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# Consolidated and Separate Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

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# Statement of Responsibility of the Members of Council

FOR THE YEAR ENDED 31 DECEMBER 2017

The Council is responsible for the maintenance of adequate accounting records and preparation, integrity and fair presentation of the consolidated and separate financial statements of the University of Johannesburg and its subsidiaries. The auditors are responsible for reporting on the fair presentation of the consolidated and separate financial statements.

The consolidated and separate financial statements presented on pages 456 to 513 of this Annual Report for 2017 have been prepared in accordance with International Financial Reporting Standards, and the requirements of the Higher Education Act of South Africa as amended, and include amounts based on judgements and estimates made by management. The Council has also prepared other information as required to be included in this Annual Report and is responsible for both its accuracy and consistency with the consolidated and separate financial statements.

The going concern basis has been adopted in the preparation of the consolidated and separate financial statements. The Council has no reason to believe that the University of Johannesburg and its subsidiaries is not a going concern in the foreseeable future based on forecasts and available cash resources. The viability of the institution is supported by the content of the consolidated and separate financial statements.

The consolidated and separate financial statements have been audited by PricewaterhouseCoopers Inc., who were given unrestricted access to all financial records and related data, including minutes of all meetings of the Council and its committees. The Council believes that all representations made to the independent auditors during their audit are valid and appropriate.

## **APPROVAL OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

The consolidated and separate financial statements presented on pages 456 to 513 of this Annual Report were approved by the Council on 14 June 2018 and signed on its behalf by:



**MS Teke**  
Chair of Council



**T Marwala (Prof)**  
Vice-Chancellor and Principal



**N Mamorare**  
Deputy Vice-Chancellor: Finance (Acting)



## REPORT OF THE INDEPENDENT AUDITORS TO THE MINISTER OF HIGHER EDUCATION AND TRAINING AND THE COUNCIL OF THE UNIVERSITY OF JOHANNESBURG

### REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

#### Opinion

We have audited the consolidated and separate financial statements of the University of Johannesburg and its subsidiaries (the group) set out on pages 456 to 509, which comprise the consolidated and separate statement of financial position as at 31 December 2017 and the consolidated and separate statement of comprehensive income, statement of changes in equity and statement of cash flows as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the University of Johannesburg and its subsidiaries as at 31 December 2017, and its financial performance and 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, 1997 (Act no. 101 of 1997) (HEA).

#### Basis for opinion

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

We are independent of the group 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 Council for the financial statements

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

In preparing the consolidated and separate financial statements, the council is responsible for assessing the group'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

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either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

### **Auditor’s responsibilities for the audit of the consolidated and separate financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 the 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 and separate financial statements.

A further description of our responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this 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 performance 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 performance report of the University for the year ended 31 December 2017:

<b>Objectives</b>	<b>Pages in the annual report</b>
Objective 1: Excellence in Research and Innovation	66
Objective 2: Excellence in Teaching and Learning	66-68
Objective 6: Fitness for Global Excellence and Stature	69



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 above-mentioned objectives.

#### **Achievement of planned targets**

Refer to the annual performance report on pages 65 to 70 for information on the achievement of planned targets for the year and explanations provided for the under/ overachievement of a number of targets.

### **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.

The material finding on compliance with specific matters in key legislation is as follows:

#### **Non-compliance with the Higher Education Act**

Two members of Council, did not, before they assumed office, declare business, commercial or financial activities undertaken for financial gain that may raise a conflict or a possible conflict of interest with the public higher education institution concerned, as required by s27(7)(c) of the Higher Education Act. We noted that the council members of the University failed to declare their interest in an entity and its related entities despite them being directors of these entities. Total award payments of R 14.5 million were made to the entities by the University from 2014 to 2017.

### **OTHER INFORMATION**

The council is responsible for the other information. The other information comprises the information included in the annual report which includes the Chairperson of Council report, the Vice-Chancellor and Principal Report to Council, Council and Council Committees' Governance Report, Senate and Senate Committees' Governance Report, Report of the Management Executive Committee (MEC), Student Representative Council (SRC) Report, Student Services Committee (SSC) Report, Institutional Forum (IF) Report, Convocation Report, Report from the MEC Risk Management Committee (RMC), Report from the Audit and Risk Committee of Council (ARCC), Risk reporting, Chairperson of Council Financial Sustainability Committee Report and the Supplementary consolidated and separate statement of comprehensive income. The other information does not include the consolidated and separate financial statements, the auditor's report thereon and those selected objectives presented in the annual performance report that have been specifically reported on in this 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 and separate financial statements and the selected objectives presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **INTERNAL CONTROL DEFICIENCIES**

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

### **OTHER REPORTS**

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

#### **Performance audits**

No performance audits in progress.

#### **Investigations**

Forensic investigations that have been performed by SizweNtsalubaGobodo are listed below.

- Forensic Investigation into corporate governance, potential conflicts of interest and related parties (Phase 1 and 2);
- Review of the alleged irregularities relating to a member of council;
- Misuse of funds by certain official; and
- Review of the credit card of the chairperson of council.

The following forensic investigation was performed by TFS Africa Forensics:

- Investigation into The City of Johannesburg Community Innovation Fund Engagement- Alleged Plagiarism, Collusion, Fraud, Money Laundering and Racketeering.



### Audit-related services and special audits - Agreed-upon procedures

Agreed-upon procedures on certificates were performed for grants, other funding and similar items. Below is the list of Agreed-upon procedures engagements performed or are in the process of being performed in relation to 2017.

Engagement name	Description of engagement	Period-end	Name of party performing the engagement	Date
NGAP	Verification procedures performed over the grant received from DHET relating to New Generation of Academics Programme and its correct utilization.	31/03/2018	SizweNtsaluba Gobodo	17/05/2018
DHET Foundation grant utilisation	Verification procedures performed over the grant received from DHET and its correct utilization.	31/03/2018	SizweNtsaluba Gobodo	17/05/2018
DHET Teacher development grant utilisation	Verification procedures performed over the grant received from DHET and its correct utilization.	31/03/2018	SizweNtsaluba Gobodo	17/05/2018
TIA grant utilisation	Verification procedures performed over the grant received from the Technology Innovation Agency and its correct utilization.	31/03/2018	SizweNtsaluba Gobodo	26/05/2018
NRF	Verification procedures performed over the grant received from National Research Foundation and its correct utilization.	31/12/2017	SizweNtsaluba Gobodo	8/3/2018
Confucius Institute	Verification procedures performed over the grant received from the Institute and its correct utilization.	31/12/2017	SizweNtsaluba Gobodo	21/4/2018
DHET Childhood	Verification procedures performed over the grant	31/3/2018	SizweNtsaluba	17/5/2018



Education	received from DHET and its correct utilization.		Gobodo	
DHET Research & Development Grant	Verification procedures performed over the grant received and its correct utilization.	31/3/2018	SizweNtsaluba Gobodo	17/5/2018
Health Science Clinical Grants	Verification procedures performed over the grant received and its correct utilization.	31/3/2018	SizweNtsaluba Gobodo	17/5/2018
Teaching development collaboration grant	Verification procedures performed over the grant received from DHET and its correct utilization.	31/3/2018	SizweNtsaluba Gobodo	17/5/2018
Mintek grant utilisation	Verification procedures performed over the grant received from Mintek and its correct utilization.	31/12/2017	SizweNtsaluba Gobodo	14/04/2018
THRIP grant utilisation	Verification procedures performed over the THRIP grant received and its correct utilization.	31/12/2017	SizweNtsaluba Gobodo	14/04/2018
UJ Metro - GDE grant utilisation	Verification procedures performed over the UJ Metropolitan Academy grant received Gauteng Department of Education grant received and its correct utilization.	31/12/2017	SizweNtsaluba Gobodo	27/02/2018
DHET Infrastructure development	Verification procedures performed over the grant received from DHET and its correct utilization.	31/3/2018	SizweNtsaluba Gobodo	15/05/2018
Cancellation And Withdrawal Of Qualification Certificates	Verification procedures performed over cancellation and withdrawal of qualification certificates.	31/12/2017	SizweNtsaluba Gobodo	30/11/2018
HEAIDS Global Fund	Verification procedures performed over the grant received from HESA and	31/3/2018	SizweNtsaluba Gobodo	15/6/2018



	its correct utilization.			
Raucall Metlife	Verification procedures performed over the grant received and its correct utilization.	31/12/2017	SizweNtsaluba Gobodo	30/4/2018
HEMIS	Verification of various information relating to the HEMIS submission to DHET.	31/12/2017	PwC	15/06/2018
Financial Data	Verification of financial data from the financial statements.	31/12/2017	PwC	15/06/2018
Research Articles	Verification of research journals.	31/12/2017	PwC	31/05/2018

**Report on other legal and regulatory requirements**

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified reportable irregularities in terms of the Auditing Profession Act. We have reported such matters to the Independent Regulatory Board for Auditors. The matters pertaining to the reportable irregularities have been described in note 27.6 to the financial statements.

