091)	(35,859)
UWIC	(66,324)	45,175	(8,440)	(11,677)
	(179,467)	(103,005)	(55,915)	(64,768)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Cash and cash equivalents:

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

(c) Investments:

Available-for-sale investments:

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

Loans and receivables:

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

Fair value through profit or loss:

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

Held to maturity:

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Resale agreements:

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

The difference between the purchase and resale 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 measured at amortised cost, less impairment losses.

(f) Accounts payable:

Accounts payable and accrued charges are measured at amortised cost.

(g) Provisions:

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

(h) Inventories:

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

(i) Investment properties:

Investment properties are measured 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).

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Property, plant and equipment and depreciation:

(i) Owned assets:

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

(ii) Depreciation:

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

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

(iii) Capital grants:

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

(k) Employee benefits:

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Employee benefits (cont'd):

(a) General benefits:

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation 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 plans*

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

(c) *Post-employment medical care:*

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

(l) *Capital grants:*

Capital grants comprise the following:

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

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

The amounts meeting the condition include:

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Donations for designated projects:

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

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

(a) Donations received in advance of project expenditure:

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

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

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

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

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

(n) Revenue recognition:

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

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

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

(o) Finance costs:

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Impairment losses:

(i) Non-financial assets:

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

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

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

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

(ii) Financial assets:

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Impairment losses:

(ii) Financial assets (cont'd):

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

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

(q) Foreign currency:

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

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

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

(iv) Gains and losses arising from consolidation are included in translation reserves.

(r) Related parties:

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

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

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

(ii) has significant influence over the University; or

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Related parties (cont'd):

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

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

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

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

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

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

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

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

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

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

(s) *Finance leases:*

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

(t) Interest in subsidiaries:

Interest in subsidiaries is carried at cost less impairment losses.

(u) Expenses:

Expenses are recognized on the accrual basis.

(v) Interest-bearing borrowings:

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

4. GOVERNMENT CONTRIBUTIONS

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

5. CASH AND CASH EQUIVALENTS

	2016 J$'000	2015 J$'000
Cash on hand and imprest accounts	9,205	8,790
Bank current accounts	9,264,687	8,169,317
Savings accounts	54,326	47,273
Fixed-term deposits	4,916,170	3,660,073
Treasury deposits	-	166,112
	14,244,388	12,051,565
Bank overdraft	(140,631)	(130,600)
	14,103,757	11,920,965

Included in cash and cash equivalents are restricted funds totalling J$4,708,277,000 (2015: J$470,723,000). The restricted amount is from donors who have stipulated that these funds must only be used to fund scholarships, prizes, and special projects, as the case may be. Accordingly, these funds are not available for general use by the University.

6. RESALE AGREEMENTS

The fair value of the underlying securities for resale agreements as at July 31, 2016, was J$1,495,925,000 (2015: J$1,278,235,000).

Included in resale agreements are restricted funds with a nominal value of J$1,012,486,000 (2015: J$962,841,000). The restricted amount is from donors who have stipulated that these funds must only be used to fund scholarships, prizes and endowments, as the case may be. Accordingly, these funds are not available for general use by the University.

7. INVESTMENTS

	2016 J$'000	2015 J$'000
Short-term investments:		
Available-for-sale carried at fair value		
Regional quoted equities [see (i)]	2,509,637	2,417,775
Unit trust accounts	27,506	25,022
	2,537,143	2,442,797
Loans and receivables carried at amortised cost		
Government securities [see (ii)]	11,902	11,546
Fixed-term deposits	183,502	170,216
	195,404	181,762
Total short-term investments	2,732,547	2,624,559
Long-term investments:		
Loans and receivables carried at amortised cost		
Government securities [see (ii)]	899,653	845,394
Fixed-term deposits	8,026,779	7,522,241
	8,926,432	8,367,635
Provision for impairment [see (iii)]	(525,845)	(487,773)
Total long-term investments	8,400,587	7,879,862
Total investments [see (iv)]	11,133,134	10,504,421

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

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

(iii) The movement in the provision for impairment is as a result of foreign exchange adjustment of J$38,072,000 (2015: J$19,184,000).

(iv) Included in investments are restricted funds totalling J$3,258,870,000 (2015: J$2,867,584,000). The restricted amount is from donors who have stipulated that these funds must only be used to fund special projects, scholarships and prizes, as the case may be. Accordingly, these funds are not available for general use by the University.

8. ACCOUNTS RECEIVABLE

	2016 J$'000	2015 J$'000
Contributions due from governments [see (a) below]	8,432,504	9,616,118
Staff accounts	167,563	175,061
Student accounts	4,748,932	4,196,715
Government Assistance for Tuition Expense (GATE)	3,911,837	4,153,668
Cave Hill School of Business	59,382	56,705
Mona Tech Engineering Services	(4,317)	2,390
Norman Manley Law School	4,932	13,904
Advances for special projects	1,017,287	1,402,829
Other accounts receivable	13,888,985	12,689,318
	32,227,105	32,306,708
Less: impairment provisions [note 27(i)]:		
- Student accounts	(1,275,590)	(1,087,154)
- Third parties	(2,328,516)	(2,503,929)
- Government of Trinidad and Tobago	(1,967,530)	(3,072,583)
	26,655,469	25,643,042

(a) Contributions due from governments:

	2016 J$'000	2015 J$'000
Anguilla	226,808	180,829
Antigua	355,195	253,517
Bahamas	237,013	121,736
Barbados	6,035,325	6,301,961
Belize	170,289	209,147
British Virgin Islands	190,016	107,654
Bermuda	2,869	-
Cayman Islands	272,759	223,107
Dominica	1,102,975	940,209
Grenada	880,125	855,002
Jamaica	115,067	55,289
Montserrat	-	2,768
St. Kitts and Nevis	147,753	101,140
St. Lucia	978,305	853,815
St. Vincent and the Grenadines	1,205,844	974,038
Trinidad and Tobago	1,342,378	2,338,371
Turks and Caicos Islands	26,615	9,083
	13,289,336	13,527,666
Transferred to long-term receivables (note 13)	(4,856,832)	(3,911,548)
	8,432,504	9,616,118

9. INVENTORIES

	2016 J$'000	2015 J$'000
General stores	136,167	134,935
Bookshop inventory	281,908	268,235
Stationery	28,643	18,155
	446,718	421,325

10. CURRENT LIABILITIES

	2016 J$'000	2015 J$'000
Government contributions received in advance	11,387	5,692
University Hospital of the West Indies (UHWI)	393,986	236,443
Mona School of Business and Management	68,524	-
Mona Informatix Limited	-	100,000
UWI Development and Endowment Fund	-	58,699
Student accounts	512,481	576,271
Accrued vacation leave	2,107,473	1,874,036
Short- term loan (i)	353,706	891,320
Current portion of long-term liabilities (note 22)	2,202,834	1,582,005
Deferred revenue	912,613	725,662
Sundry creditors	14,275,431	13,421,347
	20,838,435	19,471,475

(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, 2014	65	3,378	3,443
Net movement	9,488	-	9,488
Balances as at July 31, 2015	9,553	3,378	12,931
Net movement	(4,052)	-	(4,052)
Balances as at July 31, 2016	5,501	3,378	8,879

12. INVESTMENT PROPERTIES

	2016 J$'000	2015 J$'000
Cost	9,948	9,948
Less: accumulated depreciation	(3,979)	(3,730)
Balance at end of year	5,969	6,218
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:

	2016 J$'000	2015 J$'000
Income earned from the rental of properties	7,147	6,679
Expenses incurred by the properties	4,909	5,238

The fair value was last determined by Cooper Kauffman Limited and D.C. Tavares & Finson Realty Limited, in their valuation reports dated November 2015 and March 2016 respectively, for J$348,140,500. Management is of the view that there has been no material change in the fair value since the date of the last valuation.

