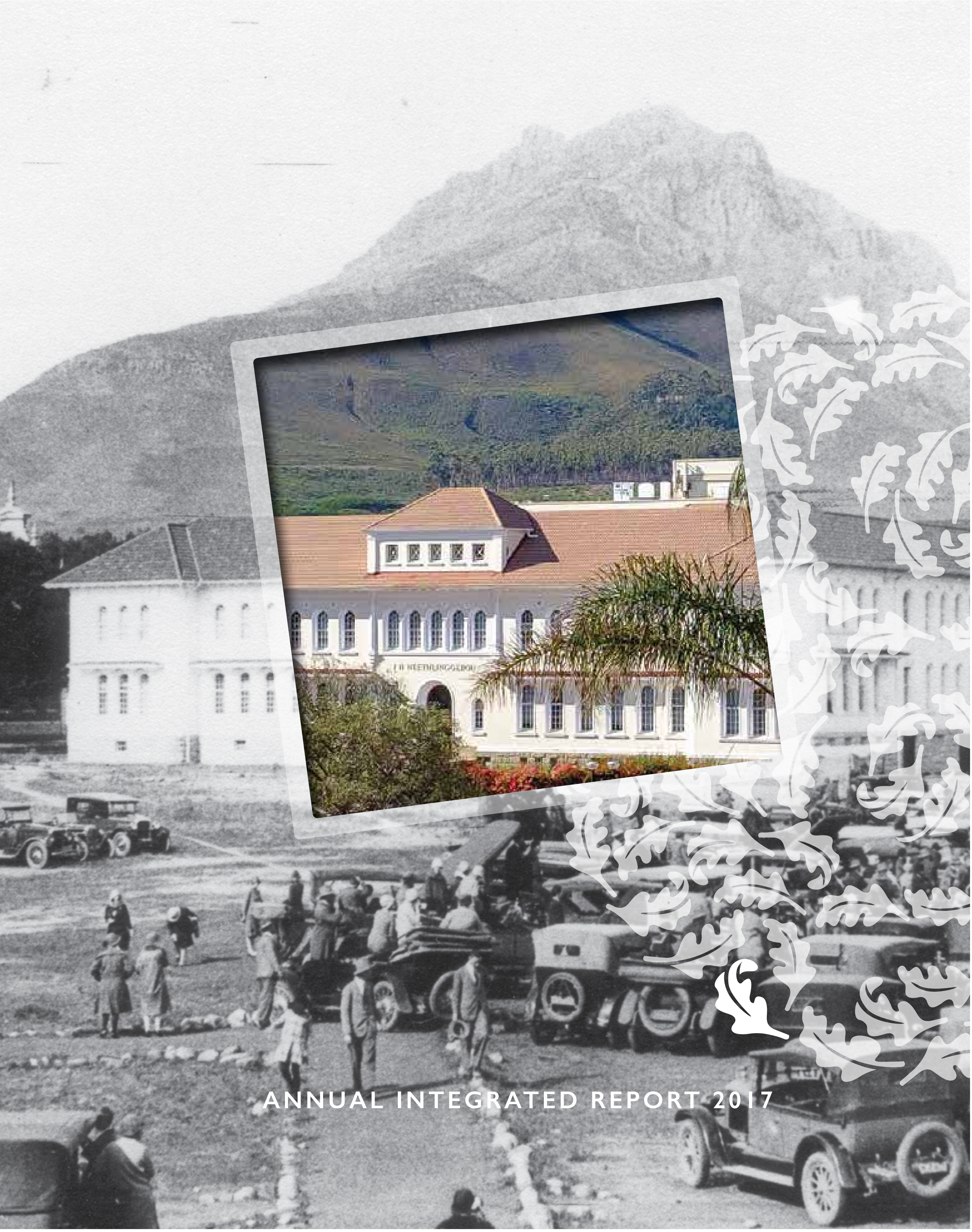


ANNUAL INTEGRATED REPORT 2017

UNIVERSITEIT•STELLENBOSCH•UNIVERSITY
jou kennisvennoot•your knowledge partner

Lecturers and Students, 1918

Our journey towards
INTEGRATED REPORTING

Since embarking on its journey to integrated reporting a few years ago, Stellenbosch University is publishing its third integrated report. On this journey, we realised that a far wider range of interconnected factors determine the value and future of an organisation than financial profitability alone.

Some forms of capital (resources) that contribute to the value of an organisation are tangible, and therefore easy to add up or subtract, but many others are not so easy to account for. In a university environment, our intangibles predominate. Consider our capitals:

- human capital (our talented students and capable staff);
- financial capital (our income streams);
- intellectual capital (our intellectual expertise, brand and evolving reputation);
- manufactured capital (our infrastructure);
- social and relationship capital (our indispensable partnerships); and
- natural capital (our supporting environment of natural resources).

These, and more, make up the sum total of assets with which we create and sustain value.

Through our integrated reporting, we hope to show our numerous stakeholders how we try to allocate resources, manage risks and grasp opportunities in the best possible way. Stellenbosch University – like so many other organisations, both corporate and public – is still en route… We plan to improve our understanding of true materiality and true accountability across the board of our multiplicity of operations, and we anticipate that integrated thinking will eventually become second nature to us, so that we may make better decisions and manage efficiently and sustainably, as befits a knowledge-driven institution such as ours.

OUR SCOPE AND BOUNDARIES

Our integrated report is published annually and covers the full scope of University operations over the reporting period, 1 January to 31 December 2017. To this we add a few months more – until March 2018 – to enable us to include all our graduation data for the year under review. To show the members who approved this annual integrated report, we present the University Council as at 18 June 2018, listing the outgoing members who were active in 2017 too. Our report contains financial facts and figures about our operations over the 2017 financial year, and for the reader's convenience our full financial report is still published as part of our integrated report. The University's financial statements, including the subsidiaries, associate companies and trusts, are prepared in accordance with the relevant policies of International Financial Reporting Standards (IFRS), and, like our integrated report, also comply with the Department of Higher Education and Training's Regulations for Reporting by Public Higher Education Institutions as published in the Government Gazette No. 37726 of 9 June 2014.

You will also find the customary reports of the Chancellor, Chair of the University Council, Rector and Vice-Chancellor, Chief Operating Officer, Vice-Rectors, and Deans of faculties on their fields of care and supervision. Most of these reports however now highlight the value created over the reporting period in line with selected strategic priorities identified in the University's future-focused Intent and Strategy document for 2013–2018. This focus on value accords with the principles provided by the International Framework of the International Integrated Reporting Council (IIRC), which believes that "communication about value creation should be the next step in the evolution of corporate reporting". It also accords with the King Code of Governance Principles and the King Report on Governance (King III), arguably the world's leading corporate governance standard. We have also made a start on implementing the newly published King IV code.

The University's Intent and Strategy document for 2013–2018 is now nearing the end of its cycle when the University will develop a new strategy, and also celebrate its centenary.

APPROVING OUR ANNUAL INTEGRATED REPORT

The Rectorate is closely involved in writing and compiling the annual integrated report. Our Audit and Risk Committee of Council examines the report and, with adjustments, recommends the report for tabling at the University Council meeting in June, where the report is considered and finally approved for publication.

Foreword by

THE CHANCELLOR

The position of Chancellor is a ceremonial one. I am in no way involved in the day-to-day running of the University. However, I am pleased that management and Council took steps in 2017 to promote financial sustainability at SU, while also providing assistance to academically deserving students in need of financial support.

The announcement by the President on 16 December 2017 that "fully subsidised free higher education and training for poor and working-class South Africans" would be phased in from 2018 concluded a year dominated by this subject.

Up to that point, the higher education sector – if not the country as a whole – had been eagerly awaiting the state's response to the findings of the Fees Commission led by Judge Jonathan Heher. The commission of inquiry was set up in 2016 to investigate "the feasibility of making higher education and training fee-free".