*PricewaterhouseCoopers Inc.*  
**PricewaterhouseCoopers Inc.**  
**Director: Roshan Ramdhany**  
**Registered Auditor**  
**Johannesburg**  
**25 June 2018**



### **Annexure – Auditors’ responsibility for the audit**

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

#### **Financial statements**

2. In addition to our responsibility for the audit of the consolidated and separate financial statements as described in this auditor’s report, we also:
  - Identify and assess the risks of material misstatement of the consolidated and separate 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 the University of Johannesburg and its subsidiaries 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 us at the date of this auditor’s report. However, future events or conditions may cause a university to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



**Communication with those charged with governance**

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

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

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Notes	Consolidated		University	
		2017 R'000	2016 Restated R'000	2017 R'000	2016 Restated R'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	3	2 243 459	2 175 189	2 153 133	2 083 289
Intangible assets	4	24 282	26 022	12 659	15 539
Investments in subsidiaries, associates and joint ventures	5	18 523	47 704	118 994	166 420
Available-for-sale financial assets	6	3 571 391	3 205 124	2 747 108	2 467 023
Long term employee benefits	15	65 024	65 093	65 024	65 093
<b>Current Assets</b>					
Inventories	7	6 150	4 394	5 883	4 394
Trade receivables and prepayments	8	374 445	366 711	364 071	351 594
- Students fees		188 753	203 207	185 305	196 252
- Other receivables		185 692	163 504	178 766	155 342
Cash and cash equivalents	9	558 673	251 596	511 260	214 310
<b>Total Assets</b>		<b>6 861 947</b>	<b>6 141 833</b>	<b>5 978 132</b>	<b>5 367 662</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
<b>Non-distributable reserves</b>					
Funds invested in property, plant and equipment		2 250 279	2 080 933	2 162 318	2 094 847
Non-current investment revaluation		603 648	438 746	431 390	339 976
<b>Reserve funds</b>					
<i>Restricted use funds</i>					
Student residences funds		112 374	102 136	112 373	166 018
Trust/donor/bursary funds		986 071	1 084 814	431 410	446 601
<i>Unrestricted use funds</i>					
Designated/committed funds		749 973	39 242	749 973	81 028
Undesignated funds		925 609	1 445 171	873 320	1 329 132
Non-Controlling Interests	1		3 007	-	-
<b>Total Equity</b>		<b>5 627 955</b>	<b>5 194 049</b>	<b>4 760 784</b>	<b>4 457 602</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Trade payables, accruals and other liabilities	13	11 184	13 849	11 184	13 849
Borrowings	10	10 637	17 462	2 911	3 475
Long term employee benefit obligations	15	265 572	265 965	265 572	265 965
<b>Current liabilities</b>					
Trade payables, accruals and other liabilities	13	715 057	514 329	721 879	498 163
Student deposits and accounts in credit	11	182 143	130 663	172 663	128 102
Borrowings	10	6 824	5 516	564	506
Deferred revenue	12	42 575	-	42 575	-
<b>Total Liabilities</b>		<b>1 233 992</b>	<b>947 784</b>	<b>1 217 348</b>	<b>910 060</b>
<b>Total Equity and Liabilities</b>		<b>6 861 947</b>	<b>6 141 833</b>	<b>5 978 132</b>	<b>5 367 662</b>

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

	Notes	Consolidated		University	
		2017	2016	2017	2016
		R'000	R'000	R'000	R'000
<b>Revenue</b>		<b>3 618 610</b>	<b>3 432 135</b>	<b>3 606 323</b>	<b>3 422 958</b>
State appropriations - subsidies and grants	16	1 720 674	1 633 506	1 720 674	1 633 506
Tuition and other fee income	17	1 690 948	1 601 729	1 678 661	1 592 552
Research income		206 988	196 900	206 988	196 900
Other operating income	21	484 953	524 343	451 551	532 948
<b>Operating income</b>		<b>4 103 563</b>	<b>3 956 478</b>	<b>4 057 874</b>	<b>3 955 906</b>
Personnel costs	14	(2 398 290)	(2 148 214)	(2 348 981)	(2 098 195)
Depreciation	3	(104 424)	(105 660)	(101 727)	(102 247)
Amortisation	4	(7 473)	(4 043)	(5 942)	(3 956)
Bursaries	19	(471 059)	(330 537)	(471 059)	(330 533)
Other operating expenses	18	(1 191 435)	(1 389 503)	(1 190 773)	(1 404 853)
<b>Operating (deficit)/surplus</b>		<b>(69 118)</b>	<b>(21 479)</b>	<b>(60 608)</b>	<b>16 122</b>
Share of loss of associate	5	-	(5 987)	-	(5 987)
Net impairment (losses)/reversal of impairment	20	(86 920)	8 609	(97 986)	(34 480)
Income from investments	22	369 251	302 803	310 839	247 506
Finance income	23	50 644	46 459	49 412	44 539
Finance costs	23	(6 768)	(1 739)	(4 542)	1 096
<b>Surplus for the year</b>		<b>257 089</b>	<b>328 666</b>	<b>197 116</b>	<b>268 796</b>
<b>Other comprehensive income/(loss)</b>					
<i>Items that may be subsequently reclassified to profit or loss</i>					
Fair value adjustments on available-for-sale financial assets	6	164 902	(178 042)	91 414	(140 556)
Surplus on disposals reclassified from 'other comprehensive income' to 'Income from investments'		(188 793)	(146 923)	(157 852)	(118 433)
Increase/(decrease) in fair value of investments		353 695	(31 119)	249 266	(22 123)
<i>Items that will not be subsequently reclassified to profit or loss</i>					
Actuarial gains and (losses) on defined benefit plans	15	14 652	9 778	14 652	9 778
<b>Total comprehensive income for the year</b>		<b>436 643</b>	<b>160 402</b>	<b>303 182</b>	<b>138 018</b>
<b>Surplus for the year attributable to:</b>					
- University		257 596	328 397	197 116	268 796
- Non-Controlling Interests		(507)	269	-	-
		<b>257 089</b>	<b>328 666</b>	<b>197 116</b>	<b>268 796</b>
<b>Total comprehensive income attributable to:</b>					
- University		437 150	160 133	303 182	138 018
- Non-Controlling Interests		(507)	269	-	-
		<b>436 643</b>	<b>160 402</b>	<b>303 182</b>	<b>138 018</b>