13. LONG-TERM RECEIVABLES

	2016 J$'000	2015 J$'000
Contributions due from governments (a):		
Anguilla	226,808	180,829
British Virgin Islands	190,016	107,654
Cayman Islands	272,759	-
Dominica	1,102,975	940,209
Grenada	880,125	855,002
St. Lucia	978,305	853,815
St. Vincent and the Grenadines	1,205,844	974,039
	4,856,832	3,911,548
Less: impairment loss [see note (a) below]	(3,719,076)	(2,825,064)
	1,137,756	1,086,484
Medical Sciences students (b)	24,629	29,715
Retroactive salaries receivable (c)	-	273,677
Government of Barbados - NIB Loan [note 22(n)]	2,074,944	2,054,975
	3,237,329	3,444,851
Less: current portion	-	(121,985)
	3,237,329	3,322,866

(a) This represents government contributions outstanding for periods in excess of one year. An impairment loss of J$894,012,042 (BDS$10,671,440) [2015: J$759,426,585 (BDS$11,527,494)] 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 related 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 was settled in full during the year.

14. INTEREST IN SUBSIDIARIES

	2016				
	MSBM	UMC	MIL	UWIC	TOTAL
	J$'000	J$'000	J$'000	J$'000	J$'000
Shares at cost	116	79,697	100	-	79,913
Loans receivable [see notes below]	-	51,310	61,021	-	112,331
Current accounts	(28,013)	109,613	29,623	25,054	136,277
Less provision for impairment	-	(240,620)	-	-	(240,620)
	(27,897)	-	90,744	25,054	87,901

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

Notes:

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

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

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 or deemed cost								
July 31, 2014	1,909,700	47,608,609	9,175,833	859,659	6,758,613	6,734,251	1,351,277	74,397,942
Currency translation adjustments	82,235	1,234,395	266,836	19,868	180,465	268,971	48,760	2,101,530
Additions	-	373,398	694,436	110,419	447,143	234,016	803,344	2,662,756
Transfers	-	11,567	-	-	160,167	-	(171,734)	-
Disposals	-	-	(75,191)	(37,126)	(85,937)	-	-	(198,254)
July 31, 2015	1,991,935	49,227,969	10,061,914	952,820	7,460,451	7,237,238	2,031,647	78,963,974
Currency translation adjustments	71,183	1,415,683	178,430	21,212	178,185	172,021	147,166	2,183,880
Additions	-	839,624	384,190	53,883	554,938	82,000	754,281	2,668,916
Transfers	-	1,197,705	-	-	-	-	(1,197,705)	-
Adjustments	-	(185,299)	568,932	16,061	(399,346)	-	-	348
Disposals	-	(3,103)	(55,928)	(21,619)	(1,360,470)	-	-	(1,441,120)
July 31, 2016	2,063,118	52,492,579	11,137,538	1,022,357	6,433,758	7,491,259	1,735,389	82,375,998
Depreciation								
July 31, 2014	-	7,492,620	5,948,953	659,819	5,718,485	5,851,327	-	25,671,204
Charge for the year	-	991,466	695,819	91,265	467,640	390,247	-	2,636,437
Disposals	-	-	(17,527)	(32,309)	(136,463)	-	-	(186,299)
Currency translation adjustments	-	220,532	195,133	15,813	152,152	243,617	-	827,247
July 31, 2015	-	8,704,618	6,822,378	734,588	6,201,814	6,485,191	-	28,948,589
Charge for the year	-	1,062,552	719,966	90,833	422,566	293,189	-	2,589,106
Disposals	-	(1,234)	(47,385)	(19,142)	(1,360,470)	-	-	(1,428,231)
Adjustments	-	-	290,921	9,349	(306,345)	-	-	(6,075)
Currency translation adjustments	-	301,424	137,707	17,733	149,275	159,788	-	765,927
July 31, 2016	-	10,067,360	7,923,587	833,361	5,106,840	6,938,168	-	30,869,316
Net book values:								
At July 31, 2016	2,063,118	42,425,219	3,213,951	188,996	1,326,918	553,091	1,735,389	51,506,682
At July 31, 2015	1,991,935	40,523,352	3,239,536	218,231	1,258,636	752,047	2,031,646	50,015,385
At July 31, 2014	1,909,700	40,115,989	3,226,880	199,840	1,040,128	882,924	1,351,277	48,726,738

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, 2014	5,834,591	277,846	10,886	6,123,323
Receipts	3,873,496	1,088,483	-	4,961,979
Expenditure	(3,171,358)	(1,074,503)	-	(4,245,861)
Transfers	102,494	-	-	102,494
Currency translation adjustments	245,597	6,348	-	251,945
Balances as at July 31, 2015	6,884,820	298,174	10,886	7,193,880
Receipts	4,276,874	2,589,030	-	6,865,904
Expenditure	(3,729,559)	(2,608,006)	-	(6,337,565)
Transfers	3,692	-	-	3,692
Currency translation adjustments	183,227	3,602	-	186,829
Balances as at July 31, 2016	7,619,054	282,800	10,886	7,912,740

20. ENDOWMENT FUNDS

	2016 J$'000	2015 J$'000
Balance at beginning of year	315,882	304,319
New grants during the year	4,344	11,167
Currency translation adjustments	784	396
Balance at end of year	321,010	315,882

21. CAPITAL GRANTS

	2016 J$'000	2015 J$'000
Balance at beginning of year	14,062,416	12,554,960
Receipts	1,090,789	826,373
Amortisation	(423,466)	(310,692)
Transfers	742,634	525,354
Currency translation adjustments	464,850	466,421
Balance at end of year	15,937,223	14,062,416

22. LONG-TERM LIABILITIES

(i) Long-term Loans

	Notes	Interest Rates %	2016 J$'000	2015 J$'000
United States Agency for International Development (USAID)	(a)	3.0	52,932	96,583
European Union	(b)	1.0	392,673	377,165
Inter-American Development Bank (IDB)	(c)	2.8-6.4	503,854	933,253
Caribbean Development Bank (CDB)	(d)(i)&(ii)	2.0-2.97	1,298,671	1,305,968
Caribbean Development Bank (CDB)	(d)(iii)	2.97	267,037	277,760
Caribbean Development Bank (CDB)	(d)(iv)		11,832	8,539
National Housing Trust – Loan #1	(e) (i)	5.0	449,903	477,439
National Housing Trust –Loan #2	(e)(ii)	5.0	1,885,641	1,908,100
CLICO International	(f)	7.0	187,944	174,337
Republic Bank (Barbados) Limited	(g)	7.7	-	9,222
Republic Bank (Barbados) Limited convertible loan	(h)	0	6,237	11,054
Republic Bank (Barbados) Limited	(i)(i)	7.7	126,226	234,174
Republic Bank (Barbados) Limited	(i)(ii)	7.0	189,339	20,490
Republic Finance and Trust (Barbados) Corporation- Bond Issue	(j)	9.45	1,336,758	1,347,798
First Citizens Bank Barbados Limited	(k)	8.0	353,861	443,034
NCB Capital Markets Limited and National Commercial Bank Jamaica Limited	(l)	9.85	871,897	1,140,172
Republic Finance and Trust (Barbados) Corporation	(m)	7.5	637,323	604,171
National Insurance Board of Barbados	(n)	7.75	2,074,944	2,054,975
National Commercial Bank Jamaica Ltd.	(o)	11.0	1,228,751	687,339
			11,875,823	12,111,573

