

**THE UNIVERSITY OF THE SOUTH PACIFIC**  
**FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2021**

<b>Table of Contents</b>	<b>Page</b>
Statement by appointed officers	2
Independent auditor's report	3 - 5
Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in funds and reserves	8
Statement of cash flows	9
Notes to the financial statements	10– 54

THE UNIVERSITY OF THE SOUTH PACIFIC  
FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2021

STATEMENT BY APPOINTED OFFICERS

In our opinion the accompanying Financial Statements give a true and fair view of the financial position of The University of the South Pacific as at 30 June 2021 and of its financial performance, its changes in funds and reserves and its cash flows for the period then ended.

We are not aware of any circumstances which would render any particulars included in the Financial Statements misleading or inaccurate.



.....  
Professor Pal Ahluwalia  
Vice Chancellor & President



.....  
Ms Lorna Aloma Johansson  
Chair – Finance and  
Resource Committee



.....  
Kolinio Boila  
Executive Director Finance



## Independent Auditors' Report

To the Council of the University of the South Pacific

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of the University of the South Pacific ("the University"), which comprise the statements of financial position as at 30 June 2021, the statements of profit or loss and other comprehensive income, changes in funds and reserves and cash flows for the half year ended, and notes, comprising significant accounting policies and other explanatory information as set out in notes 1 to 31.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the University as at 30 June 2021, and of its financial performance and cash flows for the half year then ended in accordance with International Financial Reporting Standards (IFRS) including the requirements of IAS 34 "Interim Financial Reporting".

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the University in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and the ethical requirements that are relevant to our audit of the financial statements in Fiji and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

#### Other matter

The financial statements of the University for the half year ended 30 June 2020 and year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 30 October 2020 and 21 April 2021 respectively.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS including the requirements of IAS 34 "Interim Financial Reporting" 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.



## Independent Auditors' Report

To the Council of the University of the South Pacific

### Report on the Audit of the Financial Statements

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

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

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

#### Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



## Independent Auditors' Report

To the Council of the University of the South Pacific

### Report on the Audit of the Financial Statements – continued

#### Auditors' Responsibilities for the Audit of the Financial Statements – continued

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

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

*KPMG*  
KPMG

Suva, Fiji  
17 December, 2021

**THE UNIVERSITY OF THE SOUTH PACIFIC  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 30 JUNE 2021**

	Notes	Half Year Ended 30 June 2021 \$	Half Year Ended 30 June 2020 \$
<b>Income</b>			
Government contributions	4	5,457,224	17,640,829
Student tuition fees	5	46,085,449	42,375,529
Development assistance	6	21,318,343	23,912,919
Commercial income	7(a)	6,642,126	6,935,299
Consultancy income	7(b)	1,077,620	630,832
Other income	8	4,118,024	4,399,703
Release of deferred income	9	2,137,717	1,847,774
Unrealised exchange gain		-	8,451
Interest income		372,010	616,824
<b>Total income from continuing operations</b>		<b>87,208,513</b>	<b>98,368,160</b>
<b>Expenditure</b>			
Staff costs	10	36,164,263	38,446,851
Operating costs	11	24,073,121	31,459,311
Interest expense		254,681	279,674
Depreciation and amortisation	17,18,19(a)	8,980,383	6,254,907
Impairment loss on trade and other receivables	3(i)	7,421,564	3,244,435
Write down/(up) in value of inventories	12	253,362	635,485
Unrealised exchange loss		250,937	676,107
Realised exchange loss		96,308	-
<b>Total expenditure from continuing operations</b>		<b>77,494,619</b>	<b>80,996,770</b>
Surplus for the half year		9,713,894	17,371,390
<b>Other comprehensive income</b>			
Item that will be reclassified subsequently to profit or loss:			
Foreign currency translation reserve		283,812	27,151
<b>Total comprehensive income for the half year</b>		<b>9,997,706</b>	<b>17,398,541</b>

The accompanying notes from pages 10 to 54 form an integral part of these financial statements.

**THE UNIVERSITY OF THE SOUTH PACIFIC**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	Notes	30 June 2021	31 December 2020
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents	15	100,152,032	81,603,626
Investment financial assets	15	22,734,629	20,962,212
Trade and other receivables	13	11,051,208	14,414,935
Inventories	12	2,791,938	2,460,477
Prepayments	14	4,392,094	2,299,909
		<u>141,121,901</u>	<u>121,741,159</u>
<b>Non-current assets</b>			
Property, plant and equipment	17	234,592,899	240,009,069
Right-of-use assets	19(a)	2,663,094	3,286,042
Intangible assets	18	620,653	827,376
		<u>237,876,646</u>	<u>244,122,487</u>
<b>Total assets</b>		<b><u>378,998,547</u></b>	<b><u>365,863,646</u></b>
<b>Current liabilities</b>			
Creditors and accruals	22	14,922,941	14,202,482
Development assistance (projects) unexpended	23	38,579,716	35,046,970
Lease liabilities	19(b)	1,291,274	1,371,736
Provisions	24	4,452,430	3,777,402
Deferred income	25	4,275,433	3,702,911
Borrowings	21	572,537	560,883
		<u>64,094,331</u>	<u>58,662,384</u>
<b>Non-current liabilities</b>			
Provisions	24	896,449	863,862
Deferred income	25	89,921,781	91,555,717
Lease liabilities	19(b)	1,526,910	2,074,334
Borrowings	21	16,204,219	16,349,910
		<u>108,549,359</u>	<u>110,843,823</u>
<b>Total Liabilities</b>		<b><u>172,643,690</u></b>	<b><u>169,506,207</u></b>
<b>Net assets</b>		<b><u>206,354,857</u></b>	<b><u>196,357,439</u></b>
<b>Represented by:</b>			
<b>Funds and reserves</b>			
Other contributed equity	26(a)	26,944,762	26,944,762
Endowment capital	15(c)	5,782,790	5,783,078
Retained earnings		179,626,951	169,913,057
Foreign currency translation reserve	26(b)	(5,999,646)	(6,283,458)
		<u>206,354,857</u>	<u>196,357,439</u>

The accompanying notes from pages 10 to 54 form an integral part of these financial statements.

**THE UNIVERSITY OF THE SOUTH PACIFIC  
STATEMENT OF CHANGES IN FUNDS AND RESERVES  
FOR THE HALF YEAR ENDED 30 JUNE 2021**

	<b>30 June 2021</b>	<b>31 December 2020</b>
	\$	\$
<b>Retained earnings</b>		
Balance at beginning of period	169,913,057	137,139,876
Surplus for the period	9,713,894	32,773,181
<b>Balance at end of period</b>	<b><u>179,626,951</u></b>	<b><u>169,913,057</u></b>
<b>Endowment capital</b>		
Balance at beginning of period	5,783,078	5,741,249
Foreign exchange gain/(loss) for the period	(288)	41,829
<b>Balance at end of period</b>	<b><u>5,782,790</u></b>	<b><u>5,783,078</u></b>
<b>Analysed as:</b>		
Endowments – general	94,133	94,133
Endowments – specific	5,688,657	5,688,945
<b>Total endowment capital</b>	<b><u>5,782,790</u></b>	<b><u>5,783,078</u></b>
<b>Other contributed equity</b>		
<b>Balance at beginning and end of period</b>	<b><u>26,944,762</u></b>	<b><u>26,944,762</u></b>
<b>Foreign currency translation reserve</b>		
Balance at beginning of period	(6,283,458)	(5,953,242)
Other comprehensive income	283,812	(330,216)
<b>Balance at end of period</b>	<b><u>(5,999,646)</u></b>	<b><u>(6,283,458)</u></b>

The accompanying notes from pages 10 to 54 form an integral part of these financial statements.

**THE UNIVERSITY OF THE SOUTH PACIFIC  
STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 30 JUNE 2021**

	Notes	Half Year Ended 30 June 2021 \$	Half Year Ended 30 June 2020 \$
<b>Operating activities</b>			
<b>Recurrent activities</b>			
Development assistance (recurrent)		22,417,853	15,335,318
Government contributions		2,737,818	27,704,776
Interest received		372,011	616,824
Student tuition fees		38,476,936	36,022,916
Trading activities		6,716,046	8,036,668
Other receipts		6,918,110	5,159,509
		<u>77,638,774</u>	<u>92,876,011</u>
Staff costs		(32,677,062)	(36,554,725)
Other operating costs		(22,393,965)	(29,689,589)
Interest paid		(254,681)	(279,674)
		<u>(55,325,708)</u>	<u>(66,523,988)</u>
<b>Net cash flows provided by recurrent activities</b>		<b>22,313,066</b>	<b>26,352,023</b>
<b>Project activities</b>			
Receipts from development assistance		7,493,988	3,584,838
Personnel costs		(2,010,597)	(2,476,979)
Other operating costs		(3,265,896)	(7,013,487)
<b>Net cash flows provided by/ (used in) project activities</b>		<b>2,217,495</b>	<b>(5,905,628)</b>
<b>Net cash provided by operating activities</b>	16	<b>24,530,561</b>	<b>20,446,395</b>
<b>Investing activities</b>			
Payment for property plant and equipment – General		(3,088,706)	(6,862,903)
Payment for property plant and equipment – Projects		(111,104)	(840,489)
Net receipt from/ (investment in) short term deposits		(1,772,416)	552,526
<b>Net cash used in investing activities</b>		<b>(4,972,226)</b>	<b>(7,150,866)</b>
<b>Financing activities</b>			
Proceeds from/(principal repayments of) borrowings		(274,693)	(298,251)
Repayment of principal lease liabilities		(735,236)	(884,259)
<b>Net cash used in financing activities</b>		<b>(1,009,929)</b>	<b>(1,182,510)</b>
Net increase/(decrease) in cash and cash equivalents		18,548,406	12,113,019
Cash and cash equivalents at beginning of year		81,603,626	58,855,072
<b>Cash and cash equivalents at end of period</b>		<b>100,152,032</b>	<b>70,968,091</b>

The accompanying notes from pages 10 to 54 form an integral part of these financial statements.

**THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2021**

**1. REPORTING ENTITY**

The University of the South Pacific was established by Royal Charter of the University in 1970. It is a non-profit educational institution providing higher education to member regional countries, with its main operations domiciled in Fiji. The registered office is at Laucala Bay Campus, Suva, Fiji.

The University is the provider of tertiary education in the Pacific region and an international centre of excellence for teaching, research and consulting on all aspects of Pacific life.

These financial statements were authorised for issue by the Finance and Investments Committee on

---

**2. SIGNIFICANT ACCOUNTING POLICIES**

The summary of significant accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to the periods presented unless otherwise stated.

*(a) Reporting period*

The financial statements are reported for the six months from 1 January to 30 June 2021.

*(b) Basis of measurement*

The financial statements are prepared on the basis of historical costs and do not take into account changing money values or current valuation of non-current assets.

The concepts of accrual method and going concern basis of accounting are applied. The Finance and Investments Committee and officers of the University are of the opinion that the basis for preparation of the accounts is appropriate and that the University will be able to continue its normal operations in the next 12 months. The Committee and the officers resolved that the classification and carrying amounts of assets and liabilities included in these accounts are appropriate.

The University have not early adopted any standards, interpretations or amendments that have been issued that are not yet effective.

*(c) Functional and presentation currency*

The financial statements are presented in Fiji dollars which is the University's functional currency and rounded to the nearest dollar. Foreign currency amounts in respect of all overseas regional campuses of the University have been converted to Fiji dollars based on note 2(j).

*(d) Statement of compliance*

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

*(e) New standards adopted by the university*

There are no new or amended standards or interpretations that have been released and not yet adopted that are expected to have a significant impact on the university.

**THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021**

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(f) Basis of aggregation*

The financial statements of the overseas regional campuses and the book centre are aggregated in the University's financial statements. Inter-entity transactions, balances and gains/losses on the transactions between the University entities are eliminated.

*(g) Use of estimates and judgments*

The preparation of the financial statements in conformity with IFRS require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular significant areas of estimation uncertainty and critical judgments relate to the following:

- Note 2(k)(iii) – impairment of financial assets at amortised cost
- Note 2(r) – impairment of non-financial assets

*(h) Revenue recognition*

Revenue is measured based on the consideration specified in a contract with a customer. The University recognises revenue when it transfers control over a product or service to a customer. Revenue is presented net of value added tax, rebates and discounts.

Revenue is recognised in the financial statements for the major activities as follows:

<b>Revenue type</b>	<b>Nature, timing of satisfaction of performance obligations and significant payment terms (if any)</b>
Government contributions	<p>The University treats operating grants received from government contributions as revenue in the year of receipt or when entitlement to the grant is established. Government grants in respect of capital expenditure are recognised initially as deferred revenue when there is reasonable assurance that it will be received and the University will comply with the conditions associated with the grant. It is then recognised in profit or loss as income on a systematic basis over the useful life of the acquired asset.</p> <p>Revenue is measured at the transaction prices (government grants) agreed under the government grants agreements.</p>
Student tuition fees	<p>This consists of tuition fees for various courses offered by the university. The fees are dependent on the type of the courses and the level of study. The University recognises student tuition fees as income over the course of a semester during which tuition services are provided.</p> <p>Revenue is measured at the transaction prices as per university fees manual. Payment term is 30 days.</p>

**THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021**

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(h) Revenue recognition (continued)*

Development assistance	Development assistance received for recurrent funding is recognised on the due date while development assistance received with specific end purposes is recognised as revenue when the conditions attached to the assistance have been met and performance obligation is satisfied. Until those conditions are met, receipt of development assistance funds in advance is accounted for as deferred revenue and recognised as a liability. Revenue is measured at the transaction prices (donor grants) agreed under the development assistance agreements.
Commercial activities	Commercial activities represents revenue from book centre, computer shop, residential rentals, fitness centre, bar and ITC car park rentals. Revenue from commercial operations is recognised at the point of sale for goods, or as the service is performed. Services provided relate to student accommodation and is recognised over the period of the Semester as time passes. An invoice is raised once the sale is completed or services rendered. Revenue is measured at the transaction prices as per the invoice. Payment term is 30 days.
Consultancy	Consultancy revenue is recognised as the output activity specified in the agreement is met. Consultancy services represent revenue earned from provision of professional services and project consultancy by summarised professionals for other organisations. Revenue is measured at the transaction prices agreed under the consultancy agreement. Payment term is 30 days.
Other income	Other income represents income earned from lab hires, reprint of transcripts, reprint of ID cards and other similar services. Other income is recognised on receipt except where a department of the University has arranged for a University invoice to be raised to a third party; the revenue associated with these invoices is recognised when the goods/services have been provided. Revenue is measured at the transaction prices as per university fees manual. Payment term is 30 days.
Rental income	Rental income from operating leases is recognised as the services (rentals) are provided on a straight line basis over the lease term when they fall due and represents income earned from renting out the various properties held by the University, and is stated net of value added tax. Revenue is measured at the transaction price agreed under the lease agreement. Payment term is 30 days.
Interest income	Interest income represents interest income earned on the term deposits based on the maturity and the interest rate and is recognised as income as it is accrued.

Liabilities also includes fees received in advance for tuition fees to be applied upon next enrolment or overpayments of tuition fees to be refunded.

**THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021**

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(i) Commitment accounting*

The University operates a system of commitment accounting for its non-salary expenditure. Expenditure is recognised when purchase orders are placed and charged against the appropriate cost centre. At period end all expenditure in respect of goods and services not yet rendered is reversed.

*(j) Foreign currency transactions*

All foreign currency transactions during the period have been translated to Fijian currency using the exchange rate in effect at the dates of the transactions. Foreign currency monetary assets and liabilities in foreign currencies at balance date are translated at the exchange rate existing at that date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss in the financial period in which they arise.

*Regional campuses*

The assets and liabilities of regional campuses are translated to Fijian dollars using the exchange rate as at year end. The income and expenses of regional campuses are translated to Fijian dollars at average exchange rates. Foreign currency differences are recognised directly in equity in the foreign currency translation reserve. The functional currencies of the regional campuses are those of their respective countries.

*(k) Financial Instruments*

**Financial assets**

*(i) Classification*

The university classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through profit or loss or through OCI), and
- those to be measured at amortised cost.

The classification depends on the university's business model for managing the financial statements and the contractual terms of the cash flows. The university's financial assets measured at amortised cost consist of cash and cash equivalents, investment financial assets and trade and other receivables.

*(ii) Recognition and measurement*

Regular purchases and sales of financial assets are summarised on trade-date – the date on which the university commits to purchase or sell the asset. Financial assets are summarised when the rights to receive cash flows from them have expired or where they have been transferred and the university has also transferred substantially all risks and rewards of ownership.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

**THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021**

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(k) Financial Instruments (continued)*

*(ii) Recognition and measurement (continued)*

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by any impairment losses. Interest income, gains/(losses) arising from derecognition, foreign exchange gains/(losses) and impairment losses are summarised in profit or loss.

*(iii) Impairment of financial assets*

The University recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The University measures loss allowances at an amount equal to lifetime ECL, except for cash and cash equivalents and investment financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition are measured as 12-month ECL.

Loss allowances for trade and other receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the University considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the University's historical experience and informed credit assessment and including forward-looking information.

The University assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The University considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the University in full, without recourse by the University to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The University considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The University considers this to be B3 or higher per rating agency Moody's or BBB- or higher per rating agency Standard & Poor's.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the University is exposed to credit risk.

**THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021**

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(k) Financial Instruments (continued)*

**Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the University expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

ECLs are discounted at the effective interest rate of the financial asset.

At balance date, the University assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- the borrower is unlikely to pay its credit obligations to the University in full, without recourse by the University to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Loss allowances for ECL for financial assets measured at amortised cost are presented in the statement of financial position as a deduction from the gross carrying amount of the assets. The related impairment provision (reversal of impairment provision) is presented in a separate line item in the profit or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the University determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the University's procedures for recovery of amounts due.

***Financial liabilities***

*(i) Classification and subsequent measurement*

Financial liabilities are classified as subsequently measured at amortised costs, except for:

- Financial liabilities arising from the transfer of financial assets which did not qualify for de-recognition, whereby a financial liability is summarised for the consideration received for the transfer. In subsequent periods, the university summarised any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments

**THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021**

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(k) Financial Instruments (continued)*

*Financial liabilities (continued)*

*(ii) De-recognition*

Financial liabilities are summarised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expired). The university also summarises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is summarised at fair value. On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is summarised in profit or loss.

*(l) Statement of cash flows*

The following are the definitions of the terms used in the statement of cash flows:

*Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, deposits held with banks, deposits held at call with banks, other short-term deposits with original terms of three months or less and are subject to an insignificant risk of change in value, and bank overdrafts.

*(i) Operating activities*

Operating activities include all transactions and other events that are not investing or financing activities.

*(ii) Investing activities*

Investing activities are those relating to the acquisition, holding and disposal of property, plant and equipment and investments. Investments can include securities not falling within the definition of cash and cash equivalents.

*(iii) Financing activities*

Financing activities are those that result in changes in the size and composition of the capital structure. This includes both equity and debt not falling within the definition of cash and cash equivalents.

*(m) Short term deposits*

Term deposits with fixed or determinable payments and fixed maturities of more than three months up to twelve months are classified short term deposits. After initial measurement, these assets are measured at amortised cost. Interest earned from these assets is recognised on an accrual basis.

**THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021**

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(n) Trade and other receivables*

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment losses. Refer to note 2(k)(iii) for accounting policy in relation to impairment.

*(o) Inventories*

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis of valuation. Only inventories which are purchased and controlled centrally have been reported within the financial statements. Consumables purchased by the University for Departmental Use and held under the control of individual departments have been expensed in profit or loss at the time of purchase.

