Financial **REPORT**

University Council's responsibility for FINANCIAL REPORTING

The University Council accepts responsibility for the integrity, objectivity and reliability of the consolidated annual financial statements of Stellenbosch University. The responsibility for the preparation and presentation of the annual financial statements has been delegated to management.

The Council is of the opinion that Stellenbosch University, including the subsidiaries, associate companies and trusts included in the consolidated annual financial statements, is operated as a going concern, and consequently the annual financial statements have been prepared on this basis.

It is the responsibility of the external auditor to express an independent opinion on the fair presentation of the consolidated annual financial statements, based on their audit. They had unrestricted access to all financial records and related data, including minutes of meetings of the Council and all Council committees.

The Audit and Risk Committee has confirmed that adequate internal financial control systems are maintained and that there were no material defects in the functioning of the internal financial control systems during the year.

The Council is satisfied that the consolidated annual financial statements fairly present the financial position, the results of operations, changes in funds and cash flows in line with the relevant accounting policies based on International Financial Reporting Standards (IFRS).

Between the year-end and the date of this report, no material facts or circumstances have arisen that materially affect the financial position of Stellenbosch University.

The consolidated annual financial statements on pages 108 to 144 were approved by the Council and were signed by:

Mr GM Steyn
Chairperson of the University Council

Prof L van Huyssteen
Chief Operating Officer

Prof DP du Plessis
Chairperson of the Audit and Risk Committee

8 May 2017

Independent auditor's report to the Council of STELLENBOSCH UNIVERSITY

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Stellenbosch University set out on pages 108 to 144, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated income statement, statement of other comprehensive income, statement of changes in funds, and statement of cash flows for the year then ended, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Stellenbosch University as at 31 December 2016, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa, act no. 101 of 1997.

BASIS FOR OPINION

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We are independent of the University in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) together with the ethical requirements that are relevant to our audit in South Africa. 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.

RESPONSIBILITIES OF THE COUNCIL

The Council is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa and for such internal control as the Council determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the consolidated financial statements is included in the annexure to the auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof we have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual report. We performed procedures to identify findings but not to gather evidence to express assurance.

Our procedures address the reported performance information, which must be based on the approved performance planning documents of the University. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. Our procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.

We evaluated the reliability of the reported performance information for the following selected objectives presented in the annual report of the University for the year ended 31 December 2016:

Objectives	Pages in the annual report
Objective 1 – to achieve the approved headcount enrolment target	33
Objective 2 – to achieve the approved first time entering enrolment target	33
Objective 3 – to achieve the approved graduate output rate target	33
Objective 4 – to achieve the approved research output per instructional/ research professional staff target	34

We assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

We did not identify any material findings on the reliability of the reported performance information for the following objectives:

- to achieve the approved headcount enrolment target;
- to achieve the approved first time entering enrolment target;
- to achieve the approved graduate output rate target; and
- to achieve the approved research output per instructional/research professional staff target.

ACHIEVEMENT OF PLANNED TARGETS

Refer to the annual report on pages 33 and 34 for information on the achievement of the planned targets for the year.

REPORT ON AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

In accordance with the PAA and the general notice issued in terms thereof we have a responsibility to report material findings on the compliance of the University with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.

We did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

OTHER INFORMATION

The Stellenbosch University Council is responsible for the other information. The other information comprises the information included in the annual report other than the financial report and the University Council's responsibility for financial reporting included in the financial report. The other information does not include the consolidated financial statements, the auditor's report thereon and those selected objectives presented in the annual report that have been specifically reported on in the auditor's report.

Our opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements and the selected objectives presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

INTERNAL CONTROL DEFICIENCIES

We considered internal control relevant to our audit of the consolidated financial statements, reported performance information and compliance with applicable legislation; however, our objective was not to express any form of assurance thereon. We did not identify any significant deficiencies in internal control.

OTHER REPORTS

We draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the University's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of our opinion on the financial statements or our findings on the reported performance information or compliance with legislation.

We issued 22 agreed-upon procedures engagement reports during the year ended 31 December 2016 on funding from various donors and Department of Higher Education and Training funding. These reports covered periods ranging from 1 January 2013 to 19 August 2016.

We issued 17 donor funding audit and non-audit assurance reports during the year ended 31 December 2016 covering periods ranging from 1 January 2014 to 15 September 2016.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

D Adriaans
Registered Auditor
Stellenbosch
31 May 2017

Annexure – AUDITOR'S RESPONSIBILITY FOR THE AUDIT

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the consolidated financial statements, and the procedures performed on reported performance information for selected objectives and on the University's compliance with respect to the selected subject matters.

FINANCIAL STATEMENTS

In addition to our responsibility for the audit of the consolidated financial statements as described in the auditor's report, we also:

- identify and assess the risks of material misstatement of the consolidated 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 the Council.
- conclude on the appropriateness of the Council's use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Stellenbosch University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. Our conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a 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.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

We communicate with the Council 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.

We also confirm to the Council that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on our independence and where applicable, related safeguards.

Accounting POLICIES

The principal accounting policies applied in the preparation of these consolidated annual financial statements are set out below. The policies are applied consistently for all periods covered by these consolidated annual financial statements.

1. BASIS OF PREPARATION

The consolidated annual financial statements of Stellenbosch University are prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated annual financial statements are prepared on the historical cost basis, as amended by the revaluation of investments available for sale, endowments and investment properties.

In the preparation of these consolidated annual financial statements in accordance with IFRS a number of critical accounting estimates are relied upon. Application of the University's accounting policies is at management's discretion. Areas requiring greater discretion, and areas involving significant assumptions and estimates, are discussed in note 1 to the consolidated annual financial statements.

STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS APPLIED FOR THE FIRST TIME DURING THE YEAR

Certain new standards, amendments and interpretations relating to existing standards that have become compulsory for the financial year starting on 1 January 2016, have been applied by the University for the first time. None of these had a material impact on the consolidated annual financial statements. The amendments to and interpretations of the standards are as follows:

Amendments to IFRS 10	'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on applying the consolidation exemption
Amendment to IFRS 11	'Joint arrangements' on acquisition of an interest in a joint operation
Amendments to IAS 1	'Presentation of financial statements' disclosure initiative
Amendment to IAS 16	'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation
Amendments to IAS 16	'Property, plant and equipment' and IAS 41, 'Agriculture' on bearer plants
Amendments to IAS 27	'Separate financial statements' on equity accounting
Amendment to IFRS 5	'Non-current assets held for sale and discontinued operations'
Amendments to IFRS 7	'Financial instruments: Disclosures'
Amendment to IAS 19	'Employee benefits'
Amendment to IAS 34	'Interim financial reporting'
IFRS 14	'Regulatory deferral accounts'

STANDARDS AND AMENDMENTS TO EXISTING STANDARDS NOT YET EFFECTIVE

Certain new standards and amendments to existing standards that have become compulsory for accounting periods commencing on or after 1 January 2017 or later and that the University has not yet applied, have been published. The University will apply these in the applicable period, if relevant. The new standards and amendments to existing standards are as follows:

Standards and amendments to existing standards which will affect the consolidated annual financial statements	
IFRS 9	'Financial instruments' (2009 & 2010), on financial liabilities, derecognition of financial instruments, financial assets and general hedge accounting (effective date of 1 January 2018)

IFRS 9 addresses the classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. IFRS 9 includes guidance on financial liabilities and for the derecognition of financial instruments.

IFRS 15 and amendment to IFRS 15	'Revenue from contracts with customers' (effective date of 1 January 2018)

IFRS 15 is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of the goods or service transfers to a customer.

IFRS 16	'Leases' (effective date of 1 January 2019)

The new standard addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change is that most operating leases will be accounted for on the statement of financial position of lessees.

Management is currently investigating the impact of these new standards and amendments, but there will not be a material impact on the consolidated annual financial statements of the University in the following year.

Standards and amendments to existing standards which will not have a material effect on the consolidated annual financial statements	
Amendments to IFRS 10	'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' (effective date postponed)
Amendment to IAS 12	'Income taxes' (effective date of 1 January 2017)
Amendment to IAS 7	'Cash flow statements' (effective date of 1 January 2017)
Amendments to IFRS 2	'Share-based payments' (effective date of 1 January 2018
Amendment to IFRS 9	'Financial instruments' (effective date of 1 January 2018)
Amendments to IFRS 4	'Insurance contracts' (effective date of 1 January 2018)
Amendments to IAS 40	'Investment property' (effective date of 1 January 2018)
IFRIC 22	'Foreign currency transactions and advance consideration' (effective date of 1 January 2018)
Amendments to IFRS 1	'First-time adoption of IFRS' (effective date of 1 January 2018)
Amendments to IFRS 12	'Disclosure of interests in other entities' (effective date of 1 January 2017)
Amendments to IAS 28	'Investments in associates and joint ventures' (effective date of 1 January 2018)

2. BASIS OF CONSOLIDATION

SUBSIDIARIES

All entities in which the University, directly or indirectly, has an interest of more than half of the voting rights, or otherwise is able to exercise control over activities, are included in the consolidated annual financial statements. The purchase method is used to bring the acquisition of subsidiaries to book. The cost of an acquisition is measured as the fair value of assets transferred and liabilities assumed at the date of the transaction, including any transaction costs. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value.

The surplus of the cost of acquisition over the fair value of the group's share of identifiable net assets is accounted for as goodwill. The results of subsidiaries acquired during the year are included from the date on which effective control has been obtained. Subsidiaries are deconsolidated from the date on which effective control ends.

The University recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Intergroup transactions, balances and unrealised profits on transactions between the University and its subsidiaries are eliminated. Unrealised losses are also eliminated and are treated as a potential indicator of impairment of the underlying asset. The accounting policies of subsidiaries are adjusted during consolidation, where necessary.

ASSOCIATE COMPANIES

An associate company is a company, other than a subsidiary, in which the University holds an investment and on which it can have a significant influence due to the nature and size of its investment. The results of associates have been accounted for by using the equity method. The equity method involves the recognition of the interest of the University and its subsidiaries in the postacquisition profits and losses of associate companies in the consolidated income statement and the postacquisition movements in reserves in the consolidated statement of comprehensive income.

The cumulative postacquisition movements are adjusted against the carrying amount of the investment in the associate company. The recognition of the share of the University and its subsidiaries in losses of associate companies is limited to the interest in the associate company. Additional losses are only recognised to the extent that the University and its subsidiaries have guaranteed the debt of the associate company.

Intergroup transactions, balances and unrealised profits on transactions between the University and its associate companies are eliminated to the extent of the University's interest in the associate companies. Unrealised losses are also eliminated and are treated as a potential indicator of impairment of the underlying asset. The accounting policies of associate companies are adjusted, where necessary, in applying the equity method.

3. FOREIGN EXCHANGE

FUNCTIONAL AND PRESENTATIONAL CURRENCY

Items included in the consolidated annual financial statements are measured by using the currency of the primary economic environment in which the University operates (the functional currency). The consolidated annual financial statements are presented in South African rand, the functional and presentational currency of the University.

TRANSACTIONS AND BALANCES

Foreign exchange transactions are accounted for at the exchange rate ruling on the date of the transaction. Profits and losses arising from the settlement of such transactions and the conversion of monetary assets and liabilities denominated in foreign currency are recognised in the consolidated income statement. These balances are converted at exchange rates ruling at year-end.