(ii) Other Long-term Liabilities

	Notes	Interest Rates %	2016 J$'000	2015 J$'000
Barnett Limited	(p)	5.0	82,049	82,049
University Hospital of the West Indies	(q)	0	614,378	638,734
Retroactive salaries	(r)	0	-	148,068
Trade creditors	(s)	4.5	2,249	54,765
			698,676	923,616
			12,574,499	13,035,189
Less: current portion of long-term liabilities (note 10)			(2,202,834)	(1,582,005)
Total non-current portion of long-term liabilities			10,371,665	11,453,184

22. LONG-TERM LIABILITIES (cont'd)

(a) In February 1977, USAID granted a loan of US$8.5 million to the University. The purpose of this loan was the construction of certain buildings and the provision of scholarships and training on three of the four Campuses. This loan is repayable in sixty-one (61) half-yearly instalments, which commenced in May 1987, and bears interest at the rate of 2% per annum for the first ten years, thereafter at 3% per annum. The principal outstanding at July 31, 2016 was US$418,331 (2015: US$823,513).

(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, 2016, was €2,743,428 (2015: €2,895,738 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, 2016 was US$3,982,671 (2015: US$7,958,303).

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

The CDB loans, amounting to US$8,896,000, are guaranteed by all the contributing governments. The University has drawn down US$8,695,300 (J$1,097,574,000) up to July 31, 2016 [2015: US$8,695,300 (J$1,018,107,895)].

Portion A, amounting to US$5,544,000 (J$649,131,200), is repayable in one hundred and twenty (120) equal quarterly instalments, which commenced on December 31, 2003. Interest on this portion is 2% per annum, payable quarterly. The amount outstanding as at July 31, 2016 is US$3,073,214 (J$387,919,993) [2015: US$3,251,370 (J$380,693,820)].

22. LONG-TERM LIABILITIES (cont'd)

(d) (ii) University Enhancement Project

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

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

Interest is being paid quarterly at the rate of 3.6% on the amount disbursed. A commitment fee is also paid at the rate of 1% per annum on the loan drawn down from time to time. At July 31, 2016, the amount disbursed was US$8,246,000 (2015: US$8,246,000) which equates to J$1,040,860,833 (2015: J$965,500,600) at the year-end exchange rate.

(iii) In March 2007, the University of the West Indies, Cave Hill Campus, entered into an agreement with the Caribbean Development Bank for the provision to the University of a loan not exceeding the equivalent of US$3,500,000. The purpose of the loan was to provide the University with funds for on-lending to the Cave Hill School of Business Inc. (the School) to assist the School in its expansion. It is a condition of the loan that the University enters into an agreement with the School for the on-lending of the funds received and for the School to have primary responsibility to make all payments of principal, interest and other charges associated with the loan. The loan bears interest at the rate of 2.97% (2015:3.9%) per annum on the outstanding balance and is repayable in fifty-six (56) equal quarterly instalments, commencing three years after the date of first disbursement. The loan is guaranteed by the Government of Barbados.

(iv) During 2015, the University of the West Indies, Open Campus, signed a loan agreement with the Caribbean Development Bank. This loan agreement is to facilitate the development of the Open Campus Country Sites in St. Lucia and St. Vincent. The only funds drawn down against the loan at year end were commitment fees and interest costs in the amount of BDS$187,472 (2015: BDS$145,854).

(e) ***(i)*** In April 2001, the National Housing Trust ("The Trust") granted a loan of J$584,800,458 to UWI Mona towards the construction of a new student residence, The Rex Nettleford Hall ("the Hall"). The loan is to be repaid from income earned from the operations of the Hall in semi-annual instalments, over twenty-five (25) years, at eight percent (8%) per annum on a graduated basis for nine (9) years, and then a fixed sum for the remaining years. The graduated loan repayments will increase by five percent (5%) per annum for the first five (5) years of the repayment period. The agreement provides that the repayment of the loan principal begins after the expiration of the five (5) years, i.e. in April 2006. Interest is payable on a quarterly basis. With effect from July 1, 2012, the Board of the Trust approved a reduction in interest rate from 8% to 5%. Repayment is set at a fixed amount of J$4,201,643 per month to March 2028.

22. LONG-TERM LIABILITIES (cont'd)

(e) ***(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%.

(f) CLICO International Life Insurance Limited ("CLICO"), in partnership with the University of the West Indies, Cave Hill Campus, constructed a teaching facility at a cost of approximately BDS$4,244,000. The financing for this structure was a grant from CLICO of BDS$1,525,000 and a loan of BDS$2,719,000. This loan is secured by term deposits with CLICO to the value of BDS$1,430,254 (2015: 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, 2016, the term deposit which provides security for the loan was included in the provision for impaired deposits, (see note 7).

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

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

(g) In February 2006, the 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% (2015: 8.7%), for an effective rate of 7.7% (2015:7.7%). The loan is repayable by monthly instalments of BDS$24,840 covering principal and interest, over a period of 10 years.

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

22. LONG-TERM LIABILITIES (cont'd)

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

(i) *(ii)* On April 1, 2014 the Cave Hill Campus entered into a loan agreement with Republic Bank (Barbados) Limited for a loan of BDS$6,500,000 to assist with the construction of the Institute for Cultural Development. The loan bears interest at 1.0% per annum below the bank's prime rate, currently 8%, for an effective rate of 7% per annum. The loan is repayable over five years via semi-annual principal payments of BDS$650,000 each, commencing February 28, 2015. The loan is secured by a lien over term deposits totalling BDS$6,500,000 in the name of the campus.

(j) 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% (2015: 9.45%). The bond issue is guaranteed by the Government of Barbados.

(k) In September 2008 the University obtained a loan of BDS$16,000,000 from First Citizens Bank (Barbados) Limited to finance the construction of infrastructure and other costs relating to the expansion of the Cave Hill Campus. The loan 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)

(l) In February 2011, UWI Mona entered into an agreement with NCB Capital Markets Limited and National Commercial Bank Jamaica Limited (NCB) for a J$2,100,000,000 loan facility towards the partial financing of the construction of a medical complex at the Mona Campus. The facility involves UWI Mona issuing promissory notes under the commercial paper transactions arranged by NCB Capital Markets Limited. There was a moratorium on the principal of 12 months following the issue date. The facility attracts a financing cost of 13.75% p.a. and was repayable 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.