*(p) Property, plant and equipment*

The policy of the University is not to revalue its property, plant and equipment. In view of the specialised nature and wide geographical distribution of much of the University's property and equipment, it is considered that the costs of any revaluation to reflect current values would outweigh the benefits to the users of these financial statements. The value of its property, plant and equipment is therefore either their value when originally incorporated within the University's statement of financial position, or historical cost if acquired at a later date, less depreciation and impairment.

Items of property, plant and equipment, costing \$2,000 or more are recognised as assets except for computers and air conditioners valued at \$1,000 or more. Items of property, plant and equipment costing less than \$2,000 are expensed directly to profit or loss, except for computers and air conditioners valued more than \$1,000 (other than where they form part of a group of similar items which are significant in total).

*(i) Depreciation*

Property, plant and equipment, including buildings are recorded at cost and depreciated on a straight line basis over their estimated useful lives commencing from the time the asset is held and ready for use. The estimated useful lives are as follows:

- Used Motor vehicles and vessels 5 years.
- New Motor Vehicles 10 years
- Buildings 50 years.
- Equipment, furniture and fittings 10 years.
- Freehold land is not depreciated.

The depreciation applicable to donated assets is offset by a transfer from deferred income to profit or loss.

**THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021**

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(p) Property, plant and equipment (continued)*

*(ii) Deferred income*

Property, plant and equipment acquired with the aid of specific grants are capitalised and depreciated in accordance with the above policy, with the related grant being credited to deferred income as a liability and released to profit or loss over the expected useful economic life of the related property, plant and equipment. The exception to this is when the acquisition of property, plant and equipment is financed either through the University's own funds, donated by member countries or a loan or finance lease.

*(q) Intangible assets*

*IT software*

IT software which is purchased, developed, or implemented, is recorded at historical cost and is amortised over its estimated useful life as follows:

- Computer software 5 years

*(r) Impairment of non-financial assets*

The carrying amounts of the University's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

*(s) Trade creditors and accruals*

Liabilities for trade payables and other amounts are carried at amortised cost (inclusive of VAT/GST where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the University. The University's term in respect of its creditors is 30 days.

**THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021**

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(t) Employee benefits*

*(i) Short term benefits*

Provision is made for employee entitlements in respect of salaries and wages, annual leave, severance allowance and superannuation where the University has a legal or contractual obligation and is calculated as the amount unpaid as at reporting date at future expected pay rates. All employee benefit related provisions, except for severance allowance, long service leave and gratuity of selected senior managers, are classified as a current liability. Accrued leave is expected to be utilised in the following period.

*(ii) Superannuation benefits*

The University contributes to a number of defined contribution superannuation schemes. Contributions are made by employees and by the University as a percentage of salary or specified amounts as required by relevant agreements. The cost to the University is charged as an expense to profit or loss. The University's obligation is limited to these contributions.

*(iii) Termination benefits*

Termination benefits are employee benefits that are payable as a result of an employee's decision to accept voluntary redundancy in exchange for those benefits. This is recognised as an expense in profit or loss as the obligation arises.

*(u) Leases*

**As a lessee**

The University recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the University's incremental borrowing rate. Generally, the University uses its incremental borrowing rate as the discount rate.

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

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

**THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021**

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(u) Leases (continued)*

- variable lease payment that are based on an index or a rate
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The University does not have leases which contain the amounts expected to be payable by the lessee under residual value guarantees.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the University's incremental borrowing rate. Right-of-use assets are measured at cost comprising the following:

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

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

Cash payments for the principal portion of the lease liabilities are presented as cash flows from financing activities. Cash payments for the interest portion are presented as cash flows from operating activities, consistent with presentation of other interest payments. Short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented as cash flows from operating activities.

*Critical judgements in determining rates for discounting future lease payments*

Management applied judgment in selecting an appropriate rate to discount the remaining future lease payments when determining lease liabilities under IFRS 16.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the University's incremental borrowing rate as at 31 December 2020. The incremental borrowing rate is the rate of interest that the University would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

**THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021**

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(u) Leases (continued)*

**As a lessor**

When the University acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the University makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; If not, then it is an operating lease. As part of this assessment, the University considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the University applies IFRS 15 to allocate the consideration in the contract.

Lease income from operating leases where the University is a lessor is recognised in rental income on a straight-line basis over the lease term. The respective leased assets are included in the statement of financial position based on their nature.

**THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021**

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(v) Borrowings*

The University classifies non-derivative financial liabilities into borrowings. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

*(w) Endowment funds*

The University has established endowment funds for specific purposes. The capital amount of such funds is maintained at its original nominal value. The revenue generated through the investment of the capital is used in accordance with any conditions imposed by the Council, deed, gift or by the terms of the endowments or bequests. Endowment funds are transferred to profit or loss only when it is no longer required for the purpose for which the fund was originally established.

*(x) Income tax*

The University is exempt from income tax in accordance with the provision of Section 17 of the Fiji Income Tax Act.

*(y) Value Added Tax (VAT)/Goods and Services Tax (GST)*

Revenue, expenses and assets are recognised net of the amount of associated VAT/GST, unless VAT/GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of acquisition of the asset or part of the expense.

Receivables and payables are stated inclusive of the amount of VAT/GST, receivable or payable. The net amount of VAT/GST recoverable from, or payable to, the Tax Authority is included in other receivables or payables in the statement of financial position.

Amounts charged to the provision account are written off when there is no expectation of recovery.

*(z) Comparative amounts*

Where the presentation or classification of items in the financial statements is amended/reclassified, comparable amounts shall also be reclassified unless reclassification is impracticable.

**3. FINANCIAL RISK MANAGEMENT**

The University has exposure to the following risks:

- (i) Credit risk
- (ii) Liquidity risk and
- (ii) Market risk

**THE UNIVERSITY OF THE SOUTH PACIFIC**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE HALF YEAR ENDED 30 JUNE 2021**

**3. FINANCIAL RISK MANAGEMENT (continued)**

The overarching policies and objectives of the University's treasury management activities are defined as being the "management and control of its cash flows, banking, and investment transactions; the effective control of risks associated with those activities; and the pursuit of optimum performance consistent with those risks".

The Finance and Investments Committee reviews and approves policies for managing each of these risks, which are summarised below.

*(i) Credit risk*

The maximum exposure to credit risk at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of these assets, as disclosed in the statement of financial position and notes to the financial statements.

Movement in the allowance for impairment losses on trade and other receivables is summarised as follows:

	\$
Beginning balance as at 1 January 2020	19,025,826
Write-offs	2,104,101
Reversal of impairment loss	(1,543,971)
Balance as at half year ended 30 June 2020	<u>19,585,956</u>
Impairment loss	4,651,841
Write-offs	(2,876,329)
Balance at year end 31 December 2020	<u>21,361,468</u>
Impairment loss	7,421,564
Write-offs	(733,158)
Balance at half year end 30 June 2021	<u><u>28,049,874</u></u>

While cash and cash equivalents and held-to-maturity financial assets are also subject to impairment requirements of IFRS 9, any impairment loss is deemed immaterial.

The University applies the IFRS 9 simplified approach to measure expected credit losses for receivables.

THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021

3 FINANCIAL RISK MANAGEMENT (continued)

(i) Credit risk (continued)

To measure the expected credit losses, receivables have been grouped based on shared risk characteristics and the days past due. The university uses the 'net flow rate' model based on the probability of receivables following the movement of cash outstanding from payment status of current through all delinquency buckets until write off. Loss rates are based on historical credit losses experienced within this year. These rates are then adjusted to reflect current and forward looking information based on macroeconomic factors and the university's internal evaluation of receivables over their expected lives.

Trade receivables in relation to contributions due from governments have been assessed individually, and any impairment loss is deemed immaterial due to short term nature and historical lack of default from respective governments.

The following table provides analysis about the exposure to credit risk and expected credit losses for trade and other receivables except contributions due from governments:

	30 June 2021			31 December 2020		
	Expected weighted average loss rate	Gross carrying amount	Loss allowance	Expected weighted average loss rate	Gross carrying amount	Loss allowance
		\$	\$		\$	\$
<b>a. Trade debtors</b>						
1 to 90 days	13%	2,390,682	312,606	20%	2,789,105	545,772
91 to 180 days	100%	364,160	364,160	100%	155,566	155,566
181 to 365 days	100%	185,722	185,722	100%	349,649	349,649
More than 365 days	100%	926,373	926,373	100%	646,537	646,537
<b>Total</b>		<b>3,866,937</b>	<b>1,788,861</b>		<b>3,940,857</b>	<b>1,697,524</b>

THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021

3 FINANCIAL RISK MANAGEMENT (continued)

(i) Credit risk (continued)

	30 June 2021			31 December 2020		
	Expected weighted average loss rate	Gross carrying amount	Loss allowance	Expected weighted average loss rate	Gross carrying amount	Loss allowance
		\$	\$		\$	\$
<b>b.Student debtors</b>						
<b>Collective Assessment</b>						
1 to 90 days	17%	3,688,243	608,982	23%	1,780,382	405,068
91 to 180 days	80%	9,974,128	7,965,725	71%	5,454,988	3,848,544
181 to 365 days	100%	2,400,209	2,400,208	100%	3,125,361	3,125,359
More than 365 days	100%	7,959,343	7,959,343	100%	5,756,937	5,756,937
		24,021,923	18,934,258		16,117,668	13,135,908
Less unidentified deposits		(2,164,691)	-		-	-
<b>Total</b>		<b>21,857,232</b>	<b>18,934,258</b>		<b>16,117,668</b>	<b>13,135,908</b>

THE UNIVERSITY OF THE SOUTH PACIFIC  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 FOR THE HALF YEAR ENDED 30 JUNE 2021

3 FINANCIAL RISK MANAGEMENT (continued)

(i) Credit risk (continued)

	30 June 2021			31 December 2020		
	Expected weighted average loss rate	Gross carrying amount	Loss allowance	Expected weighted average loss rate	Gross carrying amount	Loss allowance
		\$	\$		\$	\$
<b>c. Staff debtors</b>						
1 to 90 days	-	6,769	-	-	2,695	-
91 to 180 days	50%	1,931	965	50%	2,742	1,371
181 to 365 days	100%	838	838	100%	855	855
More than 365 days	100%	11,181	11,181	100%	10,404	10,404
<b>Total</b>		<b>20,719</b>	<b>12,984</b>		<b>16,696</b>	<b>12,630</b>