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

Consolidated	Undesignated Funds		Designated / Committed Funds		Total Unrestricted Use funds		Trust / Donor / Bursaries Funds		Student Residence Funds		Total Restricted Use funds		Non-Controlling Interests		Non-Current Investment Revaluation		Funds invested in Property, Plant and Equipment		TOTAL R'000
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>Balance as at 01 January 2017</b>	1 445 171		39 242		1 484 413		1 084 814		102 136		1 186 950		3 007		438 746		2 080 933		5 194 049
Surplus for the year	146 101		-		146 101		101 983		9 512		111 495		(507)		-		-		257 089
Other comprehensive (loss)/income	14 652		-		14 652		-		-		-		-		164 902		-		179 554
Transactions in the Non-Controlling Interests	-		-		-		-		-		-		(2 737)		-		-		(2 737)
<b>Total comprehensive income</b>	<b>160 753</b>		-		<b>160 753</b>		<b>101 983</b>		<b>9 512</b>		<b>111 495</b>		<b>(3 244)</b>		<b>164 902</b>		-		<b>433 906</b>
Transfers between funds	(680 315)		710 731		30 416		(200 726)		726		(200 000)		238		-		169 346		-
<b>Balance as at 31 December 2017</b>	<b>925 609</b>		<b>749 973</b>		<b>1 675 582</b>		<b>986 071</b>		<b>112 374</b>		<b>1 098 445</b>		<b>1</b>		<b>603 648</b>		<b>2 250 279</b>		<b>5 627 955</b>
<b>Balance as at 01 January 2016</b>	1 356 462		20 036		1 376 498		969 899		85 774		1 055 673		2 223		616 788		1 983 085		5 034 267
Surplus for the year	303 851		-		303 851		8 658		15 888		24 546		269		-		-		328 666
Other comprehensive (loss)/income	9 778		-		9 778		-		-		-		-		(178 042)		-		(168 264)
Transactions in the Non-Controlling Interests	-		-		-		-		-		-		(619)		-		-		(619)
<b>Total comprehensive income</b>	<b>313 629</b>		-		<b>313 629</b>		<b>8 658</b>		<b>15 888</b>		<b>24 546</b>		<b>(350)</b>		<b>(178 042)</b>		-		<b>159 783</b>
Transfers between funds	(224 920)		19 206		(205 714)		106 257		474		106 731		1 134		-		97 848		-
<b>Balance as at 31 December 2016</b>	<b>1 445 171</b>		<b>39 242</b>		<b>1 484 413</b>		<b>1 084 814</b>		<b>102 136</b>		<b>1 186 950</b>		<b>3 007</b>		<b>438 746</b>		<b>2 080 933</b>		<b>5 194 049</b>

Notes:

1. "Unrestricted Use" funds available as referred to in note 2.3.2.
2. "Restricted Use" funds available as referred to in note 2.3.2.
3. "Non-Current Investment Revaluation" and "Funds invested in Property, Plant and Equipment" are Non-Distributable Reserves.
4. "Transfers between funds" include funds reclassified for projects and initiatives approved by the Council, amongst others.

**CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017**

University	Notes	Undesignated Funds		Designated / Committed Funds		Total Unrestricted use funds		Trust / Donor / Bursaries Funds		Student Residence Funds		Total Restricted use funds		Non-Current Investment Revaluation		Funds invested in Property, Plant and Equipment		TOTAL R'000
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>Balance as at 01 January 2017</b>		1 329 132	81 028	1 410 160	446 601	166 018	612 619	339 976	2 094 847	4 457 602								
Surplus for the year		134 884	-	134 884	52 000	10 232	62 232	-	-	-	-	-	-	-	-	-	197 116	
Other comprehensive (loss)/income		14 652	-	14 652	-	-	-	-	-	-	-	-	-	-	-	-	106 066	
<b>Total comprehensive income</b>		<b>149 536</b>	<b>-</b>	<b>149 536</b>	<b>52 000</b>	<b>10 232</b>	<b>62 232</b>	<b>91 414</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>303 182</b>	
Transfers between funds		(605 348)	668 945	63 597	(67 191)	(63 877)	(131 068)	-	67 471	-	-	-	-	-	-	-	-	
<b>Balance as at 31 December 2017</b>		<b>873 320</b>	<b>749 973</b>	<b>1 623 293</b>	<b>431 410</b>	<b>112 373</b>	<b>543 783</b>	<b>431 390</b>	<b>2 162 318</b>	<b>4 760 784</b>								
<b>Balance as at 01 January 2016</b>		1 342 640	56 624	1 399 264	356 119	84 401	440 520	480 532	1 999 268	4 319 584								
Surplus for the year		199 882	-	199 882	(12 703)	81 617	68 914	-	-	268 796								
Other comprehensive (loss)/income		9 778	-	9 778	-	-	-	(140 556)	-	(130 778)								
<b>Total comprehensive income</b>		<b>209 660</b>	<b>-</b>	<b>209 660</b>	<b>(12 703)</b>	<b>81 617</b>	<b>68 914</b>	<b>(140 556)</b>	<b>-</b>	<b>138 018</b>								
Transfers between funds		(223 168)	24 404	(198 764)	103 185	-	103 185	-	95 579	-								
<b>Balance as at 31 December 2016</b>		<b>1 329 132</b>	<b>81 028</b>	<b>1 410 160</b>	<b>446 601</b>	<b>166 018</b>	<b>612 619</b>	<b>339 976</b>	<b>2 094 847</b>	<b>4 457 602</b>								

Notes:

1. "Unrestricted Use" funds available as referred to in note 2.3.2.
2. "Restricted Use" funds available as referred to in note 2.3.2.
3. "Non-Current Investment Revaluation" and "Funds invested in Property, Plant and Equipment" are Non-Distributable Reserves.
4. "Transfers between funds" include funds reclassified for projects and initiatives approved by the Council, amongst others.



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

	Notes	Consolidated		University	
		2017	2016	2017	2016
		R'000	R'000	R'000	R'000
<b>Cash flows from operating activities</b>					
Cash generated from/(utilised in) operations	25	254 117	108 384	269 928	121 385
Finance cost	23	(6 768)	(1 739)	(4 542)	1 096
Finance income	23	50 644	46 459	49 412	44 539
<b>Net cash generated from operating activities</b>		<b>297 993</b>	<b>153 104</b>	<b>314 798</b>	<b>167 020</b>
<b>Cash flows from investing activities</b>					
Purchases of property, plant and equipment	3	(174 423)	(208 397)	(173 310)	(187 996)
Proceeds from disposal of property, plant and equipment	25	1 811	3 150	1 821	2 663
Purchases of intangible assets	4	(5 733)	(14 323)	(3 062)	(14 777)
Purchase of investments	6	(1 325 379)	(1 672 942)	(878 038)	(1 313 917)
Proceeds from sale of available-for-sale financial assets		1 337 866	1 635 059	882 259	1 242 621
(Increase) in loan to associate	27	-	(1 792)	-	(1 792)
Interest income	22	125 765	114 061	110 598	97 127
Dividends received	22	54 693	41 819	42 389	31 946
<b>Net cash inflow/(outflow) from investing activities</b>		<b>14 600</b>	<b>(103 365)</b>	<b>(17 343)</b>	<b>(144 125)</b>
<b>Cash flows from financing activities</b>					
Repayments of borrowings	10	(5 516)	(4 479)	(506)	(540)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>307 077</b>	<b>45 260</b>	<b>296 950</b>	<b>22 355</b>
Cash and cash equivalents at beginning of the year		251 596	206 336	214 310	191 955
<b>Cash and cash equivalents at end of the year</b>	<b>9</b>	<b>558 673</b>	<b>251 596</b>	<b>511 260</b>	<b>214 310</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 General information

The consolidated and separate financial statements were authorised for issue by the Council on 14 June 2018.

The University of Johannesburg is a Higher Education Institution governed by the Higher Education Act 1997 (Act no 101 of 1997 as amended) and is domiciled in South Africa.

### 2 Accounting policies

The principal accounting policies adopted by the University of Johannesburg and its subsidiaries are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated. The financial statements are presented in South African Rand (thousands, except as disclosed in note 29 which is not in thousands).