4. PROPERTY, BOOKS AND EQUIPMENT

Land and buildings mainly consist of stands, lecture halls, laboratories, residences and administrative buildings. Land and buildings are shown at historical cost less accumulated depreciation, excluding donations of land and buildings valued at fair value by sworn valuers at the date of donation. The University has applied the IFRS 1 exemption in terms of which the fair market value of buildings at the date of conversion (1 January 2004) is the deemed cost.

Historical cost includes direct costs associated with the acquisition of the item. Postacquisition costs are added to the original cost, or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the University and the cost can be measured reliably. All other repair and maintenance costs are recognised in the consolidated income statement in the period in which they are incurred.

Books and equipment are shown at cost, excluding donations of books and equipment that are valued at fair value by sworn valuers at date of donation.

Government grants received for infrastructure are recognised by subtracting the grant from the value of the asset.

Land is not depreciated, as it has an unlimited useful life. Other assets are depreciated by using the straight-line method to write off cost or revalued amounts to residual values over their useful life.

Residuals and depreciation rates are as follows:

	Residual 2016 %	Depreciation 2016 %	Residual 2015 %	Depreciation 2015 %
Land	100	-	100	-
Buildings	-	1,3-20,0	-	1,3-20,0
Computer equipment	-	33,3	-	33,3
Other	0-40	5-25	0-40	5-25
Library books	-	100	-	100

The useful life of property, books and equipment is reviewed annually and, if necessary, adjusted.

If the carrying value of an asset is significantly in excess of its realisable value, it is written down to the realisable value.

Profits and losses on the sale of assets are recognised in the consolidated income statement and represent the difference between the proceeds and the carrying amount at the date of sale.

5. INTANGIBLE ASSETS

Purchased computer software licences are capitalised at the cost incurred to obtain and use the specific software. This cost is amortised over the expected useful life of the software. The expected useful life of software falling into this category at year-end is 10 years. Postacquisition costs incurred in the maintenance of computer software are recognised as expenditure in the period in which incurred.

Intangible assets include only computer software licences.

6. FINANCIAL INSTRUMENTS

Financial instruments include cash and cash equivalents, derivatives, investments, loans and receivables, trade and other payables and borrowings. Financial instruments are initially recognised at fair value, including transaction costs. Conventional buying and selling of financial assets are recognised at date of trade.

The University classifies its financial assets in the following categories: loans and receivables; investments available for sale and financial instruments carried at fair value, with adjustments in the consolidated income statement through profit and loss. The University classifies financial liabilities in the following categories: trade and other payables and interest-bearing borrowings. The classification is determined by the purpose for which the asset or liability has been acquired. Management determines the classification at initial recognition.

LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial instruments with fixed or determinable repayments not quoted in an active market. Loans and receivables are initially measured at fair value. Where amounts are only payable 12 months from year-end, they are included in non-current assets, otherwise in current assets.

Loans and receivables are shown at amortised cost by using the effective-interest-rate method and after provision for impairment of the outstanding amount. An allowance for credit losses is raised in the event of objective evidence that outstanding amounts will not be collected in accordance with the original terms. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the current value of the expected cash flows, discounted at the effective interest rate.

Significant financial difficulty and failure to pay outstanding debt are deemed indicators of impairment. The carrying amount of the asset is decreased by raising a provision. The amount of the impairment is recognised in the consolidated income statement as operating expenditure. When the debt or loan becomes irrecoverable, it is written off against the provision. Subsequent recoveries of any amounts previously written off are credited to the consolidated income statement against operating expenditure.

Trade and other receivables, excluding forward foreign exchange contract assets, are classified as loans and receivables.

Cash and cash equivalents, classified as loans and receivables, consist of cash on hand, call deposits, investments in money market instruments and bank overdrafts.

INVESTMENTS AVAILABLE FOR SALE

Investments are classified as 'available for sale' and are shown at fair value by using relevant valuation methods. Investments are included in non-current assets, unless the University intends to dispose of the investment within 12 months from year-end. Purchases and sales of investments are recognised at the date of trade, ie the date on which the University commits itself to the purchase and sale. Changes in fair values are shown in the statement of comprehensive income. The difference between the net sale proceeds and the cost of the investment is transferred from the fair-value reserve to the consolidated income statement on disposal.

Investments are derecognised when the right to cash flow expires or is transferred or the University has transferred the significant associated risks and benefits of ownership.

A distinction is made between changes in value resulting from exchange rate changes and fair-value changes in instruments denominated in foreign currency and classified as 'available for sale'. Exchange rate gains and losses are recognised in the consolidated income statement. Movements in the fair values of these investments are recognised in the statement of comprehensive income.

The fair values of listed investments are based on current market prices. The University determines the value of unlisted investments and investments in respect of which there is no active market by using relevant valuation techniques.

The University determines at each year-end whether a financial asset has been impaired, provided objective evidence can be provided. A significant decline in the fair value of the investment below its cost over a period is indicative of impairment. If there is such evidence for investments available for sale, the cumulative loss is transferred from the fair-value reserve to the consolidated income statement.

The cumulative loss is calculated as the difference between the acquisition cost and the current fair value net of any impairments recognised in previous periods. Impairment losses recognised in the consolidated income statement are not reversed on later recovery.

DERIVATIVE INSTRUMENTS

Derivative instruments, including forward foreign exchange contracts, are classified as 'at fair value with adjustments through the consolidated income statement'. These instruments are recognised at fair value at the date the derivative contract has been entered into. In subsequent periods it is revalued at fair value. Profits and losses on derivative instruments are recognised in the consolidated income statement.

TRADE AND OTHER PAYABLES

Trade and other payables, excluding forward foreign exchange contract liabilities, are initially recorded at fair value. Thereafter they are shown at amortised cost by using the effective-interest-rate method.

INTEREST-BEARING BORROWINGS

Borrowings are initially recognised at fair value, taking into account any transaction costs incurred. After initial recognition borrowings are carried at amortised cost. Differences between the initially recognised amount and the redemption amount are recognised in the consolidated income statement over the term of the borrowings by using the effective-interest-rate method. Borrowings are shown as current liabilities, except where the University has an unconditional right to defer payment for at least 12 months after year-end, in which case these are shown as non-current liabilities.

7. RESEARCH AND DEVELOPMENT COSTS

Research and development costs are recognised as expenditure in the year in which incurred, since both are inherent in the normal operations of a university.

8. DONATIONS

Donations are recognised at fair value at the date of the donation, based on external valuations.

9. INVENTORIES

Inventories, mainly comprising consumer goods and stationery, are shown at the lower of cost, on the basis of average cost, or net realisable value.

Cost excludes finance charges. Net realisable value is the estimated selling price in the normal course of business, less selling costs.

10. IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets with an indefnite useful life are not depreciated or amortised and are subject to annual testing for impairment. Assets subject to depreciation or amortisation are tested for potential impairment if an event or change in circumstances indicates that the carrying amount of the asset may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of an asset, less any selling costs, or its value in use. In the test for impairment, assets are grouped at the lowest level for which there is a separate identifiable cash flow (cash-generating units). Non-financial assets previously impaired are reviewed at every year-end for potential reversal of previously recognised impairments.

11. REVENUE RECOGNITION

Income is recognised at the fair value of the amounts or goods received.

Donation income is accounted for when it accrues.

Student and accommodation fees are recognised as and when the service is provided.

Central government grants are recognised in the period for which they are received. Government grants are recognised where there is reasonable certainty that the grant will be received and that the University will meet all the associated conditions. Government grants received for infrastructure are included in liabilities as deferred government grants and are credited to the asset when the asset becomes availabe for use, resulting in a decrease in the depreciation recognised in the consolidated income statement over the expected lives of related assets.

Research grants are recognised over the term of the research and based on the terms of the individual contracts.

Interest income is recognised on a time apportionment basis by using the effective-interest-rate method. On impairment of a debtor the University reduces the carrying amount to the recoverable amount. The recoverable amount represents the future cash flow, discounted at the original effective interest rate. This discount is recognised as interest over time. Interest income on loans in respect of which an impairment has been recognised, is recognised at the original effective interest rate.

Interdepartmental income is eliminated.

Other income earned by the University is recognised on the following bases:

- Dividend income – when the shareholder's rights to receive a dividend vest, ie on the last day for registration in respect of listed shares, and when declared in the case of unlisted shares.
- Rental income – receipts in respect of operating leases are recognised in the consolidated income statement on a straight-line basis over the period of the lease.
- Accidental sales and services – are recognised in the period in which they accrue.

12. LEASES

If the lessor retains the significant risks and benefits associated with ownership of a leased item, the item is classified as an operating lease. Payments in respect of operating leases are recognised in the consolidated income statement on a straight-line basis over the period of the lease.

The University leases property and equipment. Lease agreements where the University, as lessee, receives all the significant risks and benefits of ownership, are classified as leases. Finance leases are capitalised at the beginning of the lease term at the lower of the market value of the leased property and the current value of the minimum lease payments. Each lease payment has a liability and finance charges element and is apportioned accordingly. The corresponding lease liability, net of finance charges, is recognised in the consolidated statement of financial position. Property and equipment acquired by means of finance leases are depreciated over the shorter of the useful life or the lease term of the asset.

13. INVESTMENT PROPERTIES

Investment properties are held to generate rental income and to achieve capital growth. Owner-occupied properties are held for administrative, tuition and research purposes. Differences in use distinguish owner-occupied properties from investment properties.

Investment properties are deemed long-term investments and are carried at fair value determined annually by external sworn valuers. Investment properties are not depreciated. Any change in value is recognised directly in the consolidated income statement.

Owner-occupied properties are recognised and measured in accordance with the accounting policy for property, books and equipment.

14. PROVISIONS

Provisions are recognised when the University has a current statutory or constructive liability as a result of a past binding occurrence that will probably lead to an outflow of resources in the form of economic benefits to meet the liability, and a reasonable estimate of the amount of the liability can be made. Provisions are measured at the current value of the expected future expenditure to meet the liability, discounted at the market-related rate for similar provisions. Changes in the value of provisions due to passage of time are recognised as interest.

15. STAFF BENEFITS

POSTRETIREMENT MEDICAL BENEFITS AND GROUP LIFE INSURANCE SCHEME

Retired employees receive postretirement medical benefits. Access to this benefit is restricted to employees appointed prior to 1 June 2002. All employees are required to participate in the group life insurance scheme. The expected costs of these benefits are recognised over the period of employment. The liability in respect of postretirement medical benefits is the present value of the liability at year-end less the fair value of plan assets and any adjustments for actuarial profits or losses and past-service costs. The liability is calculated actuarially by independent actuaries at least once every three years. Actuarial profits and losses are recognised immediately in the consolidated statement of comprehensive income.

PENSION LIABILITIES

Contributions are made monthly to the US Retirement Fund, a defined-contribution plan for permanent employees of the University. A defined-contribution plan is a pension plan in terms of which the University makes fixed contributions to an external fund.

LONG-SERVICE BENEFITS

After 25 years' service employees qualify for a gratuity valued at 50% of the employee's monthly salary (with a minimum value of R400 and a maximum value of R5 000). The University recognises a liability and the concomitant expenditure as and when the liability accrues.