THE UNIVERSITY OF THE SOUTH PACIFIC  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 FOR THE HALF YEAR ENDED 30 JUNE 2021

3 FINANCIAL RISK MANAGEMENT (continued)

(i) Credit risk (continued)

	30 June 2021			31 December 2020		
	Expected weighted average loss rate	Gross carrying amount	Loss allowance	Expected weighted average loss rate	Gross carrying amount	Loss allowance
		\$	\$		\$	\$
<b>d.VAT/GST receivable</b>						
1 to 90 days	-	6,670	-	-	5,999	-
91 to 180 days	50%	9,273	4,637	50%	17,117	8,559
181 to 365 days	100%	38,815	38,815	100%	15,700	15,700
More than 365 days	100%	3,694,027	3,694,027	100%	3,694,027	3,694,026
<b>Total</b>		<b>3,748,785</b>	<b>3,737,479</b>		<b>3,732,843</b>	<b>3,718,285</b>

THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021

3 FINANCIAL RISK MANAGEMENT (continued)

(i) Credit risk (continued)

	30 June 2021			31 December 2020		
	Expected weighted average loss rate	Gross carrying amount	Loss allowance	Expected weighted average loss rate	Gross carrying amount	Loss allowance
		\$	\$		\$	\$
<b>e. Other debtors</b>						
1 to 90 days	50%	1,367,457	685,540	7%	3,641,471	257,743
91 to 180 days	82%	307,912	252,286	52%	488,677	252,630
181 to 365 days	100%	634,549	634,549	100%	470,583	470,583
More than 365 days	100%	2,003,917	2,003,917	100%	1,816,164	1,816,164
<b>Individual Assessment</b>						
1 to 90 days					5,373,043	-
<b>Total</b>		<b>4,313,835</b>	<b>3,576,292</b>		<b>11,789,938</b>	<b>2,797,120</b>

**THE UNIVERSITY OF THE SOUTH PACIFIC**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE HALF YEAR ENDED 30 JUNE 2021**

**3 FINANCIAL RISK MANAGEMENT (continued)**

*(ii) Liquidity Risk*

Liquidity risk refers to the risk of financial loss to the University as a result of insufficient funds being available to meet its short and long term liabilities. The University has creditors and accruals which are all short term and hence have been classified as current liabilities in the statement of financial position.

The University manages liquidity risk by maintaining adequate cash and cash equivalent balances and borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Subventions within campuses or from the main Laucala campus to other campuses are carried out in order to maintain sufficient cash balances in all campuses for the funding of day-to-day operations.

The table below summarises the maturity profile of the university's financial liabilities based on contractual undiscounted payments (principal plus any future interest payments).

<b>Period ended 30 June 2021</b>	<b>Carrying Amount \$</b>	<b>1 to 3 months \$</b>	<b>3 to 12 months \$</b>	<b>1 to 5 years \$</b>	<b>&gt; 5 years \$</b>	<b>Total \$</b>
Creditors and accruals	14,922,941	7,343,723	7,579,218	-	-	14,922,941
Borrowings	16,776,756	92,984	501,472	5,925,731	11,431,296	17,951,483
Lease Liabilities	2,818,184	253,019	759,057	1,329,607	689,462	3,031,146

<b>Period ended 31 December 2020</b>	<b>Carrying Amount \$</b>	<b>1 to 3 months \$</b>	<b>3 to 12 months \$</b>	<b>1 to 5 years \$</b>	<b>&gt; 5 years \$</b>	<b>Total \$</b>
Creditors and accruals	14,202,482	6,450,033	7,752,449	-	-	14,202,482
Borrowings	16,910,793	90,468	491,783	6,150,596	11,400,626	18,133,472
Lease Liabilities	3,446,070	339,469	1,018,407	2,199,314	803,713	4,360,903

**THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021**

**3 FINANCIAL RISK MANAGEMENT (continued)**

*(iii) Market risk*

*Foreign currency risk*

Foreign currency risk refers to risk that the value of a financial commitment, recognized asset or liability will fluctuate due to changes in foreign currency rates. The University's foreign currency exchange risk arises primarily from cash and cash equivalents, held-to-maturity financial assets, and trade and other receivables balances denominated in foreign currencies and transactions for receipts and payments settled in foreign currencies or with prices dependent on foreign currencies as well as transactions for regional campuses in various currency denominations.

The University manages this risk by maintaining off-shore bank accounts in its efforts to provide a natural hedge against currency exposures.

The following table demonstrates the sensitivity analysis to a reasonably possible change in the Australian dollar (AUD), New Zealand dollar (NZD), Japanese Yen (JPY), Vanuatu Vatu (VUV) and United States Dollar (USD) exchange rates on the University's surplus, with all other variables held constant:

	Increase / (decrease) in foreign exchange rates	Effect on surplus(\$)					
		AUD	NZD	USD	JPY	VUV	TOP
30-Jun-21	10%	(4,054,406)	(2,449,838)	(195,394)	(22,105)	(195,394)	(1,466)
	-10%	4,054,406	2,449,838	195,394	22,105	195,394	1,466
31-Dec-20	10%	4,204,101	1,812,480	410,676	203,570	21,948	1,420
	-10%	(4,204,101)	(1,812,480)	(410,676)	(203,570)	(21,948)	(1,420)

*Interest Rate risk*

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

The University's exposure to the changes in market interest rates relates primarily to the investment of surplus cash into a call or held-to-maturity financial assets as well as through utilization of bank overdrafts and borrowings.

Investment financial assets are either rolled over at maturity at interest rates applicable on roll-over dates, or converted to operational use if the need arises at the time of maturity. Interest on bank overdrafts is subject to changes in market interest rates. All the borrowings of the University are at fixed rates of interest but are exposed to re-pricing due to fair value movements.

Long-term investments are not feasible due to the nature of operations within the University, therefore, avoiding the risk of a cash flow mismatch or a liquidity shortfall.

**THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021**

**3 FINANCIAL RISK MANAGEMENT (continued)**

*(iii) Market risk (continued)*

*Lending Facilities - Debt, Refinancing and Granting Security*

The University ensures that its borrowing, private financing and partnership arrangements are negotiated, structured, documented and the maturity profile of the raised monies managed, with a view to obtaining competitive and favourable terms in light of market conditions prevailing at the time.

Prior to entering into or negotiating for any agreement to increase lending facilities (including leases) or re-finance the University's current borrowing arrangements, approval from the Finance and Investments Committee (FIC) must be obtained.

In raising capital finance, those with delegated authority will take account of:

- (i) the University's powers and rules and, in particular the University's Charter, Statutes, Regulations and Scheme of Financial Delegations;
- (ii) any legal or fiscal statutory restrictions; and
- (iii) the terms and covenants of borrowing

The following table demonstrates the sensitivity analysis to a reasonably possible change in the interest rates on the University's surplus, with all other variables held constant:

	Increase/(Decrease) in interest rates	Effect on Surplus	
		30 June 2021 \$	31 December 2020 \$
<b>Financial Assets</b>	1%	12,631	14,578
Term deposits	-1%	(12,631)	(14,578)
<b>Financial Liabilities</b>	1%	3,600	3,778
Borrowings	-1%	(3,600)	(3,778)

THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021

4 GOVERNMENT CONTRIBUTIONS

	Half Year Ended June 2021 \$	Half Year Ended June 2020 \$
Cook Islands	73,890	77,925
Fiji	-	12,235,304
Kiribati	566,328	489,359
Marshall Islands	134,228	144,173
Nauru	61,746	63,630
Niue	30,388	26,826
Samoa	703,756	714,890
Solomon Islands	1,534,136	1,630,693
Tokelau	21,015	24,047
Tonga	691,390	682,173
Tuvalu	210,113	224,743
Vanuatu	1,430,234	1,327,066
	<u>5,457,224</u>	<u>17,640,829</u>

GOVERNMENT CONTRIBUTIONS BY CATEGORY	Half Year Ended June 2021		Half Year Ended June 2020	
	Student Grant \$	Campus Grant \$	Student Grant \$	Campus Grant \$
Cook Islands	33,845	40,045	37,880	40,045
Fiji	-	-	5,343,294	6,892,010
Kiribati	485,087	81,241	408,117	81,242
Marshall Islands	23,944	110,284	33,889	110,284
Nauru	25,795	35,951	27,679	35,951
Niue	5,952	24,436	2,390	24,436
Samoa	268,634	435,122	279,768	435,122
Solomon Islands	1,332,375	201,761	1,428,933	201,760
Tokelau	21,015	-	24,047	-
Tonga	551,680	139,710	542,463	139,710
Tuvalu	184,142	25,971	198,771	25,972
Vanuatu	835,444	594,790	732,276	594,790
	<u>3,767,913</u>	<u>1,689,311</u>	<u>9,059,507</u>	<u>8,581,322</u>

**THE UNIVERSITY OF THE SOUTH PACIFIC**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE HALF YEAR ENDED 30 JUNE 2021**

<b>5 STUDENT TUITION FEES</b>	<b>Half Year Ended June 2021 \$</b>	<b>Half Year Ended June 2020 \$</b>
Regional students	35,767,846	30,515,620
International students	720,731	1,107,479
	<u>36,488,577</u>	<u>31,623,099</u>
Pacific TAFE	8,023,590	9,248,757
Republic of Marshall Islands (RMI)	97,255	-
Master of Business Administration	1,250,167	1,123,277
Others	225,860	380,396
	<u><b>46,085,449</b></u>	<u><b>42,375,529</b></u>
<b>5(a) STUDENT TUITION FEES BY SPONSORS</b>		
Private students	21,022,485	18,671,185
Private sponsored	1,555,101	806,837
Government sponsored	21,991,895	22,769,996
USP sponsored	1,515,968	127,511
	<u><b>46,085,449</b></u>	<u><b>42,375,529</b></u>
<b>6 DEVELOPMENT ASSISTANCE</b>		
Australia - recurrent	10,837,591	15,204,308
- projects	514,824	1,618,604
New Zealand - recurrent	6,179,861	131,010
- projects	86,265	790,775
European Union	1,409,232	2,300,637
Japan	149,072	1,035,540
Other partners	2,141,498	2,832,045
	<u><b>21,318,343</b></u>	<u><b>23,912,919</b></u>