#### 2.1 Basis of presentation

The consolidated and separate financial statements of the University of Johannesburg and its subsidiaries have been prepared in accordance with International Financial Reporting Standards, and the requirements of the Minister of Higher Education and Training as prescribed by the Higher Education Act, 1997 (Act No. 101 of 1997) as amended ("IFRS").

The consolidated and separate financial statements are prepared on the historical cost convention as modified by the revaluation of available-for-sale financial assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the University's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in note 28.

##### 2.1.1 Going concern

The University's forecast and projections, taking account of reasonably possible changes in operating circumstances, show that the University will be able to operate within its current financing in the short to medium term.

Council has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. The University therefore continues to adopt the going concern basis in preparing its annual consolidated and separate financial statements.

##### 2.1.2 Changes in accounting policies and disclosures

During the year, the following amendments to IFRS became effective:

	<b>Effective date: Years beginning on or after</b>	<b>Impact:</b>
Amendment to IAS 7, 'Cash flow statements' Statement of cash flows on disclosure initiative - This amendment introduces an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.	01 January 2017	Not material
Amendment to IAS 12, 'Income taxes' Recognition of deferred tax assets for unrealised losses - The amendment was issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendment clarifies the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarifies certain other aspects of accounting for deferred tax assets. The amendment clarifies the existing guidance under IAS 12. It does not change the underlying principles for the recognition of deferred tax assets.	01 January 2017	Not material
Annual improvements 2014-2016 (part) IFRS 12, 'Disclosure of interests in other entities' - The amendment was issued to clarify the scope of the standard. The amendment clarifies that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarised financial information (para B17 of IFRS 12). Previously, it was unclear whether all other IFRS 12 requirements were applicable for these interests. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.	01 January 2017	Not material
IFRS 9 'Financial Instruments' (2009 & 2010), Financial liabilities, Derecognition of financial instruments, Financial assets and General hedge accounting - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.	01 January 2018	Initial high level assessment performed resulting in an expected medium impact
IFRS 15 'Revenue from contracts with customers' - 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 good or service transfers to a customer.	01 January 2018	Initial high level assessment performed resulting in an expected low impact
Amendment to IFRS 15 'Revenue from contracts with customers' - The amendments clarify the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation).	01 January 2018	Initial high level assessment performed resulting in an expected low impact

### 2.1.3 Changes in accounting policies and disclosures - not yet effective

The University of Johannesburg and its subsidiaries will apply the following standards on the said effective dates.

	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
<p>IFRS 16 'Leases' - This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.</p>	01 January 2019	Initial high level assessment performed resulting in an expected high impact
<p>Annual improvements 2014-2016.</p> <ul style="list-style-type: none"> <li>• IFRS 1, 'First-time adoption of IFRS', regarding the deletion of short term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10.</li> <li>• IAS 28, 'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value. IAS 28 allows venture capital organisations, mutual funds, unit trusts and similar entities to elect measuring their investments in associates or joint ventures at fair value through profit or loss (FVTPL). The Board clarified that this election should be made separately for each associate or joint venture at initial recognition.</li> </ul>	01 January 2018	Not material
<p>Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on sale or contribution of assets.</p> <p>The postponement applies to changes introduced by the IASB in 2014 through narrow-scope amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures'. Those changes affect how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associate or joint venture in which it invests. The changes do not affect other aspects of how entities account for their investments in associates and joint ventures.</p> <p>The reason for making the decision to postpone the effective date is that the IASB is planning a broader review that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.</p>	Postponed, initially 01 January 2016	Not material
<p>Amendment to IAS 40, 'Investment property' Transfers of investment property - These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.</p>	01 January 2018	Not material
<p>Amendments to IFRS 2 'Share-based payments' - This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.</p>	01 January 2018	Not material
<p>IFRIC 22, 'Foreign currency transactions and advance consideration' - This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payment/receipts are made. The guidance aims to reduce diversity in practice.</p>	01 January 2018	Not material
<p>IFRIC 23, 'Uncertainty over income tax treatments' - IFRIC 23 provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The Interpretation provides specific guidance in several areas where previously IAS 12 was silent. The Interpretation also explains when to reconsider the accounting for a tax uncertainty. Most entities will have developed a model to account for tax uncertainties in the absence of specific guidance in IAS 12. These models might, in some circumstances, be inconsistent with IFRIC 23 and the impact on tax accounting could be material. Management should assess the existing models against the specific guidance in the Interpretation and consider the impact on income tax accounting.</p>	01 January 2018	Not material

## **2.2 Basis of Consolidation**

### **2.2.1 Subsidiaries**

#### a) Acquisition of subsidiaries

The University applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the University. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Subsidiaries are fully consolidated from the date on which control is transferred to the University.

The University recognised any non-controlling interests 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 acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement.

Any contingent consideration to be transferred by the University is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform to the University's accounting policies.

#### b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

#### (c) Disposal of subsidiaries

When the University ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the University had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

### **2.2.2 Associates**

Associates are all entities over which the University has significant influence but not control generally accompanying a shareholding of between 20% and 50%. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The University's investment in associates includes goodwill identified on acquisition (if any), net of any accumulated impairment loss.

The University's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the University's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the University does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the University and its associates are eliminated to the extent of the University's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the University.

## 2.3 Fund allocation

Equity is divided into the following categories:

- Utilised funds
- Available funds
  - o Restricted funds
  - o Unrestricted funds
    - Designated/Committed funds
    - Undesignated funds

### 2.3.1 Utilised funds

These are funds utilised for acquisitions of property, plant and equipment.

### 2.3.2 Available funds

Available funds are divided into two categories:

- Available funds, restricted use

These funds comprise income received, the use of which is legally beyond the control of the Council. These funds are accounted for under the following headings:

- o National Research Foundation and similar funds – restricted use
- o Endowment funds – restricted use
- o Bursaries and scholarship funds – restricted use
- o Residences funds - restricted use
- o Funds attributable to fair value adjustments

- Available funds, unrestricted use

This grouping comprises income and funds that fall under the absolute discretion or control of the Council. Unrestricted use funds are divided into two categories:

#### a) Designated-use funds

These are funds designated by the Council for identified purposes. Until such designated amounts are used for the identified purpose, they are disclosed but identified separately as part of “unrestricted funds”. Under the grouping “Designated-use funds” a further category is used, namely “Committed funds”, this involves funds for projects and initiatives approved by the Council. Designated-use funds are accounted for under the following headings:

- Designated funds
  - o Personal research funds
  - o Departmental reserve funds
  - o Departmental bursaries funds
  - o Division reserve funds
  - o Bursaries and scholarships
  - o Maintenance of property, plant and equipment
  - o Replacement of plant and equipment
  - o Acquisition of library and art collections
- Committed funds
  - o Capital projects
  - o Future pension fund shortfalls

#### b) Undesignated-use funds

These comprise funds arising from income or surpluses that are available to the Council in its unfettered and absolute control over allocations to fund the activities of the University.

## 2.4 Foreign currency translation

### a) Functional and presentation currency

Items included in the consolidated and separate financial statements of each of the University's entities are measured using the currency of the primary economic environment in which the University operates (“the functional currency”). The consolidated and separate financial statements are presented in South African Rand ('R') which is both the University's functional and presentation currency.

### b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other operating expenses’.

## 2.5 Property, plant and equipment

Land and buildings comprise mainly, lecture halls, laboratories, residences and administrative buildings.

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Property, plant and equipment obtained in terms of a donation or bequest are shown at fair value less accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the University and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised.

Library purchases are written-off in the year of acquisition as these mainly have useful life of less than a year.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line basis to write down the cost less residual value of each asset over its estimated useful life, as follows:

Category	Years
Buildings	80 to 100 years
Building Lifts	40 years
Air-conditioner plants	20 years
Electric generators	20 years
Air-conditioners	15 years
Uninterrupted power supply	15 years
Furniture and equipment (including gas boilers)	10 to 12 years
Computer equipment	5 years
Vehicles	10 years
Network and mainframe computer equipment	4 years

Material improvements to buildings, plant and equipment are capitalised while maintenance and repair work is charged to the statement of comprehensive income in the financial period in which it is incurred. It is policy that the university only capitalise assets with a value in excess of R15 000, any other assets are expensed in the year that they are acquired.