16. DEFERRED TAXATION

Deferred tax is provided by using the liability method. Deferred tax represents the tax effect of temporary differences between the tax bases of assets and of liabilities and their carrying values for financial reporting purposes. Deferred tax assets and liabilities are determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are only recognised to the extent of their recoverability. Deferred tax is not provided if it arises from the initial recognition of assets and liabilities from transactions other than business combinations and at the date of the transaction does not impact accounting profits or losses or taxable income or determined losses.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2016

	Notes	2016 R000	Restated (*) 2015 R000
ASSETS			
NON-CURRENT ASSETS		12 895 559	12 386 466
Property, books and equipment	4	4 782 785	4 456 719
Intangible assets	5	2 144	2 144
Long-term investments	6	7 893 329	7 684 108
Investment properties	7	-	29 860
Investment in associate companies	8	5 254	6 405
Long-term portion of trade and other receivables	9	208 410	199 110
Deferred tax	10	2 875	2 934
Operating lease asset	12	761	5 186
CURRENT ASSETS		1 018 273	943 660
Inventories	11	4 932	4 086
Trade and other receivables	9	261 150	317 612
Short-term portion of operating lease asset	12	67	4 368
Cash and cash equivalents	25	752 124	617 594
TOTAL ASSETS		13 913 832	13 330 126
FUNDS AND LIABILITIES			
AVAILABLE FUNDS		12 254 208	11 823 821
Unrestricted funds: Earmarked funds	2	701 654	1 239 771
Unrestricted funds: Unearmarked funds	2	459 461	423 237
Restricted funds	2	8 553 334	7 624 133
		9 714 449	9 287 141
Property revaluation reserve	2	2 538 731	2 538 731
Non-controlling interests	2	1 028	(2 051)
NON-CURRENT LIABILITIES		774 371	683 636
Interest-bearing borrowings	3	144 790	112 531
Staff benefits	27	629 581	571 105
CURRENT LIABILITIES		885 253	822 669
Trade and other payables	13	871 206	820 236
Deferred taxation	10	598	-
Short-term portion of interest-bearing borrowings	3	13 449	2 433
TOTAL FUNDS AND LIABILITIES		13 913 832	13 330 126

(*) Refer to note 32

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Educational & general Unrestricted R000	Educational & general Restricted R000	Educational & general Total R000	Student and staff accommodation Restricted R000	2016 Total R000	Restated (*) 2015 Total R000
TOTAL INCOME		2 436 535	2 590 168	5 026 703	284 725	5 311 428	5 032 843
RECURRING ITEMS							
Government grants		1 291 415	476 901	1 768 315	19 597	**1 787 912**	1 575 520
Student, accommodation and other fees		803 296	71 684	874 980	254 986	**1 129 965**	1 233 054
Grants and contracts		105 382	1 104 837	1 210 219	-	**1 210 219**	910 196
Private donations		11 553	326 890	338 442	-	**338 442**	215 336
Sale of services and products		66	190 610	190 676	-	**190 676**	182 091
Subtotal		2 211 711	2 170 921	4 382 632	274 583	4 657 215	4 116 197
Interest and dividends earned	19	30 258	277 849	308 107	10 134	**318 241**	347 688
Profit on disposal of property, books and equipment		-	6 118	6 118	-	**6 118**	6 379
Profit realised on disposal of investments	20	197 545	129 505	327 049	-	**327 049**	545 744
Equity profit in associate companies		-	1 370	1 370	-	**1 370**	1 590
Foreign exchange gain		(2 979)	4 405	1 426	8	**1 434**	15 245
		2 436 535	2 590 168	5 026 703	284 725	5 311 428	5 032 843
TOTAL EXPENDITURE		1 993 780	2 361 975	4 355 756	214 849	4 570 604	4 063 129
RECURRING ITEMS							
Staff costs	15	1 321 568	819 451	2 141 019	31 183	**2 172 202**	1 938 846
Academic professional		717 289	244 638	961 927	-	**961 927**	870 033
Other		604 280	574 813	1 179 093	31 183	**1 210 276**	1 068 813
Other operating expenditure	17	557 216	1 362 131	1 919 347	173 142	**2 092 489**	1 854 695
Depreciation	17	114 871	168 448	283 319	4 553	**287 872**	252 363
Subtotal		1 993 656	2 350 029	4 343 685	208 878	4 552 563	4 045 904
Loss on disposal of property, books and equipment		124	(132)	(8)	8	**-**	-
Finance charges		-	12 078	12 078	5 963	**18 041**	17 225
		1 993 780	2 361 975	4 355 756	214 849	4 570 604	4 063 129
APPORTIONMENT TO/ (FROM) RESERVES		-	84 433	84 433	(84 433)	**-**	-
TRANSFERS (FROM)/ TO RESERVES		(213 006)	198 449	(14 557)	14 557	**-**	-
		(213 006)	282 882	69 876	(69 876)	**-**	-
SURPLUS FOR THE YEAR		229 748	511 075	740 823	-	740 823	969 714
Attributable to holding company		229 748	511 302	741 050	-	**741 050**	977 431
Attributable to non-controlling interest		-	(227)	(227)	-	**(227)**	(7 717)
SURPLUS FOR THE YEAR		229 748	511 075	740 823	-	740 823	969 714

(*) Refer to note 32

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Educational & general	Student and staff accom-modation	Subsidiary companies	Loan funds	Endowment funds	Fixed-asset funds	Non-controlling interests	Total
	R000	R000	R000	R000	R000	R000	R000	R000
31 DECEMBER 2015 (Restated (*))								
Surplus for the year	**977 431**	**-**	**-**	**-**	**-**	**-**	**(7 717)**	**969 714**
Other comprehensive income								
Fair-value reserve								
- Realisation to income statement	(162 660)	(12 870)	-	-	(334 001)	(36 212)	-	**(545 744)**
- Adjustment for the year	262 743	20 204	-	-	424 187	57 558	-	**764 691**
Actuarial loss for the year	(830)	-	-	-	-	-	-	**(830)**
Apportionment (from)/to reserves	(777 228)	80 536	4 586	(2 440)	437 330	269 779	(12 563)	**-**
Transfers to/(from) reserves	72 528	(42 443)	-	31 829	(153 892)	91 979	-	**-**
TOTAL COMPREHENSIVE INCOME	**371 984**	**45 427**	**4 586**	**29 389**	**373 623**	**383 103**	**(20 279)**	**1 187 831**
31 DECEMBER 2016								
Surplus for the year	**741 050**	**-**	**-**	**-**	**-**	**-**	**(227)**	**740 823**
Other comprehensive income								
Fair-value reserve								
- Realisation to income statement	(99 608)	(7 872)	-	-	(197 307)	(22 262)	-	**(327 049)**
- Adjustment for the year	20 622	1 588	(195)	-	9 755	4 982	-	**36 752**
Actuarial loss for the year	(23 447)	-	-	-	-	-	-	**(23 447)**
Apportionment (from)/to reserves	(137 500)	73 900	23 078	22 131	393 780	(375 389)	-	**-**
Transfers to/(from) reserves	72 528	(42 443)	-	31 829	(153 892)	91 979	-	**-**
TOTAL COMPREHENSIVE INCOME	**573 646**	**25 173**	**22 883**	**53 960**	**52 335**	**(300 690)**	**(227)**	**427 079**

(*) Refer to note 32

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 31 DECEMBER 2016

	Educational & general	Student and staff accom-modation	Subsidiary companies	Loan funds	Endowment funds	Fixed-asset funds	Non-con-trolling interests	Total
	R000	R000	R000	R000	R000	R000	R000	R000
BALANCE AS AT 1 JANUARY 2015 (Restated (*))	3 071 225	147 369	(4 126)	285 156	2 893 191	4 224 946	18 229	**10 635 990**
Surplus for the year	977 431	-	-	-	-	-	(7 717)	**969 714**
Other comprehensive income for the year	(605 447)	45 427	4 586	29 389	373 623	383 103	(12 563)	**218 117**
BALANCE AS AT 31 DECEMBER 2015	**3 443 209**	**192 796**	**460**	**314 545**	**3 266 814**	**4 608 049**	**(2 051)**	**11 823 821**
BALANCE AS AT 1 JANUARY 2016	3 443 209	192 796	460	314 545	3 266 814	4 608 049	(2 051)	**11 823 821**
Surplus for the year	741 050	-	-	-	-	-	(227)	**740 823**
Movement of interest in subsidiary	-	-	-	-	-	-	3 306	**3 306**
Other comprehensive income for the year	(167 405)	25 173	22 883	53 960	52 335	(300 690)	-	**(313 744)**
BALANCE AS AT 31 DECEMBER 2016	**4 016 854**	**217 969**	**23 343**	**368 505**	**3 319 149**	**4 307 359**	**1 028**	**12 254 208**

(*) Refer to note 32

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 R000	Restated (*) 2015 R000
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from government grants		1 822 912	1 575 520
Cash received from student, accommodation and other fees		1 104 889	1 198 787
Cash received from private donations		362 734	215 336
Cash received from grants and contracts		1 330 921	910 196
Cash received from sale of services and products		190 676	90 383
Cash paid for staff costs		(2 152 625)	(1 897 021)
Cash paid for inventories and services		(2 192 053)	(1 789 648)
Cash generated by operations	24	467 454	303 552
Plus: Interest received	21	226 855	268 738
Dividends received	22	88 443	76 981
Less: Interest paid	23	(130)	(19 207)
Net cash inflow from operating activities		782 622	630 065
CASH FLOW FROM INVESTMENT ACTIVITIES		(644 874)	(571 708)
Addition to investments		(361 402)	(767 299)
Surpluses realised on investments		327 049	560 399
Addition to property, books and equipment		(613 938)	(367 711)
Proceeds from sale of property, books and equipment		3 417	2 903
CASH FLOW FROM FINANCING ACTIVITIES			
(Decrease)/Increase in interest-bearing borrowings		(3 218)	2 659
NET INCREASE IN CASH AND CASH EQUIVALENTS		134 530	61 015
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		617 594	556 579
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	25	752 124	617 594

(*) Refer to note 32

Notes to the Consolidated Annual Financial Statements FOR THE YEAR ENDED 31 DECEMBER 2016

1. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates and judgements made by management are evaluated continuously and are based on past experience and other factors, which include future expectations and are deemed reasonable under the given circumstances.

Management makes estimates and assumptions about the future. Consequently, the accounting estimates used in the consolidated annual financial statements will not necessarily be in line with the actual outcome in subsequent periods. The estimates and assumptions below may have a material effect on the carrying amounts of assets and liabilities.

STAFF BENEFITS

A number of assumptions are made in the provision for staff benefits. Refer to note 27 for the assumptions.

The main assumption is a medical inflation rate of 9,3% (2015: 10,3%). The effect of a 1% change in medical inflation on the 2016 consolidated annual financial statements will be as follows:

Increase of 1%	11,6% (2015: 11,6%) increase in past-service liabilities
	12,9% (2015: 12,9%) increase in service and interest costs
Decrease of 1%	9,8% (2015: 9,8%) decrease in past-service liabilities
	10,8% (2015: 10,8%) decrease in service and interest costs

The University's policy on retirement age states that employees retire at 65 years of age. After age 65 employment may be extended to a maximum age of 70, based on uninterrupted satisfactory performance. For computation purposes the normal and expected retirement age is therefore deemed 65 years.