**THE UNIVERSITY OF THE SOUTH PACIFIC**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE HALF YEAR ENDED 30 JUNE 2021**

<b>7(a) COMMERCIAL INCOME</b>	<b>Half Year Ended June 2021 \$</b>	<b>Half Year Ended June 2020 \$</b>
Book centre and computer shop	3,322,647	3,640,756
Residential/Housing rental Income		
- <i>Laucala</i>	2,366,587	2,292,560
- <i>Emalus</i>	154,491	277,823
- <i>Alafua</i>	179,319	188,996
	6,023,044	6,400,135
Gymnasium and Community Recreation Centre Rental Income	456,906 152,701	385,948 133,216
Others	9,475	16,000
	<b>6,642,126</b>	<b>6,935,299</b>
<b>7(b) CONSULTANCY INCOME</b>		
Professional services and project consultancies	837,653	417,976
Training and teaching	166,637	122,393
Others	73,330	90,463
	<b>1,077,620</b>	<b>630,832</b>
<b>8 OTHER INCOME</b>		
Administration cost recovery	360,125	432,855
Course material and text book sales	281,678	269,891
Faculty and support units' income	583,949	665,891
ITS domain name registration	73,954	79,632
Laboratory income	437,942	724,293
Miscellaneous student activities	760,144	768,503
Other income	1,302,367	1,253,165
Publication sales	181,749	186,900
Insurance proceeds	136,116	18,573
	<b>4,118,024</b>	<b>4,399,703</b>

**THE UNIVERSITY OF THE SOUTH PACIFIC**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE HALF YEAR ENDED 30 JUNE 2021**

<b>9</b>	<b>RELEASE OF DEFERRED INCOME</b>	<b>Half Year Ended June 2021 \$</b>	<b>Half Year Ended June 2020 \$</b>
	Depreciation and amortisation charge for the period	8,980,383	6,254,907
	Less: charge on items acquired through normal operating activities	<u>(6,842,666)</u>	<u>(4,407,133)</u>
	Release of deferred revenue liability – depreciation	<b><u>2,137,717</u></b>	<b><u>1,847,774</u></b>

<b>10</b>	<b>PERSONNEL COSTS</b>		
	Academic and Professional staff	23,546,777	25,395,137
	Intermediate and Junior staff	10,470,876	11,963,164
	Provision for leave entitlement	675,028	(430,728)
	Senior management	<u>1,471,582</u>	<u>1,519,278</u>
		<b><u>36,164,263</u></b>	<b><u>38,446,851</u></b>

**Staff numbers (including part-time staff) by category**

Academic and professional	693	677
Intermediate and junior staff	872	895
Senior management	<u>11</u>	<u>8</u>
	<b><u>1,576</u></b>	<b><u>1,580</u></b>

**Annualised taxable emoluments for staff paid \$100,000 or more**

\$100,000 - \$119,999	67	61
\$120,000 - \$139,999	32	25
\$140,000 - \$159,999	24	23
\$160,000 - \$179,999	10	2
\$180,000 - \$199,999	4	1
\$200,000 - \$219,999	2	-
\$220,000 - \$239,999	2	-
\$240,000 - \$259,999	4	4
\$260,000 - \$279,999	2	1
\$280,000 - \$299,999	1	-
Above \$300,000	<u>2</u>	<u>4</u>
	<b><u>150</u></b>	<b><u>121</u></b>

THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021

11 OPERATING COSTS	Half Year Ended June 2021 \$	Half Year Ended June 2020 \$
Cost of sales	1,283,249	2,145,609
Travel and related expenses – University related	258,346	714,800
Travel and related expenses – Projects related	310,271	546,688
Student – research related expenses	2,218,005	3,512,622
Student – support related expenses	199,329	1,451,629
Grounds and maintenance	2,982,727	4,187,317
Consultancy expenses	1,810,481	2,467,372
Utilities	1,901,207	1,983,243
Telecommunications	2,056,984	3,201,378
Library books	758,118	1,028,773
Staff recruitment and passages	308,029	290,625
Printing and stationery	449,365	346,236
Insurance premiums	1,516,723	1,532,406
Computer software and hardware	2,683,550	1,948,943
Workshop expenses	86,292	107,021
Advertising	501,233	568,338
Hospitality / expenditure on meetings	223,003	486,931
Teaching materials	633,641	887,948
Medical premiums	1,106,553	648,385
Rent expense – low value and short term leases	397,095	627,866
Equipment purchase	464,049	306,679
Freight and courier charges	104,587	341,528
<b>Sub-total</b>	<b>22,252,837</b>	<b>29,332,337</b>
Other items of expenditure	1,718,219	1,829,948
 <u>Fees paid to auditors:</u>		
External audit - audit of financial statements	30,000	37,355
- audit of Projects	-	9,728
Internal audit - audit	18,239	63,750
- audit of Projects	-	134,708
 <u>Honorarium:</u>		
Council	17,013	23,515
Audit and Risk Committee	17,345	17,345
Finance and Investments Committee	19,468	10,625
<b>Total operating costs</b>	<b>24,073,121</b>	<b>31,459,311</b>

THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021

12 INVENTORIES

	Goods and Publication \$	Academic Gowns \$	Maintenance \$	Catering and Domestic \$	Total \$
Balance at 1 January 2020	2,471,902	1,127,173	201	16,533	3,615,809
Purchases	2,170,420	-	-	3,268	2,173,688
Expensed	(3,199,769)	(66,165)	(8)	(16,533)	(3,282,475)
Impairment charge	(42,865)	(3,680)	-	-	(46,545)
<b>Cost or valuation as at 31 December 2020</b>	<b>1,399,688</b>	<b>1,057,328</b>	<b>193</b>	<b>3,268</b>	<b>2,460,477</b>
Purchases	256,082	182,417	-	3,268	259,350
Expensed	114,255	27,147	-	1,655	325,473
Impairment charge	(261,872)	9,575	-	(1,065)	(253,362)
<b>Cost or valuation as at 30 June 2021</b>	<b>1,508,153</b>	<b>1,276,466</b>	<b>193</b>	<b>7,126</b>	<b>2,791,938</b>

Analysis of value of inventories

	June 2020	December 2020 \$
Total cost of inventories	3,626,529	3,041,706
Less: provision for obsolescence	(834,591)	(581,229)
<b>Cost or valuation at year end</b>	<b>2,791,938</b>	<b>2,460,477</b>

Analysis of goods and publications:

Book centre – inventory	1,007,843	900,491
Book centre - goods in transit	127,808	97,616
ITS goods	-	200
Regional campuses – books	354,626	610,245
Regional campuses - course materials	741,290	246,986
Institute of Education	57,648	53,074
Institute of Research Extension & Training Agriculture	29,445	39,911
	<b>2,318,660</b>	<b>1,948,523</b>
Less: provision for obsolescence	(810,507)	(548,642)
<b>Cost or valuation at year end</b>	<b>1,508,153</b>	<b>1,399,881</b>

**THE UNIVERSITY OF THE SOUTH PACIFIC**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE HALF YEAR ENDED 30 JUNE 2021**

<b>13 TRADE AND OTHER RECEIVABLES</b>	<b>Notes</b>	<b>June 2021</b>	<b>\$</b>	<b>December 2020</b>	<b>\$</b>
Government contributions	13(a)	3,128,883		178,402	
Trade debtors	13(b)	3,866,937		3,940,857	
Student debtors	13(c)	21,857,232		16,117,668	
Staff debtors	13(d)	20,719		16,696	
VAT / GST receivable	13(e)	3,748,785		3,732,842	
Other debtors	13(f)	6,478,526		11,789,938	
		<u>39,101,082</u>		<u>35,776,403</u>	
Less: allowance for impairment losses	3(i)	<u>(28,049,874)</u>		<u>(21,361,468)</u>	
		<b><u>11,051,208</u></b>		<b><u>14,414,935</u></b>	
<b>13(a) Contribution due from governments:</b>					
Tuvalu		334,863		124,750	
Solomon Islands		767,069		-	
Kiribati		566,329		-	
Vanuatu		1,430,234		-	
Niue		30,388		53,652	
		<u>3,128,883</u>		<u>178,402</u>	
Overpayments by member countries are classified as payables, refer note (22).					
<b>13(b) Trade Debtors</b>					
Alafua campus		31,027		155,454	
Emalus campus and book centre		140,719		27,544	
Tonga campus (IOE)		91,038		142,459	
Laucala campus:					
- Commercial		159,888		77,574	
- Consultancies, Lab Analysis & Venue Hire		3,444,265		3,537,826	
		<u>3,866,937</u>		<u>3,940,857</u>	
Less: allowance for impairment losses	3(i)	<u>(1,788,861)</u>		<u>(1,697,524)</u>	
		<b><u>2,078,076</u></b>		<b><u>2,243,333</u></b>	

**THE UNIVERSITY OF THE SOUTH PACIFIC**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE HALF YEAR ENDED 30 JUNE 2021**