The residual values and useful lives of assets are reviewed, and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in operating surplus/(losses).

## 2.6 Intangible assets

### a) Artwork

Acquired artwork is capitalised on the basis of the costs incurred to acquire and bring the specific artwork into use. It is subsequently measured at historical cost less accumulated impairment losses. Artwork acquired by way of a donation is measured at a nominal value plus any costs incurred to bring the specific artwork into use. Artwork has an indefinite useful life and is tested annually for impairment.

### b) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring the specific software to use. These costs are amortised over their estimated useful lives of three years, on the straight line basis.

## 2.7 Impairment of non-financial assets

Assets that have an indefinite useful life, for example artwork, are not subject to amortisation and depreciation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

## **2.8 Financial assets**

### **2.8.1 Classification**

The University classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### **a) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The University's loans and receivables comprise 'receivables' (excluding prepayments) and 'cash and cash equivalents' in the statement of financial position.

#### **b) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are not classified in any of the other categories. They are included in non-current assets unless the University intends to dispose of the investment within 12 months of the reporting date.

The investment of the University's funds is carried out by mandated external investment managers. The funds are managed in five separate portfolios, namely three balanced portfolios and two interest portfolios, with long-term growth as the main objective.

### **2.8.2 Recognition and measurement**

Regular purchases and sales of financial assets are recognised on the trade date, which is the date that the University commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs. Available-for-sale financial assets are subsequently carried at fair value. Gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in the available-for-sale reserve in equity. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the University has transferred substantially all risks and rewards of ownership.

The fair value of investments is based on quoted closing prices as this is most representative of fair value in the circumstance. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income within 'income from investments'.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of comprehensive income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income as part of other income when the University's right to receive payments is established.

### **2.8.3 Impairment of financial assets**

#### **(a) Assets carried at amortised cost**

The University first assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Significant financial difficulties or a breach of contract (such as default or delinquency in interest or principal payments) by the debtor are considered indicators that the trade receivable may be impaired.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the provision for impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

#### **(b) Assets classified as available-for-sale**

The University assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is evidence that the asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the separate consolidated statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

The management of the University considers a reduction of 10%, or more, of the value of the investment, per year, over a period of two years to be a significant or prolonged decline in value. In these instances, the University will write down the cost of the available-for-sale financial assets to the reduced value.

### **2.8.4 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

## 2.9 Inventories

Inventories are shown at the lower of cost and net realisable value. The cost price is determined on the first-in-first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling costs. Inventories comprise consumables and study materials.

## 2.10 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks and investments in money market instruments, net of bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings under current liabilities.

Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

## 2.11 Trade payables, accruals and other payables

Trade payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are measured initially at fair value and subsequently measured at amortised cost using the effective interest method.

## 2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the University has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

## 2.13 Pension obligations

The University operates various pension schemes. The schemes are generally funded through payments to trustee-administered funds, determined by periodic actuarial calculations. The University has both defined benefit and defined contribution plans.

The University contributes towards the following retirement funds:

- The University of Johannesburg Pension Fund, which is a combined defined benefit and defined contribution plan;
- The University of Johannesburg Pension Fund, which is a defined contribution plan; and
- The University of Johannesburg Provident Fund, which is a defined contribution plan.

A defined contribution plan is a pension plan under which the University makes fixed contributions into a separate entity. The University has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plans normally define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The retirement funds are managed by Boards of Trustees and are registered in terms of the provisions of the Pension Funds Act.

The University also contributes to risk benefits e.g. funeral, group and disability plan.

These plans cover most of the University's employees. Foreign staff does not belong to any of these funds.

Current service costs, interest costs and expected return on plan assets (to the extent that the plan is funded) is recognised in the statement of comprehensive income, within 'personnel' costs.

The liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for actuarial gains/losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined using interest rates of government securities that have terms to maturity approximating the terms of the related liability.

In determining whether the University has access to a surplus on the plans, the plan rules are considered. Where the plan rules are silent on the allocation of surpluses or the allocation is under the control of the trustees only the amounts allocated to the employee surplus account plus the present value of the difference in each year between the estimated service cost and the contribution rate recommended by the actuary/valuator is recognised as a surplus. Where a surplus in the fund is automatically allocated to the University or a fixed portion of a surplus is automatically allocated to the University the full accounting surplus plus the present value of the difference in each year between the estimated service cost and the contribution rate recommended by the actuary/valuator is recognised as a surplus.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

The liability of the University in respect of the defined contribution portion of the Pension Funds and the Provident Fund is limited to the monthly contributions that the University pays on behalf of its members in terms of their service contracts.

The assets of the various Funds are held independently of the University's assets in separate trustee-administered Funds.



#### **2.14 Post-retirement medical benefits**

The University settled its obligation to provide medical benefits to certain employees after retirement by a single deposit into the pension fund on behalf of the employees involved and has no further obligation. These employees were from the ex-RAU.

The University provides post-retirement medical aid benefits to certain qualifying employees from the former Technikon Witwatersrand ("TWR") and Vista University ("VISTA"). The University provided a once off voluntary buy-out offer to qualifying employees to transfer their post-retirement medical aid benefit into their current retirement fund. The University has no further obligation for these employees. Provision is made for the unfunded future medical aid contributions of employees and pensioners. Current service costs are charged to the statement of comprehensive income. The current service cost is determined by independent actuaries on an annual basis taking into account the University's funding of the post-employment benefits.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Certain employees from the ex-TWR and ex-Vista are eligible for post-retirement medical benefits. These employees were appointed before certain dates and they are eligible for these benefits in terms of their employment contracts. These conditions were transferred to the University of Johannesburg and its subsidiaries at the time of the merger.

#### **2.15 Long service awards**

The University awards long service cash payments to qualifying staff as predetermined milestones are reached for uninterrupted service. These cash awards are subject to income tax as prescribed by South African Revenue Services.

#### **2.16 Revenue recognition**

Revenue mainly comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the University's activities. Revenue is shown net of value-added tax, rebates and discounts and after eliminating internal income within the group.

The University recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the University and when specific criteria have been met for each of the University's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the activity have been resolved.

##### **2.16.1 Tuition and other fee income**

Tuition fees are recognised in the period to which they relate and at the time that they are formally billed. The revenue is recognised as realisable and, to the extent that it is not, provision is realistically made for the estimated unrealisable amount. Deposits and overpayments provided by prospective students are treated as current liabilities until the amount is billed as due.

##### **2.16.2 State appropriations – subsidies and grants**

State subsidies and grants for general purposes are recognised as revenue in the financial year to which the subsidy relates. Subsidies for specific purposes, e.g. capital expenditure, are brought into the appropriate fund at the time they are available for expenditure for the purpose provided. However, if the funding is provided in advance of the specified requirement (i.e. the University does not have immediate entitlement to it), the relevant amount is retained as a liability until the University has complied with all the conditions attached to the construction of the asset, after which the grant is deducted from the carrying amount of the asset.

##### **2.16.3 Research income**

Revenue is recognised in the financial period in which the University becomes entitled to the use of those funds. Funds in the possession of the University that it cannot use until some specified future period or occurrence are recognised upon receipt and thereafter are held in a reserve fund until the financial period in which the funds may be used.

##### **2.16.4 Donations**

Bursary donations are recognised on receipt of contract. These donations are included in 'other operating income' in the statement of comprehensive income and/or in 'student deposits and accounts in credit' in the statement of financial position, depending on the contract. Other donations are recognised on receipt. Donations in kind are recognised at the fair value thereof. Donations are included in 'other operating income' in the statement of comprehensive income.

##### **2.16.5 Other income**

Occasional sales and services are recognised in the period in which they accrue. Income from such sales and services are included in 'other operating income' in the statement of comprehensive income.