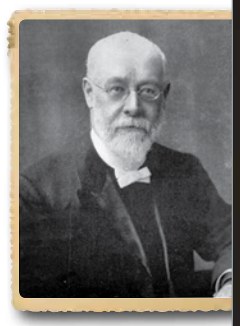
The announcement seemed to contradict the recommendations of the commission, which had raised doubts about the state's capacity to provide free higher education to all students. Unsurprisingly, therefore, the presidential announcement was followed by uncertainty about how the new dispensation would be funded. Calculations showed that the progressive introduction of free higher education would cost R57 billion over three years. There were indications that VAT would be increased to stabilise public funding and raise the required money.

What was not in doubt, however, was the need to provide access to higher education to as many South Africans as possible. It was this cause that caught the public's attention and sparked the #FeesMustFall student protests back in 2015.

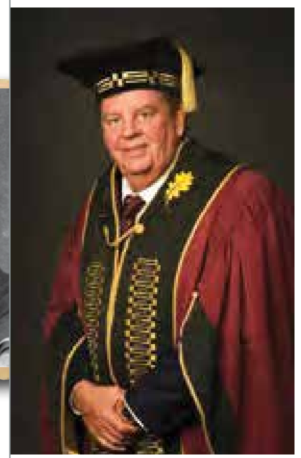
This was the context in which Stellenbosch University (SU), as a leading higher education institution, found itself in the reporting period of 2017. On the eve of its Centenary year, the University, which had grown to a R6 billion organisation, had to find a way to continue the successes it had achieved in its core activities, and at the same time adapt to changing circumstances. It had to consolidate the progress it had made on many fronts as it prepared to enter its second century of existence.

BUDGETING FOR SUSTAINABILITY

Over a number of years, government subsidies for higher education have increasingly fallen behind cost increases. These not only include the consumer price index (CPI) of around 6%, but particularly also the higher education price index, which measures cost increases in the sector and has typically increased by about 1,7% more than the CPI per year. This is due to the high costs associated with research equipment and technology, international research publications, meeting accreditation and statutory requirements, and maintaining world-class facilities. It is particularly applicable to institutions such as SU that focus intensively on research and postgraduate studies.



Dr JL Marais, first Chancellor, Stellenbosch University, 1918



Dr Johann Rupert Chancellor, Stellenbosch University

As pointed out by the Chief Operating Officer elsewhere in this report, the financial pressures that had built up over time finally led to a situation in 2017 where the first projection of the University's main budget for 2018 to 2023 showed a cumulative deficit of R572 million. Clearly, changes had to be introduced. The approach chosen was to make the most of all revenue streams, namely state subsidies, tuition and accommodation fees, research contracts, philanthropic donations and commercial revenue.

The budget submitted to Council at the end of 2017 called for a general adjustment of 8% in 2018 student fees (undergraduate and postgraduate), plus differentiated adjustments (to be phased in for new students only) in some faculties. Student accommodation fees would increase by 9,2%. An additional tuition fee for international students was also introduced. Further measures that were implemented included a progressive shift of institutional expenditure on bursaries to the fourth income stream (donations) to free up funds in the main budget, as well as a reduction in library expenditure on less popular electronic databases. Additionally, it was proposed that income from indirect cost recovery be increased, while an allocation from the Strategic Fund would be made available to balance the main budget.

I was glad to see that this produced a balanced main budget for the next six years, which Council went on to approve. It was important to prevent shortfalls from building up over the next few years, and the integrated budget that was eventually adopted would indeed avoid any deficit over a six-year planning horizon.

FINANCIAL ASSISTANCE TO STUDENTS

To mitigate the impact of the market-related fee increases, SU continues its support to academically deserving students who struggle financially. The University adjusted its own bursaries upwards in line with increases in tuition and accommodation fees. Every year, SU ploughs back more than half of its income from student fees in the form of financial aid to students.

In 2017, the University administered a total of R754 million in bursaries – R298 million as an agent for external funders (including for the National Student Financial Aid Scheme) and R456 million from its own funds and research contracts, of which R129 million was allocated from its main budget. Nearly a quarter of SU students – 23% to be exact – received bursaries.

Yet even students receiving financial aid sometimes accumulate student debt due to shortfalls in funding. They would typically have overcome all kinds of obstacles to get to university in the first place, and worked very hard to achieve success in their studies, only to be weighed down by debt at the final hurdle.

I was therefore pleased to see the University introduce the #SU99 fundraising campaign, which specifically targeted this problem. Donors were asked for contributions to enable students to graduate debt-free at the end of the year. The campaign was most successful and raised more than R1 million in a short space of time. It again illustrated the power of donors joining hands to support a worthy cause. From staff and students who dropped coins and notes from their pockets into collection boxes across campus, to alumni who donated online, to major donors who extended their support once more, SU's mission was yet again bolstered by friends and partners of the University.

INCOME STREAMS

Universities the world over face financial constraints due to pressure on both the public purse and the private sector. To be sustainable in the long run, they have to find ways of generating their own income.

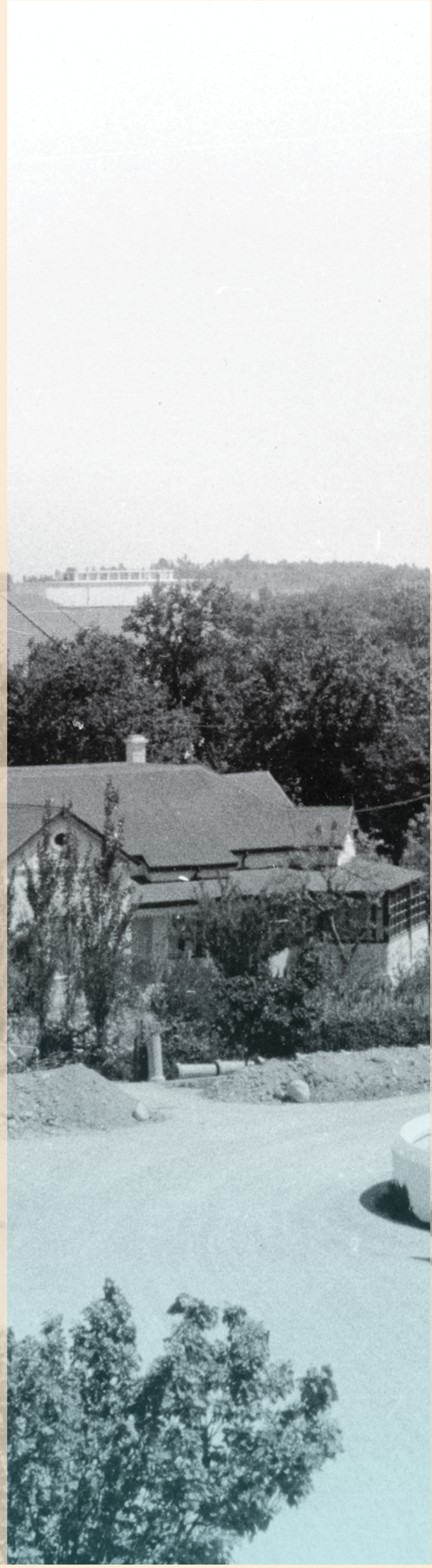
Again, I am pleased that SU is doing relatively well in this regard. In 2017, 19,8% of the University's income came from allocations and research contracts, 3,5% from the sale of goods and services, and 4% from private donations. Nevertheless, the institution still had to rely on the state for 32% of its income, and on student study and accommodation fees for 21,8%. There is, therefore, room for improvement in terms of strengthening the third, fourth and fifth income streams.

CONCLUSION

In the run-up to SU's Centenary in 2018, Maties has become an esteemed research institution with a strong emphasis on innovation. For universities to be regarded as part of this league, they require stability, systemic sustainability, an outstanding academic reputation and an impeccable governance and management structure.

It is no coincidence that SU boasts all these features. Hard work by staff and other members of the University community has brought the institution to this point, as evidenced in this annual report.

Looking ahead, the challenge for the University now is to position itself to maintain its proven status as an excellent institution, to broaden access and to remain financially sustainable in the face of economic challenges.



Our

FINANCIAL REPORTS

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 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 SA du Plessis
Chief Operating Officer

Prof DP du Plessis
Chairperson of the Audit and Risk Committee

18 June 2018

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 2017, 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 2017, 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.

