

THE UNIVERSITY OF THE SOUTH PACIFIC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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THE UNIVERSITY OF THE SOUTH PACIFIC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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 31 December 2014 and of its financial performance, its changes in equity and its cash flows for the year then ended.

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


.....
Professor Rajesh Chandra
Vice Chancellor & President


.....
Ms Fay Yee
Chair – Finance and
Investments Committee


.....
Kolinio Boila
Executive Director
Finance



INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF THE UNIVERSITY OF THE SOUTH PACIFIC

We have audited the accompanying financial statements of the University of the South Pacific, which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 4 to 42.

The University Council's Responsibility for the Financial Statements

The University Council is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the University's Royal Charter and for such internal control as the Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

Suva, Fiji

24 April

, 2015

KPMG
KPMG

Chartered Accountants

**THE UNIVERSITY OF THE SOUTH PACIFIC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014**

| | Notes | 2014 \$ | Restated 2013 \$ |
|---|--------|---------------------------|---------------------------|
| Income | | | |
| Government contributions | 3 | 49,564,724 | 47,946,462 |
| Student tuition fees | 4 | 43,915,290 | 39,120,007 |
| Development assistance | 5 | 51,335,296 | 51,082,889 |
| Trading activities | 6 | 18,935,422 | 18,454,145 |
| Consultancy income | 6a | 1,661,700 | 1,534,327 |
| Other income | 7 | 9,811,425 | 8,993,349 |
| Release of deferred revenue | 8 | 4,833,963 | 4,633,316 |
| Interest income | | 759,948 | 759,819 |
| Total income from continuing operations | | <u>180,817,768</u> | <u>172,524,314</u> |
| Expenditure | | | |
| Staff costs | 9 | 82,195,130 | 78,511,110 |
| Operating costs | 10 | 79,102,507 | 84,393,953 |
| Depreciation and amortization | 16, 17 | 11,277,418 | 9,436,990 |
| Movement in impairment provision | | 1,929,042 | 1,134,304 |
| Write (up)/down in value of inventories | | (415,317) | 479,420 |
| Realized exchange loss/(gain) | | 424,902 | (670,570) |
| Unrealized exchange loss | | 480,621 | 420,738 |
| Loss on disposal of assets | | 13,116 | 8,355 |
| Write off of project debts | | 630,290 | - |
| Total expenditure from continuing operations | | <u>175,637,709</u> | <u>173,714,300</u> |
| Surplus/(deficit) for the year | | 5,180,059 | (1,189,986) |
| Other comprehensive expense | | | |
| Items that may be reclassified to profit or loss | | | |
| Foreign operations – foreign currency translation differences | | (244,401) | (710,707) |
| Total comprehensive income/(expense) for the year | | <u>4,935,658</u> | <u>(1,900,693)</u> |

The accompanying notes from page 8 to 42 form an integral part of these financial statements.

THE UNIVERSITY OF THE SOUTH PACIFIC
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

| | Notes | 2014 \$ | Restated 2013 \$ | Restated 2012 \$ |
|--|-------|---------------------------|---------------------------|---------------------------|
| Current assets | | | | |
| Cash and cash equivalents | 14 | 28,716,237 | 26,551,245 | 28,934,499 |
| Held-to-maturity financial assets | 14a | 16,929,656 | 18,712,133 | 18,615,326 |
| Trade and other receivables | 12 | 19,084,790 | 19,061,076 | 12,442,987 |
| Inventories | 11 | 4,531,505 | 3,635,984 | 5,707,736 |
| Prepayments | 13 | 56,251 | 574,077 | 432,364 |
| | | <u>69,318,439</u> | <u>68,534,515</u> | <u>66,132,912</u> |
| Non-current assets | | | | |
| Property, plant and equipment | 16 | 208,373,868 | 204,481,990 | 202,860,143 |
| Intangible assets | 17 | 281,241 | 388,085 | 384,915 |
| | | <u>208,655,109</u> | <u>204,870,075</u> | <u>203,245,058</u> |
| Total assets | | <u>277,973,548</u> | <u>273,404,590</u> | <u>269,377,970</u> |
| Current liabilities | | | | |
| Creditors and accruals | 20 | 15,591,938 | 18,679,960 | 15,320,389 |
| Development assistance (projects) unexpended | 20a | 21,049,800 | 21,876,410 | 20,436,437 |
| Provisions | 20b | 5,498,349 | 5,049,645 | 3,786,157 |
| Deferred income | 20c | 4,833,963 | 4,633,316 | 4,462,512 |
| | | <u>46,974,050</u> | <u>50,239,331</u> | <u>44,005,495</u> |
| Non-current liabilities | | | | |
| Provisions | 20b | 877,577 | 1,217,864 | 1,107,833 |
| Deferred income | 20c | 115,417,849 | 116,983,125 | 117,574,718 |
| Borrowings | 19 | 4,714,843 | - | - |
| | | <u>121,010,269</u> | <u>118,200,989</u> | <u>118,682,551</u> |
| Total Liabilities | | <u>167,984,319</u> | <u>168,440,320</u> | <u>162,688,046</u> |
| Net assets | | <u>109,989,229</u> | <u>104,964,270</u> | <u>106,689,924</u> |
| Represented by: | | | | |
| Funds and reserves | | | | |
| Other contributed equity | | 8,173,810 | 7,940,310 | 7,940,310 |
| Endowment capital | | 5,949,228 | 6,093,427 | 5,918,388 |
| Retained earnings | | 98,050,558 | 92,870,499 | 94,060,485 |
| Foreign currency translation reserve | 21 | (2,184,367) | (1,939,966) | (1,229,259) |
| | | <u>109,989,229</u> | <u>104,964,270</u> | <u>106,689,924</u> |

The accompanying notes from page 8 to 42 forms an integral part of these financial statements

**THE UNIVERSITY OF THE SOUTH PACIFIC
STATEMENT OF CHANGES IN FUNDS AND RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2014**

| | Note | 2014 \$ | Restated 2013 \$ |
|---|-------|--------------------|------------------------|
| Retained earnings | | | |
| Balance at 1 January as previously stated | | 92,870,499 | 94,777,372 |
| <i>Prior year adjustments:</i> | | | |
| Transferred to development assistance (projects) unexpended | 1 (w) | - | (716,887) |
| Balance as at 1 January - restated | | 92,870,499 | 94,060,485 |
| Surplus for the year | | 5,180,059 | (1,189,986) |
| Balance at year end | | 98,050,558 | 92,870,499 |
| Endowment capital | | | |
| Balance at 1 January | | 6,093,427 | 5,918,388 |
| Foreign exchange gain for the year | | (144,199) | 175,039 |
| Balance at year end | | 5,949,228 | 6,093,427 |
| Analyzed as: | | | |
| Endowments – general | | 94,133 | 94,133 |
| Endowments – specific | | 5,855,095 | 5,999,294 |
| Total endowment capital | | 5,949,228 | 6,093,427 |
| Other contributed equity | | | |
| Balance at 1 January | | 7,940,310 | 7,940,310 |
| Movement during the year | 21 | 233,500 | - |
| Balance at year end | | 8,173,810 | 7,940,310 |
| Foreign currency translation reserve | | | |
| Balance at 1 January | | (1,939,966) | (1,229,259) |
| Other comprehensive income | | (244,401) | (710,707) |
| Balance at year end | | (2,184,367) | (1,939,966) |

The accompanying notes from page 8 to 42 forms an integral part of these financial statements.