IMPAIRMENT OF OUTSTANDING STUDENT FEES AND LOANS

The annual provision for the impairment of student loans is based on the assumption that students can obtain loans in the market at prime (2015: prime) on average. This assumption is based on enquiries made at various financial institutions. Students are categorised as redeemable or non-redeemable. A provision for impairment of their loans is based on historical information according to the category of the student. Overdue student loans are considered annually for possible creation of an allowance for credit losses.

Provision for impairment of outstanding student fees is based on historical trends. The probability of collection is taken into account and based on that an allowance for credit losses is recognised. The probability of collection decreases with the ageing of debt and consequently a higher allowance for credit losses is recognised for older debt. A higher percentage is applied to debt handed over for collection.

IMPAIRMENT OF INVESTMENTS

The University determines the significance of a fair-value decrease to below market value by taking into account the volatility of the specific instrument. A decrease to 20% lower than the market value, or lasting longer than 12 months, is deemed significant.

USEFUL LIFE AND RESIDUAL VALUE OF PROPERTY, BOOKS AND EQUIPMENT

Land is deemed to have an indefinite useful life. Consequently, land is not depreciated. The useful life of other assets is estimated in terms of past experience and the features of the specific items.

The residual value of assets other than land is estimated in terms of past experience and the features of the specific items.

MARKET VALUE OF BUILDINGS

Two methods are applied in determining the market value of buildings. The first is the directly comparable method, in terms of which value is determined with reference to the actual selling price of comparable property. The second is to base an evaluation on the potential rental income, taking into account the unique nature of the properties of the University and occupation rates.

The revaluation of buildings as at 1 January 2004 in terms of IFRS 1, First-time adoption of International Financial Reporting Standards, is based on the following key assumptions:

- The buildings will be placed on and traded in the market under normal market conditions.
- All the properties of Stellenbosch University will not be placed on the open market at the same time.
- Where there are title restrictions registered against properties that restrict or prohibit their sale, such title restrictions will be removed, where possible, by means of the Removal of Restrictions Act, 84 of 1967, before the properties are placed on the market.

LEAVE PROVISION

Employees are entitled to take their annual leave within 12 months (2015: 12 months) following the end of the relevant leave year. In addition, employees appointed before 1 January 2008 are entitled to accumulate a number of days, based on their post level, or to have those days paid out. The balance expires after 12 months (2015: 12 months). In the case of employees appointed after 1 January 2008, annual leave not taken expires after 12 months (2015: 12 months). The leave provision of employees older than 60 years, however, is restricted to the leave entitlement applicable to their post level at the age of 60. No leave may be accumulated post the age of 60. Historical trends in the number of days that has expired are used in calculating the leave provision.

2. FUND BALANCES

The accumulated balances as at 31 December are as follows:

	Restricted	Unrestricted	Property revaluation reserve	Fair-value reserve	Non-controlling interests	Total
	R000	R000	R000	R000	R000	R000
2016						
Educational and general	2 861 545	736 711	-	349 607	-	3 947 863
Student and staff accommodation	148 351	-	-	27 628	-	175 979
Subsidiary companies	22 369	-	-	974	-	23 343
Loan funds	352 412	-	-	-	-	352 412
Endowment funds	2 124 761	268 851	-	692 516	-	3 086 128
Fixed-asset funds	2 050 588	-	2 538 731	78 136	-	4 667 455
Non-controlling interests	-	-	-	-	1 028	1 028
	7 560 026	1 005 562	2 538 731	1 148 861	1 028	12 254 208
2015 (restated)						
Educational and general	1 800 231	1 214 381	-	428 597	-	3 443 209
Student and staff accommodation	158 884	-	-	33 911	-	192 795
Subsidiary companies	(709)	-	-	1 169	-	460
Loan funds	314 545	-	-	-	-	314 545
Endowment funds	2 186 260	200 486	-	880 068	-	3 266 814
Fixed-asset funds	1 973 902	-	2 538 731	95 416	-	4 608 049
Non-controlling interests	-	-	-	-	(2 051)	(2 051)
	6 433 113	1 414 867	2 538 731	1 439 161	(2 051)	11 823 821

The allocation of the fair-value reserve is as follows:

	Funds at book value	Allocation of fair-value reserve	Funds at market value
	R000	R000	R000
2016			
Restricted funds	7 560 026	993 308	8 553 334
Unrestricted funds	1 005 562	155 553	1 161 115
Earmarked funds	701 654	-	701 654
Unearmarked funds	303 908	155 553	459 461
	8 565 588	1 148 861	9 714 449

3. INTEREST-BEARING BORROWINGS

	2016	2015
	R000	R000
One government loan at a fixed interest rate repayable in equal biannual payments ending 2018	192	306
Various loans from financial institutions at varying interest rates and terms, repayable in biannual payments	41 650	43 968
Bank facility for financing the University's various motor vehicle schemes	40 052	40 837
Lease liability	76 344	29 853
	158 237	114 964
Less: Portion repayable within one year	(13 449)	(2 433)
	144 790	112 531

The maturity dates of interest-bearing borrowings are as follows:

	2016	2015
Within one year	3 225	-
Between two and five years	40 244	44 155
After five years	114 768	70 809
	158 237	114 964

The average interest rate on borrowings amounts to 13,6% (2015: 13,6%) at year-end.

Included in interest-bearing borrowings are motor vehicle loans of R0,1million (2015: R0,2 million), for which motor vehicles are encumbered (refer to note 4). Motor vehicle loans owing by employees are included in trade and other receivables (refer to note 9). All the borrowings, excluding the motor vehicle schemes, have fixed interest rates. Motor vehicle scheme rates are linked to prime.

The minimum finance lease payments are payable as follows:

	2016	2015
Within one year	10 781	4 472
Between two and five years	54 337	22 830
After five years	310 896	68 331
	376 014	95 633
Total payments	(299 670)	(65 780)
Less: finance charges payable	76 344	29 853

The current value of lease payments is as follows:

	2016	2015
Within one year (additional interest capitalised)	(4 505)	(1 492)
Between two and five years	(15 333)	(3 192)
After five years	96 182	34 537
	76 344	29 853

4. PROPERTY, BOOKS AND EQUIPMENT

	2016			2015		
	Cost	Accumulated depreciation	Net carrying amount	Cost	Accumulated depreciation	Net carrying amount
	R000	R000	R000	R000	R000	R000
Land	15 679	-	15 679	15 679	-	15 679
Buildings	4 992 336	893 939	4 098 397	4 404 245	673 462	3 730 783
Computer equipment	413 853	345 988	67 865	385 736	317 431	68 305
Other equipment and motor vehicles	1 028 134	427 290	600 843	915 815	273 863	641 953
Library books	673 955	673 955	-	576 588	576 588	-
	7 123 956	2 341 171	4 782 785	6 298 063	1 841 344	4 456 719

	Land	Buildings	Computer equipment	Other equipment and motor vehicles	Library books	Total
	R000	R000	R000	R000	R000	R000
2016						
Reconciliation of the carrying amount:						
Cost at the beginning of the year	15 679	4 646 754	385 736	915 815	576 588	6 540 573
Less: Government grant	-	(242 509)	-	-	-	(242 509)
Restated cost	15 679	4 404 245	385 736	915 815	576 588	6 298 063
Accumulated depreciation at the beginning of the year	-	(673 462)	(317 431)	(273 863)	(576 588)	(1 841 344)
Net opening carrying value	15 679	3 730 783	68 305	641 953	-	4 456 719
Net additions and disposals	-	453 441	44 088	17 840	98 568	613 938
Depreciation per consolidated income statement	-	(85 827)	(44 529)	(58 949)	(98 568)	(287 872)
Net closing carrying value	15 679	4 098 397	67 865	600 843	-	4 782 785

	Land	Buildings	Computer equipment	Other equipment and motor vehicles	Library books	Total
	R000	R000	R000	R000	R000	R000
2015 (Restated)						
Reconciliation of the carrying amount:						
Cost at the beginning of the year	15 679	4 765 280	346 067	831 721	509 824	6 468 571
Less: Government grant	-	(211 922)	-	-	-	(211 922)
Restated cost	15 679	4 553 358	346 067	831 721	509 824	6 256 649
Accumulated depreciation at the beginning of the year	-	(700 550)	(280 892)	(422 029)	(509 824)	(1 913 295)
Net opening carrying value	15 679	3 852 808	65 175	409 692	-	4 343 354
Net additions and disposals	-	(41 880)	48 582	284 632	74 395	365 729
As shown previously	-	305 720	48 582	284 632	74 395	713 329
Prior year adjustment	-	(347 600)	-	-	-	(347 600)
Depreciation per consolidated income statement	-	(80 145)	(45 452)	(52 371)	(74 395)	(252 363)
Net closing carrying value	15 679	3 730 783	68 305	641 953	-	4 456 719

The register containing full details of land and buildings is available at the offices of the University.

Included in other equipment and motor vehicles are motor vehicles with a carrying amount of R0,1 million (2015: R0,2 million) that are encumbered in terms of staff motor vehicle schemes at the respective banks (refer to note 3).

Included in land is property in Stellenbosch on which a notarial bond of R191,6 million (2015: R191,6 million) was registered. The rights in terms of the lease were ceded to the financier.

Work in progress to the value of R507,4 million (2015: R300,1 million) is included in the cost of buildings. No depreciation is recognised on work in progress.

The University rents property through a lease with a 15-year term and this is included in the costs and accumulated depreciation of buildings.

5. INTANGIBLE ASSETS

	2016			2015		
	Cost	Accumulated depreciation	Net carrying amount	Cost	Accumulated depreciation	Net carrying amount
	R000	R000	R000	R000	R000	R000
Oracle HRMS	13 913	13 913	-	13 913	13 913	-
Goodwill	2 144	-	2 144	2 144	-	2 144
	16 057	13 913	2 144	16 057	13 913	2 144

6. LONG-TERM INVESTMENTS

The fair values of long-term investments as at 31 December are as follows:

	2016 R000	2015 R000
Government bonds	576 736	682 959
Shares	6 590 649	5 999 848
Listed shares	6 586 485	5 996 293
Unlisted shares	4 164	3 555
Fixed deposits	597 851	326 415
Other	128 093	674 886
	7 893 329	7 684 108

A complete investment register is available to stakeholders at the offices of the University.

The average interest rate for purposes of valuation applicable to government bonds as at year-end was 9,1% (2015: 8,7%) and to fixed deposits 6,5% (2015: 7,7%).

The University's investment portfolios are managed by professional asset managers under the supervision of the Investment Committee of the Council.

7. INVESTMENT PROPERTIES

	2016	2015
Net opening carrying amount	29 860	29 270
Revaluation during the year	-	590
Change in use	(29 860)	-
Net closing carrying amount	-	29 860

On 7 February 2016, the value of investment properties as at 31 December 2015 was determined by an external sworn valuer familiar with the revaluation of occupied apartment buildings. Income received from investment properties amounted to R1,9 million in 2015.

The investment property has been reclassified as property, books and equipment on 1 January 2016 as the use and management of the building has changed and the building is now managed the same way as the other residences that the University owns.