CONTEXT FOR THE 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. We have not evaluated the completeness and appropriateness of the performance indicators/measures 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 usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual report of the University for the year ended 31 December 2017:

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 performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. We performed further procedures to determine whether the indicators and related targets were measurable and relevant, and 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 usefulness and 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
- 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 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. We have nothing to report in this regard.

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 29 agreed-upon procedures engagement reports during the year ended 31 December 2017 on funding from various donors and Department of Higher Education and Training funding. These reports covered periods ranging from 1 January 2014 to 31 July 2017.

We issued 12 donor funding audit and non-audit assurance reports during the year ended 31 December 2017 covering periods ranging from 1 January 2015 to 31 December 2016.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.

NH Döman
Registered Auditor
Stellenbosch
18 June 2018

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 the University to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 here 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 2017, 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:

Amendment to IAS 7	'Cash flow statements' on disclosure requirements
Amendment to IAS 12	'Income taxes' on recognition of deferred tax assets for unrealised losses
Amendments to IFRS 12	'Disclosure of interests in other entities' on disclosure requirements

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 2018 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.

Although IFRS 9 changes the classification of certain financial instruments, the measurement basis of the University's financial assets and liabilities is expected to be unchanged under the new principles. Trade and other receivables are all held to collect solely principal and interest (SPPI) and will continue to be measured at amortised cost in future. Similarly, borrowings and trade and other payables will continue to be measured at amortised cost. The University has a significant portfolio of available for sale investments consisting of both debt and equity instruments – all currently measured at fair value through other comprehensive income (FVOCI). For debt instruments under IFRS 9, the University will continue to recognize them at FVOCI, since it is the business model of the University to hold and collect SPPI and sell these instruments. For equity instruments, the intention is to elect the FVOCI option. The University does not expect the new expected credit loss impairment model to have a significant effect on the provision for student fees, although the provision for student loans might increase if lifetime expected losses is to be taken into account. Management is in the process of further stratifying the debtors book into defined classes of student debt with differing payment profiles or guarantors.

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.

Revenue needs to be recognized at a point in time or over time depending on the performance obligations linked to separate elements of the contract with the customer. The University has five income streams being 1) Government grants, 2) Student, accommodation and other fees, 3) Grants and contracts, 4) Donations, and 5) Sale of services and products. It is expected that the timing and measurement of the University's revenue will not materially change as a result of the implementation of IFRS 15. Based upon an initial impact assessment, grants and contracts appears to be the only income stream impacted by this standard. Although the University in most instances already account for research grants over the term of the research period, management is in the process of analyzing individual contracts with specific focus on contracts with multiple performance conditions attached to them and where measurement of progress is not necessarily in line with time. Government grants are excluded from the scope of IFRS 15 and accounted for in terms of IAS 20. Student, accommodation and other fees generally accrues within the University's academic year and are not recognized over time periods that span multiple financial years. Donations with no restrictions attached to them are recognized at that point in time, or otherwise deferred in line with the performance conditions. Sundry sales of goods are mostly delivered to customers at the point of sale. Sales of services are already accounted for on an accrual basis over time and does not have multiple element arrangements included in it.

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 this new standard, but there will not be an effect 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)
IFRS 17	'Insurance contracts' (effective date of 1 January 2021)
IFRIC 22	'Foreign currency transactions and advance consideration' (effective date of 1 January 2018)
Amendments to IFRS 2	'Share-based payments' (effective date of 1 January 2018)
IFRIC 23	'Uncertainty over income tax treatments' (effective date of 1 January 2019)
Amendments to IFRS 4	'Insurance contracts' (effective date of 1 January 2018)
Amendments to IAS 40	'Investment property' (effective date of 1 January 2018)
Amendments to IFRS 1	'First-time adoption of IFRS' (effective date of 1 January 2018)
Amendments to IAS 28	'Investments in associates and joint ventures' (effective date of 1 January 2018)

2. BASIS OF CONSOLIDATION

SUBSIDIARIES

All entities (including special purpose 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.

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 %	Depreciation %
Land	100	-
Buildings	-	1,3-20,0
Computer equipment	-	33,3
Other equipment and motor vehicles	0-40	5-25
Library books	-	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.

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. Goodwill is not subject to amortisation and is tested annually for impairment.

Intangible assets include computer software licences and goodwill.

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

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 RECEIVED

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 indefinite 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 on transfer of the goods or in the period in which the services are rendered.

12. LEASES

The University leases property and equipment. Lease agreements where the lessor retains the significant risks and benefits associated with ownership of a leased item, are classified as operating leases. Payments in respect of operating leases are recognised in the consolidated income statement on a straight-line basis over the period of the lease.

Lease agreements where the University, as lessee, receives all the significant risks and benefits of ownership, are classified as finance 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. 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.

14. 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, recognised as an expense in the period in wich services are rendered.

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.

15. DEFERRED TAXATION

Deferred tax is provided by using the liability method for temporary differences within tax-paying subsidiaries of the University. 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.

16. FUNDS

Funds consist of restricted and unrestricted funds. Restricted funds consist of operational, loan, donor and fixed asset funds with specific conditions for use. Unrestricted funds are those which Council uses at its own discretion. In the pool of unrestricted funds are funds which are earmarked for specific purposes and can therefore not be used for other purposes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2017

	Notes	2017 R000	2016 R000
ASSETS			
NON-CURRENT ASSETS		14 219 261	12 895 559
Property, books and equipment	4	5 084 044	4 782 785
Intangible assets	5	5 158	2 144
Long-term investments	6	8 888 708	7 893 329
Investment in associate companies	7	6 391	5 254
Long-term portion of trade and other receivables	8	231 871	208 410
Deferred tax	9	1 885	2 875
Operating lease asset	11	1 204	761
CURRENT ASSETS		1 037 177	1 018 273
Inventories	10	6 671	4 932
Trade and other receivables	8	256 191	261 150
Short-term portion of operating lease asset	11	200	67
Cash and cash equivalents	24	774 115	752 124
TOTAL ASSETS		15 256 438	13 913 832
FUNDS AND LIABILITIES			
AVAILABLE FUNDS		13 338 103	12 254 208
Unrestricted funds: earmarked	2	651 493	701 654
Unrestricted funds: unearmarked	2	571 491	459 461
Restricted funds	2	9 562 516	8 553 334
		10 785 500	9 714 449
Property revaluation reserve	2	2 538 731	2 538 731
Non-controlling interests	2	13 872	1 028
NON-CURRENT LIABILITIES		857 531	774 371
Interest-bearing borrowings	3	202 411	144 790
Staff benefits	26	655 120	629 581
CURRENT LIABILITIES		1 060 804	885 253
Trade and other payables	12	1 049 726	871 206
Deferred tax	9	-	598
Short-term portion of interest-bearing borrowings	3	11 078	13 449
TOTAL FUNDS AND LIABILITIES		15 256 438	13 913 832