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

(n) This loan of BDS$41,000,000, was provided in March 2012 to fund arrears of contributions from the Government of Barbados (see note 13). Repayments are being made by the Government of Barbados at a fixed interest rate of 7.75% over a period of twenty (20) years. Repayment commenced August 1, 2012. The balance outstanding at July 31, 2016 is BDS$32,876,605 (J$2,074,944,000) [2015: BDS$35,101,623 (J$2,054,974,557)].

(o) UWI Mona received a loan from NCB in 2014 which was used to liquidate a loan from the Development Bank of Jamaica and also to finance the development of the CoGen Plant for the production of energy. The loan is secured by a promissory note and is payable in 28 equal quarterly instalments over 7 years. Interest is payable at 11% per annum.

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

(q) This represents funds held on behalf of the University Hospital of the West Indies by UWI Mona for the purpose of upgrading the facilities at the hospital. The terms of repayment have not been agreed.

22. LONG-TERM LIABILITIES (cont'd)

(r) This represented salary arrears due by the Government of Jamaica. Due to the nature of the arrangement, no interest was imputed.

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

23. EMPLOYEE BENEFITS OBLIGATION

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

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

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

(a) Plan for academic and senior administrative staff:

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

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

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

(b) Plan for administrative and technical staff:

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

23. EMPLOYEE BENEFITS OBLIGATION (cont'd)

(c) Plan for non-academic staff:

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

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

(d) Post–employment benefits computation

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

	2016 J$'000	2015 J$'000
Defined contribution supplementation plan [note 23(d)(i)]	13,908,423	12,594,851
Defined benefit plan [note 23(d)(i)]	2,356,416	1,973,443
	16,264,839	14,568,294
Post-employment medical benefits [note 23(d)(ii)]	5,553,929	4,747,225
Amount recognised in the statement of financial position	21,818,768	19,315,519

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	
	2016 J$'000	2015 J$'000	2016 J$'000	2015 J$'000	2016 J$'000	2015 J$'000
Present value of unfunded obligations	13,908,423	12,594,851	-	-	13,908,423	12,594,851
Present value of funded obligations	-	-	9,502,510	8,742,880	9,502,510	8,742,880
Fair value of plan assets	-	-	(7,146,094)	(6,769,437)	(7,146,094)	(6,769,437)
Recognised liability	13,908,423	12,594,851	2,356,416	1,973,443	16,264,839	14,568,294

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

	F.S.S.U.		St. Augustine Campus		Total	
	2016 J$'000	2015 J$'000	2016 J$'000	2015 J$'000	2016 J$'000	2015 J$'000
Net liability at beginning of year	12,594,851	11,858,116	1,973,443	1,577,089	14,568,294	13,435,205
Included in profit or loss [note 23(e)]	1,192,073	1,128,601	408,466	561,778	1,600,539	1,690,379
Included in other comprehensive income	367,621	(188,236)	152,023	(24,427)	519,644	(212,663)
Contributions paid	(689,614)	(576,563)	(222,123)	(216,660)	(911,737)	(793,223)
Currency translation adjustments	443,492	372,933	44,607	75,663	488,099	448,596
Net liability at end of year	13,908,423	12,594,851	2,356,416	1,973,443	16,264,839	14,568,294

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	
	2016 J$'000	2015 J$'000	2016 J$'000	2015 J$'000	2016 J$'000	2015 J$'000
Fair value of plan assets at beginning of year	-	-	6,769,437	6,110,482	6,769,437	6,110,482
Plan participants' contributions	-	-	111,071	108,330	111,071	108,330
Expected return on plan assets	-	-	339,002	314,620	339,002	314,620
Contributions paid	-	-	222,124	216,660	222,124	216,660
Benefits paid	-	-	(249,681)	(237,546)	(249,681)	(237,546)
Actuarial losses on plan assets	-	-	(193,592)	(18,501)	(193,592)	(18,501)
Currency translation adjustments	-	-	147,733	275,392	147,733	275,392
Fair value of plan assets at end of year	-	-	7,146,094	6,769,437	7,146,094	6,769,437

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	
	2016 J$'000	2015 J$'000	2016 J$'000	2015 J$'000	2016 J$'000	2015 J$'000
Current service costs	312,830	338,889	294,510	298,884	607,340	637,773
Interest on obligation	879,243	829,911	105,957	82,693	985,200	912,604
Past service costs vested benefits	-	(40,199)	7,999	180,201	7,999	140,002
	1,192,073	1,128,601	408,466	561,778	1,600,539	1,690,379

Included in other comprehensive income:

	F.S.S.U.		St. Augustine Campus		Total	
	2016 J$'000	2015 J$'000	2016 J$'000	2015 J$'000	2016 J$'000	2015 J$'000
Re-measurement gain due to actuarial (gain)/loss arising from:						
- Experience adjustment	29,176	(245,022)	152,023	(24,427)	181,199	(269,449)
- Demographic assumptions	-	-	-	-	-	-
- Financial assumptions	338,445	56,786	-	-	338,445	56,786
	367,621	(188,236)	152,023	(24,427)	519,644	(212,663)

23. EMPLOYEE BENEFITS OBLIGATION (cont'd)

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

(ii) Post-employment medical benefits:

	2016 J$'000	2015 J$'000
Liability at beginning of year	4,747,225	4,723,785
Included in profit or loss:		
Current service cost	264,169	290,674
Interest cost on obligation	332,280	340,551
Past service cost-vested benefits	-	(573,121)
	596,449	58,104
Included in other comprehensive income:		
Re-measurement gain due to actuarial (gain)/loss arising from:		
- Experience adjustment	403,400	(289,086)
- Demographic assumptions	(167,294)	-
- Financial assumptions	(2,924)	224,799
	233,182	(64,287)
Other:		
Contributions paid	(83,217)	(77,350)
Currency translation adjustments	60,290	106,973
Liability at end of year	5,553,929	4,747,225

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

	2016 J$'000	2015 J$'000
Amount included in profit or loss:		
Pension supplementation-defined contribution plan [note 23(d)(i)]	1,192,073	1,128,601
Defined benefit pension plan [note 23(d)(i)]	408,466	561,778
	1,600,539	1,690,379
Post-employment medical care [note 23(d)(ii)]	596,449	58,104
	2,196,988	1,748,483

23. EMPLOYEE BENEFITS (cont'd)

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

	2016 J$'000	2015 J$'000
Amount included in other comprehensive income:		
Pension supplementation-defined contribution plan [note 23(d)(i)]	367,621	(188,236)
Defined benefit pension plan [note 23(d)(i)]	152,023	(24,427)
	519,644	(212,663)
Post-employment medical care [note 23(d)(ii)]	233,182	(64,287)
	752,826	(276,950)

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

	FSSU		St. Augustine	
	2016 %	2015 %	2016 %	2015 %
Discount rate	5.0-9.0	5.0- 9.5	5.0	5.0
Future salary increases	3.0- 5.5	3.0- 6.0	3.0	3.0
Health cost inflation	5.5-7.0	5.0-7.5	n/a	n/a

(g) *Sensitivity analysis on projected benefit obligation*

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

	2016		2015	
	1% Increase J$'000	1% Decrease J$'000	1% Increase J$'000	1% Decrease J$'000
Pension:				
Discount rate	(1,343,344)	1,603,756	(1,205,369)	1,445,928
Salary escalation rate	888,360	(753,929)	863,716	(717,392)
Health:				
Discount rate	(981,665)	1,308,364	(823,543)	1,090,539
Health inflation rate	1,271,901	(976,221)	1,055,080	(812,668)

23. EMPLOYEE BENEFITS (cont'd)

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

	2016	2015
Pension	10.3	10.3
Health	20.3	19.8

(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 $857,467,000.