**THE UNIVERSITY OF THE SOUTH PACIFIC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014**

| | Notes | 2014 \$ | 2013 \$ |
|--|-----------|---------------------------------|---------------------------------|
| Operating activities | | | |
| <i>Recurrent activities</i> | | | |
| Development assistance (recurrent) | | 31,261,531 | 22,330,858 |
| Government contributions | | 49,364,443 | 48,288,017 |
| Interest received | | 863,077 | 783,520 |
| Student tuition fees | | 42,600,705 | 36,545,436 |
| Trading activities | | 17,387,409 | 17,603,700 |
| Other receipts | | 9,979,408 | 8,022,002 |
| | | <u>151,456,573</u> | <u>133,573,533</u> |
| Staff costs | | (78,274,606) | (69,087,585) |
| Other operating costs | | (65,931,593) | (61,727,113) |
| | | <u>(144,206,199)</u> | <u>(130,814,698)</u> |
| <i>Net cash flows provided by recurrent activities</i> | | <u>7,250,374</u> | <u>2,758,835</u> |
| Project activities | | | |
| Receipts from development assistance | | 20,109,422 | 30,046,624 |
| Staff costs | | (5,564,189) | (5,510,766) |
| Other operating costs | | (14,521,701) | (22,723,305) |
| | | <u>(20,085,890)</u> | <u>(28,234,071)</u> |
| <i>Net cash flows provided by project activities</i> | | <u>23,532</u> | <u>1,812,553</u> |
| Total net cash provided by operating activities | 15 | 7,273,906 | 4,571,388 |
| Investing activities | | | |
| Payment for property plant and equipment - General | | (10,395,669) | (2,645,308) |
| Payment for property plant and equipment - Projects | | (1,210,565) | (4,212,527) |
| Net transfers to term deposits | | 1,782,477 | (96,807) |
| Net cash flows (used in) investing activities | | <u>(9,823,757)</u> | <u>(6,954,642)</u> |
| Financing Activities | | | |
| Proceeds/(Repayment) of term loan, net | | 4,714,843 | - |
| Net cash flow used in financing activities | | <u>4,714,843</u> | <u>-</u> |
| Net (decrease) in cash and cash equivalents | | <u>2,164,992</u> | <u>(2,383,254)</u> |
| Cash and cash equivalents at 1 January | | 26,551,245 | 28,934,499 |
| Net increase / (decrease) in cash and cash equivalents | | 3,070,515 | (2,633,086) |
| Effect of exchange rate fluctuations on cash held | | (905,523) | 249,832 |
| Cash and cash equivalents at 31 December | 14 | <u><u>28,716,237</u></u> | <u><u>26,551,245</u></u> |

The accompanying notes from page 8 to 42 forms an integral part of these financial statements.

**THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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 center of excellence for teaching, research and consulting on all aspects of Pacific life.

1 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 year from 1 January to 31 December 2014.

(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 concept of accrual method and going concern basis of accounting are applied. The Finance and Investments Committee and officers of the University believe 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.

(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 1 (m).

(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").

New Standards and interpretations not yet adopted.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the University.

**THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Basis of aggregation

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

(f) 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 impairment provisions for accounts receivable and inventories.

(g) Property, plant and equipment

The policy of the University is not to revalue its property, plant and equipment. In view of the specialized 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 \$1,000 or more are recognized as assets. Items of property, plant and equipment costing less than \$1,000 are expensed directly to profit or loss (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, but excluding freehold land acquired since 31 December 1993, 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:

- Motor vehicles and vessels 5 years.
- Buildings 50 years.
- Equipment, furniture and fittings 5 years.
- Freehold land not depreciated.

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

(ii) Impairment

Property, plant and equipment are inspected by a Board of Survey when required. If the inspection identifies that the carrying amount of the fixed asset is overstated, a provision is made for the impairment. No such provisions have been found necessary at balance date.

**THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, plant and equipment (continued)

(iii) 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 the 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 University's own funds donated by member countries or a loan or finance lease.

(iv) Leased Assets

The University leases some property and equipment under operating leases. The rentals are charged as an expense on a straight line basis over the term of the lease to profit or loss.

Assets held under leasing agreements which transfer to the University substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. These are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term and the useful economic life of the assets. The capital element outstanding is shown as obligations under finance leases. The interest element of the lease payments is charged to profit or loss over the term of the lease.

(h) 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.

- Computer software 5 years.

(i) 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.

(j) Accounts Receivable

Accounts receivable are measured initially at fair value and subsequent measurement is at amortised cost less any impairment losses. The impairment provision is made as follows:

(i) Government debtors

No impairment provision is made for sovereign debts on the premise that, despite the age of the debt, all such debts will eventually be paid.

(ii) Trade debtors

Trade debtors greater than 91 days and less than 180 days are provided for at 50%, while all debts greater than 180 days are fully provided for.

**THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Accounts Receivable (continued)

(iii) Student debtors

Student debtors greater than 91 days and less than 180 days are provided for at 50%, while all debts greater than 180 days are fully provided for.

(iv) Refunds due for Value Added Tax/Goods and Services Tax

All VAT receivable for Laucala Book Centre prior to 14 May 2012 have been fully provided for.

The impairment provision is charged to profit or loss. Bad debts are generally written off against the provision when identified.

(k) 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.

(l) 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 the profit or loss. The University's obligation is limited to these contributions.

**THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Employee benefits (continued)

(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.

(m) 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 the profit or loss in the financial period in which they arise.

Regional campuses

The assets and liabilities of regional campuses are translated to Fiji dollars using the exchange rate as at year end. The income and expenses of regional campuses are translated to Fiji dollars at average exchange rate. 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.

(n) Income tax

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

(o) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the University's activities. Revenue is shown net of value added tax, rebates and discounts.

The University recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the University and when specific criteria have been met for each of the University's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The University bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

**THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Revenue Recognition (continued)

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

(i) Government Grants

The University treats operating grants received from government contributions as income in the year of receipt or when entitlement to the grant is established. Government grants in respect of capex are recognized initially as deferred income when there is a reasonable assurance that they will be received and the University will comply with the conditions associated with the grant and are then recognized in profit or loss as income on a systematic basis over the useful life of the acquired asset.

(ii) Student tuition fees

The University recognises all student tuition fees on enrollment of the courses.

(iii) Development Assistance

Development assistance received for recurrent funding is recognised on due date while development assistance received with specific end purposes is recognized as revenue when the conditions attached to the assistance have been met. Until those conditions are met, receipt of development assistance funds in advance are accounted for as deferred revenue and recognized as a liability.

(iv) Trading Activities

Revenue from trading operations is recognised at the point of sale for goods, or as the service is performed.

(v) Consultancy Revenue

Consultancy revenue is recognised as revenue when it is earned.

(vi) Other Income

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 goods / services has been provided.

(vii) Rental Income

Rental income is recognised in the profit or loss on a straight-line basis over the term of the lease for the various properties held by the University.

(viii) Interest revenue

Interest revenue is recognised as it accrues.

**THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) 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 Council, deed, gift or by the terms of the endowments or bequests. Endowment funds are transferred to the profit or loss only when no longer required for the purpose for which the fund was originally established.

(q) 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 out.

(r) 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.

(s) Borrowings

The University classifies non-derivative financial liabilities into borrowings. Such financial liabilities are recognized initially at fair value less any direct 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 cost comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

(t) 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.