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

		Educational & general	Educational & general	Educational & general	Student and staff accom-modation	2017 Total	2016 Total
	Notes	Unrestricted R000	Restricted R000	Total R000	Restricted R000	R000	R000
TOTAL INCOME		2 818 885	2 723 802	5 542 687	334 798	5 877 485	5 311 428
RECURRING ITEMS							
Government grants		1 368 644	489 421	1 858 065	24 326	**1 882 391**	1 708 638
Government grants: bail-out component		-	-	-	-	**-**	79 274
Student, accommodation and other fees		898 080	83 123	981 203	301 224	**1 282 427**	1 129 965
Grants and contracts		71 634	1 093 919	1 165 554	-	**1 165 554**	1 210 219
Private donations		7 277	224 293	231 570	-	**231 570**	338 442
Sale of services and products		314	203 730	204 043	-	**204 043**	190 676
Subtotal		2 345 949	2 094 486	4 440 435	325 550	4 765 985	4 657 215
Interest and dividends earned	17	57 508	277 693	335 201	9 248	**344 449**	318 241
Profit on disposal of property, books and equipment		(108)	4 984	4 875	-	**4 875**	6 118
Profit realised on disposal of investments	18	415 317	343 051	758 368	-	**758 368**	327 049
Equity profit in associate companies		-	-	-	-	**-**	1 370
Foreign exchange gain		220	3 588	3 808	-	**3 808**	1 434
		2 818 885	2 723 802	5 542 687	334 798	5 877 485	5 311 428
TOTAL EXPENDITURE		2 161 353	2 585 832	4 747 185	228 329	4 975 513	4 570 604
RECURRING ITEMS							
Staff costs	14	1 412 797	885 480	2 298 277	33 346	**2 331 624**	2 172 202
Academic professional		768 598	258 761	1 027 359	-	**1 027 359**	961 927
Other		644 199	626 719	1 270 919	33 346	**1 304 265**	1 210 276
Other operating expenditure	16	647 362	1 512 340	2 159 701	162 778	**2 322 479**	2 092 489
Depreciation and amortisation	16	101 194	173 226	274 420	9 026	**283 445**	287 872
Subtotal		2 161 353	2 571 046	4 732 398	205 150	4 937 548	4 552 563
Finance charges		-	11 769	11 769	23 179	**34 948**	18 041
Equity loss in associate companies		-	3 018	3 018	-	**3 018**	-
		2 161 353	2 585 832	4 747 185	228 329	4 975 513	4 570 604
APPORTIONMENT TO/ (FROM) RESERVES		-	77 425	77 425	(77 425)	**-**	-
TRANSFERS (FROM)/ TO RESERVES		(371 187)	400 231	29 044	(29 044)	**-**	-
		(371 187)	477 656	106 469	(106 469)	**-**	-
SURPLUS FOR THE YEAR		286 345	615 626	901 971	-	**901 971**	740 823
Attributable to parent		286 345	614 497	900 842	-	**900 842**	741 050
Attributable to non-controlling interest		-	1 129	1 129	-	**1 129**	(227)
SURPLUS FOR THE YEAR		286 345	615 626	901 971	-	901 971	740 823

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Educa-tional & general	Student and staff accom-modation	Subsidiary companies	Loan funds	Endow-ment funds	Fixed-asset funds	Non-controlling interests	Total
		R000	R000	R000	R000	R000	R000	R000	R000
31 DECEMBER 2016									
Surplus for the year		741 050	-	-	-	-	-	(227)	740 823
Other comprehensive income									
Items that may be reclassified to profit or loss									
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**
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	-	-
Item that will not be reclassified to profit or loss									
Actuarial loss for the year	26	(23 447)	-	-	-	-	-	-	**(23 447)**
TOTAL COMPREHENSIVE INCOME		573 646	25 173	22 883	53 961	52 335	(300 689)	(227)	427 079
31 DECEMBER 2017									
Surplus for the year		900 842	-	-	-	-	-	1 129	901 971
Other comprehensive income									
Items that may be reclassified to profit or loss									
Fair-value reserve									
- Realisation to income statement									
- profit realised on disposal of investments		(218 981)	(17 434)	-	-	(475 712)	(46 241)	-	**(758 368)**
- impairment loss recognised on investments		36 541	2 939	-	-	89 121	7 089	-	**135 690**
- Adjustment for the year		214 692	17 268	(875)	-	523 618	41 650	-	**796 353**
Apportionment (from)/to reserves		(784 612)	81 152	8 623	8 961	277 158	397 870	10 848	-
Transfers to/(from) reserves		90 981	(77 425)	-	17 659	(96 123)	64 908	-	-
Item that will not be reclassified to profit or loss									
Actuarial profit for the year	26	7 381	-	-	-	-	-	-	**7 381**
TOTAL COMPREHENSIVE INCOME		246 843	6 500	7 748	26 620	318 063	465 276	11 977	1 083 027

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 31 DECEMBER 2017

	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 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 in-terest 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
BALANCE AS AT 1 JANUARY 2017	4 016 854	217 969	23 343	368 505	3 319 149	4 307 359	1 028	**12 254 208**
Surplus for the year	900 842	-	-	-	-	-	1 129	**901 971**
Movement of in-terest in subsidiary	-	-	-	-	-	-	867	**867**
Other comprehen-sive income for the year	(653 997)	6 500	7 748	26 620	318 063	465 276	10 848	**181 058**
BALANCE AS AT 31 DECEMBER 2017	4 263 699	224 469	31 091	395 125	3 637 212	4 772 635	13 872	13 338 103

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 R000	2016 R000
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from government grants		1 967 210	1 822 912
Cash received from student accommodation and other fees		1 210 319	1 104 889
Cash received from private donations		238 152	362 734
Cash received from grants and contracts		1 111 515	1 330 921
Cash received from sale of services and products		204 043	190 676
Cash paid for staff costs		(2 278 548)	(2 152 625)
Cash paid for inventories and services		(2 042 865)	(2 192 053)
Cash generated by operations	23	409 825	467 454
Plus: Interest received	19	243 119	226 855
Dividends received	20	109 404	88 443
Less: Finance charges paid	21	(11 526)	(130)
Net cash inflow from operating activities		750 822	782 622
CASH FLOW FROM INVESTMENT ACTIVITIES		(728 774)	(644 875)
Addition to investments		(5 988 801)	(4 124 947)
Disposal of investments		5 789 775	4 090 593
Addition to property, books and equipment		(536 486)	(613 938)
Proceeds from sale of property, books and equipment		6 738	3 417
CASH FLOW FROM FINANCING ACTIVITIES			
Decrease in interest-bearing borrowings	22	(58)	(3 218)
NET INCREASE IN CASH AND CASH EQUIVALENTS		21 990	134 530
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		752 124	617 594
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	24	774 115	752 124

FOR THE YEAR ENDED 31 DECEMBER 2017

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.

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 26 for the assumptions.

The significant assumptions are a discount rate of 9,9% (2016: 9,9%), a medical inflation rate of 8,8% (2016: 9,3%) and an expected retirement age of 65 years (2016: 65 years).

	2017	2016
The effect of a 1% increase in the discount rate will be as follows:		
Decrease in the accrued liability	(9,80%)	(10.1%)
The effect of a 1% decrease in the discount rate will be as follows:		
Increase in the accrued liability	11.8%	12.1%
The effect of a 1% increase in the medical inflation rate will be as follows:		
Increase in the accrued liability	11.3%	11.6%
Increase in the current service and interest cost	12.5%	12.9%
The effect of a 1% decrease in the medical inflation rate will be as follows:		
Decrease in the accrued liability	(9.5%)	(9.8%)
Decrease in the current service and interest cost	(10.5%)	(10.8%)
The effect of an increase of one year in the expected retirement age will be as follows:		
Decrease in the accrued liability	(1.9%)	(2.0%)
The effect of a decrease of one year in the expected retirement age will be as follows:		
Increase in the accrued liability	2.0%	2.1%

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 (2016: prime) on average. This assumption is based on enquiries made at various financial institutions.

Student loans 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 cost by taking into account the volatility of the specific instrument. A decrease to 20% lower than the cost, 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 I January 2004 in terms of IFRS I, 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.

2. FUND BALANCES

The accumulated balances as at 31 December are as follows:

	Restricted	Un-restricted	Property revaluation reserve*	Fair-value reserve	Non-controlling interests	Total
	R000	R000	R000	R000	R000	R000
2017						
Educational and general	3 213 708	668 133	-	381 858	-	4 263 699
Student and staff accommodation	194 068	-	-	30 401	-	224 469
Subsidiary companies	30 993	-	-	98	-	31 091
Loan funds	395 125	-	-	-	-	395 125
Endowment funds	2 463 708	343 960	-	829 544	-	3 637 212
Fixed-asset funds	2 153 269	-	2 538 731	80 635	-	4 772 635
Non-controlling interests	-	-		-	13 872	13 872
	8 450 871	1 012 093	2 538 731	1 322 536	13 872	13 338 103
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

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
2017			
Restricted funds	8 450 871	1 111 645	9 562 516
Unrestricted funds	1 012 093	210 891	1 222 984
Earmarked funds	651 493	-	651 493
Unearmarked funds	360 600	210 891	571 491
	9 462 964	1 322 536	10 785 800
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

*The property revaluation reserve relates to an once-off event in 2004 when the University applied the IFRS I exemption in terms of which the fair market value of the buildings at the date of conversion to IFRS, became the deemed cost of the buildings.