8. INVESTMENT IN ASSOCIATE AND SUBSIDIARY COMPANIES

8.1 INVESTMENT IN ASSOCIATE COMPANIES

Name	Number of shares	Interest	Effective voting right
Unistel Medical Laboratories (Pty) Ltd	350	35,0%	35,0%
Stellenbosch Nanofiber Company (Pty) Ltd	370	29,6%	29,6%
Custos Technologies (Pty) Ltd	370	24,2%	24,2%
GeoSUN Africa (Pty) Ltd	30	25,0%	25,0%
Bridgiot (Pty) Ltd	400	40,0%	40,0%
Vulamanz (Pty) Ltd	48	40,0%	40,0%
Sun Magnetics (Pty) Ltd	48	40,0%	40,0%

	2016 R000	2015 R000
8.1.1 Unistel Medical Laboratories (Pty) Ltd		
Balance at the beginning of the year	5 661	4 586
Net share in (loss)/profit of associate company	(2 402)	1 075
Share of pretax (loss)/profit	(1 375)	2 146
Share of tax	(615)	(633)
Dividends earned	(412)	(438)
Balance at the end of the year	3 259	5 661
8.1.2 Stellenbosch Nanofiber Company (Pty) Ltd		
Balance at the beginning and end of the year	-	-
8.1.3 GeoSUN Africa (Pty) Ltd		
Balance at the beginning of the year	744	417
Net share in profit of associate company	418	327
Share of pretax profit	418	327
Share of tax	-	-
Dividends earned	-	-
Balance at the end of the year	1 162	744
8.1.4 Custos Technologies (Pty) Ltd		
Balance at the beginning of the year	-	-
Investment made	1 500	-
Net share in loss of associate company	(1 157)	-
Share of loss	(1 157)	-
Balance at the end of the year	343	-
8.1.5 Bridgiot (Pty) Ltd		
Balance at the beginning of the year	-	-
Investment made	1	-
Net share in profit of associate company	288	-
Share of profit	288	-
Balance at the end of the year	289	-

	2016 R000	2015 R000
8.1.6 Vulamanz Water Systems (Pty) Ltd		
Balance at the beginning of the year	-	-
Investment made	1	-
Net share in loss of associate company	(1)	-
Share of loss	(1)	-
Balance at the end of the year	-	-
8.1.7 Sun Magnetics (Pty) Ltd		
Balance at the beginning of the year	-	-
Investment made	1	-
Net share in loss of associate company	201	-
Share of loss	201	-
Balance at the end of the year	202	-
Total investment in associate companies	5 254	6 405
8.1.8 Assets, liabilities and profit of Unistel Medical Laboratories (Pty) Ltd		
Non-current assets	9 159	6 277
Current assets	14 355	12 560
Total assets	23 514	18 837
Non-current liabilities	3 272	548
Current liabilities	1 083	2 109
Total liabilities	4 355	2 657
Profit	4 912	6 455
8.1.9 Assets, liabilities and loss of Custos Technologies (Pty) Ltd		
Non-current assets	134	42
Current assets	3 192	394
Total assets	3 326	436
Non-current liabilities	1 790	100
Current liabilities	1 347	-
Total liabilities	3 137	100
Loss	(2 826)	-
8.1.10 Assets, liabilities and loss of Stellenbosch Nanofiber Company (Pty) Ltd		
Non-current assets	4 301	3 657
Current assets	6 705	1 954
Total assets	11 006	5 611
Non-current liabilities	-	-
Current liabilities	334	38
Total liabilities	334	38
Loss	(4 575)	(3 585)

8.1.11 Assets, liabilities and profit of GeoSUN Africa (Pty) Ltd

	2016 R000	2015 R000
Non-current assets	306	327
Current assets	2 557	1 514
Total assets	2 863	1 841
Non-current liabilities	-	-
Current liabilities	2	61
Total liabilities	2	61
Profit	1 671	1 392

8.1.12 Assets, liabilities and profit of Bridgiot (Pty) Ltd

	2016 R000	2015 R000
Non-current assets	6	-
Current assets	713	-
Total assets	719	-
Non-current liabilities	-	-
Current liabilities	-	-
Total liabilities	-	-
Profit	719	-

8.1.13 Assets, liabilities and loss of Vulamanz Water Systems (Pty) Ltd

	2016 R000	2015 R000
Non-current assets	10	-
Current assets	536	-
Total assets	546	-
Non-current liabilities	-	-
Current liabilities	-	-
Total liabilities	-	-
Loss	(1 249)	-

8.1.14 Assets, liabilities and profit of Sun Magnetics (Pty) Ltd

	2016 R000	2015 R000
Non-current assets	31	-
Current assets	861	-
Total assets	892	-
Non-current liabilities	-	-
Current liabilities	45	-
Total liabilities	45	-
Profit	505	-

8.2 INVESTMENT IN SUBSIDIARY COMPANIES

8.2.1 Assets, liabilities and profit of Stellenbosch Trust

	2016 R000	2015 R000
Non-current assets	1 537 603	1 496 589
Current assets	43 835	21 205
Total assets	1 581 438	1 517 794
Non-current liabilities	-	-
Current liabilities	90 530	29 107
Total liabilities	90 530	29 107
Comprehensive income for the year	377 764	410 281

8.2.2 Assets, liabilities and loss of InnovUS Technology Transfer (Pty) Ltd

	2016 R000	2015 R000
Non-current assets	7 082	8 217
Current assets	1 200	1 459
Total assets	8 282	9 676
Non-current liabilities	-	-
Current liabilities	2 569	2 473
Total liabilities	2 569	2 473
Comprehensive (loss)/income for the year	(1 491)	871

8.2.3 Assets, liabilities and profit of USB Executive Development Ltd

	2016 R000	2015 R000
Non-current assets	3 774	3 658
Current assets	32 474	37 198
Total assets	36 248	40 856
Non-current liabilities	1 898	1 158
Current liabilities	10 300	15 629
Total liabilities	12 198	16 787
Comprehensive income/(loss) for the year	90	(1 623)

8.2.4 Assets, liabilities and profit of Aquastel (Pty) Ltd

	2016 R000	2015 R000
Non-current assets	1 573	1 010
Current assets	57	70
Total assets	1 630	1 080
Non-current liabilities	-	-
Current liabilities	320	322
Total liabilities	320	322
Comprehensive income for the year	555	432

8.2.5 Assets, liabilities and profit of Sun Media Stellenbosch (Pty) Ltd

	2016 R000	2015 R000
Non-current assets	58	1 191
Current assets	6 161	5 433
Total assets	6 219	6 624
Non-current liabilities	-	825
Current liabilities	3 061	3 502
Total liabilities	3 061	4 327
Comprehensive income for the year	861	357

	2016 R000	2015 R000
8.2.6 Assets, liabilities and profit of Stellenbosch Wind Energy Technologies (Pty) Ltd		
Non-current assets	150	150
Current assets	93	700
Total assets	243	850
Non-current liabilities	5 747	5 720
Current liabilities	41	22
Total liabilities	5 788	5 742
Comprehensive loss for the year	(583)	(2 881)
8.2.7 Assets, liabilities and profit of Stellenbosch University Sport Performance Institute (Pty) Ltd		
Non-current assets	8 659	7 666
Current assets	3 741	4 952
Total assets	12 400	12 618
Non-current liabilities	913	1 754
Current liabilities	2 089	3 995
Total liabilities	3 002	5 749
Comprehensive income for the year	2 046	1 362
8.2.8 Assets, liabilities and profit of LaunchLab (Pty) Ltd		
Non-current assets	8 989	11 479
Current assets	5 428	9 625
Total assets	14 417	21 104
Non-current liabilities	598	-
Current liabilities	2 206	11 666
Total liabilities	2 804	11 666
Comprehensive income for the year	210	9 445
8.2.9 Assets, liabilities and profit of The Stellenbosch Development Trust		
Non-current assets	33 176	33 176
Current assets	23 386	22 053
Total assets	56 562	55 229
Non-current liabilities	-	-
Current liabilities	4 026	4 026
Total liabilities	4 026	4 026
Comprehensive income for the year	14 933	14 655
8.2.10 Assets, liabilities and profit of Stellenbosch Law Faculty Trust		
Non-current assets	42 278	40 467
Current assets	-	-
Total assets	42 278	40 467
Non-current liabilities	-	-
Current liabilities	-	-
Total liabilities	-	-
Comprehensive income for the year	201	17 489

	2016 R000	2015 R000
8.2.11 Assets, liabilities and profit of Stellenbosch Financing Partnership		
Non-current assets	21 131	53 341
Current assets	52 295	45 016
Total assets	73 426	98 357
Non-current liabilities	-	4 465
Current liabilities	11 409	10 866
Total liabilities	11 409	15 331
Comprehensive income for the year	13 533	15 797

9. TRADE AND OTHER RECEIVABLES

	2016 R000	2015 R000
Student fees	75 482	85 797
Student fees due	197 498	178 351
Less: Allowance for credit losses of student fees	(122 016)	(92 554)
Student loans	112 262	107 504
Student loans due	212 271	191 782
Less: Impairment due to non-market-related interest rates	(21 884)	(19 555)
Less: Allowance for credit losses of student loans	(78 125)	(64 723)
Trade receivables	132 828	163 558
Trade receivables due	136 187	168 225
Less: Allowance for credit losses of trade receivables	(3 359)	(4 667)
Motor vehicle loans	45 173	45 062
Interest and dividends receivable on investments	18 630	15 687
Insurance claim receivable	21 368	43 104
Other	63 817	56 010
	469 560	516 722
	(208 410)	(199 110)
Less: Long-term portion of motor vehicle loans	(30 088)	(27 793)
Less: Long-term portion of student loans, before taking into account allowance for credit losses	(178 322)	(171 317)
	261 150	317 612

Refer to note 29 for amounts outstanding by related parties included above.

All non-current receivables are receivable within five years from the financial year-end.

STUDENT FEES

The largest component of outstanding student fees is due by former students. Debt is evaluated in terms of historical rates of successful collection. The probability of collection is taken into account and based on that an allowance for credit losses is recognised. The probability of collection decreases with the ageing of debt and consequently a higher allowance for credit losses is recognised for older debt. A higher percentage is applied to debt handed over for collection.

The age analysis of outstanding student fees for which an allowance for credit losses has been recognised is as follows:

	2016 R000	2015 R000
One year	80 450	81 922
Between one and five years	14 179	16 807
Five years and older	9 276	8 070
Handed over	93 592	71 552
Total	197 498	178 351

The movement in the allowance for credit losses for student fees is as follows:

	2016 R000	2015 R000
Balance at the beginning of the year	92 554	73 178
Increase in allowance for the year	30 611	19 621
Amounts written off during the year as irrecoverable	(1 149)	(245)
Total	122 016	92 554

The increase in the allowance for the year as well as irrecoverable debts written off, is shown in the consolidated income statement under 'Other operating expenditure'.

	2016 R000	2015 R000

STUDENT LOANS

Student loans are granted at rates below market-related interest rates. An impairment on outstanding student loans is calculated at recognition of the loan.

Students are categorised as redeemable or non-redeemable. A provision for impairment of their loans is based on historical information according to the category of the student. As at year-end student loans that were not redeemable amounted to R74,2 million (2015: R69,0 million) and no further allowance for credit losses was deemed necessary for this group. Redeemable students amounted to R138,1 million (2015: R122,7 million), of which R41,9 million (2015: R43,6 million) had not been overdue. No allowance for credit losses is deemed necessary for non-overdue loans. Overdue student loans amounted to R96,2 million (2015: R79,1 million). Overdue student loans are considered annually for possible creation of an allowance for credit losses.