(u) Held-to-maturity financials assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities of more than three months are classified as held-to-maturity financial assets when the University has the positive intention and ability to hold it to maturity. 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
FOR THE YEAR ENDED 31 DECEMBER 2014**

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Comparative amounts

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

(w) Prior period adjustment

Following an audit of the Global Climate Change Alliance (GCCA) project funded by European Union (EU), a total of €392,546 (FJD\$963,068) of expenditure was noted to be ineligible due to the University charging international fee rates for scholarship students who had been qualified as regional students under the project covering the period of December 2010 to May 2014.

The University has restated its financial statements to correct this misstatement. Out of \$963,068 worth of ineligible expenditures, \$100,800 related to the year 2014, \$145,380 related to year 2013 and \$716,887 related to 2012 and prior periods. Accordingly student tuition fees and development assistance (projects) was adjusted and prior period financial statements have been restated.

**THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

2 FINANCIAL RISK MANAGEMENT

The University has exposure to the following risks:

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

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 the 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. The movement in the allowance for impairment in respect of trade and other receivables is included in Note 12 (g).

(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.

| Year ended 31 December 2014 | On Demand | 3 to 12 months | 1 to 5 years | > 5 years | Total |
|--|----------------------|---------------------------|-------------------------|---------------------|--------------|
| | \$ | \$ | \$ | | \$ |
| Creditors and accruals | - | 15,591,938 | - | - | 15,591,938 |
| Borrowings | - | - | 3,585,842 | 1,669,133 | 5,254,975 |

**THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

2 FINANCIAL RISK MANAGEMENT (continued)

| Year ended 31 December 2013 | On Demand | 3 to 12 months | 1 to 5 years | Total |
|--|----------------------|-----------------------|---------------------|--------------|
| | \$ | \$ | \$ | \$ |
| Creditors and accruals | - | 18,679,960 | - | 18,679,960 |

(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 trade receivables balances denominated in a foreign currency 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), Solomon Island dollar (SBD) and British pound (GBP) exchange rate on the University's surplus, with all other variables held constant:

| | Increase / (decrease) | Effect on surplus(\$) | | | | |
|-----------|----------------------------------|------------------------------|------------|------------|------------|------------|
| | | AUD | NZD | SBD | GBP | JPY |
| 31-Dec-14 | 10% | 2,460,824 | 510,312 | 311,891 | - | 7 |
| | -10% | (2,460,825) | (510,312) | (311,891) | - | (7) |
| 31-Dec-13 | 10% | 1,411,028 | 629,887 | 238,016 | 5,898 | 1,753 |
| | -10% | (1,411,028) | (629,887) | (238,016) | (5,898) | (1,753) |

**THE UNIVERSITY OF THE SOUTH PACIFIC
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FOR THE YEAR ENDED 31 DECEMBER 2014**

2 FINANCIAL RISK MANAGEMENT (continued)

(ii) Market risk (continued)

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 at call or short term deposits as well as through finance lease, utilization of bank overdrafts and borrowings.

Short-term investments 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. The University does not have any fixed interest instruments at fair value through profit and loss and as such is not exposed to fair value movements due to change in interest rates.

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.

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

All the borrowings of the University are at fixed interest rate.

**THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

3 GOVERNMENT CONTRIBUTIONS

| DECEMBER 2014 | Student Grant \$ | Campus Grant \$ | Total \$ |
|----------------------|---------------------------------|--------------------------------|---------------------|
| Cook Islands | 147,675 | 86,304 | 233,979 |
| Fiji | 22,287,912 | 14,312,088 | 36,600,000 |
| Kiribati | 1,178,045 | 126,579 | 1,304,624 |
| Marshall Islands | 127,538 | 73,358 | 200,896 |
| Nauru | 77,194 | 76,235 | 153,429 |
| Niue | 23,494 | 43,152 | 66,646 |
| Samoa | 980,026 | 461,724 | 1,441,750 |
| Solomon Islands | 4,598,066 | 96,372 | 4,694,438 |
| Tokelau | 50,344 | - | 50,344 |
| Tonga | 1,497,846 | 109,318 | 1,607,164 |
| Tuvalu | 782,007 | 54,659 | 836,666 |
| Vanuatu | 1,812,376 | 562,412 | 2,374,788 |
| | 33,562,523 | 16,002,201 | 49,564,724 |

3 GOVERNMENT CONTRIBUTIONS

| DECEMBER 2013 | Student Grant \$ | Campus Grant \$ | Total \$ |
|----------------------|---------------------------------|--------------------------------|---------------------|
| Cook Islands | 232,400 | 100,660 | 333,060 |
| Fiji | 23,328,341 | 13,091,044 | 36,419,385 |
| Kiribati | 1,167,784 | 153,474 | 1,321,258 |
| Marshall Islands | 122,837 | 78,698 | 201,535 |
| Nauru | 74,111 | 65,887 | 139,998 |
| Niue | 18,852 | 57,259 | 76,111 |
| Samoa | 1,041,045 | 160,010 | 1,201,055 |
| Solomon Islands | 3,794,617 | 111,380 | 3,905,997 |
| Tokelau | 48,268 | - | 48,268 |
| Tonga | 1,471,637 | 107,981 | 1,579,618 |
| Tuvalu | 697,250 | 72,423 | 769,673 |
| Vanuatu | 1,565,381 | 385,123 | 1,950,504 |
| | 33,562,523 | 14,383,939 | 47,946,462 |

**THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

| 4 STUDENT TUITION FEES | 2014 \$ | Restated 2013 \$ |
|---|--------------------|---------------------------------|
| Regional students | 16,772,115 | 14,842,183 |
| International students | 1,549,937 | 1,212,247 |
| | <hr/> | <hr/> |
| | 18,322,052 | 16,054,430 |
| Distance and flexible learning | 12,866,476 | 11,127,676 |
| | <hr/> | <hr/> |
| | 31,188,528 | 27,182,106 |
| | | |
| College of Foundation Studies | 5,063,721 | 5,114,098 |
| Republic of Marshall Islands (RMI) | 233,010 | 173,308 |
| Master of Business Administration | 3,083,842 | 2,511,647 |
| Others | 4,346,189 | 4,138,848 |
| | <hr/> | <hr/> |
| | 43,915,290 | 39,120,007 |
| | <hr/> <hr/> | <hr/> <hr/> |
| | | |
| 4a Student Tuition Fees by Sponsor | | |
| Private students | 28,305,194 | 27,824,060 |
| Private Sponsored | 1,791,490 | 570,364 |
| Government Sponsored | 13,539,961 | 10,610,332 |
| USP Sponsored | 278,645 | 115,251 |
| | <hr/> | <hr/> |
| | 43,915,290 | 39,120,007 |
| | <hr/> <hr/> | <hr/> <hr/> |
| | | |
| 5 DEVELOPMENT ASSISTANCE | | |
| Australia - Recurrent | 23,618,928 | 14,950,457 |
| - Projects | 16,018,559 | 9,723,752 |
| New Zealand - Recurrent | 7,642,603 | 7,380,401 |
| - Projects | 44,761 | 53,953 |
| European Union | 104,810 | 5,074,106 |
| Japan | 310,118 | 4,788,315 |
| Other Partners | 3,595,517 | 9,111,905 |
| | <hr/> | <hr/> |
| | 51,335,296 | 51,082,889 |
| | <hr/> <hr/> | <hr/> <hr/> |

THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

6 TRADING ACTIVITIES

| | 2014 \$ | 2013 \$ |
|---|-------------------|-------------------|
| Book centre | 8,588,336 | 8,400,806 |
| Computer shop | 2,587,055 | 3,282,047 |
| Residential rental income | | |
| - <i>Laucala</i> | 3,774,883 | 3,518,838 |
| - <i>Emalus</i> | 1,068,747 | 903,588 |
| - <i>Alafua</i> | 319,601 | 226,155 |
| | <u>16,338,622</u> | <u>16,331,434</u> |
| Gymnasium and Community Recreation Centre | 819,021 | 471,381 |
| ICT Park rentals | 709,143 | 753,382 |
| Other rental | 451,632 | 507,019 |
| Others | 617,004 | 390,929 |
| | <u>18,935,422</u> | <u>18,454,145</u> |

6a CONSULTANCY INCOME

| | | |
|---|------------------|------------------|
| Consultancy work with Tonga Police | - | 78,813 |
| Professional services and project consultancies | | |
| - IAS | 835,092 | 865,850 |
| - Other | 374,169 | 189,196 |
| Training and teaching | 392,500 | 294,487 |
| Other | 59,939 | 105,981 |
| | <u>1,661,700</u> | <u>1,534,327</u> |

7 OTHER INCOME

| | | |
|-------------------------------------|-----------|-----------|
| Administration cost recovery | 137,668 | 367,268 |
| Course material and text book sales | 2,799,354 | 2,618,060 |
| Faculty and support units' income | 1,294,944 | 962,420 |
| ITS domain name registration | 151,431 | 181,240 |
| Laboratory income | 1,030,508 | 1,122,100 |
| Miscellaneous student activities | 2,238,609 | 2,142,756 |
| Other income | 1,908,951 | 1,538,283 |

**THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

| | | | |
|----------|--|-------------------|-------------------|
| 7 | OTHER INCOME (Continued) | 2014 \$ | 2013 \$ |
| | Publication sales | 40,147 | 27,666 |
| | Insurance proceeds | 209,813 | 33,556 |
| | | 9,811,425 | 8,993,349 |
| | | | |
| 8 | RELEASE OF DEFERRED REVENUE | 2014 \$ | 2013 \$ |
| | Depreciation charge for the year | 11,277,418 | 9,436,990 |
| | Less: charge on items acquired through normal operating activities | (6,443,455) | (4,803,674) |
| | Release of deferred revenue liability - depreciation | 4,833,963 | 4,633,316 |
| | | | |
| 9 | STAFF COSTS | 2014 \$ | 2013 \$ |
| | Academic and comparable staff | 53,663,891 | 52,938,927 |
| | Intermediate and junior staff | 17,684,141 | 15,252,462 |
| | Hourly paid staff | 7,444,398 | 7,284,354 |
| | Provision for leave entitlement | 448,704 | 1,263,488 |
| | Senior management | 2,953,996 | 1,771,879 |
| | Total staff costs | 82,195,130 | 78,511,110 |

Staff numbers (including part-time staff) by category

| | | |
|-------------------------------|--------------|--------------|
| Academic and comparable staff | 610 | 635 |
| Intermediate and junior staff | 653 | 626 |
| Hourly paid staff | 319 | 323 |
| Senior management | 9 | 8 |
| Total staff numbers | 1,591 | 1,592 |

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

| | | |
|-----------------------|----|----|
| \$100,000 - \$119,999 | 40 | 61 |
| \$120,000 - \$139,999 | 29 | 19 |
| \$140,000 - \$159,999 | 14 | 12 |
| \$160,000 - \$179,999 | 16 | 16 |

**THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

| 9 Annualized taxable emoluments for staff paid \$100,000 or more (Continued) | 2014 \$ | 2013 \$ |
|---|--------------------|--------------------|
| \$180,000 - \$199,999 | 2 | 6 |
| \$200,000 - \$219,999 | 8 | 9 |
| \$220,000 - \$239,999 | 2 | 2 |
| \$240,000 - \$259,999 | 2 | 1 |
| \$260,000 - \$279,000 | 1 | - |
| \$280,000 - \$299,000 | 1 | - |
| Above \$300,000 | 3 | - |
| | 118 | 126 |

| 10 OPERATING COSTS | 2014 \$ | 2013 \$ |
|--|--------------------|--------------------|
| Cost of sales | 10,045,210 | 11,593,728 |
| Travel and related expenses – University related | 5,807,046 | 4,271,633 |
| Travel and related expenses – Projects related | 2,539,783 | 8,625,492 |
| Student – research related expenses | 9,345,424 | 10,147,304 |
| Student – support related expenses | 1,925,582 | 1,692,861 |
| Grounds and maintenance | 5,223,262 | 4,763,970 |
| Consultancy expenses | 4,662,800 | 3,194,744 |
| Utilities | 5,327,716 | 5,408,748 |
| Telecommunications | 3,513,834 | 4,331,272 |
| Library books | 2,811,126 | 1,642,250 |
| Staff recruitment and passages | 822,884 | 1,276,754 |
| Printing and stationery | 2,379,782 | 2,622,944 |
| Insurance premiums | 2,549,790 | 2,281,965 |
| Computer software and hardware | 1,953,268 | 1,026,838 |
| Workshop expenses | 1,334,740 | 1,838,521 |
| Advertising | 1,808,027 | 1,643,843 |
| Hospitality / expenditure on meetings | 1,008,309 | 1,213,776 |
| Teaching materials | 2,059,151 | 2,577,569 |
| Medical expenses | 2,439,972 | 1,157,720 |
| Rental expense | 1,613,419 | 1,443,823 |
| Equipment purchase | 1,132,164 | 1,120,421 |
| Freight and courier charges | 638,669 | 829,056 |

THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

| 10 OPERATING COSTS (Continued) | 2014 | 2013 |
|--|--------------------------|--------------------------|
| | \$ | \$ |
| Operating costs - strategic plan | 3,626,697 | 2,716,520 |
| Sub-total | <u>74,568,655</u> | <u>77,421,752</u> |
| Other items of expenditure | 4,145,782 | 6,636,887 |
| <u>Fees paid to auditors:</u> | | |
| External audit - audit of financial statements | 54,483 | 61,000 |
| Audit of projects | 23,408 | 23,823 |
| Other services | 88,554 | - |
| Internal audit | 150,000 | 178,868 |
| <u>Honorarium:</u> | | |
| Council | 37,625 | 37,623 |
| Audit and risk committee | 23,500 | 23,500 |
| Finance and investments committee | 10,500 | 10,500 |
| Total operating costs | <u>79,102,507</u> | <u>84,393,953</u> |

THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

| 11 INVENTORIES | Goods and Publications | Academic Gowns | Maintenance | Catering and Domestic | Total |
|--|---------------------------|-------------------|---------------|-----------------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 January 2013 | 4,767,854 | 711,209 | 223,722 | 4,951 | 5,707,736 |
| Additions | 8,434,922 | - | 242,116 | 56,785 | 8,733,823 |
| Expensed | (9,841,059) | - | (427,507) | (57,589) | (10,326,155) |
| Impairment | (476,117) | - | (3,303) | - | (479,420) |
| Cost or valuation at 31 December 2013 | 2,885,600 | 711,209 | 35,028 | 4,147 | 3,635,984 |
| Balance at 1 January 2014 | 2,885,600 | 711,209 | 35,028 | 4,147 | 3,635,984 |
| Additions | 9,342,736 | 383,057 | 36,057 | 39,644 | 9,801,494 |
| Expensed | (9,241,421) | - | (39,118) | (40,751) | (9,321,290) |
| Impairment | 420,932 | (5,615) | - | - | 415,317 |
| Cost or valuation at 31 December 2014 | 3,407,847 | 1,088,651 | 31,967 | 3,040 | 4,531,505 |

| Analysis of value of inventories | 2014 | 2013 |
|---|------------------|------------------|
| | \$ | \$ |
| Total cost of inventories | 6,722,284 | 5,739,956 |
| Less: unrealised profit | (1,740,882) | (1,238,758) |
| Less: provision for obsolescence | (449,897) | (865,214) |
| Cost or valuation at year end | 4,531,505 | 3,635,984 |

| Analysis of goods and publications: | | |
|--|------------------|------------------|
| Book centre - inventory | 1,415,004 | 1,731,386 |
| Book centre - goods in transit | 893,345 | 602,561 |
| Regional campuses - books | 1,104,031 | 1,016,130 |
| Regional campuses - course materials | 321,094 | 283,915 |
| Institute of Education | 67,016 | 65,183 |
| | 3,800,490 | 3,699,175 |
| Less: provision for obsolescence | (392,643) | (813,575) |
| Cost or valuation at year end | 3,407,847 | 2,885,600 |

**THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

| 12 TRADE AND OTHER RECEIVABLES | Notes | 2014 \$ | 2013 \$ |
|---|--------------|--------------------------|--------------------------|
| Government contributions | 12a | 143,905 | 488,019 |
| Trade debtors | 12b | 3,125,693 | 1,577,680 |
| Student debtors | 12c | 12,607,497 | 10,987,655 |
| Staff debtors | 12d | 123,083 | 125,278 |
| VAT / GST receivable | 12e | 3,738,780 | 3,348,793 |
| Other debtors | 12f | 10,871,707 | 12,464,278 |
| | | <u>30,610,665</u> | <u>28,991,703</u> |
| Less: provision for doubtful debts | 12g | <u>(11,525,875)</u> | <u>(9,930,627)</u> |
| | | <u>19,084,790</u> | <u>19,061,076</u> |
| | | | |
| 12a Contribution due from governments: | | | |
| Solomon Islands | | - | 488,019 |
| Marshall Islands | | 143,905 | - |
| | | <u>143,905</u> | <u>488,019</u> |
| | | | |
| <u>Ageing of government contributions due:</u> | | | |
| 0 to 90 days | | 6,853 | - |
| 91 to 180 days | | 50,224 | 488,019 |
| 181 to 365 days | | 86,828 | - |
| | | <u>143,905</u> | <u>488,019</u> |
| | | | |
| Overpayments by member countries are classified as creditors. | | | |
| | | | |
| 12b Trade Debtors | | | |
| Alafua campus | | 163,153 | 178,235 |
| Emalus campus and book centre | | 50,153 | 125,538 |
| Laucala campus - book centre | | 182,224 | 37,477 |
| - other commercial | | 2,730,163 | 1,236,430 |
| | | <u>3,125,693</u> | <u>1,577,680</u> |
| Less: Impairment provision | | <u>(838,861)</u> | <u>(373,243)</u> |
| | | <u>2,286,832</u> | <u>1,204,437</u> |

**THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

| 12b Trade Debtors (continued) | 2014 | 2013 |
|---------------------------------------|-------------------|-------------------|
| | \$ | \$ |
| <u>Ageing of trade debtors due:</u> | | |
| 0 to 90 days | 2,105,562 | 1,106,849 |
| 91 to 180 days | 362,540 | 195,178 |
| 181 to 365 days | 175,892 | 188,318 |
| Between 1 and 2 years old | 404,607 | 33,914 |
| Between 2 and 3 years old | 32,218 | 6,562 |
| More than 3 years old | 44,874 | 46,859 |
| | 3,125,693 | 1,577,680 |
| 12c Student Debtors | | |
| Alafua | 1,071,792 | 754,466 |
| Emalus | 2,531,491 | 1,207,357 |
| Laucala | 4,673,484 | 5,873,873 |
| Other regional campuses | 4,330,730 | 3,151,959 |
| | 12,607,497 | 10,987,655 |
| Less: Impairment provision | (7,509,260) | (6,581,160) |
| Write off student debts | (333,794) | (136,815) |
| | 4,764,443 | 4,269,680 |
| <u>Ageing of student debtors due:</u> | | |
| 0 to 90 days | 2,026,950 | 1,263,853 |
| 91 to 180 days | 3,672,910 | 4,429,840 |
| 181 to 365 days | 1,610,522 | 1,921,401 |
| Between 1 and 2 years old | 2,118,765 | 814,318 |
| Between 2 and 3 years old | 773,602 | 479,121 |
| More than 3 years old | 2,404,748 | 2,079,122 |
| | 12,607,497 | 10,987,655 |
| 12d Staff debtors | | |
| Laucala | 104,569 | 101,059 |
| Other regional campuses | 18,514 | 24,219 |
| | 123,083 | 125,278 |
| Less: Impairment provision | (116,129) | (111,578) |
| | 6,955 | 13,700 |

**THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

| 12d Staff debtors (continued) | 2014 | 2013 |
|---|-------------------|-------------------|
| | \$ | \$ |
| <u>Ageing of staff debtors due:</u> | | |
| 0 to 90 days | 6,084 | 20,537 |
| 91 to 180 days | 1,741 | 2,732 |
| 181 to 365 days | 5,694 | 1,279 |
| Between 1 and 2 years old | 11,219 | 2,385 |
| More than 3 years old | 98,345 | 98,345 |
| | 123,083 | 125,278 |
| 12e VAT/GST receivable | | |
| Alafua book centre | 804,690 | 583,032 |
| Laucala book centre | 2,934,090 | 2,765,761 |
| | 3,738,780 | 3,348,793 |
| Less: Impairment provision | (2,727,831) | (2,727,831) |
| | 1,010,949 | 620,962 |
| <u>Ageing of VAT/GST due:</u> | | |
| 0 to 90 days | 52,935 | 49,400 |
| 91 to 180 days | 72,996 | 71,163 |
| 181 to 365 days | 264,057 | 99,197 |
| Between 1 and 2 years old | 219,761 | 416,185 |
| Between 2 and 3 years old | 416,183 | 433,301 |
| More than 3 years old | 2,712,848 | 2,279,547 |
| | 3,738,780 | 3,348,793 |
| 12f Other debtors | | |
| Development assistance partners (projects) | 9,210,701 | 5,754,335 |
| Development assistance partners (incentive) | - | 3,998,095 |
| Development assistance partners (Scholarship's) | - | 1,778,374 |
| Interest receivable | 150,992 | 254,121 |
| Other debtors | 1,510,014 | 679,353 |
| | 10,871,707 | 12,464,278 |
| <u>Ageing of other debtors due:</u> | | |
| 0 to 90 days | 2,004,408 | 3,728,526 |
| 91 to 180 days | 3,258,357 | 3,945,356 |
| 181 to 365 days | 1,801,357 | 1,634,956 |
| Between 1 and 2 years old | 996,666 | 1,759,508 |
| Between 2 and 3 years old | 1,414,987 | 506,963 |

THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

12f Other Debtors (Continued)

| | 2014 \$ | 2013 \$ |
|-----------------------|-------------------|-------------------|
| More than 3 years old | 1,395,932 | 888,969 |
| | <u>10,871,707</u> | <u>12,464,278</u> |

12g Movement in provision for doubtful debts

| | | |
|---|-------------------|------------------|
| Balance at 1 January | 9,930,627 | 8,933,138 |
| Write offs | (333,794) | (136,815) |
| Additional provision made during the year | 1,929,042 | 1,134,304 |
| Balance at 31 December | <u>11,525,875</u> | <u>9,930,627</u> |

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

13 PREPAYMENTS

| | | |
|---------------------|---------------|----------------|
| Alafua | 17,085 | 9,388 |
| Laucala | 370 | 528,260 |
| Laucala book centre | 38,796 | 36,429 |
| | <u>56,251</u> | <u>574,077</u> |

14 CASH AND CASH EQUIVALENTS

| | | |
|------------------------------------|-------------------|-------------------|
| Cash and short – term deposits | | |
| - Current Accounts | 12,165,967 | 13,908,204 |
| - Term deposits (3 months or less) | 16,509,333 | 12,608,041 |
| - Cash on hand and petty cash | 40,937 | 35,000 |
| Cash and cash equivalents | <u>28,716,237</u> | <u>26,551,245</u> |

14a HELD-TO-MATURITY FINANCIAL ASSETS

| | | |
|--|-------------------|-------------------|
| | <u>16,929,656</u> | <u>18,712,133</u> |
| Total cash and cash equivalents and held-to-maturity financial assets | <u>45,645,893</u> | <u>45,263,378</u> |

Held-to-maturity financial assets comprise term deposits maturing between 3 and 12 months at 31 December 2014.

THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

| 14b Where held: | 2014 | Restated |
|----------------------------|-------------------|-------------------|
| | \$ | 2013 |
| | | \$ |
| In Fiji | 9,906,145 | 24,889,690 |
| With other regional banks | 8,749,692 | 5,626,178 |
| In other overseas accounts | 26,990,056 | 14,747,510 |
| | <u>45,645,893</u> | <u>45,263,378</u> |

14c The following term deposits are denominated in the following currencies but stated in Fijian dollars:

| | | |
|------------------------|-------------------|-------------------|
| Fijian dollars | 608,658 | 8,454,365 |
| Australian dollars | 24,608,246 | 14,110,273 |
| New Zealand dollars | 5,103,110 | 6,298,867 |
| Solomon Island dollars | 3,118,908 | 2,380,159 |
| British pounds | - | 58,978 |
| Japanese yen | 67 | 17,532 |
| | <u>33,438,989</u> | <u>31,320,174</u> |

Cash and cash equivalents denominated in other currencies are exposed to foreign currency risk.

14d Comprising:

| | | |
|-----------------------------------|-------------------|-------------------|
| University funds | 18,646,865 | 17,293,541 |
| Development assistance (projects) | 21,049,800 | 21,876,410 |
| Endowment funds | 5,949,228 | 6,093,427 |
| | <u>45,645,893</u> | <u>45,263,378</u> |

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

THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

15 Reconciliation of net cash from operating activities to statement of comprehensive income

| | 2014 \$ | Restated 2013 \$ |
|---|-------------------------|-------------------------|
| (Deficit)/surplus for the year | 5,180,059 | (1,189,986) |
| <u>Adjustments to income and expenditure:</u> | | |
| Release of deferred revenue | (4,833,963) | (4,633,316) |
| Depreciation | 11,277,418 | 9,436,990 |
| Movement in provision for doubtful debts | 1,929,042 | 1,134,304 |
| Loss on demolition of assets | 13,116 | 8,355 |
| Write-off student debts | (333,794) | (136,815) |
| Provision for leave entitlement | 448,704 | 1,263,488 |
| Write down/(reversal) in value of inventories | (415,317) | 479,420 |
| Write-off Project Debts | 630,290 | - |
| Net cash from operating activities before changes in assets and liabilities | <u>13,895,555</u> | <u>6,362,440</u> |
| Decrease/(Increase) in inventories | (480,204) | 1,592,332 |
| Increase in accounts receivable | (2,249,251) | (7,615,578) |
| Decrease/(increase) in prepayments | 517,826 | (141,713) |
| Increase/(decrease) in development assistance (projects) | (826,610) | 2,205,433 |
| Increase in creditors | (3,572,509) | 2,879,181 |
| Increase in other contributed Equity | 233,500 | - |
| (Decrease) in foreign currency translation reserve | (244,401) | (710,707) |
| Net cash provided by normal activities | <u>7,273,906</u> | <u>4,571,388</u> |

THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

16 Property, plant and equipment

| | Property | Equipment and Furniture | Vehicles and Vessels | Work in Progress | Total |
|---|--------------------|-------------------------------|----------------------------|---------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Cost | | | | | |
| Deemed cost at 1 January 2013 | 211,280,300 | 28,171,711 | 2,536,008 | 8,098,348 | 250,086,367 |
| Additions | 2,452,381 | 6,490,776 | 305,956 | 1,693,974 | 10,943,087 |
| Disposals | - | (15,376) | - | - | (15,376) |
| Transfers between asset classes | 3,801,927 | 755,589 | - | (4,557,516) | - |
| Deemed cost at 31 December 2013 | 217,534,608 | 35,402,700 | 2,841,964 | 5,234,806 | 261,014,078 |
| Additions | 7,003,142 | 5,287,644 | 672,679 | 2,071,257 | 15,034,722 |
| Disposals | - | (15,972) | - | - | (15,972) |
| Transfers between asset classes | 1,191,657 | 64,759 | - | (1,256,416) | - |
| Deemed cost at 31 December 2014 | 225,729,407 | 40,739,131 | 3,514,643 | 6,049,647 | 276,032,828 |
| Accumulated depreciation | | | | | |
| Accumulated depreciation at 1 January 2013 | 31,699,226 | 13,976,741 | 1,550,257 | - | 47,226,224 |
| Charge for the year | 4,598,225 | 4,466,731 | 244,825 | - | 9,309,781 |
| Disposals | - | (3,917) | - | - | (3,917) |
| Accumulated depreciation at 31 December 2013 | 36,297,451 | 18,439,555 | 1,795,082 | - | 56,532,088 |
| Charge for the year | 4,827,132 | 5,936,597 | 366,860 | - | 11,130,589 |
| Disposals | - | (3,717) | - | - | (3,717) |
| Accumulated depreciation at 31 December 2014 | 41,124,583 | 24,372,435 | 2,161,942 | - | 67,658,960 |

THE UNIVERSITY OF THE SOUTH PACIFIC
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2014

16 Property, plant and equipment (continued)

| | Property | Equipment and Furniture | Vehicles and Vessels | Work in Progress | Total |
|--|--------------------|-------------------------------|----------------------------|---------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Net carrying amount at 1 January 2013 | 179,581,074 | 14,194,970 | 985,751 | 8,098,348 | 202,860,143 |
| Net carrying amount at 31 December 2013 | 181,237,157 | 16,963,145 | 1,046,882 | 5,234,806 | 204,481,990 |
| Net carrying amount at 31 December 2014 | 184,604,824 | 16,366,696 | 1,352,701 | 6,049,647 | 208,373,868 |