3. INTEREST-BEARING BORROWINGS

	2017	2016
	R000	R000
One government loan at a fixed interest rate repayable in equal biannual payments ending 2018	67	192
Various loans from financial institutions at varying interest rates and terms, repayable in biannual payments	43 101	41 650
Bank facility for financing the University's various motor vehicle schemes	38 667	40 052
Finance lease liability	131 654	76 344
	213 489	158 237
Less: Portion repayable within one year	(11 078)	(13 449)
	202 411	144 790

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

	2017	2016
Within one year	67	3 225
Between two and five years	44 434	40 244
After five years	168 988	114 768
	213 489	158 237

The average interest rate on borrowings amounts to 15,6% (2016: 13,6%) at year-end.

Motor vehicle loans owing by employees are included in trade and other receivables (refer to note 8). 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:

	2017	2016
Within one year	17 507	10 781
Between two and five years	88 248	54 337
After five years	541 706	310 896
Total payments	647 461	376 014
Less: finance charges payable	(515 807)	(299 670)
	131 654	76 344

The current value of lease payments is as follows:

	2017	2016
Within one year*	(8 014)	(4 505)
Between two and five years*	(28 024)	(15 333)
After five years	167 692	96 182
	131 654	76 344

*interest capitalised in initial periods of the lease exceed capital repayments.

4. PROPERTY, BOOKS AND EQUIPMENT

	2017			2016		
	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	5 397 766	1 069 060	4 328 706	4 992 336	893 939	4 098 397
Computer equipment	455 677	368 682	86 995	413 853	345 988	67 865
Other equipment and motor vehicles	1 079 571	426 907	652 664	1 028 134	427 290	600 843
Library books	668 260	668 260	-	673 955	673 955	-
	7 616 953	2 532 909	5 084 044	7 123 956	2 341 171	4 782 785

	Land	Buildings	Computer equipment	Other equipment and motor vehicles	Library books	Total
	R000	R000	R000	R000	R000	R000
2017						
Reconciliation of the carrying amount:						
Cost at the beginning of the year	15 679	5 238 213	413 853	1 028 134	673 955	7 369 834
Less: Government grant	-	(245 877)	-	-	-	(245 877)
Restated cost	15 679	4 992 336	413 853	1 028 134	673 955	7 123 957
Accumulated depreciation at the beginning of the year	-	(893 939)	(345 988)	(427 290)	(673 955)	(2 341 171)
Net opening carrying value	15 679	4 098 397	67 865	600 844	-	4 782 785
Net additions and disposals	-	323 271	65 159	114 528	81 660	584 618
Depreciation per consolidated income statement	-	(92 962)	(46 029)	(62 708)	(81 660)	(283 359)
Net closing carrying value	15 679	4 328 706	86 995	652 664	-	5 084 044

	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

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

Included in land is property in Stellenbosch on which a notarial bond of R191,6 million (2016: R191,6 million) was registered. The rights in terms of the lease were ceded to the financier.

Work in progress to the value of R404,9 million (2016: R507,4 million) is included in the cost of buildings. No depreciation is recognised on work in progress.

The University rents property through leases with terms ranging from 15 to 20 years and these are included in the costs and accumulated depreciation of buildings.

5. INTANGIBLE ASSETS

	2017			2016		
	Cost	Accumulated amortisation	Net carrying amount	Cost	Accumulated amortisation	Net carrying amount
	R000	R000	R000	R000	R000	R000
Oracle HRMS	13 913	13 913	-	13 913	13 913	-
Goodwill	5 158	-	5 158	2 144	-	2 144
	19 071	13 913	5 158	16 057	13 913	2 144

6. LONG-TERM INVESTMENTS

	2017	2016
	R000	R000
The fair values of long-term investments as at 31 December are as follows:		
Capital market	938 053	683 733
Equities	7 205 382	6 590 649
Listed equities	7 202 658	6 586 485
Unlisted equities	2 724	4 164
Money market	743 049	597 851
Other	2 224	21 096
	8 888 708	7 893 329

The average interest rate for purposes of valuation applicable to government bonds as at year-end was 8,5% (2016: 9,1%) and to fixed deposits 6,25% (2016: 6,5%).

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

	2017 R000	2016 R000

7. INVESTMENT IN ASSOCIATE AND SUBSIDIARY COMPANIES

7.1 INVESTMENT IN ASSOCIATE COMPANIES

Name	Number of shares	Interest and effective voting right
Unistel Medical Laboratories (Pty) Ltd	350	35,0%
Stellenbosch Nanofiber Company (Pty) Ltd	557	22,3%
GeoSUN Africa (Pty) Ltd	30	25,0%
Custos Media Technologies (Pty) Ltd	856	26,3%
Bridgiot (Pty) Ltd	400	36,5%
Surfactant Medical Technologies (Pty) Ltd	5 000	50,0%
Vulamanz (Pty) Ltd	48	40,0%
Sun Magnetics (Pty) Ltd	48	40,0%

7.1.1 Unistel Medical Laboratories (Pty) Ltd

	2017 R000	2016 R000
Balance at the beginning of the year	3 259	5 661
Net share in profit/(loss) of associate company	1 027	(2 402)
Share of pretax profit/(loss)	2 088	(1 375)
Share of tax	(623)	(615)
Dividends earned	(438)	(412)
Balance at the end of the year	4 286	3 259

7.1.2 Stellenbosch Nanofiber Company (Pty) Ltd

	2017 R000	2016 R000
Investment made	2 992	-
Net share of loss of associate company	(2 876)	-
Balance at the end of the year	116	-

7.1.3 GeoSUN Africa (Pty) Ltd

	2017 R000	2016 R000
Balance at the beginning of the year	1 162	744
Net share in (loss)/profit of associate company	(136)	418
Balance at the end of the year	1 026	1 162

7.1.4 Custos Media Technologies (Pty) Ltd

	2017 R000	2016 R000
Balance at the beginning of the year	343	-
Investment made	1 700	1 500
Net share in loss of associate company	(1 262)	(1 157)
Balance at the end of the year	781	343

7.1.5 Bridgiot (Pty) Ltd

	2017 R000	2016 R000
Balance at the beginning of the year	289	-
Investment made	-	1
Net share in (loss)/profit of associate company	(437)	288
Adjustment for net share of loss limited to zero	148	-
Balance at the end of the year	-	289

7.1.6 Surfactant Medical Technologies (Pty) Ltd

	2017 R000	2016 R000
Investment made	5	-
Net share in loss of associate company	(997)	-
Adjustment for net share in loss limited to zero	992	-
Balance at the end of the year	-	-

7.1.7 Vulamanz Water Systems (Pty) Ltd

	2017 R000	2016 R000
Balance at the beginning of the year	-	-
Investment made	-	1
Net share in loss of associate company	(898)	(1)
Adjustment for net share in loss limited to zero	898	-
Balance at the end of the year	-	-

7.1.8 Sun Magnetics (Pty) Ltd

	2017 R000	2016 R000
Balance at the beginning of the year	202	-
Investment made	-	1
Net share in (loss)/profit of associate company	(20)	201
Balance at the end of the year	182	202
Total investment in associate companies	6 391	5 254

7.1.9 Assets, liabilities and profit of Unistel Medical Laboratories (Pty) Ltd

	2017 R000	2016 R000
Non-current assets	9 710	9 159
Current assets	16 803	14 355
Total assets	26 513	23 514
Non-current liabilities	2 365	3 272
Current liabilities	4 061	1 083
Total liabilities	6 426	4 355
Profit	2 604	4 912

7.1.10 Assets, liabilities and loss of Stellenbosch Nanofiber Company (Pty) Ltd

	2017 R000	2016 R000
Non-current assets	3 474	4 301
Current assets	17 475	6 705
Total assets	20 949	11 006
Non-current liabilities	-	-
Current liabilities	225	334
Total liabilities	225	334
Loss	(10 366)	(4 575)