The movement in the allowance for credit losses of student loans is as follows:

	2016 R000	2015 R000
Balance at the beginning of the year	64 723	53 334
Increase in allowance for the year	13 719	11 389
Amounts written off during the year as irrecoverable	(317)	-
Balance at the end of the year	78 125	64 723

The increase in the allowance for the year as well as irrecoverable debts written off is shown in the consolidated income statement under 'Other operating expenditure'

TRADE AND OTHER RECEIVABLES

As at year-end trade and other fully performing receivables amounted to R144,7 million (2015: R201,3 million).

Other receivables include a number of smaller receivables who do not have a significant history of non-performance and are of good standing. Due to the nature of income levied, mainly consisting of research-related income for which contracts are in place, receivables younger than four months are not considered for the allowance of credit losses. The age analysis of overdue receivables is as follows:

	2016 R000	2015 R000
Between one and four months	44 317	61 769
Older than four months	28 996	34 914
Total	73 313	96 683

Receivables older than four months are considered for an allowance for credit losses. The allowance for credit losses of receivables is as follows:

	2016 R000	2015 R000
Balance at the beginning of the year	4 677	2 460
Increase in allowance for the year	(589)	10 205
Amounts written off during the year as irrecoverable	(729)	(7 988)
Balance at the end of the year	3 359	4 677

MOTOR VEHICLE LOANS

The recoverability of motor vehicle loans owed by employees is regarded as highly probable and consequently no allowance for credit losses is created for this category (refer to note 3).

INTEREST AND DIVIDENDS RECEIVABLE ON INVESTMENTS

The amounts are receivable from the University's investment managers. The University's investment portfolios are managed by professional asset managers and hence the amounts are deemed fully recoverable.

	2016 R000	2015 R000

10. DEFERRED TAX

The movement in the deferred tax asset and liability is as follows:

	2016 R000	2015 R000
Balance at the beginning of the year	2 934	(275)
Movement during the year:		
Temporary differences on property, books and equipment	(657)	3 209
Balance at the end of the year	2 277	2 934
The deferred tax balance consists of the following:		
Temporary differences on property, books and equipment	2 875	2 934
Temporary differences on property, books and equipmentt	(598)	-
Balance at the end of the year	2 277	2 934

A deferred tax asset is recognised for tax losses only to the extent that recovery is probable.

The movement in deferred tax for the year is included in 'Other operating expenditure'.

11. INVENTORIES

Inventories consist of the following items:

	2016 R000	2015 R000
Stationery	424	424
Consumables	4 508	3 662
	4 932	4 086

12. OPERATING LEASE ASSET

The net operating lease asset is made up as follows:

	2016 R000	2015 R000
Operating lease asset	828	9 554
Operating lease liability	-	-
	828	9 554

The expected movement in the net operating lease asset is as follows:

	2016 R000	2015 R000
Balance at the beginning of the year	828	9 554
Receivable within one year	(67)	(4 368)
Receivable within two to five years	(761)	(5 186)
	-	-

13. TRADE AND OTHER PAYABLES

	2016 R000	2015 R000
Trade payables	29 019	57 821
Student fees received in advance	113 037	98 477
Accrued remuneration costs	53 862	49 039
Accrued expenditure	62 792	46 394
Accrued leave liability	169 353	154 488
Income other than student fees received in advance	212 036	145 701
NRF deposit	71 800	63 400
Interstructure balances (STIAS, WAT, MCS)	80 189	104 470
Other	79 118	100 446
	871 206	820 236

Refer to note 29 for amounts payable to related parties included above.

	2016 R000	2015 R000

14. COMMITMENTS

As at 31 December commitments relating to capital contracts approved or orders placed for buildings, library books and journals were as follows:

	2016 R000	2015 R000
Buildings	**270 390**	30 143
Library books and journals	**356**	866
	270 746	31 009

Material non-cancellable rental contracts include the rental of student accommodation and the rental of smaller equipment. These contracts have varying terms.

The following amounts are payable as at year-end in terms of non-cancellable operating leases:

	2016 R000	2015 R000
Within one year	**11 565**	5 190
Within two to five years	**54 337**	23 614
After five years	**310 896**	68 331
	376 798	97 135

15. STAFF COSTS

	2016 R000	2015 R000
Remuneration and fringe benefits	**2 137 173**	1 915 306
Increase in provision for staff benefits in consolidated income statement	**34 955**	23 532
Increase in provision for long-service benefits in consolidated income statement	**74**	8
	2 172 202	1 938 846
Increase in provision for staff benefits included in comprehensive income	**23 447**	830
	2 195 649	1 939 676

The number of permanent employees (which includes fixed term employees) is 3 441 (2015: 3 285).

The number of non-permanent employees is 1 365 (2015: 1 412).

16. STAFF COSTS: EXECUTIVE MANAGEMENT

The following information on amounts actually accrued during the financial year is supplied in order to comply with the Higher Education Act (101 of 1997, as amended) and the Regulations for Annual Reporting by Higher Education Institutions (section 7.8).

Name	Position	Nature	Total value 2016 R000	Period	Total value 2015 R000	Period
Prof WJS de Villiers	Rector and Vice-chancellor	Remuneration paid out	4 001	Jan – Dec 2016	2 806	Apr – Dec 2015
		Bonus paid out	300	Jan – Dec 2016	-	
		Additional remuneration paid out	-		50	Apr – Dec 2015
Prof A Schoonwinkel	Vice-rector (Teaching)	Remuneration paid out	2 195	Jan – Dec 2016	1 994	Jan – Dec 2015
		Bonus paid out	-		113	Jan – Dec 2015
		Leave paid out	81	Jan – Dec 2016	1 120	Jan – Dec 2015
		Additional remuneration paid out	-		100	Jan – Dec 2015
Prof TE Cloete	Vice-rector (Research)	Remuneration paid out	2 173	Jan – Dec 2016	1 972	Jan – Dec 2015
		Bonus paid out	-		113	Jan – Dec 2015
		Additional remuneration paid out	3	Jan – Dec 2016	76	Jan – Dec 2015
Prof L van Huyssteen	Chief Operating Officer	Remuneration paid out	2 794	Jan – Dec 2016	2 520	Jan – Dec 2015
		Bonus paid out	-		155	Jan – Dec 2015
		Additional remuneration paid out	-		680	Jan – Dec 2015
Prof NN Koopman	Vice-rector (Community Interaction and Staff)	Remuneration paid out	1 735	Jan – Dec 2016	685	Jun – Dec 2015
		Bonus paid out	-		72	Jun – Dec 2015
		Additional remuneration paid out	385	Jan – Dec 2016	479	Jun – Dec 2015
Prof HC Klopper	Vice-rector (Strategic Initiatives)	Remuneration paid out	910	Aug – Dec 2016	-	

Payment to Council members for the attendance of Council and committee meetings:

Paid to	Number of members	Attendance of meetings Average value R000	Reimbursement of expenses Total value R000
Chairperson of the Council	1	-	-
Members of the Council	25	-	147

No remuneration is paid to members of the Council or committees for the attendance of Council and committee meetings.

	2016 R000	2015 R000

17. TOTAL EXPENDITURE

Total expenditure includes the following:

Depreciation

	2016 R000	2015 R000
Buildings	85 827	80 145
Computer equipment	44 529	45 452
Other equipment and motor vehicles	58 948	52 371
Library books	98 568	74 395
	287 872	252 363

Other operating expenditure

	2016 R000	2015 R000
Bursaries	441 887	402 785
Rent	75 015	59 030
- Buildings	64 713	50 555
- Equipment	10 302	8 475
Maintenance and repairs	136 565	152 925
Auditors' remuneration	4 629	4 139
For statutory audit		
- Provision for current year	2 315	2 147
- Underprovision in previous year	235	50
For other audit services	1 576	1 785
For other consulting services	503	157
Internal audit	2 759	3 125
Forensic audit	2 106	4 152
Increase in provision for impairment of student fees, student loans and receivables	43 875	32 982
Other expenditure[1]	1 385 653	1 195 557
	2 092 489	1 854 695

	2016 R000	2015 R000
Bursaries managed by the University	724 503	658 729
- Own funds and research contracts	441 887	402 785
- Agent relationship (incl. NSFAS)	282 616	255 944

[1]Other expenses include, amongst others, research expenses, consultation and other services, travel and accommodation expenses and utility services

18. RENT RECEIVED

Material non-cancellable leases include the leasing of shops and houses. Contracts have varying terms.

The following amounts are receivable as at year-end in terms of non-cancellable operating leases for which an operating lease asset has been created:

	2016 R000	2015 R000
Within one year	67	4 368
Within two to five years	761	5 186
	828	9 554

19. INTEREST AND DIVIDENDS EARNED

Material non-cancellable leases include the leasing of shops and houses. Contracts have varying terms.

The following amounts are receivable as at year-end in terms of non-cancellable operating leases:

		2016 R000	2015 R000
Interest received	- short-term investments	46 693	22 138
	- non-operating investments	127 511	97 731
	- other	55 594	150 838
Dividends received		88 443	76 981
		318 241	347 688

20. PROFIT REALISED ON DISPOSAL OF INVESTMENTS

	2016 R000	2015 R000
Profit realised from fair-value reserve	327 049	545 744

21. INTEREST RECEIVED

	2016 R000	2015 R000
Amount receivable at the beginning of the year	15 687	13 718
Amount in consolidated income statement	229 798	270 707
Amount receivable at the end of the year	(18 630)	(15 687)
	226 855	268 738

22. DIVIDENDS RECEIVED

	2016 R000	2015 R000
Amount receivable at the beginning of the year	-	-
Amount in consolidated income statement	88 443	76 981
Amount receivable at the end of the year	-	-
	88 443	76 981

23. FINANCE CHARGES PAID

	2016 R000	2015 R000
Amount payable at the beginning of the year	-	1 982
Amount in consolidated income statement	18 041	17 225
Adjustment for non-cash items	(17 911)	
Amount payable at the end of the year	-	-
	130	19 207

	2016 R000	2015 R000

24. RECONCILIATION OF SURPLUS WITH CASH FLOWS

Surplus according to the consolidated income statement	740 823	969 714
Adjustments for:		
Realised profits on disposal of investments	(327 049)	(545 744)
Interest and dividends received	(318 241)	(347 688)
Finance charges	18 041	19 207
Profit on disposal of property, books and equipment	(6 118)	(6 379)
Reversal of impairment on buildings	(22 565)	-
Increase in provision for leave gratuity	14 865	15 932
Increase in provision for staff benefits	35 029	23 540
Increase in provision for impairment of student fees, student loans and trade receivables	43 875	34 797
Depreciation	287 872	252 363
Foreign exchange gain	-	(15 245)
Increase in investment in associate companies	(1 151)	(1 590)
Adjustment to operating lease asset	(8 726)	-
Donation of property, books and equipment	(4 578)	(46 896)
Operating income before changes in working capital	452 077	352 011
Change in working capital	15 377	(48 459)
Decrease/(Increase) in trade and other receivables	5 189	(142 902)
Less: (Decrease)/Increase in receivables for outstanding investment income	(2 943)	1 969
(Increase)/Decrease in inventories	(846)	245
Increase in trade and other payables and staff benefits	5 250	88 086
Decrease in operating lease asset	8 726	4 143
Cash generated by operations	467 454	303 552

25. CASH AND CASH EQUIVALENTS

Favourable bank balances	278 634	280 452
Short-term investments in cash	473 490	337 142
	752 124	617 594

The average interest rate on cash and cash equivalents for 2016 amounts to 8% (2015: 6%).