Work in progress

Work in progress relates to costs for property-related projects where the project has not been completed. The costs will be capitalised 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
FOR THE YEAR ENDED 31 DECEMBER 2014

16. PROPERTY, PLANT AND EQUIPMENT (continued)

| Carrying amount of work in progress projects | 2014 | 2013 |
|--|------------------|------------------|
| | \$ | \$ |
| Continuing from 2013 | | |
| Improve campus infrastructure and developments | 2,102,877 | 1,983,429 |
| IT equipment installation | 396,290 | 1,168,369 |
| Lab equipment installation | 131,783 | 84,566 |
| Improve recreational space and campus life | 43,297 | 118,268 |
| Renewable Energy Training Centre | - | 28,001 |
| Biofuel Testing Laboratory | 239,717 | 137,459 |
| Road Upgrade | - | 286,407 |
| 11th Hall | - | 577,438 |
| Smart Class Room | - | 291,823 |
| Book Centre Extension | - | 460,451 |
| MBA Resource Centre | 113,109 | 76,354 |
| Pony Club Landscaping | - | 22,241 |
| New Projects in 2014 | | |
| Smart Class Room | 183,958 | - |
| Road Upgrade | 79,000 | - |
| Software development | 70,186 | - |
| Lautoka Campus | 118,196 | - |
| 11th Hall - 2 Additional Blocks | 687,964 | - |
| Kiribati Campus | 1,883,270 | - |
| | 6,049,647 | 5,234,806 |

**THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

16 PROPERTY, PLANT AND EQUIPMENT (continued)

| | 2014 | 2013 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Reconciliation of fixed assets to related accounts | | |
| Carrying amount of property, plant and equipment at 31 December 2014 | 208,373,868 | 204,481,990 |
| <u>This is represented by:</u> | | |
| Deferred income | 120,251,812 | 121,616,441 |
| Other contributed equity | 8,173,810 | 7,940,310 |
| Carrying amount of properties acquired directly or through loans: | | |
| Statham street campus | 3,857,709 | 3,941,609 |
| Services complex | 102,240 | 106,560 |
| Residential block | 736,000 | 760,000 |
| Student Accommodation | 3,044,632 | - |
| Kiribati campus - WIP | 1,883,270 | - |
| Lautoka Campus - WIP | 118,196 | - |
| Carrying amount of assets funded from operating activities | 70,206,199 | 70,117,070 |
| | 208,373,868 | 204,481,990 |

17 INTANGIBLE ASSETS

| | |
|--|----------------|
| Deemed cost at 1 January 2013 | 824,376 |
| Additions | 130,379 |
| Deemed cost at 31 December 2013 | 954,755 |
| Additions | 39,985 |
| Deemed cost at 31 December 2014 | 994,740 |
| Amortisation and impairment | |
| At 1 January 2013 | 439,461 |
| Amortisation | 127,209 |
| Amortisation at 31 December 2013 | 566,670 |
| Amortisation | 146,829 |
| Amortisation at 31 December 2014 | 713,499 |
| Net carrying amount at 1 January 2013 | 384,915 |
| Net carrying amount at 31 December 2013 | 388,085 |
| Net carrying amount at 31 December 2014 | 281,241 |

**THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

18 FINANCING FACILITIES

The University has access to overdraft facilities of \$5,000,000 (December 2013: \$4,088,542) with various banks across the region for which all conditions precedent have been met. As at 31 December 2014: nil (December 2013: 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 31 December 2014 is \$28,716,237 (December 2013: \$26,551,245). Held-to-maturity financial assets as at 31 December 2014 is \$16,929,656 (December 2013: \$18,712,133).

19 BORROWINGS

| Non – Current | December 2014 | December 2013 |
|--|--------------------------|--------------------------|
| | \$ | \$ |
| Fiji National Provident Fund Loan (FNPF) | 3,051,780 | - |
| Asian Development Bank Loan (ADB) | 1,663,063 | - |
| | 4,714,843 | - |

19a Fiji National Provident Fund Loan

The University entered into a loan agreement of \$3.6m with FNPF to construct the 11th 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. 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.

19b Asian Development Bank Loan

The University entered into a loan agreement with ADB of SDR1,692,000 to construct the Kiribati Campus. The loan is to be paid off between December 2020 and June 2044 with the applicable interest rate being 1% for first 8 years and 1.5% thereafter.

**THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

| 20 CREDITORS AND ACCRUALS | 2014 | Restated |
|---|-------------------|-------------------|
| | \$ | 2013 |
| | | \$ |
| Member countries' contributions received in advance | 1,556,820 | 2,101,215 |
| Other creditors and accruals | 3,364,165 | 915,205 |
| Research funds | 2,432,783 | 2,227,716 |
| Payroll creditors | 2,211,706 | 3,963,790 |
| Student creditors | 280,370 | 210,504 |
| Student fees received in advance | 797,120 | 561,729 |
| Trade creditors | 4,948,974 | 8,699,801 |
| | 15,591,938 | 18,679,960 |
| 20a DEVELOPMENT ASSISTANCE (PROJECTS) UNEXPENDED | | |
| AusAID | 10,594,543 | 9,357,348 |
| NZ | 117,994 | 104,956 |
| EU | 1,725,840 | 3,432,394 |
| Japan | 163,777 | 291,262 |
| Others | 8,447,646 | 8,690,450 |
| | 21,049,800 | 21,876,410 |

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

20b PROVISIONS

Current

| <u>Provision for annual leave</u> | 2014 | 2013 |
|-----------------------------------|------------------|------------------|
| | \$ | \$ |
| Balance at 1 January | 5,049,645 | 3,786,157 |
| Movement during the year | 448,704 | 1,263,488 |
| Balance at 31 December | 5,498,349 | 5,049,645 |

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.

**THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
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| 20b PROVISIONS (Continued) | 2014 | 2013 |
|---|---------------------------|---------------------------|
| | \$ | \$ |
| <i>Non-current</i> | | |
| <u>Provision for severance allowance</u> | | |
| Balance at 1 January | 894,307 | 890,581 |
| Additional provision during the year | 158,513 | 101,709 |
| Paid during the year | (175,243) | (97,983) |
| Balance at 31 December | <u>877,577</u> | <u>894,307</u> |
| <u>Provision for gratuity</u> | | |
| Balance at 1 January | 323,557 | 217,252 |
| Additional provision during the year | - | 106,305 |
| Paid during the year | (323,557) | - |
| Balance at 31 December | <u>-</u> | <u>323,557</u> |
| | <u>877,577</u> | <u>1,217,864</u> |
| | | |
| 20c Deferred Income | | |
| Balance at 1 January | 121,616,441 | 122,037,230 |
| Additions during the year | 3,469,334 | 4,215,631 |
| Release during the year – depreciation | (4,833,963) | (4,633,316) |
| Release during the year – disposals | - | (3,104) |
| Balance at year end | <u>120,251,812</u> | <u>121,616,441</u> |
| | | |
| (i) Disclosed in the financial statements as follows: | | |
| Current | 4,833,963 | 4,633,316 |
| Non-current | 115,417,849 | 116,983,125 |
| | <u>120,251,812</u> | <u>121,616,441</u> |

**THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

21 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. During the year the university received a contribution of \$233,500 from Solomon Island Government.

(b) Foreign currency translation reserve

Translation reserve represents the resultant exchange gain/loss arising from translating all overseas campus balances on aggregation.