	2017 R000	2016 R000
7.1.11 Assets, liabilities and profit of GeoSUN Africa (Pty) Ltd		
Non-current assets	237	306
Current assets	2 141	2 557
Total assets	2 378	2 863
Non-current liabilities	150	-
Current liabilities	394	2
Total liabilities	544	2
Profit	113	1 671
7.1.12 Assets, liabilities and loss of Custos Media Technologies (Pty) Ltd		
Non-current assets	147	134
Current assets	3 981	3 192
Total assets	4 128	3 326
Non-current liabilities	6 007	1 790
Current liabilities	107	1 347
Total liabilities	6 114	3 137
Loss	(5 136)	(2 826)
7.1.13 Assets, liabilities and (loss)/profit of Bridgiot (Pty) Ltd		
Non-current assets	116	6
Current assets	3 325	713
Total assets	3 441	719
Non-current liabilities	600	-
Current liabilities	3 313	-
Total liabilities	3 913	-
(Loss)/profit	(1 159)	719
7.1.14 Assets, liabilities and loss of Surfactant Medical Tecnologies (Pty) Ltd		
Non-current assets	779	-
Current assets	1 788	-
Total assets	2 567	-
Non-current liabilities	4 547	-
Current liabilities	23	-
Total liabilities	4 570	-
Loss	(1 944)	-
7.1.15 Assets, liabilities and loss of Vulamanz Water Systems (Pty) Ltd		
Non-current assets	10	10
Current assets	729	536
Total assets	739	546
Non-current liabilities	-	-
Current liabilities	795	-
Total liabilities	795	-
Loss	(2 244)	(1 249)
7.1.16 Assets, liabilities and profit of Sun Magnetics (Pty) Ltd		
Non-current assets	97	31
Current assets	1 671	861
Total assets	1 768	892
Non-current liabilities	-	-
Current liabilities	83	45
Total liabilities	83	45
Profit	848	505

7.2 INVESTMENT IN SUBSIDIARY COMPANIES

	2017 R000	2016 R000
7.2.1 Assets, liabilities and profit of Stellenbosch Trust		
Non-current assets	1 677 587	1 537 603
Current assets	45 287	43 835
Total assets	1 722 874	1 581 438
Non-current liabilities	-	-
Current liabilities	87 668	90 530
Total liabilities	87 668	90 530
Comprehensive income for the year	418 593	377 764
7.2.2 Assets, liabilities and profit/(loss)of InnovUS Technology Transfer (Pty) Ltd		
Non-current assets	11 615	7 082
Current assets	1 259	1 200
Total assets	12 874	8 282
Non-current liabilities	5 984	-
Current liabilities	409	2 569
Total liabilities	6 393	2 569
Comprehensive income/(loss) for the year	3 870	(1 491)
7.2.3 Assets, liabilities and profit of USB Executive Development Ltd		
Non-current assets	5 954	3 774
Current assets	37 565	32 474
Total assets	43 519	36 248
Non-current liabilities	239	1 898
Current liabilities	17 093	10 300
Total liabilities	17 332	12 198
Comprehensive income for the year	392	90
7.2.4 Assets, liabilities and profit of Aquastel (Pty) Ltd		
Non-current assets	1 744	1 573
Current assets	40	57
Total assets	1 784	1 630
Non-current liabilities	-	-
Current liabilities	323	320
Total liabilities	323	320
Comprehensive income for the year	151	555
7.2.5 Assets, liabilities and profit of Sun Media Stellenbosch (Pty) Ltd		
Non-current assets	832	58
Current assets	5 049	6 161
Total assets	5 881	6 219
Non-current liabilities	-	-
Current liabilities	2 501	3 061
Total liabilities	2 501	3 061
Comprehensive income for the year	730	861

	2017 R000	2016 R000
7.2.6 Assets, liabilities and profit/(loss) of Stellenbosch Wind Energy Technologies (Pty) Ltd		
Non-current assets	18	150
Current assets	31	93
Total assets	49	243
Non-current liabilities	5 765	5 747
Current liabilities	-	41
Total liabilities	5 765	5 788
Comprehensive income/(loss) for the year	20	(583)
7.2.7 Assets, liabilities and profit of Stellenbosch University Sport Performance Institute (Pty) Ltd		
Non-current assets	8 580	8 659
Current assets	7 013	3 741
Total assets	15 593	12 400
Non-current liabilities	475	913
Current liabilities	2 423	2 089
Total liabilities	2 898	3 002
Comprehensive income for the year	4 312	2 046
7.2.8 Assets, liabilities and (loss)/profit of LaunchLab (Pty) Ltd		
Non-current assets	6 470	8 989
Current assets	9 699	5 428
Total assets	16 169	14 417
Non-current liabilities	-	598
Current liabilities	3 191	2 206
Total liabilities	3 191	2 804
Comprehensive (loss)/income for the year	(304)	210
7.2.9 Assets, liabilities and profit of The Stellenbosch Development Trust		
Non-current assets	33 176	33 176
Current assets	24 797	23 386
Total assets	57 973	56 562
Non-current liabilities	-	-
Current liabilities	4 026	4 026
Total liabilities	4 026	4 026
Comprehensive income for the year	15 011	14 933
7.2.10 Assets, liabilities and profit of Stellenbosch Law Faculty Trust		
Non-current assets	38 229	42 278
Current assets	16 131	-
Total assets	54 360	42 278
Non-current liabilities	-	-
Current liabilities	-	-
Total liabilities	-	-
Comprehensive income for the year	2 021	201

	2017 R000	2016 R000
7.2.11 Assets, liabilities and profit of Stellenbosch Financing Partnership		
Non-current assets	-	21 131
Current assets	32 824	52 295
Total assets	32 824	73 426
Non-current liabilities	-	-
Current liabilities	4 234	11 409
Total liabilities	4 234	11 409
Comprehensive income for the year	9 443	13 533

8. TRADE AND OTHER RECEIVABLES

	2017 R000	2016 R000
Student fees	103 046	75 482
Student fees due	264 086	197 498
Less: Allowance for credit losses of student fees	(161 040)	(122 016)
Student loans	105 308	112 262
Student loans due	236 053	212 271
Less: Impairment due to non-market-related interest rates	(23 974)	(21 884)
Less: Allowance for credit losses of student loans	(106 771)	(78 125)
Trade receivables	98 215	132 828
Trade receivables due	102 844	136 187
Less: Allowance for credit losses of trade receivables	(4 629)	(3 359)
Motor vehicle loans	44 651	45 173
Interest and dividends receivable on investments	10 556	18 630
Insurance claim receivable	12 769	21 368
Other	113 518	63 817
	488 062	469 560
	(231 871)	(208 410)
Less: Long-term portion of motor vehicle loans	(30 267)	(30 088)
Less: Long-term portion of student loans, before taking into account allowance for credit losses	(201 604)	(178 322)
	256 191	261 150

Refer to note 28 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:

	2017 R000	2016 R000
One year	124 571	80 450
Between one and five years	10 264	14 179
Five years and older	8 505	9 276
Handed over	120 746	93 592
Total	264 086	197 498

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

	2017 R000	2016 R000
Balance at the beginning of the year	122 016	92 554
Increase in allowance for the year	39 958	30 611
Amounts written off during the year as irrecoverable	(934)	(1 149)
Total	161 040	122 016

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'.

	2017 R000	2016 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.

Student loans 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 R79,5 million (2016: R74,2 million) and no further allowance for credit losses was deemed necessary for this group. Redeemable students amounted to R156,5 million (2016: R138,1 million), of which R39,4 million (2016: R41,9 million) had not been overdue. No allowance for credit losses is deemed necessary for non-overdue loans. Overdue student loans amounted to R117,1 million (2016: R96,2 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:

	2017	2016
Balance at the beginning of the year	78 125	64 723
Increase in allowance for the year	29 355	13 719
Amounts written off during the year as irrecoverable	(710)	(317)
Balance at the end of the year	106 771	78 125

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 R157,6 million (2016: R144,7 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:

	2017	2016
Between one and four months	45 696	44 317
Older than four months	21 248	28 996
Total	66 944	73 313

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

	2017	2016
Balance at the beginning of the year	3 359	4 677
Increase/(decrease) in allowance for the year	5 021	(589)
Amounts written off during the year as irrecoverable	(3 751)	(729)
Balance at the end of the year	4 629	3 359

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.