24. DEFERRED INCOME

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

	2016 J$'000	2015 J$'000
Balance at beginning of the year	198,333	-
Payment in respect of concession agreement	-	200,000
Less: amount recognized during the year	(10,000)	(1,667)
	188,333	198,333
Less: current portion included in current liabilities	(10,000)	(10,000)
	178,333	188,333

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

25. EXPENSES BY NATURE

		2016 J$'000	2015 J$'000
Administrative services		577,721	597,954
Advertising		172,483	163,160
Centre's share of central expenditure		34,439	2,648
Cleaning and sanitation		222,391	201,832
Computer and software license fees		218,048	231,792
Courier services, shipping and freight charges		110,099	116,167
Donations and charity		175,868	86,527
General office supplies and consumables		583,108	520,384
Hospitality and entertainment		347,550	312,059
Laboratory and medical supplies		766,051	823,350
Legal and professional fees		1,388,782	1,159,218
Local and foreign travel		889,783	966,592
Miscellaneous		2,701,029	2,441,783
Motor vehicle expenses		169,116	214,717
Printing and stationery		574,519	522,108
Provision for doubtful debts		1,248,279	3,299,360
Repairs and maintenance	- building	1,627,149	1,654,660
	- furniture and fixtures	581,292	446,735
	- motor vehicles	109,415	107,017
Security costs		618,440	538,517
Staff costs (note 29)		36,894,648	34,622,948
Teaching and research		2,318,895	2,030,316
Training and development		262,754	252,063
Utilities		1,956,979	2,243,139
		54,548,838	53,555,046

26. FINANCE COSTS

	2016 J$'000	2015 J$'000
Interest expense - loans	423,025	504,165
Other finance costs	184,362	186,428
	607,387	690,593

27. FINANCIAL RISK MANAGEMENT

Overview

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

27. FINANCIAL RISK MANAGEMENT (cont'd)

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

- Credit risk
- Liquidity risk
- Market risk

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

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

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

(i) Credit risk:

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

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

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

Management of credit risk relating to different types of financial assets

Cash and cash equivalents, resale agreements and investments

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

Accounts receivable

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

27. FINANCIAL RISK MANAGEMENT (cont'd)

(i) Credit risk (cont'd):

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

Due from Governments

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

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

	2016		2015	
	Gross	Discount	Gross	Discount
	J$'000	J$'000	J$'000	J$'000
Past due 0-30 days	2,189,288	-	1,807,676	-
Past due 31-60 days	1,920,668	-	2,610,712	-
Past due 61- 120 days	3,535,192	-	2,613,502	-
Past due 121-365 days	1,364,144	-	2,893,891	-
More than one year	4,280,044	3,719,076	3,601,885	2,825,064
Total	13,289,336	3,719,076	13,527,666	2,825,064

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

The movement in the discount during the year was as follows:

	2016	2015
	J$'000	J$'000
Balance at beginning of year	2,825,064	2,065,638
Amount recognised	894,012	759,426
Balance at end of year	3,719,076	2,825,064

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.

27. FINANCIAL RISK MANAGEMENT (cont'd)

(i) Credit risk (cont'd):

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

Student receivables (cont'd)

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

	2016		2015	
	Gross J$'000	Impairment J$'000	Gross J$'000	Impairment J$'000
Past due 0-120 days	1,475,684	-	1,257,122	-
Past due 121-365 days	2,016,504	18,846	1,301,399	-
More than one year	1,256,744	1,256,744	1,638,194	1,087,154
	4,748,932	1,275,590	4,196,715	1,087,154

Students, third parties and Government of Trinidad and Tobago receivables

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

	Students	Third parties	Government of Trinidad and Tobago
Balance at July 31, 2014	869,407	1,107,107	1,382,965
Currency translation adjustment	25,696	45,479	60,532
Amount recognised	192,051	1,351,343	1,629,086
Balance at July 31, 2015	1,087,154	2,503,929	3,072,583
Currency translation adjustment	53,351	157,540	66,466
Amount recognised/ (recovered)	135,085	(332,953)	(1,171,519)
Balance at July 31, 2016	1,275,590	2,328,516	1,967,530

Staff and other receivables

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

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

(ii) Liquidity risk:

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

27. FINANCIAL RISK MANAGEMENT (cont'd)

(ii) Liquidity risk (cont'd):

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

	2016				
	Carrying amount J$'000	Cash outflow J$'000	Less than 1 year J$'000	1-2 years J$'000	Over 2 years J$'000
Current liabilities	16,528,128	16,528,128	16,528,128	-	-
Long-term liabilities	12,574,498	17,498,902	3,173,858	2,940,015	11,385,029
	29,102,626	34,027,030	19,701,986	2,940,015	11,385,029

	2015				
	Carrying amount J$'000	Cash outflow J$'000	Less than 1 year J$'000	1-2 years J$'000	Over 2 years J$'000
Current liabilities	16,015,433	16,015,433	16,015,433	-	-
Long-term liabilities	13,035,189	18,781,573	3,314,760	2,450,735	13,016,078
	29,050,622	34,797,006	19,330,193	2,450,735	13,016,078

(iii) Market risk:

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

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

(a) Interest rate risk:

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

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

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

27. FINANCIAL RISK MANAGEMENT (cont'd)

(iii) Market risk (cont'd):

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

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

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

	2016 J$'000	2015 J$'000
Fixed rate instruments:		
Financial assets	15,002,924	13,074,918
Financial liabilities	(9,158,135)	(9,033,460)
	5,844,789	4,041,458

	2016 J$'000	2015 J$'000
Variable rate instruments		
Financial assets	9,178,382	8,085,990
Financial liabilities	(2,793,500)	(3,149,109)
	6,384,882	4,936,881

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 the carrying value of the financial instruments.

Cash flow sensitivity analysis for variable rate instruments

An increase of 250 (2015: 250) basis points in interest rates would have decreased deficit for the year by J$159,622,000 (2015: J$123,422,000).

A decrease of 100 (2015: 100) basis points in interest rates would have increased deficit for the year by J$63,849,000 (2015: J$49,368,800).

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2015.

(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.

27. FINANCIAL RISK MANAGEMENT (cont'd)

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

A 10% (2015: 10%) change in the market price of equities at the reporting date would result in an increase/decrease in investment revaluation reserve by J$253,714,000 (2015: J$244,280,000).