<b>13(c) Student Debtors</b>	<b>June 2021</b>	<b>December 2020</b>
	<b>\$</b>	<b>\$</b>
Alafua	1,462,649	613,161
Emalus	4,347,089	3,311,242
Laucala	6,761,370	5,770,021
Other regional campuses	<u>9,286,124</u>	<u>6,423,244</u>
	<b>21,857,232</b>	<b>16,117,668</b>
Less: allowance for impairment losses	3(i) (18,934,258)	(10,259,579)
Write off student debts	<u>-</u>	<u>(2,876,329)</u>
	<b><u>2,922,974</u></b>	<b><u>2,981,760</u></b>
 <b>13(d) Staff debtors</b>		
Regional campuses	<u>20,719</u>	<u>16,696</u>
	<b>20,719</b>	<b>16,696</b>
Less: allowance for impairment losses	3(i) <u>(12,984)</u>	<u>(12,630)</u>
	<b><u>7,733</u></b>	<b><u>4,066</u></b>
 <b>13(e) VAT/GST receivable</b>		
Alafua book centre	875,739	859,796
Laucala book centre	<u>2,873,046</u>	<u>2,873,046</u>
	<b>3,748,785</b>	<b>3,732,842</b>
Less: allowance for impairment losses	3(i) <u>(3,737,479)</u>	<u>(3,718,285)</u>
	<b><u>11,306</u></b>	<b><u>14,557</u></b>
 <b>13(f) Other debtors</b>		
Development assistance partners (projects)	4,239,927	3,616,755
Development assistance recurrent	-	5,373,043
Interest receivable	121,523	184,111
Other debtors (Bonds & Security Deposits)	<u>2,117,076</u>	<u>2,616,029</u>
	<b>6,478,526</b>	<b>11,789,938</b>
Less: allowance for impairment losses	3(i) <u>(3,576,292)</u>	<u>(2,797,120)</u>
	<b><u>2,902,234</u></b>	<b><u>8,992,818</u></b>

THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021

<b>14 PREPAYMENTS</b>	<b>June 2021</b>	<b>December 2020</b>
	<b>\$</b>	<b>\$</b>
Laucala campus	4,346,304	2,272,877
Laucala book centre	41,622	22,814
Solomon Islands	4,168	4,218
	<u><b>4,392,094</b></u>	<u><b>2,299,909</b></u>

Prepayments relates to payments done in advance (usually annually) for services to be provided later, such as staff medical insurance, building insurance and software licenses.

**15 CASH AND CASH EQUIVALENTS AND INVESTMENT FINANCIAL ASSETS**

Cash and cash equivalents

- Current accounts	41,340,759	33,126,526
- Short term deposits (term deposits 3 months or less)	58,761,901	48,427,920
- Cash on hand and petty cash	49,372	49,180
	<u>100,152,032</u>	<u>81,603,626</u>

**Investment financial assets ( term deposits between 3 to 12 months)**

	<u>22,734,629</u>	<u>20,962,212</u>
	<u><b>122,886,661</b></u>	<u><b>102,565,838</b></u>

**15(a) Where held:**

In Fiji	30,653,911	34,768,470
With other regional banks	45,750,761	36,474,611
In other overseas accounts	46,481,989	31,322,757
	<u><b>122,886,661</b></u>	<u><b>102,565,838</b></u>

**15(b) The following term deposits are denominated in the following currencies but stated in Fijian dollars:**

Fijian dollars	10,083,942	2,848,157
Australian dollars	40,544,057	42,041,019
New Zealand dollars	24,498,389	18,124,822
United States Dollars	4,180,496	4,106,757
Japanese yen	1,953,939	2,035,696
Vanuatu Vatu	221,048	219,477
Tonga Pa'anga	14,659	14,204
	<u><b>81,496,530</b></u>	<u><b>69,390,132</b></u>

THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021

<b>15(c) Comprising:</b>	<b>June 2021</b>	<b>December 2020</b>
	\$	\$
University funds	78,524,155	60,954,990
Development assistance (projects) unexpended	38,579,716	35,827,770
Endowment funds	5,782,790	5,783,078
	<u><b>122,886,661</b></u>	<u><b>102,565,838</b></u>

Development assistance (projects) and Endowment funds are restricted and are not available for University's recurrent expenditure.

**16 Reconciliation of net cash from operating activities to the statement of comprehensive income**

	<b>Half Year Ended June 2021</b>	<b>Half Year Ended June 2020</b>
	\$	\$
Surplus for the period	9,713,894	17,371,390
<u>Adjustments to income and expenditure:</u>		
Release of deferred revenue	(2,137,717)	(1,847,774)
Depreciation and amortisation	8,980,383	6,254,907
Impairment on trade and other receivables	7,421,564	3,244,435
Provision for leave entitlement	675,028	(430,728)
Write down/(reversal) in value of inventories	253,363	635,485
Net cash from operating activities before changes in assets and liabilities	<u>24,906,515</u>	<u>25,227,715</u>
Change in inventories	(78,099)	895,273
Change in accounts receivable	(3,324,679)	1,191,144
Change in prepayments	(2,092,185)	(3,648,764)
Change in development assistance (projects)	3,532,745	(4,831,333)
Change in creditors	1,302,452	1,585,209
Change in foreign currency translation reserve	283,812	27,151
<b>Net cash provided by normal activities</b>	<u><b>24,530,561</b></u>	<u><b>20,446,395</b></u>

THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021

17 PROPERTY, PLANT AND EQUIPMENT

	Property	Equipment and Furniture	Vehicles and Vessels	Work in Progress	Total
	\$	\$	\$	\$	\$
<b>Cost</b>					
Deemed cost at 1 January 2020	260,552,935	72,391,502	4,434,723	17,290,441	354,669,601
Additions	776,827	4,171,612	5,600	6,841,161	11,795,200
Disposals	-	-	-	-	-
Reclassification to Intangible assets	-	(438,896)	-	-	(438,896)
Transfers between asset classes	-	295,138	-	(295,138)	-
Deemed cost at 30 June 2020	<b>261,329,762</b>	<b>76,419,356</b>	<b>4,440,323</b>	<b>23,836,464</b>	<b>366,025,905</b>
Additions	396,537	1,049,456	-	2,546,008	3,992,001
Disposals	(322,095)	(638,404)	(397,098)	-	(1,357,597)
Reclassification to Intangible assets	-	(449,116)	-	-	(449,116)
Transfers between asset classes	816,830	6,595,061	-	(7,411,891)	-
Deemed cost at 31 December 2020	<b>262,221,034</b>	<b>82,976,353</b>	<b>4,043,225</b>	<b>18,970,581</b>	<b>368,211,193</b>
Additions	48,297	1,081,032	8,035	2,062,446	3,199,810
Disposals	-	(77,563)	-	-	(77,563)
Transfers between asset classes	621,783	6,038,581	-	(7,110,740)	(450,377)
<b>Deemed cost at 30 June 2021</b>	<b>262,891,114</b>	<b>90,018,403</b>	<b>4,051,260</b>	<b>13,922,287</b>	<b>370,883,064</b>
<b>Accumulated depreciation</b>					
Accumulated depreciation at 1 January 2020	62,014,077	52,173,889	3,146,263	-	117,334,229
Depreciation charge for the year	2,738,218	2,592,161	123,249	-	5,453,628
Disposals	-	(205,035)	-	-	(205,035)
Accumulated depreciation at 30 June 2020	<b>64,752,295</b>	<b>54,561,015</b>	<b>3,269,512</b>	-	<b>122,582,822</b>

THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021

17 PROPERTY, PLANT AND EQUIPMENT (continued)

	Property	Equipment and Furniture	Vehicles and Vessels	Work in Progress	Total
	\$	\$	\$	\$	\$
<b><i>Accumulated depreciation (continued)</i></b>					
Accumulated depreciation at 30 June 2020	64,752,295	54,561,015	3,269,512	-	122,582,822
Depreciation charge for the half year	2,745,765	4,309,276	111,723	-	7,166,764
Disposals	(166,953)	(638,404)	(394,007)	-	(1,199,364)
Reclassification to Intangible Assets	-	(348,099)	-	-	(348,099)
Accumulated depreciation at 31 December 2020	67,331,107	57,883,788	2,987,228	-	128,202,123
Depreciation charge for the half year	2,787,373	5,444,214	108,097	-	8,339,684
Disposals	-	(44,919)	-	-	(44,919)
Reclassification to Intangible Assets	-	(206,723)	-	-	(206,723)
<b>Accumulated depreciation at 30 June 2021</b>	<b>70,118,480</b>	<b>63,076,360</b>	<b>3,095,325</b>	<b>-</b>	<b>136,290,164</b>
Net carrying amount at 1 January 2020	196,577,467	21,858,341	1,170,811	23,836,464	243,443,083
Net carrying amount at 31 December 2020	194,889,927	25,092,565	1,055,997	18,970,581	240,009,070
<b>Net carrying amount at 30 June 2021</b>	<b>192,772,634</b>	<b>26,942,043</b>	<b>955,935</b>	<b>13,922,287</b>	<b>234,592,899</b>

***Work in progress***

Work in progress relates to costs for property-related projects where the project has not been completed. The costs will be transferred into respective asset class once all major items of expenditure, other than the payment of retention monies, have been incurred and the asset is put into service.