	2017 R000	2016 R000

9. DEFERRED TAX

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

	2017	2016
Balance at the beginning of the year	2 277	2 934
Movement during the year:		
Temporary differences on property, books and equipment	(392)	(657)
Balance at the end of the year	1 885	2 277

	2017	2016
The deferred tax balance consists of the following:		
Temporary differences on property, books and equipment - assets	1 885	2 875
Temporary differences on property, books and equipment - liabilities	-	(598)
Balance at the end of the year	1 885	2 277

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'.

10. INVENTORIES

Inventories consist of the following items:

	2017	2016
Stationery	1 697	424
Consumables	4 974	4 508
	6 671	4 932

11. OPERATING LEASE ASSET

The net operating lease asset is made up as follows:

	2017	2016
Operating lease asset	1 404	828
Operating lease liability	-	-
	1 404	828

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

	2017	2016
Balance at the beginning of the year	1 404	828
Receivable within one year	(200)	(67)
Receivable within two to five years	(710)	(761)
Receivable after five years	(494)	-
	-	-

12. TRADE AND OTHER PAYABLES

	2017	2016
Trade payables	20 293	29 019
Student fees received in advance	131 299	113 037
Accrued remuneration costs	62 656	53 862
Accrued expenditure	50 111	62 792
Accrued leave liability	180 193	169 353
Income other than student fees received in advance	319 346	212 036
NRF deposit	71 800	71 800
Interstructure balances (STIAS, WAT, MCS)	79 160	80 189
Other	134 867	79 118
	1 049 726	871 206

Refer to note 28 for amounts payable to related parties included above.

	2017	2016
	R000	R000

13. COMMITMENTS

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

	2017 R000	2016 R000
Buildings	**134 490**	270 390
Library books and journals	**621**	356
	135 111	270 746

14. STAFF COSTS

	2017 R000	2016 R000
Remuneration and fringe benefits	**2 298 704**	2 137 173
Increase in provision for staff benefits in consolidated income statement	**32 877**	34 955
Increase in provision for long-service benefits in consolidated income statement	**43**	74
	2 331 624	2 172 202
Increase in provision for staff benefits included in comprehensive income	**(7 381)**	23 447
	2 324 243	2 195 649

The number of permanent employees (which includes fixed term employees) is 3 443 (2016: 3 441).

The number of non-permanent employees is 1 464 (2016: 1 365).

15. 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 2017	Period	Total value 2016	Period
			R000		R000	
Prof WJS de Villiers	Rector and Vice-chancellor	Remuneration paid out	**4 239**	Jan – Dec 2017	4 001	Jan – Dec 2016
		Bonus paid out	**330**	Jan – Dec 2017	300	Jan – Dec 2016
Prof A Schoonwinkel	Vice-rector (Learning and Teaching)	Remuneration paid out	**2 377**	Jan – Dec 2017	2 195	Jan – Dec 2016
		Leave paid out	**-**		81	Jan – Dec 2016
Prof SA du Plessis	Chief Operating Officer Designate	Remuneration paid out	**2 309**	Jan – Dec 2017	-	
Prof TE Cloete	Vice-rector (Research, Innovation and Post-graduate studies)	Remuneration paid out	**2 325**	Jan – Dec 2017	2 173	Jan – Dec 2016
		Additional remuneration paid out	**-**		3	Jan – Dec 2016
Prof L van Huyssteen	Chief Operating Officer	Remuneration paid out	**2 961**	Jan – Dec 2017	2 794	Jan – Dec 2016
		Leave paid out	**320**	Jan – Dec 2017	-	
Prof NN Koopman	Vice-rector (Social Impact, Transformation and Personnel)	Remuneration paid out	**2 348**	Jan – Dec 2017	1 735	Jun – Dec 2016
		Leave paid out	**155**	Jan – Dec 2017	-	
		Additional remuneration paid out	**-**		385	Jun – Dec 2016
Prof HC Klopper	Vice-rector (Strategy and Internationalisation)	Remuneration paid out	**2 315**	Jan – Dec 2017	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	Reimbursement of expenses Total value
		R000	R000
Chairperson of the Council	1	-	-
Members of the Council	29	-	123

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

	2017 R000	2016 R000

16. TOTAL EXPENDITURE

Total expenditure includes the following:

Depreciation and amortisation

	2017 R000	2016 R000
Buildings	92 962	85 827
Computer equipment	46 029	44 529
Other equipment and motor vehicles	62 708	58 948
Library books	81 660	98 568
Amortisation	86	-
	283 445	287 872

Other operating expenditure

	2017 R000	2016 R000
Bursaries	455 974	441 887
Rent	67 130	75 015
- Buildings	52 154	64 713
- Equipment	14 976	10 302
Maintenance and repairs	156 616	136 565
Auditors' remuneration	5 185	4 629
For statutory audit		
- Provision for current year	2 695	2 315
- Underprovision in previous year	-	235
For other audit services	2 285	1 576
For other consulting services	205	503
Internal audit	4 465	2 759
Forensic audit	1 215	2 106
Increase in provision for impairment of student fees, student loans and receivables	71 030	43 875
Impairment of investments	135 690	-
Other expenditure[1]	1 425 174	1 385 653
	2 322 479	2 092 489
Bursaries managed by the University	767 393	724 503
- Own funds and research contracts	455 974	441 887
- Agent relationship (incl. NSFAS)	298 435	282 616
- Gap funding	12 984	-

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

17. INTEREST AND DIVIDENDS EARNED

		2017 R000	2016 R000
Interest received	- short-term investments	59 312	46 693
	- non-operating investments	117 762	127 511
	- other	57 971	55 594
Dividends received		109 404	88 443
		344 449	318 241

18. PROFIT REALISED ON DISPOSAL OF INVESTMENTS

	2017 R000	2016 R000
Profit realised from fair-value reserve	758 368	327 049

19. INTEREST RECEIVED

	2017 R000	2016 R000
Amount receivable at the beginning of the year	18 630	15 687
Amount in consolidated income statement	235 045	229 798
Amount receivable at the end of the year	(10 556)	(18 630)
	243 119	226 855

20. DIVIDENDS RECEIVED

	2017 R000	2016 R000
Amount receivable at the beginning of the year	-	-
Amount in consolidated income statement	109 404	88 443
Amount receivable at the end of the year	-	-
	109 404	88 443

21. FINANCE CHARGES PAID

	2017 R000	2016 R000
Amount payable at the beginning of the year	-	-
Amount in consolidated income statement	34 948	18 041
Adjustment for non-cash items	(7 377)	(17 911)
Amount payable at the end of the year	(16 045)	-
	11 526	130

22. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2017 R000	2016 R000
Balance at the beginning of the year	158 239	114 964
Non-cash flow items:		
Finance leases	48 218	45 000
Interest accrued	20 491	8 652
Less:		
interest paid	(13 399)	(7 161)
Capital repayments	(58)	(3 216)
Balance at the end of the year	213 491	158 239

	2017 R000	2016 R000

23. RECONCILIATION OF SURPLUS WITH CASH FLOWS

	2017 R000	2016 R000
Surplus according to the consolidated income statement	901 971	740 823
Adjustments for:		
Realised profits on disposal of investments	(758 368)	(327 049)
Interest and dividends received	(344 449)	(318 241)
Finance charges	34 948	18 041
Profit on disposal of property, books and equipment	(4 875)	(6 118)
Reversal of impairment on buildings	-	(22 565)
Increase in provision for leave gratuity	10 840	14 865
Increase in provision for staff benefits	32 920	35 029
Increase in provision for impairment of student fees, student loans and trade receivables	71 030	43 875
Depreciation	283 445	287 872
Impairment of investments	135 690	-
(Loss)/profit in associate companies	3 018	(1 151)
Adjustment to operating lease asset	(576)	(8 726)
Donation of property, books and equipment	(16 787)	(4 578)
Operating income before changes in working capital	348 808	452 077
Change in working capital	61 019	15 377
(Increase)/Decrease in trade and other receivables	(82 073)	2 246
Increase in inventories	(1 739)	(846)
Increase in trade and other payables and staff benefits	144 255	5 250
Decrease in operating lease asset	576	8 726
Cash generated by operations	409 825	467 454

24. CASH AND CASH EQUIVALENTS

	2017 R000	2016 R000
Favourable bank balances	192 205	278 634
Short-term investments in cash	581 910	473 490
	774 115	752 124

The average interest rate on cash and cash equivalents for 2017 amounts to 8,1% (2016: 8%).