(c) Foreign currency risk:

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

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

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

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

2016

	BAH $'000	BDS $'000	BZE $'000	CDN $'000	CAY $'000	EC $'000	EURO €'000	GB £'000	TT $'000	US $'000
Cash and cash equivalents	2,630	5,817	67,065	1,143	-	102,380	11,108	14,512	112,404	104,938
Short-term investments	-	2,908	-	-	-	-	-	176	30,570	10,348
Accounts payable	(95)	-	-	-	-	(4,221)	-	(12)	(19,134)	(1,446)
Long-term loans	-	-	-	-	-	-	(9,347)	-	-	(27,323)
Accounts receivable	1,748	-	2,059	-	858	22,491	-	2	(189,113)	7,026
Government contributions	1,878	95,630	2,712	-	1,772	104,503	-	-	71,252	1,739
Net Exposure	6,161	104,355	71,836	1,143	2,630	225,153	1,761	14,678	5,979	95,282

2015

	BAH $'000	BDS $'000	BZE $'000	CDN $'000	CAY $'000	EC $'000	EURO €'000	GB £'000	TT $'000	US $'000
Cash and cash equivalents	(6)	4,926	8	907	-	216	39,218	8,007	64,811	49,798
Short-term investments	-	2,908	-	-	-	-	-	226	30,403	9,881
Accounts payable	(92)	-	-	-	-	(3,561)	-	(16)	(15,568)	(2,348)
Long-term loans	-	-	-	-	-	-	(9,230)	-	-	(42,397)
Accounts receivable	876	-	2,726	-	858	27,124	-	3	1,152	8,962
Government contributions	1,040	107,644	3,599	-	1,562	95,960	-	-	126,805	871
Net Exposure	1,818	115,478	6,333	907	2,420	119,739	29,988	8,220	207,603	24,767

27. 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:

	2016	2015
BAH$1.00	=J$ 126.2262	=J$ 117.0871
BDS$1.00	=J$ 63.1131	=J$ 58.5436
BZE$1.00	=J$ 62.7991	=J$ 58.1078
CDN$1.00	=J$ 97.0193	=J$ 89.2123
Cay$1.00	=J$ 153.9343	=J$ 142.7892
EC$1.00	=J$ 46.7504	=J$ 43.3656
EURO€1.00	=J$ 140.4236	=J$ 129.3637
GB£1.00	=J$ 164.6767	=J$ 181.8795
TT$1.00	=J$ 18.8397	=J$ 18.4408
US$1.00	=J$ 126.2262	=J$ 117.0871

Sensitivity analysis

A 1% (2015: 1%) strengthening of the Jamaica dollar against the currencies listed above would have increased deficit for the year by J$377,205,000 (2015: J$250,630,000).

A 15% (2015: 15%) weakening of the Jamaica dollar against the currencies listed above would have decreased deficit for the year by J$5,658,078,000 (2015: J$3,759,448,000).

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is done on the same basis as 2015.

28. FAIR VALUES

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

Determination of fair value and fair values hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

28. FAIR VALUES (cont'd)

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

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

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

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

	Carrying Amount		Level 1	
	2016	2015	2016	2015
	J$'000	J$'000	J$'000	J$'000
Available-for-sale financial assets	2,537,143	2,442,797	2,537,143	2,442,797

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

Financial assets	Method
Regional quoted equities	Quoted bid-price on stock exchanges
Unit trusts	Quoted published prices

29. STAFF COSTS

	2016	2015
	J$'000	J$'000
Salaries and wages	33,510,693	31,593,454
Statutory payroll contributions	1,421,781	1,354,661
Pension plan contributions-defined contribution plans	576,380	190,992
Other	1,385,794	1,483,841
	36,894,648	34,622,948
Post-employment benefit costs [note 23(e)]	2,196,988	1,748,483
	39,091,636	36,371,431

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

	2016	2015
	J$'000	J$'000
Salaries and short-term employee benefits	463,683	401,182

30. TAXATION

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

Jamaica

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

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

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

Barbados

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

Trinidad and Tobago

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

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

31. CAPITAL COMMITMENT

The University is committed to incur contractual capital expenditure of approximately J$4.1 billion (2015: J$6.4 billion).

32. CONTINGENT LIABILITY

Housing and car loans guarantee

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

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

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

THE UNIVERSITY OF THE WEST INDIES

Supplementary Information to the Financial Statements for the Year Ended July 31, 2016

Basis of Presentation of Supplementary Information

The Consolidated Financial Statements presented in thousands of Jamaica dollars, as set out on pages 20, 21 and 23, have been translated to thousands of Barbados and United States dollars and included on pages 71 to 76 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, 2016:

BDS$1: J$63.1131 (2015: BDS$1: J$58.5436)
US$1: J$126.2262 (2015: US$1: J$117.0871)

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, 2016:

BDS$1: J$60.7284 (2015: BDS$1: J$57.3258)
US$1: J$ 121.4722 (2015: US$1: J$114.6602)

The consolidated statement of cash flows is translated using the closing rates of exchange at July 31, 2016 and 2015 and items related to the consolidated statement of profit or loss and other comprehensive income are translated at the average rates of exchange for 2016 and 2015.

Exchange differences are included in foreign exchange adjustments.

THE UNIVERSITY OF THE WEST INDIES
Consolidated Statement of Financial Position
(expressed in thousands of Jamaica and Barbados dollars)
July 31, 2016

	Notes	2016 J$'000	2015 J$'000	2016 BDS$'000	2015 BDS$'000
CURRENT ASSETS					
Cash and cash equivalents	5	14,103,757	11,920,965	223,468	203,626
Resale agreements	6	1,466,133	1,157,394	23,230	19,770
Short-term investments	7	2,732,547	2,624,559	43,296	44,831
Accounts receivable	8	26,655,469	25,643,042	422,345	438,016
Inventories	9	446,718	421,325	7,077	7,197
		45,404,624	41,767,285	719,416	713,440
CURRENT LIABILITIES	10	(20,838,435)	(19,471,475)	(330,176)	(332,598)
NET CURRENT ASSETS		24,566,189	22,295,810	389,240	380,842
NON-CURRENT ASSETS					
Advances	11	8,879	12,931	141	221
Long-term investments	7	8,400,587	7,879,862	133,104	134,598
Investment properties	12	5,969	6,218	95	106
Long-term receivables	13	3,237,329	3,322,866	51,294	56,759
Interest in subsidiaries	14	87,901	210,992	1,393	3,604
Property, plant and equipment	15	51,506,682	50,015,385	816,102	854,327
		63,247,347	61,448,254	1,002,129	1,049,615
		87,813,536	83,744,064	1,391,369	1,430,457
RESERVES					
Cumulative translation reserve	16	16,634,020	14,838,959	263,559	253,469
Revaluation surplus	17	5,426,213	5,426,213	85,976	92,687
Investment revaluation reserve	18	1,523,953	1,438,607	24,146	24,573
General reserve		3,853,151	4,992,151	61,052	85,272
Accumulated fund		3,836,460	4,518,920	60,787	77,189
Total reserves		31,273,797	31,214,850	495,520	533,190
NON-CURRENT LIABILITIES					
Unexpended donations for special projects	19	7,912,740	7,193,880	125,374	122,881
Endowment funds	20	321,010	315,882	5,086	5,396
Capital grants	21	15,937,223	14,062,416	252,519	240,204
Long -term liabilities	22	10,371,665	11,453,184	164,335	195,635
Employee benefits obligation	23(d)	21,818,768	19,315,519	345,709	329,934
Deferred income	24	178,333	188,333	2,826	3,217
Total non-current liabilities		56,539,739	52,529,214	895,849	897,267
		87,813,536	83,744,064	1,391,369	1,430,457