##### **2.16.6 Dividends and interest receivable**

Dividends are recognised when the right to receive payment is established. Interest income is recognised in profit on a time proportion basis using the effective interest rate method.

### **2.16.7 Income received for designated purposes**

Income received for designated purposes may arise from contracts, grants, donations and income on specifically purposed endowments. In all cases, any such revenue or other operating income is recognised in the financial period in which the University becomes entitled to the use of those funds. Funds in the possession of the University that it cannot use until some specified future period or occurrence are recognised upon receipt and are thereafter held in a reserve fund until the financial period in which the funds may be used.

#### **2.16.7.1 Grants with specific conditions**

These are grants with specific conditions in relation to either the expense they aim to compensate, the period in which they need to be spent or conditions to repay when certain conditions are not fulfilled, etc.

Grants received to compensate for expenses to be incurred are often prescriptive in nature and therefore are recognised over a certain period under the terms of the grant. Prescriptive grant income is recognised with reference to the stage of completion at the reporting date. If the stage of completion cannot be measured reliably, the recognition of this income is limited to the expenses incurred. The balance is recognised as deferred income in the statement of financial position.

#### **2.16.7.2 Grants with no specific conditions**

These are grants with no specific conditions in relation to either the expense they aim to compensate, the period in which they need to be spent or conditions to repay when certain conditions are not fulfilled, etc.

Private gifts, grants and donations with no specific condition in relation to either the expenses they aim to compensate, the period in which they need to be spent or conditions to repay when certain conditions are not fulfilled, etc. but with stipulation that the grant should be used to compensate certain type of expenditure (e.g. bursaries, research (whether in general or within certain areas)) are recognised as income at the fair value of the consideration received or receivable in the period in which they are received or the University becomes entitled to it.

Any unspent portion of such grant, at the end of the financial year, are transferred on the statement of change in funds to Restricted Funds (separately from unrestricted funds / council controlled funds). When expenditure are incurred in following years, a transfer from these Restricted Funds is made to unrestricted funds / council controlled funds.

### **2.16.8 Rental income**

Where the University retains the significant risks and benefits of ownership of an item under a lease agreement, it is classified as an operating lease. Receipts in respect of the operating lease are recognised on a straight-line basis in the statement of comprehensive income over the period of the lease.

### **2.16.9 Finance income**

Finance income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the University.

## **2.17 Accounting for leases**

### **2.17.1 Operating leases**

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Instalments (net of incentives received from the lessor) in terms of operating leases are charged to income on a straight-line basis over the duration of the relevant lease.

### **2.17.2 Finance leases**

Leases of property, plant and equipment in respect of which the University assumes the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated fair value of the leased assets, or if lower, at the present value of the underlying lease payments. At the lease commencement, each lease payment is allocated to the liability and finance charges so as to achieve a constant rate on the outstanding finance balance. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance charge is charged to the statement of comprehensive income over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the shorter of the useful life of the asset and the lease term.

## **2.18 Government grants**

Grants from the government are recognised at their value where there is a reasonable assurance that the grant will be received and the University will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are deducted in calculating the cost of the asset. The grant is carried as a liability in the statement of financial position until the University has complied with all the conditions attached to the construction of the asset, after which the grant is deducted from the carrying amount of the asset.

## **2.19 Derivative financial instruments**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recorded in the statement of comprehensive income.

## **2.20 Provisions**

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions for legal claims are recognised when the University has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

## **2.21 Tax**

The University is exempt from income tax in terms of Section 10(1)(cN) of the Income Tax Act. Subsidiary entities are not exempt from tax and are liable for normal South African Income Tax.

## **2.22 Deferred Compensation**

Deferred compensation is a benefit to exceptional performers identified within the University. The main purpose was for the University to establish a mechanism to position itself to attract and retain talent on a more sustainable basis. The scheme is based on a 3 year withdrawal cycle where the identified employee is required to display consistent achievement, demonstrate exemplary leadership and should be going beyond the call of duty.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

3 Property, plant and equipment

Consolidated	Land & Buildings		Building Lifts		Furniture & equipment		Network & Mainframe computer equipment		Computer equipment		Uninterrupted power supply		Air-conditioners		Air-conditioner plants		Vehicles		Electric generators		Total		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>2017</b>																							
<b>Gross carrying amount as at 1 January 2017</b>	1 910 048	46 495	613 713	108 212	39 912	66 920	37 630	15 240	54 018	17 775	2 909 963												
Additions during the year	41 686	8 385	78 107	29 820	4 008	67	6 800	-	1 897	3 653	174 423												
Disposals during the year	-	-	(3 507)	(634)	(2 033)	-	-	-	(2 184)	-	(8 358)												
<b>Gross carrying amount as at 31 December 2017</b>	<b>1 951 734</b>	<b>54 880</b>	<b>688 313</b>	<b>137 398</b>	<b>41 887</b>	<b>66 987</b>	<b>44 430</b>	<b>15 240</b>	<b>53 731</b>	<b>21 428</b>	<b>3 076 028</b>												
<b>Accumulated depreciation as at 1 January 2017</b>	(310 371)	(9 492)	(225 699)	(60 345)	(28 052)	(40 720)	(13 392)	(2 529)	(34 021)	(10 153)	(734 774)												
Current year depreciation	(22 370)	(1 276)	(45 037)	(22 848)	(3 933)	(2 185)	(2 676)	(726)	(2 809)	(564)	(104 424)												
Depreciation on disposals made during the year	-	-	2 695	634	1 977	-	-	-	1 323	-	6 629												
<b>Accumulated depreciation as at 31 December 2017</b>	<b>(332 741)</b>	<b>(10 768)</b>	<b>(268 041)</b>	<b>(82 559)</b>	<b>(30 008)</b>	<b>(42 905)</b>	<b>(16 068)</b>	<b>(3 255)</b>	<b>(35 507)</b>	<b>(10 717)</b>	<b>(832 569)</b>												
<b>Net carrying amount</b>																							
Cost as at 31 December 2017	1 951 734	54 880	688 313	137 398	41 887	66 987	44 430	15 240	53 731	21 428	3 076 028												
Accumulated depreciation as at 31 December 2017	(332 741)	(10 768)	(268 041)	(82 559)	(30 008)	(42 905)	(16 068)	(3 255)	(35 507)	(10 717)	(832 569)												
<b>Net carrying amount as at 31 December 2017</b>	<b>1 618 993</b>	<b>44 112</b>	<b>420 272</b>	<b>54 839</b>	<b>11 879</b>	<b>24 082</b>	<b>28 362</b>	<b>11 985</b>	<b>18 224</b>	<b>10 711</b>	<b>2 243 459</b>												

Assets with zero net carrying value as at 31 December 2017 included in the balances above (cost price).

As of 31 December 2017, included in the carrying amount for Land & Buildings, is property to the value of R11 441 (2016: R141 385) that is still under construction.

As of 31 December 2017, assets to the accumulated amount of R642 855 (2016: R642 855) were capitalised and written off in full as a result of government grants received (Note 2.18).