The University's facilities at banks, reviewed annually	171 055	161 700

As at year-end only a portion of the facility for motor vehicle loans was utilised. The portion that has been utilised is included in interest-bearing borrowings. Refer to note 3.

26. FINANCIAL RISK MANAGEMENT

The University's activities expose it to certain business and financial risks, namely market risk, credit risk and liquidity risk. The University's overarching risk management programme focuses on both the identified operational risks and the unpredictability of financial markets and is aimed at minimising the potentially negative impact on the University.

26.1 BUSINESS RISKS

The main business risks of the University, as identified by Management, are as follows:

- The pace of transformation and broadening of accessibility.
- Growing pressure on the unearmarked government subsidy to universities.
- Infrastructure constraints and the high cost of the ongoing maintenance of facilities and science equipment.
- Pressure on study fees due to sector wide protest actions (#FeesMustFall).

These risks are monitored continuously and appropriate steps are taken to manage them optimally.

	2016 R000	2015 R000

26.2 MARKET RISK

The activities of the University expose it to various market risks, including foreign exchange risk, price risk and interest rate risk.

(a) FOREIGN EXCHANGE RISK

Owing to international transactions in currencies other than the South African rand (the University's functional currency), the University is exposed to foreign currency risk. This risk arises from future financial transactions as well as recognised assets and liabilities denominated especially in US dollar, pound and euro. Foreign exchange risk associated with future financial transactions is managed by taking out forward cover through forward foreign exchange contracts.

If the exchange rate had increased/decreased by 5,0% as at 31 December 2016, with all other factors remaining unchanged, the surplus for the year would have increased/(decreased) as follows:

NOK	-	14
CHF	-	2
EURO	39	104
GBP	27	62
AUD	-	14
SEK	2	12
USD	397	958
	465	1 166

Forward foreign exchange contracts are entered into to manage exposure to exchange rate fluctuations in respect of certain transactions. A cautious approach to forward cover is maintained.

On 30 November 2015, the University Council approved that exchange rate losses which arise due to the difference between the exchange rates used for budgeting purposes, and the actual exchange rate at which the Library's foreign payments are incurred, will be funded from the exchange rate profit generated from foreign investments.

In respect of foreign exchange transactions, the following current assets and liabilities are not covered by forward foreign exchange contracts, as shown in the consolidated statement of financial position:

	Foreign exchange 2016 000	Rand value 2016 R000	Foreign exchange 2015 000	Rand value 2015 R000
Trade receivables				
NOK	-	-	170	286
CHF	-	-	3	45
AUD	-	-	25	273
SEK	32	46	135	239
EURO	54	770	126	2 082
GBP	33	542	56	1 247
USD	588	7 931	1 260	19 161
Net foreign exchange asset		9 289		23 333

	2016 R000	2015 R000

(b) PRICE RISK

The University is exposed to price risk in terms of listed investments available for sale. Should the local securities exchange (JSE) rise/fall by 10,0% as at 31 December 2016 and all other factors remain unchanged, the fair-value reserve for listed shares would have increased/decreased by R658,6 million (2015: R599,6 million). A securities exchange ("bond exchange") rise or fall of 10,0% as at 31 December 2016 would have resulted in an increase/decrease of R57,7 million (2015: R68,3 million) in the fair-value reserve for government bonds and other interest-bearing listed instruments.

The University is not directly exposed to commodity price risk.

(c) INTEREST RATE RISK

The interest rate features of new and existing loans are continuously reviewed. The University did not enter into any interest-rate-derivative agreements for the years ended 31 December 2016 and 2015.

Should the interest rate on balances at banks as at year-end increase/decrease by 100 basis points, the surplus for the year would have increased/decreased by R7,5 million (2015: R6,2 million).

Should the interest rate on interest-bearing investments as at year-end increase/decrease by 100 basis points, the surplus for the year would have increased/decreased by R6,0 million (2015: R3,2 million).

Should the interest rate on the bank facility for the financing of the University's various motor vehicle schemes increase/decrease by 100 basis points as at year-end, the surplus for the year would have decreased/increased by R0,4 million (2015: R0,4 million).

26.3 LIQUIDITY RISK

Transparent liquidity risk management implies the maintenance of sufficient cash and marketable securities, as well as the availability of credit facilities.

In order to cover possible liquidity risks, the University is in a position to realise long-term investments at short notice. Cash investments amounting to R109,8 million (2015: R649,2 million) have also been included in long-term investments.

	2016	2015
Current assets	1 018 273	943 660
Current liabilities	885 253	822 669
Operating capital ratio	1,15	1,15

26.4 CREDIT RISK

Credit risk mainly arises from outstanding student fees and student loans, trade receivables and cash resources. The largest component of outstanding student fees is due by former students. Trade receivables consist of a large number of clients and their creditworthiness is evaluated continuously by the University. Cash surpluses are invested only at reputable financial institutions. As at 31 December 2016 and 31 December 2015, there was no material credit risk for which adequate provision had not been made. Trade and other receivables are shown net of any allowance for credit losses.

26.5 ESTIMATION OF FAIR VALUE

The fair values of listed investments available for sale are based on quoted market prices as at year-end. The quoted market price refers to the closing price on the last date of business before year-end. The fair values of unlisted investments not traded in an active market are determined by means of applicable valuation methods, based on market conditions as at year-end. Fair values of the remainder of financial instruments are determined on the basis of discounted-cash flow models. The nominal values of trade and other receivables and payables and interest-bearing borrowings less impairments and allowances for credit losses are deemed as their fair values.

Since 1 January 2009, Stellenbosch University has applied the adjustment to IFRS 7 for financial instruments shown at fair value in the consolidated statement of financial position. This adjustment requires that fair-value measurements are disclosed in accordance with the hierarchy below:

Level 1 Quoted prices in terms of active markets for identical assets and liabilities.

Level 2 Inputs other than quoted prices obtained directly (prices) or indirectly (derived from prices).

Level 3 Inputs for assets and liabilities not based on available market data.

Assets as at 31 December 2016 shown at fair value:

	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
Government bonds	576 736	-	-	576 736
Shares				
- Listed shares	6 586 485	-	-	6 586 485
- Unlisted shares	-	4 164	-	4 164
Fixed deposits	597 851	-	-	597 851
Other	128 093	-	-	128 093
	7 889 165	4 164	-	7 893 329

The fair value of listed investments, government bonds, fixed deposits and other investments is based on current market prices. Other investments mainly consist of cash instruments forming part of the University's long-term investment pool. The University determines the fair value of unlisted investments and investments for which there are not an active market by making use of relevant valuation techniques. As at 31 December 2015 government bonds, listed shares, fixed deposits and other investments were classified as level 1 and unlisted shares as level 2.

The fair value of financial instruments not traded on the securities exchange ("bond exchange") is determined by means of relevant valuation techniques. These techniques mainly take into account available market data. The use of entity-specific estimates is limited. Should inputs comprise available market data only, the instrument is shown at level 2. Specific valuation techniques include the use of quoted or dealer prices of similar instruments, taking risk factors into account.

Should any of the inputs not be based on available market data, the item is shown at level 3.

Financial liabilities

	Carrying amount R000	Contractual cash flow R000	< 1 year R000	1–5 years R000	> 5 year R000
31 DECEMBER 2016					
Interest-bearing borrowings	158 239	486 839	20 374	131 605	334 860
Trade and other payables	871 206	871 206	871 206	-	-
Total financial liabilities	1 029 445	1 358 045	891 580	131 605	334 860
31 DECEMBER 2015					
Interest-bearing borrowings	114 965	216 071	13 300	99 951	102 814
Trade and other payables	820 236	820 236	820 236	-	-
Total financial liabilities	935 201	1 036 307	833 536	99 951	102 814

26.6 MANAGEMENT OF AVAILABLE FUNDS

Stellenbosch University manages its funds in order to ensure that it will continue as a going concern. Funds consist of restricted and unrestricted funds. Restricted funds consist of operating, loan, endowment and fixed-asset funds with specific conditions for application. Unrestricted funds are those funds that the Council may use at its discretion.

27. STAFF BENEFITS

CONTRIBUTIONS TO THE UNIVERSITY OF STELLENBOSCH RETIREMENT FUND (USRF)

USRF, established on 1 November 1994 and managed in terms of the Pension Funds Act of 1956 (as amended), is a defined-contribution plan for permanent employees of the University. The fund is valued by independent actuaries at least every three years. As at 31 December 2016, USRF members totalled 3 545 (2015: 3 404). Membership contribution rates vary from 10% to 20% of pensionable earnings. The actuaries declared the fund financially sound. Total contributions paid amounted to R208,1 million (2015: R175,4 million). The most recent audit had been done for the year ended 31 December 2016 and an unqualified opinion was expressed.

OTHER BENEFITS

Post-retirement medical benefits are provided to certain retired employees. Access to this benefit is limited to employees appointed before 1 June 2002.

The group life insurance scheme provides life insurance at the death of the member. Membership of the scheme is compulsory for all permanent employees of the University.

Liabilities are calculated by the independent actuaries at least every three years and are reviewed annually. A complete actuarial valuation was performed as at 31 December 2016. The most recent valuation was performed on 8 February 2017. The next actuarial valuation will be performed no later than 1 January 2018.

The actuarial valuation method is the projected-unit-credit method. The main actuarial assumptions are as follows:

	2016	2015
Discount rate	**9.9%**	10,7%
Medical inflation	**9.3%**	10,3%
Group life inflation	**8.8%**	9,8%
Salary inflation	**8.8%**	9,8%
Retirement age	**65,0%**	65,0%
Expected average retirement age	**65,0%**	65,0%
Age difference between principal member and spouse: continued	**Actual**	Actual
Age difference between principal member and spouse: active	**4,0%**	4,0%
Income at retirement	**75,0%**	75,0%
Proportion married at retirement	**75,0%**	75,0%
Group life proportion married at retirement	**90,0%**	90,0%
Maximum age for orphan contributions	**21,0%**	21,0%
Continuation at retirement	**100,0%**	100,0%

Reconciliation of the carrying amount:

	2016			2015		
	Medical liability	Group life insurance	Total	Medical liability	Group life Insurance	Total
	R000	R000	R000	R000	R000	R000
Liability at the beginning of the year	**526 491**	**41 413**	**567 904**	500 358	43 184	543 542
Adjustments in the consolidated income statement:						
- Current service charges	**6 543**	**2 292**	**8 835**	6 679	2 285	8 964
- Interest charge	**54 573**	**4 318**	**58 891**	41 245	3 577	44 822
- Expected contributions payable by the employer	**(30 767)**	**(2 004)**	**(32 771)**	(28 170)	(2 084)	(30 254)
Adjustments in the consolidated statement of comprehensive income	**17 081**	**6 366**	**23 447**	6 379	(5 549)	830
	573 921	**52 385**	**626 306**	526 491	41 413	567 904

	2016 R000	2015 R000
The higher actuarial provision is attributable to the following:		
Change in financial assumptions	**(8 893)**	12 401
Change in actuarial basis	**8 610**	(28 378)
Change in demographic assumptions	**16 314**	23 256
Change in membership numbers and details	**7 416**	(6 449)
	23 447	830
The liability at the end of the year is as follows:		
Continued members	**439 432**	397 549
In-service members	**186 874**	170 355
	626 306	567 904

The expected increase in the liability for the next 12 months is R33,4 million (2015: R35,4 million).