THE UNIVERSITY OF THE WEST INDIES

Consolidated Statement of Profit or Loss and Other Comprehensive Income

(expressed in thousands of Jamaica and Barbados dollars)

Year ended July 31, 2016

	Notes	2016 J$'000	2015 J$'000	2016 BDS$'000	2015 BDS$'000
INCOME					
Government contributions	4	27,947,703	26,188,023	460,208	456,828
Tuition and other student fees		7,642,807	7,351,957	125,852	128,249
Special projects		5,164,398	4,783,762	85,041	83,449
Other projects		11,550,017	11,162,784	190,191	194,725
Commercial operations		5,654,944	5,138,414	93,119	89,635
Investment income		441,427	327,070	7,269	5,705
Miscellaneous income		1,149,204	1,056,229	18,924	18,425
		59,550,500	56,008,239	980,604	977,016
Less: transfer to capital grants		(742,634)	(780,109)	(12,229)	(13,608)
Income after transfer to capital grants		58,807,866	55,228,130	968,375	963,408
EXPENSES					
Departmental		(24,373,593)	(22,906,648)	(401,354)	(399,587)
Administrative		(5,893,866)	(5,048,113)	(97,053)	(88,060)
Central		(6,974,998)	(9,336,300)	(114,856)	(162,864)
Special projects		(5,164,398)	(4,783,762)	(85,041)	(83,449)
Other projects		(7,695,285)	(7,271,813)	(126,716)	(126,851)
Commercial operations		(4,446,698)	(4,208,410)	(73,223)	(73,412)
	25	(54,548,838)	(53,555,046)	(898,243)	(934,223)
Surplus for the year before finance costs		4,259,028	1,673,084	70,132	29,185
Finance costs	26	(607,387)	(690,593)	(10,002)	(12,047)
Surplus for the year before depreciation, pension and post-employment medical benefits		3,651,641	982,491	60,130	17,138
Depreciation		(2,589,355)	(2,636,685)	(42,638)	(45,995)
Pension and post-employment medical benefits	23 (e)	(2,196,988)	(1,748,483)	(36,176)	(30,501)
Deficit for the year		(1,134,702)	(3,402,677)	(18,684)	(59,358)
OTHER COMPREHENSIVE INCOME:					
Items that will never be reclassified to profit or loss					
Re-measurement of employee benefits obligation	23 (e)	(752,826)	276,950	(12,397)	4,831
Items that may be reclassified to profit or loss					
Change in fair value of available-for-sale financial assets		233,826	116,163	3,850	2,026
Reclassification of fair value gains on disposal of investments		(148,480)	-	(2,445)	-
Currency translation adjustments		1,795,061	1,416,624	29,559	24,712
Total other comprehensive income		1,127,581	1,809,737	18,567	31,569

THE UNIVERSITY OF THE WEST INDIES

Consolidated Statement of Cash Flows

(expressed in thousands of Jamaica and Barbados dollars)

Year ended July 31, 2016

	Notes	2016 J$'000	2015 J$'000	2016 BDS$'000	2015 BDS$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Deficit for the year		(1,134,702)	(3,402,677)	(18,684)	(59,358)
Adjustments					
Depreciation :Property, plant and equipment	15	2,589,106	2,636,437	42,634	45,990
Investment properties	12	249	248	4	4
Amortization of capital grants	21	(423,466)	(310,692)	(6,973)	(5,420)
Employee benefits obligation		2,196,988	1,433,478	36,177	25,006
Loss/(gain) on sale of property, plant and equipment		1,767	(2,495)	29	(44)
Foreign exchange adjustments		2,167,107	1,310,548	17,050	22,018
Discount on long-term receivables		894,012	759,426	14,721	13,248
Interest income		(409,753)	(307,104)	(6,747)	(5,357)
Dividend income		(31,674)	(19,966)	(522)	(348)
Deferred income	24	(10,000)	(1,667)	(165)	(29)
Interest expense		607,387	690,593	10,002	12,047
		6,447,021	2,786,129	87,528	47,757
Changes in :					
Accounts receivable		(1,906,439)	(717,448)	(30,207)	(12,255)
Inventories		(25,393)	(23,716)	(402)	(405)
Current liabilities		(1,997,637)	(1,488,577)	(31,652)	(25,427)
Net cash provided by operating activities		2,517,552	556,388	25,267	9,670
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		152,194	109,498	2,506	1,910
Dividend received		31,674	19,966	522	348
Investments, (net)		(543,368)	(423,619)	(8,609)	(7,236)
Increase in resale agreements		(308,739)	(5,266)	(4,892)	(90)
Decrease/ (increase) in advances		4,052	(9,488)	64	(162)
Long-term receivables		85,537	563,619	1,355	9,627
Increase in interest in subsidiaries		123,091	73,228	1,950	1,251
Purchase of property, plant and equipment	15	(2,668,916)	(2,662,756)	(42,288)	(45,483)
Proceeds from sale of property, plant and equipment		11,122	14,450	176	247
Net cash used by investing activities		(3,113,353)	(2,320,368)	(49,215)	(39,588)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(377,861)	(587,578)	(6,222)	(10,250)
Unexpended donations for special projects		718,860	818,612	11,390	13,983
Endowment funds	20	4,344	11,167	69	191
Capital grants received	21	1,090,789	826,373	17,283	14,116
Proceeds of long-term loans		1,211,990	67,091	19,203	1,146
Deferred income received		-	100,000	-	1,708
Repayment of long-term loans		(2,165,505)	(1,861,446)	(34,312)	(31,796)
Other long term liabilities		2,295,976	(268,734)	36,379	(4,590)
Net cash provided/(used) by financing activities		2,778,593	(894,515)	43,791	(15,492)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,182,792	(2,658,495)	19,842	(45,410)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		11,920,965	14,579,460	203,626	249,036
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5	14,103,757	11,920,965	223,468	203,626

THE UNIVERSITY OF THE WEST INDIES

Consolidated Statement of Financial Position

(expressed in thousands of Jamaica and United States dollars)