As of 31 December 2017, included in the carrying amount for Land & Buildings, is Land to the value of R112 168 (2016: R112 168).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

3 Property, plant and equipment

Consolidated	Land & Buildings		Building Lifts		Furniture & equipment		Network & Mainframe computer equipment		Computer equipment		Uninterrupted power supply		Air-conditioners		Air-conditioner plants		Vehicles		Electric generators		Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>2016</b>																					
<b>Gross carrying amount as at 1 January 2016</b>	1 955 577	40 356	425 033	73 011	33 047	66 239	33 433	15 239	46 780	17 355	2 706 070										
Additions during the year	32 775	6 139	1 91 096	33 953	7 622	681	4 269	1	8 129	420	285 085										
Written off as a result of government grants received	(76 688)	-	-	-	-	-	-	-	-	-	(76 688)										
Reclassifications	(1 616)	-	-	1 582	-	-	34	-	-	-	-										
Disposals during the year	-	-	(2 416)	(334)	(757)	-	(106)	-	(891)	-	(4 504)										
<b>Gross carrying amount as at 31 December 2016</b>	<b>1 910 048</b>	<b>46 495</b>	<b>613 713</b>	<b>108 212</b>	<b>39 912</b>	<b>66 920</b>	<b>37 630</b>	<b>15 240</b>	<b>54 018</b>	<b>17 775</b>	<b>2 909 963</b>										
<b>Accumulated depreciation as at 1 January 2016</b>	(289 251)	(8 410)	(176 835)	(41 950)	(24 642)	(38 566)	(11 144)	(1 804)	(28 301)	(9 620)	(630 523)										
Current year depreciation	(21 186)	(1 083)	(49 536)	(18 546)	(3 574)	(2 154)	(2 250)	(725)	(6 073)	(533)	(105 660)										
Depreciation on reclassifications	66	1	672	151	164	-	2	-	353	-	1 409										
<b>Accumulated depreciation as at 31 December 2016</b>	<b>(310 371)</b>	<b>(9 492)</b>	<b>(225 699)</b>	<b>(60 345)</b>	<b>(28 052)</b>	<b>(40 720)</b>	<b>(13 392)</b>	<b>(2 529)</b>	<b>(34 021)</b>	<b>(10 153)</b>	<b>(734 774)</b>										
<b>Net carrying amount</b>																					
Cost as at 31 December 2016	1 910 048	46 495	613 713	108 212	39 912	66 920	37 630	15 240	54 018	17 775	2 909 963										
Accumulated depreciation as at 31 December 2016	(310 371)	(9 492)	(225 699)	(60 345)	(28 052)	(40 720)	(13 392)	(2 529)	(34 021)	(10 153)	(734 774)										
<b>Net carrying amount as at 31 December 2016</b>	<b>1 599 677</b>	<b>37 003</b>	<b>388 014</b>	<b>47 867</b>	<b>11 860</b>	<b>26 200</b>	<b>24 238</b>	<b>12 711</b>	<b>19 997</b>	<b>7 622</b>	<b>2 175 189</b>										

Assets with zero net carrying value as at 31 December 2016 included in the balances above (cost price).

As of 31 December 2016, included in the carrying amount for Land & Buildings, is property to the value of R141 385 (2015: R398 509) that is still under construction.

As of 31 December 2016, assets to the accumulated amount of R642 855 (2015: R566 167) were capitalised and written off in full as a result of government grants received (Note 2.18).

As of 31 December 2016, included in the carrying amount for Land & Buildings, is Land to the value of R112 168 (2015: R109 733).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

3 Property, plant and equipment

University	Land & Buildings		Building Lifts		Furniture & equipment		Network & Mainframe computer equipment		Computer equipment		Uninterrupted power supply		Air-conditioners		Air-conditioner plants		Vehicles		Electric generators		Total	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Gross carrying amount as at 1 January 2017</b>	1 800 164	42 290	611 704	108 212	37 749	66 920	37 561	15 238	53 720	17 774	2 791 332											
Additions during the year	41 390	7 670	78 014	29 820	4 001	67	6 799	-	1 896	3 653	173 310											
Disposals during the year	-	-	(3 507)	(634)	(2 033)	-	-	-	(2 184)	-	(8 358)											
<b>Gross carrying amount as at 31 December 2017</b>	<b>1 841 554</b>	<b>49 960</b>	<b>686 211</b>	<b>137 398</b>	<b>39 717</b>	<b>66 987</b>	<b>44 360</b>	<b>15 238</b>	<b>53 432</b>	<b>21 427</b>	<b>2 956 284</b>											
<b>Accumulated depreciation as at 1 January 2017</b>	(286 062)	(9 412)	(224 911)	(60 345)	(26 653)	(40 720)	(13 387)	(2 530)	(33 870)	(10 153)	(708 043)											
Current year depreciation	(20 463)	(1 138)	(44 833)	(22 848)	(3 527)	(2 185)	(2 672)	(725)	(2 772)	(564)	(101 727)											
Depreciation on disposals made during the year	-	-	2 693	634	1 969	-	-	-	1 323	-	6 619											
<b>Accumulated depreciation as at 31 December 2017</b>	<b>(306 525)</b>	<b>(10 550)</b>	<b>(267 051)</b>	<b>(62 559)</b>	<b>(28 211)</b>	<b>(42 905)</b>	<b>(16 059)</b>	<b>(3 255)</b>	<b>(35 319)</b>	<b>(10 717)</b>	<b>(803 151)</b>											
<b>Net carrying amount</b>																						
Cost as at 31 December 2017	1 841 554	49 960	686 211	137 398	39 717	66 987	44 360	15 238	53 432	21 427	2 956 284											
Accumulated depreciation as at 31 December 2017	(306 525)	(10 550)	(267 051)	(62 559)	(28 211)	(42 905)	(16 059)	(3 255)	(35 319)	(10 717)	(803 151)											
<b>Net carrying amount as at 31 December 2017</b>	<b>1 535 029</b>	<b>39 410</b>	<b>419 160</b>	<b>54 839</b>	<b>11 506</b>	<b>24 082</b>	<b>28 301</b>	<b>11 983</b>	<b>18 113</b>	<b>10 710</b>	<b>2 153 133</b>											
Assets with zero net carrying value as at 31 December 2017 included in the balances above (cost price).	3 068	776	36 753	40 906	20 440	25 040	2 677	-	20 870	1 800	152 330											

Assets with zero net carrying value as at 31 December 2017 included in the balances above (cost price).

As of 31 December 2017, included in the carrying amount for Land & Buildings, is property to the value of R11 441 (2016: R141 385) that is still under construction.

As of 31 December 2017, assets to the accumulated amount of R642 855 (2016: R642 855) were capitalised and written off in full as a result of government grants received (Note 2.18 and Note 12).

As of 31 December 2017, included in the carrying amount for Land & Buildings, is Land to the value of R112 168 (2016: R97 968).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

3 Property, plant and equipment

	University		Building Lifts		Furniture & equipment		Network & Mainframe computer equipment		Computer equipment		Uninterrupted power supply		Air-conditioners		Air-conditioner plants		Vehicles		Electric generators		Total	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Gross carrying amount as at 1 January 2016</b>	1 863 005	38 650	423 053	73 011	31 446	66 239	33 362	15 238	46 482	17 354	2 607 840											
Additions during the year	15 463	3 640	1 91 067	33 953	7 060	681	4 271	-	8 129	420	264 684											
Written off as a result of government grants received	(76 688)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(76 688)
Reclassifications	(1 616)	-	(2 416)	1 582	(757)	-	34	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	(334)	(106)	-	(891)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4 504)
<b>Gross carrying amount as at 31 December 2016</b>	<b>1 800 164</b>	<b>42 290</b>	<b>611 704</b>	<b>108 212</b>	<b>37 749</b>	<b>66 920</b>	<b>37 561</b>	<b>15 238</b>	<b>53 720</b>	<b>17 774</b>	<b>2 791 332</b>											
<b>Accumulated depreciation as at 1 January 2016</b>	(267 371)	(8 368)	(176 243)	(41 950)	(24 440)	(38 566)	(11 143)	(1 805)	(28 187)	(9 620)	(607 693)											
Current year depreciation	(18 691)	(1 044)	(49 332)	(18 546)	(2 941)	(2 154)	(2 245)	(725)	(6 036)	(533)	(102 247)											
Depreciation on disposals made during the year	-	-	664	151	728	-	1	-	353	-	1 897											
<b>Accumulated depreciation as at 31 December 2016</b>	<b>(286 062)</b>	<b>(9 412)</b>	<b>(224 911)</b>	<b>(60 345)</b>	<b>(26 653)</b>	<b>(40 720)</b>	<b>(13 387)</b>	<b>(2 530)</b>	<b>(33 870)</b>	<b>(10 153)</b>	<b>(708 043)</b>											
<b>Net carrying amount</b>																						
Cost as at 31 December 2016	1 800 164	42 290	611 704	108 212	37 749	66 920	37 561	15 238	53 720	17 774	2 791 332											
Accumulated depreciation as at 31 December 2016	(286 062)	(9 412)	(224 911)	(60 345)	(26 653)	(40 720)	(13 387)	(2 530)	(33 870)	(10 153)	(708 043)											
<b>Net carrying amount as at 31 December 2016</b>	<b>1 514 102</b>	<b>32 878</b>	<b>386 793</b>	<b>47 867</b>	<b>11 096</b>	<b>26 200</b>	<b>24 174</b>	<b>12 708</b>	<b>19 850</b>	<b>7 621</b>	<b>2 083 289</b>											

Assets with zero net carrying value as at 31 December 2016 included in the balances above (cost price).