THE UNIVERSITY OF THE SOUTH PACIFIC  
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
 FOR THE HALF YEAR ENDED 30 JUNE 2021

17 PROPERTY, PLANT AND EQUIPMENT (continued)

Carrying amount of work in progress projects	June 2021	December 2020
	\$	\$
<b>Continuing from prior years</b>		
Improve campus infrastructure and developments	5,032,409	6,301,773
IT equipment installation	1,844,219	4,393,171
Lab equipment installation	196,880	1,360,746
Improve recreational space and campus life	-	-
Lautoka Campus	-	-
Solomon Islands Campus	6,848,780	6,914,892
Road Upgrade	-	-
12 <sup>th</sup> Hall	-	-
Tuvalu Campus Development	-	-
	<b>13,922,288</b>	<b>18,970,582</b>

**THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021**

<b>17 PROPERTY, PLANT AND EQUIPMENT (continued)</b>	<b>June 2021</b>	<b>December 2020</b>
	<b>\$</b>	<b>\$</b>
<b>Reconciliation of fixed assets to related accounts</b>		
Carrying amount of property, plant and equipment	<b>234,592,899</b>	<b>240,009,070</b>
<u>Funded by:</u>		
Development assistance	94,197,214	94,510,002
Other contributed equity	26,944,762	26,944,762
Carrying amount of properties acquired directly or through loans:		
Statham street campus	3,312,359	3,354,309
Services complex	74,160	76,320
Residential block	580,000	592,000
Student Accommodation (11 <sup>th</sup> Hall)	7,079,593	7,167,610
Kiribati Campus	7,172,250	7,466,361
Solomon Islands Campus - WIP	6,848,780	6,914,892
Carrying amount of assets funded from operating activities	<u>88,383,781</u>	<u>92,982,814</u>
	<b><u>234,592,899</u></b>	<b><u>240,009,070</u></b>
 <b>18 INTANGIBLE ASSETS</b>		<b>\$</b>
<b>Cost</b>		
Deemed cost at 1 January 2020		2,559,195
Additions		<u>438,896</u>
Deemed cost at 30 June 2020		2,998,091
Additions		454,000
Disposals		<u>(4,884)</u>
Deemed cost at 31 December 2020 and 30 June 2021		<b><u>3,447,207</u></b>
<b>Amortisation and impairment</b>		
At 1 January 2020		2,066,697
Amortisation		<u>205,035</u>
Accumulated amortisation at 30 June 2020		2,271,732
Amortisation		352,983
Disposals		<u>(4,885)</u>
Accumulated amortisation at 31 December 2020		2,619,831
Amortisation		<u>206,723</u>
Accumulated amortisation at 30 June 2021		<b><u>2,826,554</u></b>
 Net carrying amount at 1 January 2020		<u>726,358</u>
Net carrying amount at 31 December 2020		<u>827,376</u>
<b>Net carrying amount at 30 June 2021</b>		<b><u>620,653</u></b>

**THE UNIVERSITY OF THE SOUTH PACIFIC**  
**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**  
**FOR THE HALF YEAR ENDED 30 JUNE 2021**

**19 LEASES**

The University leases land and building for its operations and the term of each land and building lease is between five to ninety-nine years. The University also leases photocopiers and printers with lease terms of up to five years.

Information about leases for which the University is a lessee is presented below.

**(a) Right-of-use assets**

The statement of financial position shows the following amounts relating to right-of-use assets:

	<b>Land</b> \$	<b>Building</b> \$	<b>Equipment</b> \$	<b>Total</b> \$
Balance as at 1 January 2021	210,707	2,410,789	664,546	3,286,042
Additions	-	17,751	-	17,751
Depreciation charge for the half period	(1,746)	(555,805)	(83,149)	(640,700)
<b>Balance as at 30 June 2021</b>	<b>208,961</b>	<b>1,872,736</b>	<b>581,397</b>	<b>2,663,094</b>

**(b) Lease Liabilities**

Lease liabilities included in the statement of financial position as of period ended consist of:

	<b>June 2021</b> \$	<b>December 2020</b> \$
Current	1,291,274	1,371,736
Non-current	1,526,910	2,074,334
<b>Total lease liabilities</b>	<b>2,818,184</b>	<b>3,446,070</b>

The statement of comprehensive income shows the following amounts relating to leases

	<b>Half Year Ended</b> <b>June 2021</b> \$	<b>Half Year Ended</b> <b>June 2020</b> \$
Depreciation charge of right-of-use assets	640,700	801,279
Interest expense (included in interest expense)	89,599	116,306
Expense relating to short-term leases (included in operating costs)	397,095	627,866

The statement of cash flows shows the following amount relating to leases:

	<b>Half Year Ended</b> <b>June 2021</b> \$	<b>Half Year Ended</b> <b>June 2020</b> \$
Repayment of principal lease liabilities	735,236	884,259

**THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021**

**19 LEASES (continued)**

**Maturity analysis – contractual undiscounted cash flows**

	<b>June 2021</b>	<b>December 2020</b>
	<b>\$</b>	<b>\$</b>
Not later than one year	1,012,076	1,357,875
Later than one year but not later than five years	1,329,607	2,199,314
Later than five years	689,463	803,714
<b>Total undiscounted lease commitments</b>	<b><u>3,031,146</u></b>	<b><u>4,360,903</u></b>

**20 FINANCING FACILITIES**

The University has access to overdraft facilities of \$5,000,000 (December 2020: \$5,000,000) with various banks across the region for which all conditions precedent has been met. As at 30 June 2021: nil (December 2020: nil) was utilised.

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amount of cash and cash equivalents as at 30 June 2021 is \$100,152,031 (December 2020: \$81,603,626). Investment financial assets as at 30 June 2021 is \$22,734,629 (December 2020: \$20,962,212).

**21 BORROWINGS**

	<b>June 2021</b>	<b>December 2020</b>
	<b>\$</b>	<b>\$</b>
Fiji National Provident Fund Loan (FNPF)	4,271,746	4,446,104
Asian Development Bank Loan (ADB)	12,505,010	12,464,689
	<b><u>16,776,756</u></b>	<b><u>16,910,793</u></b>
Disclosed in the statement of financial position as follows:		
Current	572,537	560,883
Non-current	16,204,219	16,349,910
	<b><u>16,776,756</u></b>	<b><u>16,910,793</u></b>

**21(a) Fiji National Provident Fund Loan**

The University entered into a loan agreement of \$7.0m with FNPF to construct the 11<sup>th</sup> Hall for student accommodation at the Laucala Campus. The loan is to be repaid within 15 years of the first drawdown with the interest rate being fixed at 3.5% for 5 years and increased to 5.5% effective from 31 March 2019. The interest rate at each of the next lot of 5-year intervals will be 0.5% less than the 5-year Fiji Infrastructure Bond rate applicable at that time. The University is in compliance with loan covenants. Furthermore, the following is held as securities under this loan agreement:

1. First Registered Mortgage and Variation on Mortgage on Crown Lease Number 13441, Lot 2 on S.1483, Muanivatu (pt of) Suva.
2. Insurance cover over the property described under paragraph 1 above, with the Lender's interest noted thereon.

**THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021**

**21 BORROWINGS (continued)**

**21(b) Asian Development Bank Loan**

The University entered into a loan agreement with ADB of SDR 2,336,000 to construct the Kiribati Campus. The loan is to be paid off between December 2020 and May 2046 with the applicable interest rate being 1% during the grace period and 1.5% thereafter. In satisfaction of the conditions to effectiveness of this loan agreement, Republic of Kiribati entered into sovereign guarantee agreement with ADB to guarantee the performance of the University's obligations. As of 30 June 2021, SDR 2,190,941 (December 2020: SDR 2,224,777) had been utilised.

The University entered into another loan agreement with ADB of SDR 10,973,000 to construct the Solomon Islands Campus. The loan is to be paid off between December 2024 and June 2048 with the applicable interest rate being 1% during the grace period and 1.5% thereafter. As of 30 June 2021, SDR 1,955,513 (December 2020: SDR 1,945,784) had been utilised.

The University is in compliance with loan covenants.

<b>22 CREDITORS AND ACCRUALS</b>	<b>June 2021</b>	<b>December 2020</b>
	<b>\$</b>	<b>\$</b>
Member countries' contributions received in advance	428,456	197,383
Other creditors and accruals	2,406,784	3,040,304
Research funds	5,940,059	5,831,386
Payroll creditors	3,076,947	2,307,959
Student creditors	774,477	530,951
Student fees received in advance	2,074,078	1,904,283
Trade creditors	222,140	390,216
	<b>14,922,941</b>	<b>14,202,482</b>

**23 DEVELOPMENT ASSISTANCE (PROJECTS) UNEXPENDED**

Australia	8,830,454	8,017,686
NZ	7,660,902	5,892,845
EU	4,380,787	4,038,059
Japan	5,386,594	5,538,065
Others	12,320,979	11,560,315
	<b>38,579,716</b>	<b>35,046,970</b>

Development assistance (projects) unexpended funds are from development partners and are appropriated for a variety of purposes ranging from research, scholarship, community outreach and capital developments.

THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021

24 PROVISIONS	June 2021 \$	December 2020 \$
<i>Current</i>		
<u>Provision for annual leave</u>		
Balance at beginning of period	3,777,402	4,016,374
Movement during the period	<u>675,028</u>	<u>(238,972)</u>
Balance at end of period	<u><b>4,452,430</b></u>	<u><b>3,777,402</b></u>

Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after reporting date.

*Non-current*

Provision for severance allowance

Balance at beginning of period	863,862	829,010
Additional provision during the period	<u>32,587</u>	<u>34,852</u>
Balance at end of period	<u><b>896,449</b></u>	<u><b>863,862</b></u>

**25 Deferred Income**

Balance at beginning of period	95,258,628	97,193,351
Additions during the period	1,076,303	1,923,329
Release during the period – depreciation	(2,137,717)	(3,702,911)
Release during the year - disposals	<u>-</u>	<u>(155,141)</u>
Balance at end of period	<u><b>94,197,214</b></u>	<u><b>95,258,628</b></u>

(i) Disclosed in the statement of financial position as follows:

Current	4,275,433	3,702,911
Non-current	<u>89,921,781</u>	<u>91,555,717</u>
	<u><b>94,197,214</b></u>	<u><b>95,258,628</b></u>

**26 CAPITAL AND RESERVES**

(a) Other contributed equity

The amount reflects the cost of assets donated by member countries in its capacity as the owners of the University.

(b) Foreign currency translation reserve

This reserve represents the resultant exchange gain/loss arising from the translation of all overseas campus balances on aggregation.

**THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021**

**27 COMMITMENTS**

In addition to the amounts reported in the financial statements, the University has capital commitments of \$9,670,708 as at 30 June 2021 (December 2020: \$16,891,234) for various projects not yet started and asset purchases for which the items had not been received or paid for. This balance has not been recognised as a liability at balance date.