	2017 R000	2016 R000
The University's facilities at banks, reviewed annually	204 932	171 055

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.

25. 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.

25.1 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).
- Sector-wide fee regulation.

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

	2017 R000	2016 R000

25.2 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 2017, with all other factors remaining unchanged, the surplus for the year would have increased/(decreased) as follows:

	2017 R000	2016 R000
CHF	1	-
EURO	59	39
GBP	67	27
SEK	-	2
USD	240	397
	367	465

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 2017 000	Rand value 2017 R000	Foreign exchange 2016 000	Rand value 2016 R000
Trade receivables				
CHF	2	28	-	-
SEK	-	-	32	46
EURO	82	1 187	54	770
GBP	82	1 337	33	542
USD	396	4 794	588	7 931
Net foreign exchange asset		7 346		9 289

	2017	2016
	R000	R000

(b) PRICE RISK

The University is exposed to price risk in terms of listed investments available for sale. Should the share price of the equity component of the portfolio rise/fall by 10,0% as at 31 December 2017 and all other factors remain unchanged, the fair-value reserve for listed shares would have increased/decreased by R720,3 million (2016: R658,6 million). A securities exchange ("bond exchange") rise or fall of 10,0% as at 31 December 2017 would have resulted in an increase/decrease of R93,8 million (2016: R70,2 million) in the fair-value reserve for capital market 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 2017 and 2016.

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 R7,7 million (2016: R7,5 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 R7,4 million (2016: R6,0 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 (2016: R0,4 million).

25.3 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 R223,9 million (2016: R109,8 million) have also been included in long-term investments.

	2017	2016
Current assets	1 037 177	1 018 273
Current liabilities	1 060 804	885 253
Operating capital ratio	0,98	1,15

Financial liabilities

	Carrying amount	Contractual cash flow	< 1 year	1–5 years	> 5 year
31 DECEMBER 2017	R000	R000	R000	R000	R000
Interest-bearing borrowings	213 489	747 311	34 102	159 005	554 204
Trade and other payables	599 081	599 081	599 081	-	-
Total financial liabilities	812 570	1 346 392	633 183	159 005	554 204
31 DECEMBER 2016					
Interest-bearing borrowings	158 239	486 839	20 374	131 605	334 860
Trade and other payables	546 133	546 133	546 133	-	-
Total financial liabilities	704 372	1 032 972	566 507	131 605	334 860

25.4 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 2017 and 31 December 2016, 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.

25.5 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.

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 2017 shown at fair value:

	Level 1	Level 2	Level 3	Total
	R000	R000	R000	R000
Capital markets	938 052	-	-	938 052
Equities				
- Listed shares	7 202 658	-	-	7 202 658
- Unlisted shares	-	2 724	-	2 724
Money market	743 049	-	-	743 049
Other	2 224	-	-	2 224
	8 885 984	2 724	-	8 888 708

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 2016 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.

25.6 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.

26. 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. The fund's assets amounted to R3 733,2 million (2016: R3 341,0 million) as at 31 December 2017, and members totalled 3 570 (2016: 3 545). Membership contribution rates vary from 10% to 35% of pensionable earnings. The actuaries declared the fund financially sound.

Total contributions paid amounted to R234,5 million (2016: R208,1 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 2017. The most recent valuation was performed on 18 January 2018. The next actuarial valuation will be performed no later than 1 January 2019.

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

	2017	2016
Discount rate	9,9%	9,9%
Consumer price index	6,8%	7,3%
Medical inflation	8,8%	9,3%
Salary inflation	8,3%	8,8%
Expected average retirement age	65,0	65,0
Age difference between principal member and spouse:	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:

	2017			2016		
	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	573 921	52 385	626 306	526 491	41 413	567 904
Adjustments in the consolidated income statement:						
- Current service charges	6 688	3 007	9 695	6 543	2 292	8 835
- Interest charge	54 987	5 064	60 051	54 573	4 318	58 891
- Expected contributions payable by the employer	(34 516)	(2 353)	(36 869)	(30 767)	(2 004)	(32 771)
Actuarial (gain)/loss adjustments in the consolidated statement of comprehensive income	(13 170)	5 789	(7 381)	17 081	6 366	23 447
	587 910	63 892	651 802	573 921	52 385	626 306

	2017	2016
	R000	R000
The actuarial (gain)/loss is attributable to the following:		
Change in real discount rate	(32 462)	(8 893)
Change in expected cost inflation	(254)	8 610
Change in demographic assumptions	16 917	16 314
Change in membership numbers and details	8 418	7 416
	(7 381)	23 447
The liability at the end of the year is as follows:		
Continued members	463 619	439 432
In-service members	188 183	186 874
	651 802	626 306

The expected increase in the liability (including long-service benefits) for the next 12 months is R32,0 million (2016: R33,4 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:

	2017	2016
Active members	3 318	3 275
Total liability	655 120	629 581

Summary of data for five years of:

	2017	2016	2015	2014	2013
	R000	R000	R000	R000	R000
Current value of liability	655 120	629 581	571 105	546 735	495 756
Actuarial (gain)/loss due to experience	(254)	8 610	(28 378)	10 726	31 698

27. 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 9.

28. RELATED-PARTY TRANSACTIONS

28.1 THE INSTITUTIONS BELOW ARE DEEMED RELATED PARTIES OF THE UNIVERSITY

The consolidated financial statements as at 31 December 2017 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 2017:

UNLISTED SUBSIDIARIES

Name of company	Nature of activities	Effective shareholding	Book value of interest	
			Investment R	Loan R
Unistel Properties (Pty) Ltd	Dormant	100%	Zero	Zero
InnovUS Technology Transfer (Pty) Ltd	Commercialising of intellectual property and sources from the University for research, educational and community interactions	100%	Zero	5 983 580

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 2017:

UNLISTED SUBSIDIARIES AND ASSOCIATES

Name of company	Nature of activities	Effective shareholding	Book value of interest	
			Investment R	Loan R
USB Executive Development Ltd	Development and presentation of executive development programmes and provision of consultation services	54,8%	4 317 980	Zero
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	913 490
Stellenbosch Nanofiber Company (Pty) Ltd	Commercialising of nanofiber technology	22,3%	2 992 000	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	26,3%	1 701 000	Zero

UNLISTED SUBSIDIARIES AND ASSOCIATES *Continued*

Name of company	Nature of activities	Effective shareholding	Book value of interest	
			Investment R	Loan R
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	36,5%	400	Zero
Vulamanz (Pty) Ltd	The use of a patented Capillary Ultrafiltration Membrane Nanotechnology to produce high quality drinking water	40%	733 187	Zero

Members of the executive management are also deemed related parties of the University. Refer to note 15 for a list of the executive management members and payments made to them during the year.

28.2 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:

	2017 R000	2016 R000
28.2.1 Income		
From subsidiaries:		
Distribution of earmarked donations from Stellenbosch Trust	**274 296**	375 542
Services	**35 964**	35 103
Interest and dividends	**202**	147
	310 462	410 792
28.2.2 Expenditure		
To subsidiaries:		
Services	**33 903**	32 235
Interest	**227**	162
Contribution made	**4 198**	-
	38 328	32 397
28.2.3 Amounts outstanding as at year-end		
Receivable from:		
Subsidiaries	**72 180**	78 234
Payable to:		
Subsidiaries	**7 085**	3 789
28.2.4 Loans granted to related parties		
Stellenbosch University Sport Performance Institute (Pty) Ltd	**913**	1 318
InnovUS Technology Transfer (Pty) Ltd	**5 984**	-
	6 897	1 318

The loan to Stellenbosch University Sport Performance Institute (Pty) Ltd bears interest linked to prime and has fixed terms for repayment. The loan to InnovUS Technology Transfer (Pty) Ltd bears no interest and has no fixed terms for repayment.

UNIVERSITEIT·STELLENBOSCH·UNIVERSITY
jou kennisvennoot·your knowledge partner