22 COMMITMENTS

| 22a Operating lease commitments | 2014 | 2013 |
|---|-------------------------|-------------------------|
| | \$ | \$ |
| The commitments in respect of leased assets are as follows: | | |
| Not later than one year | 933,110 | 427,800 |
| Later than one year and not later than five years | 3,011,231 | 1,675,550 |
| Later than five years | - | - |
| | <u>3,944,341</u> | <u>2,103,350</u> |

The University has an operating lease with Fuji Xerox Business Center for the provision of managed multi-function device services. Minimum monthly lease is \$77,759 for five years subject to adjustments based upon actual utilization.

22b Capital commitments

In addition to the amounts reported in note 16 to the financial statements, the University has a capital commitment of \$5,682,079 for various projects not yet started and asset purchases for which the items had not been received or paid for. This balance was not been recognised as a liability at balance date.

| 23 CONTINGENT ASSETS AND LIABILITIES | 2014 | 2013 |
|--|--------------------------|--------------------------|
| | \$ | \$ |
| <u>Contingent liabilities</u> | | |
| The University's contingent liabilities are estimated to be: | | |
| Fiji Electricity Authority - guarantees given | 158,857 | 158,857 |
| FRCA - customs bond - guarantees given | 30,000 | 30,000 |
| VAT on contributions received from Fijian Government (1992 - 2007) | 39,802,087 | 39,802,087 |
| | <u>39,990,944</u> | <u>39,990,944</u> |
| <u>Contingent assets</u> | | |
| VAT on Fijian Government contributions (1992 - 2007) | <u>39,802,087</u> | <u>39,802,087</u> |

**THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
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23 CONTINGENT ASSETS AND LIABILITIES – (continued)

The Fiji Islands Revenue Customs Authority 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 made an effort in 2009 to close the matter with FRCA, but no reply or any formal assessment has been issued by FRCA since the University's last communication dated 20 October 2009. Accordingly, no liability has been recorded in the financial statements.

The University claims Government contributions on a VAT exclusive basis. In the event that the VAT 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 same value as the potential tax liability.

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. No amounts have been provided in relation to any of these matters.

24 RELATED PARTIES

The University is controlled by 12 member countries comprise Fiji, Tuvalu, Tonga, Solomon Islands, Samoa, Republic of Marshall Islands, Nauru, Niue, Cook Islands, Vanuatu, Kiribati and Tokelau. During the year the University received grants of \$49,564,724 (refer to note 3), amounts receivable amounted to \$143,905 (2013:\$488,019) and contributions received in advance amounted to \$1,556,820 (2013: \$2,101,215).

Key management personnel disclosures

(a) Names of responsible persons and senior management team

The following persons were responsible persons and 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 Ikbal Jannif, Pro-Chancellor & Chair of Council
Professor Rajesh Chandra, Vice-Chancellor & President
Hon. Henry Puna, Minister for Education, Cook Islands
Hon. Dr Hilda C. Heine, Minister for Education, Marshall Islands
Hon. Charmaine Scotty, Minister for Education, Nauru
Hon. Pokotoa Sipeli, Minister for Education, Niue
Hon. Dr. Derek Sikua, Minister for Education, Solomon Islands
Hon. Fauoa Maani, Minister for Education, Tuvalu
Hon. Samiuela 'Akilisi, Minister for Education, Women Affairs, and Culture, Tonga
Hon. Bob Loughman, Minister for Education, Vanuatu
Hon. Maere Tekanene, Minister for Education, Kiribati
Hon. Saili Patea Peau, Minister for Education, Tokelau
Hon. Magele Mauiliu Magele, Minister for Education, Samoa
Mr Iulai Lavea, Chief Executive Officer, Ministry of Finance, Samoa

**THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
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24 RELATED PARTIES (continued)

Key management personnel disclosures

Hon. Mahendra Reddy, Minister for Education, National Heritage, Culture & Arts, Fiji
 Ms Kelera Taloga, Permanent Secretary for Education, National Heritage, Culture and Arts, Fiji
 Mr Filomone Waqabaca, Permanent Secretary of Finance, Fiji
 Ms Fay Yee, Fiji
 Mr Iowane Naiveli, Fiji
 Professor Janice Reid AM, Government of Australia
 Professor Ian Watson, Government of New Zealand
 Ms Cristelle Pratt, Deputy Secretary General, Pacific Island Forum Secretariat
 Professor Konai Helu Thaman, Senate rep
 Professor Arvind Patel, Senate rep
 Mr. Wilfred Luiramo, USPSA (student rep)
 Mr. Whitlam Saeni USPSA (student rep)
 Dr Govinda Lingam, Staff rep
 Mr Anare Tuitoga, Staff rep

CO-OPTED MEMBERS

Ms Fekita 'Utoikamanu (Deputy Chair of Council)
 Dr Kabini Sanga
 Mr Rex Stephen Horoi
 Mr Gerald M. Zakios
 Mr Digby Bossley
 Ms Kate Vusoniwailala
 Ms Lorna A. Johansson

(ii) Senior management team

Professor Rajesh Chandra, Vice-Chancellor and President
 Dr Dilawar Grewal, Vice President Administration
 Dr Giulio Paunga, Vice President (Regional Campus and Properties and Facilities)
 Dr Esther Williams, Deputy Vice-Chancellor (Administration and Regional Campuses) – Up till 31 August 2014
 Professor John Bythell, Deputy Vice-Chancellor (Research and International)
 Dr Akanisi Kedrayate, Dean, Faculty of Arts, Law and Education
 Dr Anjeela Jokhan, Dean, Faculty of Science, Technology and Environment
 Dr Kesaia Seniloli, Acting Dean, Faculty of Business and Economics
 Heather Stadel, Executive Director Human Resources
 Kolinio Boila, Executive Director Finance

(b) Remuneration of Council Members and Senior Management Team

| | 2014 | 2013 |
|--|-------------|-------------|
| Remuneration of Council members | | |
| \$10,000 - \$19,999 | 3 | 3 |
| \$20,000 - \$29,999 | 1 | 1 |

Refer to note 9 and 10 for details of council members and senior management team remuneration.

**THE UNIVERSITY OF THE SOUTH PACIFIC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

24 RELATED PARTIES (continued)

| Remuneration of Senior management team | 2014 | 2013 |
|---|-----------------|-----------------|
| | \$ | \$ |
| \$100,000 - \$119,999 | - | 1 |
| \$120,000 - \$139,999 | - | - |
| \$140,000 - \$159,999 | 1 | 1 |
| \$160,000 - \$179,999 | 1 | 1 |
| \$180,000 - \$199,999 | 1 | 1 |
| \$200,000 - \$219,999 | 2 | 2 |
| \$220,000 - \$239,999 | - | 2 |
| \$240,000 - \$259,999 | 1 | - |
| \$260,000 - \$279,000 | - | - |
| \$280,000 - \$299,000 | 1 | - |
| Above \$300,000 | 2 | - |
| | <u>9</u> | <u>8</u> |

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 favorable than those which it is expected the University would have adopted for a normal employee, customer or supplier relationship.

(c) Key management personnel compensation

| | 2014 | 2013 |
|------------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| Short term employee benefits | 2,688,996 | 1,484,307 |
| Termination benefits | 265,000 | 287,572 |
| | <u>2,953,996</u> | <u>1,771,879</u> |

25 EVENTS SUBSEQUENT TO YEAR END

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 financial years.