LONG-SERVICE BENEFITS

After 25 years' service, employees qualify for a gratuity to the value of 50% of the employee's monthly salary, with a minimum value of R400 and a maximum value of R5 000.

The liability at the end of the year is as follows:		
Active members	**3 275**	3 201
Total liability	**629 581**	571 105

Reconciliation of the carrying amount:

	2016	2015	2014	2013	2012
	R000	R000	R000	R000	R000
Current value of liability	**629 581**	571 105	546 735	495 756	484 332
Actuarial loss/(gain) due to experience	**8 610**	(28 378)	10 726	31 698	39 755

28. INCOME TAX

The University is exempted from normal income tax in terms of section 10(1)(cA)(i) of the Income Tax Act. Some of the subsidiaries of the University are, however, liable for tax. Refer to note 10.

29. RELATED-PARTY TRANSACTIONS

29.1 THE INSTITUTIONS BELOW ARE DEEMED RELATED PARTIES OF THE UNIVERSITY

The consolidated financial statements as at 31 December 2016 includes the following trusts and partnerships:

TRUSTS AND PARTNERSHIPS		
Name of Trust / Partnership	Nature of activities	Loan R
Stellenbosch Trust	Fund recruiting and investing of donations	Zero
The Stellenbosch Development Trust	Investment of property for educational and research activities	Zero
Stellenbosch Law Faculty Trust	Promotion of Law Faculty for access to members of the general public	Zero
Stellenbosch Financing Partnership	Loan of funds in accordance with partnership agreement	Zero

The University has the following investments in unlisted subsidiaries as at 31 December 2016:

UNLISTED SUBSIDIARIES				
			Book value of interest	
Name of company	Nature of activities	Effective shareholding	Investment R	Loan R
Unistel Properties (Pty) Ltd	Dormant	100%	1 000	Zero
InnovUS Technology Transfer (Pty) Ltd	Commercialising of intellectual property and sources from the University for research, educational and community interactions	100%	1 000	Zero
USB Executive Development Ltd	Development and presentation of executive development programmes and provision of consultation services	54,8%	4 317 980	Zero

InnovUS Technology Transfer (Pty) Ltd, a wholly-owned subsidiary of the University, has the following investments in unlisted subsidiaries and associates as at 31 December 2016:

UNLISTED SUBSIDIARIES AND ASSOCIATES				
			Book value of interest	
Name of company	Nature of activities	Effective shareholding	Investment R	Loan R
Aquastel (Pty) Ltd	Development of aqua culture	100%	1 000	Zero
Sun Media Stellenbosch (Pty) Ltd	Publishing and printing services	55%	1 000	Zero
Unistel Medical Laboratories (Pty) Ltd	Providing human and animal genetic, diagnostic and testing services	35%	4 586 000	Zero
Unistel Technology (Pty) Ltd	Dormant	100%	1 000	Zero
Stellenbosch University Sport Performance Institute (Pty) Ltd	Providing of sport related services	100%	1 000	1 318 000
Stellenbosch Nanofiber Company (Pty) Ltd	Commercialising of nanofiber technology	29,6%	Zero	Zero
Stellenbosch Wind Energy Technologies (Pty) Ltd	Commercialising of wind energy technology	74%	1 000	Zero
GeoSUN Africa (Pty) Ltd	Service providers to the solar power industry	25%	417 000	Zero
LaunchLab (Pty) Ltd	Support on campus through networking opportunities, mentorship and affordable leasing tariffs in an entrepreneurial environment	100%	1 000	Zero
Surfactant Medical Technologies (Pty) Ltd	Development of patented synthetic lung technology	50%	1 000	Zero
Custos Media Technologies (Pty) Ltd	Development of technology to dissuade consumers from illegally sharing purchased media	24,2%	1 000	Zero
UNLISTED SUBSIDIARIES AND ASSOCIATES *Continued*				
Sun Magnetics (Pty) Ltd	The development and sale of inductance extraction and magnetic field calculation software for integrated circuit verification (including superconducting integrated circuits)	40%	48	Zero
Bridgiot (Pty) Ltd	The development of an internet of things platform aimed at connecting household and other electronics to the cloud	40%	400	Zero
Vulamanz (Pty) Ltd	The use of a patented Capillary Ultrafiltration Membrane Nanotechnology to produce high quality drinking water	40%	48	Zero

Members of the executive management are also deemed related parties of the University. Refer to note 16 for a list of the executive management members and payments made to them during the year.

29.2 TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties include payment for administrative services and finance charges, as well as investment income earned.

During the year, stakeholders had no material interest in any material agreement of the University or any of its subsidiaries that could lead to a conflict of interest.

Transactions between Stellenbosch University and its subsidiaries are eliminated on consolidation.

The following related-party transactions took place between the University and related parties:

	2016 R000	2015 R000
29.2.1 Income		
From subsidiaries:		
Distribution of earmarked donations from Stellenbosch Trust	**375 542**	231 340
Services	**35 103**	19 415
Interest	**147**	975
	410 792	251 730
29.2.2 Expenditure		
To subsidiaries:		
Services	**32 235**	2 532
Interest	**162**	580
	32 397	3 112
29.2.3 Amounts outstanding as at year-end		
Receivable from:		
Subsidiaries	**78 234**	29 307
Payable to:		
Subsidiaries	**3 789**	4 912
29.2.4 Loans granted to related parties		
Stellenbosch University Sport Performance Institute (Pty) Ltd	**1 318**	1 692

The loan bears interest linked to prime and has fixed terms for repayment.

	2015 R000

30. CONTINGENT LIABILITY

The University guarantees a percentage of the outstanding amount on mortgage loans of qualifying employees. The maximum exposure as at year-end amounts to R69 535 (2015: R135 775).

31. COMPARATIVE FIGURES

From 2016 onwards, private donations are being shown separately on the face of the consolidated income statement. The prior year figures were adjusted to reflect this change. The impact is as follows:

Increase in Private donations	215 336
Decrease in Private donations, grants and contracts (subsequently called "Grants and contracts")	(215 336)

Funds in the consolidated statement of financial position are shown at fair-value from 2016 onwards. It was previously shown at book value. The prior year figures were adjusted to reflect this change. The impact is as follows:

Increase in Unrestricted funds	248 144
Increase in Restricted funds	1 191 018
Allocation of Fair-value reserve to Unrestricted and Restricted funds	1 439 162

32. PRIOR YEAR ADJUSTMENT

An annual balancing is performed between assets that are capitalised and assets purchased during the year and building projects that are work-in-progress. A close-off journal is posted on an annual basis between expenses and uncompleted building projects to allocate the latter to property, books and equipment. This allocation is reversed at the beginning of the next year as it is taken into account again at the end of the next year for that year's allocation of uncompleted building projects to property, books and equipment. The 2015 reversal of the uncompleted building projects for 2014 was only reversed in 2016, resulting in expenses of 2015 being understated and property, books and equipment being overstated with the amount of the 2014 reversal. As a result, the 2015 figures were adjusted. The impact is as follows:

Increase in Other operating expenditure	347 600
Decrease in Property, books and equipment	(347 600)

33. GOING CONCERN

The consolidated annual financial statements have been prepared on the going concern basis as the Council has every reason to believe that the University has sufficient resources in place to continue with operations for the next twelve months.

34. SUBSEQUENT EVENTS

Between the year-end and the date of the approval of the consolidated annual financial statements, no material facts or circumstances have arisen that materially affect the financial position of the University.

35. BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE)

The University measures its BBBEE status against the generic scorecard criteria of the Department of Trade and Industry, excluding the ownership criteria. Per the most recent evaluation of the University's BBBEE status, which was performed in May 2016, the University obtained a score of 58.78 and subsequently attained a level 5 contribution status.

GLOSSARY

TERMS AND DEFINITIONS	
A-rated researcher	Researchers who are regarded as world leaders in their respective research fields.
black	In this report, the word black does not signify "black, coloured and Indian", but black African only.
blended learning	A collaborative system of learning that integrates technologies such as web-based, satellite and mobile applications with face-to-face learning and teaching for greater flexibility (anytime access) and mobility (anywhere access). Blended learning enhances interaction amongst students, and between staff and students, while also improving access to resources.
business model	An organisation's system of transforming its business activities into outputs and outcomes that aims to fulfil the organisation's strategic purposes and create value over the short, medium and long term.
cluster hub	All students not staying in residence are assigned to one of the ten wards of the Private Students' Organisation. The wards are grouped into six clusters with nearby residences to form student communities. For each of these clusters, a hub is being built, of which two have already been completed, namely amaMaties and Wimbledon. In this way, day students can enjoy the same benefits as residence students, such as mentor support and a well-appointed place to go to between classes.
designated groups	People who are black, coloured and Indian (BCI).
flipped classroom	The flipped classroom is a pedagogical model in which the typical lecture and homework elements of a course are reversed. The term is widely used to describe almost any class structure that provides pre-recorded lectures followed by in-class exercises. (*Educause*, February 2012)
graduate attributes	In order to create sustainable hope in Africa, Stellenbosch University seeks to equip every graduate with desirable and enduring attributes in the course of his or her studies. A Stellenbosch graduate: • has an enquiring mind (accepts responsibility for lifelong learning and the application of knowledge; thinks critically and creatively); • is an engaged citizen at the local, regional and global level (acts accountably towards society and the environment; exercises efficient leadership; participates in a diverse, multilingual society; creates opportunities for others as a social entrepreneur); • is a dynamic professional (applies and communicates knowledge; seizes opportunities and solves problems; innovates; uses sustainable and efficient technologies; behaves ethically); and • is a well-rounded individual both socially and intellectually (utilises opportunities for personal growth – cultural, intellectual and in sports; seeks enriching experiences; takes informed and well-considered decisions).
Horizon 2020	The European Union's biggest research and innovation funding programme to promote excellent science and industrial leadership, and to tackle social challenges. Funding is made available to a variety of projects over a seven-year period – from 2014 to 2020 – generally in a framework of three to four years per project.
income stream	The University's financial capital is divided into four income (money) streams, which are numbered for ease of reference. The four streams depend upon different financial inputs: • first-stream income: state subsidy; • second-stream income: student and accommodation fees paid by students; • third-stream income: earned from (contract) research, investments, commercialisation and sales; and • fourth-stream income: philanthropic donations and bequests.
indirect cost recovery	Indirect cost recovery, which is currently general practice in the higher education sector, enables the University to recover the indirect costs that are associated with externally financed projects (third-stream income) from its clients by means of a surcharge for services such as legal, financial, human resources, research management, information technology and library services, as well as support for intellectual property matters.
interpreting	The class is presented entirely in either Afrikaans or English, and an interpreter simultaneously translates the lesson into the other language. The interpreter uses a headset or hand microphone, and students listen to the lecture through earphones.
knowledge and other partnerships	The University establishes relationships through formal, institutional partnerships with civil society organisations, local governments or municipalities, the Western Cape provincial government, the Western Cape Department of Health, the national departments of Defence and Military Veterans, churches (Theology), Elsenburg (AgriSciences), etc. These partnerships are usually informed by a formal memorandum of understanding.