July 31, 2016

	Notes	2016 J$'000	2015 J$'000	2016 US$'000	2015 US$'000
CURRENT ASSETS					
Cash and cash equivalents	5	14,103,757	11,920,965	111,734	103,968
Resale agreements	6	1,466,133	1,157,394	11,615	10,094
Short-term investments	7	2,732,547	2,624,559	21,648	22,890
Accounts receivable	8	26,655,469	25,643,042	211,172	223,644
Inventories	9	446,718	421,325	3,539	3,675
		45,404,624	41,767,285	359,708	364,271
CURRENT LIABILITIES	10	(20,838,435)	(19,471,475)	(165,088)	(169,819)
NET CURRENT ASSETS		24,566,189	22,295,810	194,620	194,452
NON-CURRENT ASSETS					
Advances	11	8,879	12,931	70	113
Long-term investments	7	8,400,587	7,879,862	66,552	68,724
Investment properties	12	5,969	6,218	47	54
Long-term receivables	13	3,237,329	3,322,866	25,647	28,980
Interest in subsidiaries	14	87,901	210,992	696	1,840
Property, plant and equipment	15	51,506,682	50,015,385	408,051	436,205
		63,247,347	61,448,254	501,063	535,916
		87,813,536	83,744,064	695,683	730,368
RESERVES					
Cumulative translation reserve	16	16,634,020	14,838,959	131,780	129,417
Revaluation surplus	17	5,426,213	5,426,213	42,988	47,324
Investment revaluation reserve	18	1,523,953	1,438,607	12,073	12,547
General reserve		3,853,151	4,992,151	30,524	43,539
Accumulated fund		3,836,460	4,518,920	30,394	39,411
Total reserves		31,273,797	31,214,850	247,759	272,238
NON-CURRENT LIABILITIES					
Unexpended donations for special projects	19	7,912,740	7,193,880	62,687	62,741
Endowment funds	20	321,010	315,882	2,543	2,755
Capital grants	21	15,937,223	14,062,416	126,259	122,644
Long -term liabilities	22	10,371,665	11,453,184	82,167	99,888
Employee benefits obligation	23(d)	21,818,768	19,315,519	172,855	168,459
Deferred income	24	178,333	188,333	1,413	1,643
Total non-current liabilities		56,539,739	52,529,214	447,924	458,130
		87,813,536	83,744,064	695,683	730,368

THE UNIVERSITY OF THE WEST INDIES

Consolidated Statement of Profit or Loss and Other Comprehensive Income

(expressed in thousands of Jamaica and United States dollars)

For the year ended July 31, 2016

	Notes	2016 J$'000	2015 J$'000	2016 US$'000	2015 US$'000
INCOME					
Government contributions	4	27,947,703	26,188,023	230,075	228,397
Tuition and other student fees		7,642,807	7,351,957	62,918	64,120
Special projects		5,164,398	4,783,762	42,515	41,721
Other projects		11,550,017	11,162,784	95,084	97,355
Commercial operations		5,654,944	5,138,414	46,553	44,814
Investment income		441,427	327,070	3,634	2,853
Miscellaneous income		1,149,204	1,056,229	9,461	9,212
		59,550,500	56,008,239	490,240	488,472
Less: transfer to capital grants		(742,634)	(780,109)	(6,114)	(6,804)
Income after transfer to capital grants		58,807,866	55,228,130	484,126	481,668
EXPENSES					
Departmental		(24,373,593)	(22,906,648)	(200,652)	(199,779)
Administrative		(5,893,866)	(5,048,113)	(48,520)	(44,027)
Central		(6,974,998)	(9,336,300)	(57,421)	(81,426)
Special projects		(5,164,398)	(4,783,762)	(42,515)	(41,721)
Other projects		(7,695,285)	(7,271,813)	(63,350)	(63,421)
Commercial operations		(4,446,698)	(4,208,410)	(36,607)	(36,703)
	25	(54,548,838)	(53,555,046)	(449,065)	(467,077)
Surplus for the year before finance costs		4,259,028	1,673,084	35,061	14,591
Finance costs	26	(607,387)	(690,593)	(5,000)	(6,023)
Surplus for the year before depreciation, pension and post-employment medical benefits		3,651,641	982,491	30,061	8,568
Depreciation		(2,589,355)	(2,636,685)	(21,316)	(22,996)
Pension and post-employment medical benefits	23 (e)	(2,196,988)	(1,748,483)	(18,086)	(15,249)
Deficit for the year		(1,134,702)	(3,402,677)	(9,341)	(29,677)
OTHER COMPREHENSIVE INCOME:					
Items that will never be reclassified to profit or loss					
Re-measurement of employee benefits obligation	23 (e)	(752,826)	276,950	(6,198)	2,415
Items that may be reclassified to profit or loss					
Change in fair value of available-for-sale financial assets		233,826	116,163	1,925	1,013
Reclassification of fair value gains on disposal of investments		(148,480)	-	(1,222)	-
Currency translation adjustments		1,795,061	1,416,624	14,778	12,355
Total other comprehensive income		1,127,581	1,809,737	9,283	15,783
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(7,121)	(1,592,940)	(58)	(13,894)

THE UNIVERSITY OF THE WEST INDIES
Consolidated Statement of Cash Flows
(expressed in thousands of Jamaica and United States dollars)
Year ended July 31, 2016

	Notes	2016 J$'000	2015 J$'000	2016 US$'000	2015 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Deficit for the year		(1,134,702)	(3,402,677)	(9,341)	(29,677)
Adjustments for:					
Depreciation :Property, plant and equipment	15	2,589,106	2,636,437	21,314	22,993
Investment properties	12	249	248	2	2
Amortization of capital grants	21	(423,466)	(310,692)	(3,486)	(2,710)
Employee benefits obligation		2,196,988	1,433,478	18,086	12,502
Loss/(gain) on sale of property, plant and equipment		1,767	(2,495)	15	(22)
Foreign exchange adjustments		2,167,107	1,310,548	5,436	11,434
Discount on long- term receivables		894,012	759,426	7,360	6,623
Interest income		(409,753)	(307,104)	(3,373)	(2,678)
Dividend income		(31,674)	(19,966)	(261)	(174)
Deferred income	24	(10,000)	(1,667)	(82)	(15)
Interest expense		607,387	690,593	5,000	6,023
		6,447,021	2,786,129	40,670	24,301
Changes in :					
Accounts receivable		(1,906,439)	(717,448)	(15,103)	(6,257)
Inventories		(25,393)	(23,716)	(201)	(207)
Current liabilities		(1,997,637)	(1,488,577)	(15,826)	(12,983)
Net cash provided by operating activities		2,517,552	556,388	9,540	4,854
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		152,194	109,498	1,253	955
Dividend received		31,674	19,966	261	174
Investments, (net)		(543,368)	(423,619)	(4,305)	(3,695)
Increase in resale agreements		(308,739)	(5,266)	(2,446)	(46)
Decrease/(increase) in advances		4,052	(9,488)	32	(83)
Long-term receivables		85,537	563,619	678	4,916
Increase in subsidiaries		123,091	73,228	975	639
Purchase of property, plant and equipment	15	(2,668,916)	(2,662,756)	(21,144)	(23,223)
Proceeds from sale of property, plant and equipment		11,122	14,450	88	126
Net cash used by investing activities		(3,113,353)	(2,320,368)	(24,608)	(20,237)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(377,861)	(587,578)	(3,111)	(5,125)
Unexpended donations for special projects		718,860	818,612	5,918	7,139
Endowment funds	20	4,344	11,167	36	97
Capital grants received	21	1,090,789	826,373	8,980	7,207
Proceeds of long-term loans		1,211,990	67,091	9,978	585
Deferred income received		-	100,000	-	872
Repayment of long-term loans		(2,165,505)	(1,861,446)	(17,156)	(16,234)
Other long term liabilities, (net)		2,295,976	(268,734)	18,189	(2,344)
Net cash provided/(used) by financing activities		2,778,593	(894,515)	22,834	(7,803)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,182,792	(2,658,495)	7,766	(23,186)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		11,920,965	14,579,460	103,968	127,154
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5	14,103,757	11,920,965	111,734	103,968

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