**28 CONTINGENT ASSETS AND LIABILITIES**

	<b>June 2021</b>	<b>December 2020</b>
	<b>\$</b>	<b>\$</b>
<u>Contingent liabilities</u>		
Fiji Electricity Authority - guarantees given	158,857	158,857
FRCA - customs bond - guarantees given	31,000	31,000
Government Tender Board	16,598	16,598
Ministry of Infrastructure and Transport - guarantees given	743,963	743,963
Ministry of Fisheries and Forest - guarantees given	151,956	151,956
VAT on contributions received from Fijian government (1992 - 2007)	39,802,087	39,802,087
	<b><u>40,904,461</u></b>	<b><u>40,904,461</u></b>
<u>Contingent assets</u>		
VAT on Fijian government contributions (1992 - 2007)	39,802,087	39,802,087
Development assistance Australia – recurrent	-	-
Development assistance New Zealand – recurrent (b)	-	-
Insurance claim for Communication Building Fire (b)	8,339,732	8,339,732
	<b><u>48,141,819</u></b>	<b><u>48,141,819</u></b>

- (a) The Fiji Revenue Customs Services (FRCS) advised in a letter dated June 2007 that the University may be liable to pay VAT on contributions received from the Government of Fiji since 1992. The University had made an effort in 2009 to close the matter with FRCS, but no reply or any formal assessment has been issued by FRCS since the University's last communication dated 20 October 2009. Accordingly, no provision for liability has been made in the financial statements.

The University claims Government contributions on a VAT exclusive basis. In the event that the tax liability is considered probable, the University would make a claim for the short fall in payment of contributions and recognise a receivable amount to the value of the potential tax liability.

- (b) On a letter dated 2 September, 2020 to the University by QBE Insurance (Fiji) Limited, they had confirmed the costs of repairs as calculated by Quantec quantity surveyors to be \$8,339,732 which may change depending on the market at the time of agreement. The University however has not yet agreed to this amount.

**THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 HALF 2021**

**28 CONTINGENT ASSET AND LIABILITIES (continued)**

**Legal claim contingency**

There are various legal claims and trade disputes pending against the University as at balance date. The University considers these claims, arising in the normal course of business, to be immaterial and mostly spurious except for cases of defamation that may arise due to the leak of special BDO audit report in the social media and deportation of the Vice Chancellor & President. No amounts have been provided in relation to any of these matters including the possible cases of defamation as the university or the solicitors at this stage are unable to estimate related costs or settlement value (if applicable).

**29 RELATED PARTIES**

The University is controlled by 12 member countries comprising Fiji, Tuvalu, Tonga, Solomon Islands, Samoa, Republic of Marshall Islands, Nauru, Niue, Cook Islands, Vanuatu, Kiribati and Tokelau. Details of grant received, grant receivable and grant received in advance during the period is tabulated.

	<b>Half Year Ended June 2021</b>	<b>Half Year Ended June 2020</b>
	<b>\$</b>	<b>\$</b>
Government contribution income	5,457,224	17,460,829
	<b>June 2021</b>	<b>December 2020</b>
	<b>\$</b>	<b>\$</b>
Government contribution receivable	3,128,883	178,402
Government contribution in advance	428,456	197,382

**Key management personnel disclosures**

(a) Names of responsible persons and senior management team

The following were responsible persons and the senior management team of the University during the period.

All members of the University council were appointed or elected under the provisions of the University Charter. Council members include the University employees who may be ex-official members or elected staff members.

(i) University Council Members

Mr Winston Thompson, Pro-Chancellor & Chair of Council  
Professor Pat Walsh, Deputy Pro-Chancellor & Deputy Chair of Council and Government Representative, New Zealand  
Professor Pal Ahluwalia, Vice-Chancellor & President (up to 2 February 2021)  
Dr. Giulio Paunga, Acting Vice-Chancellor & President (from 3 February 2021 to 9 August 2021)  
Hon Vaine Mokoroa, Minister for Education, Cook Islands  
Hon. Kitlang Kabua, Minister for Education, Sports & Training, Marshall Islands

**THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021**

**29 RELATED PARTIES (continued)**

**Key management personnel disclosures (continued)**

(a) Names of responsible persons and senior management team (continued)

(ii) University Council Members (continued)

H.E. Lionel Aingimea, President & Minister for Education, Nauru  
Hon. Sauni Tongatule, Minister for Education, Niue  
Hon. Kelihiano Kalolo, Minister for Education, Tokelau  
Hon. Lanelle Tanangada, Minister for Education & Human Resources Development, Solomon Islands  
Hon. Alexander Teabo, Minister for Education, Kiribati  
Hon. Samson Samsen, Minister for Education & Training, Vanuatu  
Hon. Timi Melei, Minister for Education Youth and Sports, Tuvalu  
Hon. Siaosi 'Ofa Ki Vahafolau Sovaleni, Minister for Education & Training, Tonga  
Hon. Loau Keneti Sio, Minister for Education, Sports & Culture, Samoa  
Mr. Leasiosiofa'asisina Oscar Malielegaoi, Chief Executive Officer, Ministry of Finance, Samoa  
Hon. Rosy Akbar, Minister for Education, Heritage & Arts, Fiji  
Dr Anjeela Jokhan, Permanent Secretary for Education, Heritage & Arts, Fiji  
Mr Shiri Gounder, Acting Permanent Secretary for Economy, Fiji (from 16 March 2021 to date)  
Ms Fay Yee, Government Representative, Fiji  
Mr. Mahmood Khan, Government Representative, Fiji and Chair of the Audit & Risk Committee  
Professor Caroline McMillen, Government Representative, Australia  
Mr Henry Puna, Secretary General, Pacific Islands Forum Secretariat  
Professor Surendra Prasad, Senate Representative  
Professor Sushil Kumar, Senate Representative  
Mr Lepani Naqarase, USPSA, Student Rep  
Mr Viliame Naulivou, USPSA, Student Rep  
Dr Krishna Raghuwaiya, Staff rep  
Dr Robin Havea, Staff rep  
Ms Aloma-Johansson, Co-opted member and Chair of the Finance & Investments Committee  
Ms Petunia Tupou, Co-opted member  
Ms Martha Henry, Cook Islands, Co-opted member  
Mr Semi Tukana, Fiji, Co-opted member

(iii) Senior management team

Professor Pal Ahluwalia, Vice-Chancellor and President  
Dr. Giulio Paunga, Vice President (Regional Campuses, Estates and Infrastructure) and Acting Vice-Chancellor & President (from 3 February 2021 to 8 August 2021)  
Professor Jito Vanualailai, Acting Deputy Vice-Chancellor (Education)  
Mr. Kolinio Boila, Executive Director Finance  
Mr. Jone Maritino Nemani, Executive Director, People and Workforce Strategy  
Dr. Nacaneili Rika, Acting Head of School of Accounting, Finance & Economics (SAFE)  
Professor Gurmeet Singh, Head of School of Business and Management (SBM)  
Professor Maurizio Cirrincione, Head of School of Information Technology, Engineering, Mathematics & Physics (STEMP)  
Professor Surendra Prasad, Head of School of Agriculture, Geography, Environment, Ocean & Natural Sciences (SAGEONS)  
Associate Professor Sandra Tarte, Acting Head of School of Law and Social Sciences (SoLaSS)  
Professor Sudesh Mishra, Head of School of Pacific Arts, Communication and Education (SPACE)

THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021

29 RELATED PARTIES (continued)

Key management personnel disclosures (continued)

(a) Remuneration of Council Members and Senior Management Team

	Half Year Ended June 2021	Half Year Ended June 2020
<b>Annual remuneration of Council members</b>		
\$10,000 - \$19,999	3	3
\$20,000 - \$29,999	1	1
<b>Annual remuneration of Senior management team</b>		
\$100,000 - \$119,999	-	1
\$120,000 - \$139,999	-	1
\$140,000 - \$159,999	2	-
\$160,000 - \$179,999	1	2
\$200,000 - \$219,999	1	1
\$220,000 - \$239,999	1	-
\$240,000 - \$259,999	2	1
\$260,000 - \$279,999	1	-
\$280,000 - \$299,999	1	-
Above \$300,000	2	4
	<u>11</u>	<u>10</u>

Council members paid by the University are in the form of honorarium only.

The above number of Senior Management Team includes those that have either joined or left the University (or Senior Management Team) during the half year and their expected total annual remuneration for the respective period exceeds \$100,000.

The University is not aware of any material transactions that may have been conducted with Council members of the University. Transactions are at arm's length and on terms and conditions no more favourable than those which it is expected the University would have adopted for a normal employee, customer or supplier relationship.

(c) Key management personnel compensation

	Half Year Ended June 2021	Half Year Ended June 2020
	\$	\$
Short term employee benefits	1,471,582	1,519,278
	<u>1,471,582</u>	<u>1,519,278</u>

**THE UNIVERSITY OF THE SOUTH PACIFIC  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
FOR THE HALF YEAR ENDED 30 JUNE 2021**

**30 IMPACT OF EXTERNAL EVENTUALITIES**

The World Health Organisation declared a pandemic in relation to the Novel Coronavirus (COVID-19) on 11 March 2020 and the outbreak has already surfaced in Fiji. This outbreak is causing unprecedented social disruption, and global economic and financial markets volatility.

For the University, the COVID 19 pandemic has affected the three main sources of funding in 2021 and is expected to continue to affect the budget for at least the next two to three years. The University will have to make rationale strategic and operational decisions in order to protect its short term viability and remain solvent.

Fiji government dropped its grant contributions due to the impact of COVID 19 and is also currently withholding its grant of \$11.5m for 2020 and \$13.8m for 2021 due to the introduction of new conditions.

Management has carried out cash flow forecasts for the current financial year and have stress tested the same using different scenarios, including a severe or worst-case scenario. As part of their assessment, they have also considered the cash reserves, unutilised credit facilities as well as interest rate relief provided by the lenders.

The financial results for the half year indicate that the financial position remains strong and there is a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the University continues to adopt the going concern basis in preparing the financial statements.

**31 EVENTS SUBSEQUENT TO PERIOD END**

On 3 February 2021, Professor Pal Ahluwalia, Vice-Chancellor and President (VC&P) was deported from Fiji by the Fiji Government, Immigration Department leaving the VC&P role vacant. Dr. Giulio Paunga has been appointed as the acting VC&P. Professor Pal Ahluwalia however has been given a new contract after Council decision started 9 August, 2021. Any possible financial impact of this decision is sufficiently captured in the worst case scenarios explained in Note 30 above.

Apart from the above, there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the University, the results of those operations or the state of affairs of the University in subsequent periods.