As of 31 December 2016, included in the carrying amount for Land & Buildings, is property to the value of R141 385 (2015: R398 509) that is still under construction.

As of 31 December 2016, assets to the accumulated amount of R642 855 (2015: R566 167) were capitalised and written off in full as a result of government grants received (Note 2.18 and Note 12).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

4 Intangible assets

Consolidated	Computer Software	Artwork	Total	Computer Software	Artwork	Total
	2017 R'000	2017 R'000	2017 R'000	2016 R'000	2016 R'000	2016 R'000
<b>Period end</b>						
<b>Gross carrying amount</b>						
Opening cost	50 172	1 192	51 364	35 849	1 192	37 041
Additions	5 649	84	5 733	15 397	-	15 397
Disposal	-	-	-	(1 074)	-	(1 074)
<b>Total cost</b>	<b>55 821</b>	<b>1 276</b>	<b>57 097</b>	<b>50 172</b>	<b>1 192</b>	<b>51 364</b>
<b>Amortisation</b>						
Opening balance	(25 342)	-	(25 342)	(22 373)	-	(22 373)
Amortisation charge for the year	(7 473)	-	(7 473)	(4 043)	-	(4 043)
Amortisation on disposals	-	-	-	1 074	-	1 074
<b>Total accumulated amortisation</b>	<b>(32 815)</b>	<b>-</b>	<b>-</b>	<b>(25 342)</b>	<b>-</b>	<b>(25 342)</b>
<b>Net carrying amount</b>						
Gross carrying amount as at 31 December	55 821	1 276	57 097	50 172	1 192	51 364
Accumulated amortisation as at 31 December	(32 815)	-	(32 815)	(25 342)	-	(25 342)
<b>Net carrying amount as at 31 December</b>	<b>23 006</b>	<b>1 276</b>	<b>24 282</b>	<b>24 830</b>	<b>1 192</b>	<b>26 022</b>
<b>University</b>	<b>Computer Software</b>	<b>Artwork</b>	<b>Total</b>	<b>Computer Software</b>	<b>Artwork</b>	<b>Total</b>
	2017	2017	2017	2016	2016	2016
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Year ended 31 December</b>						
<b>Gross carrying amount</b>						
Opening cost	39 411	1 192	40 603	24 634	1 192	25 826
Additions	2 978	84	3 062	15 851	-	15 851
Disposal	-	-	-	(1 074)	-	(1 074)
Adjustment	-	-	-	-	-	-
<b>Total cost</b>	<b>42 389</b>	<b>1 276</b>	<b>43 665</b>	<b>39 411</b>	<b>1 192</b>	<b>40 603</b>
<b>Amortisation</b>						
Opening balance	(25 064)	-	(25 064)	(22 182)	-	(22 182)
Amortisation charge for the year	(5 942)	-	(5 942)	(3 956)	-	(3 956)
Amortisation on disposals	-	-	-	1 074	-	1 074
<b>Total accumulated amortisation</b>	<b>(31 006)</b>	<b>-</b>	<b>(31 006)</b>	<b>(25 064)</b>	<b>-</b>	<b>(25 064)</b>
<b>Net carrying amount</b>						
Gross carrying amount as at 31 December	42 389	1 276	43 665	39 411	1 192	40 603
Accumulated amortisation as at 31 December	(31 006)	-	(31 006)	(25 064)	-	(25 064)
<b>Net carrying amount as at 31 December</b>	<b>11 383</b>	<b>1 276</b>	<b>12 659</b>	<b>14 347</b>	<b>1 192</b>	<b>15 539</b>



## 5 Investments in subsidiaries, associates and joint ventures

### 5.1 Investments in subsidiaries and other entities

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Cost of investment in commercial entities	-	-	108 086	105 366
Impairment of investments in commercial entities	-	-	(13 845)	(3 400)
Total loans to commercial entities (note 27.4)	407	529	64 085	56 968
Impairment of loans to commercial entities (note 27.4)	-	-	(57 448)	(39 689)
Other investments	4 416	4 764	4 416	4 764
	<b>4 823</b>	<b>5 293</b>	<b>105 294</b>	<b>124 009</b>

### 5.2 Investment in associates and joint ventures

Photovoltaic Intellectual Property (Pty) Ltd (PTIP), is an associate of the University. The University's shareholding is 38.40%. The company does not share the same year end as the University, as its year end is 28 February.

There were no changes to the University's shareholding in PTIP during 2017.

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Cost of investment – 1 January	9 141	9 141	9 141	9 141
Total loan to associate opening balance	93 963	92 171	93 963	92 171
Additional loan to associate	-	1 792	-	1 792
Accumulated impairment recognised - 1 January	(51 552)	(49 080)	(51 552)	(49 080)
Additional impairment of loan to associate	(28 711)	(2 472)	(28 711)	(2 472)
Plus: share of associate's post tax (loss)	-	(5 987)	-	(5 987)
Accumulated share of associate's post tax (loss)	-	(3 153)	-	(3 153)
Impairment of investment	(9 141)	-	(9 141)	-
Carrying amount of investment – 31 December	<b>13 700</b>	<b>42 411</b>	<b>13 700</b>	<b>42 411</b>

The unrecognised losses, as at 31 December 2017 is Consolidated R14 504 / University R14 504 (2016: Consolidated R11 420 / University R11 420).

	<b>18 523</b>	<b>47 704</b>	<b>118 994</b>	<b>166 420</b>
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### Impairment losses

Subsequent to the testing of external loan accounts, an additional impairment of the loan to PTIP was calculated to the amount of Consolidated R28 711 / University R28 711 (2016: Consolidated R2 472 / University R2 472). The accumulated impairment recognised at year end is at 100% of the total investment.

## 6 Available-for-sale financial assets

Consolidated	Cost	Fair Value	Cost	Fair Value
	2017 R'000	2017 R'000	2016 R'000	2016 R'000
Opening balance 1 January	2 776 863	3 205 124	2 680 917	3 278 457
Cost of additions during the year	1 325 379	1 312 868	1 672 942	1 668 639
Disposals during the year	(1 037 168)	(1 053 294)	(1 588 077)	(1 575 011)
(Impairment)/reversal of impairment of shares	(58 209)	(58 209)	11 081	11 081
Fair value adjustments on available-for-sale financial assets	-	164 902	-	(178 042)
Surplus on disposals reclassified from 'other comprehensive income' to 'Income from investments'	-	(188 793)	-	(146 923)
Increase / (decrease) in fair value recognised in other comprehensive income	-	353 695	-	(31 119)
	<b>3 006 865</b>	<b>3 571 391</b>	<b>2 776 863</b>	<b>3 205 124</b>

Available-for-sale financial assets include the following:

Government bonds and stocks	308 307	307 723	157 995	163 562
Listed - stocks and debentures	304 530	321 964	404 001	414 166
Listed - shares	1 834 382	2 384 969	1 794 300	2 203 238
Fixed deposits	63 058	71 200	54 535	58 567
Other deposits	460 856	464 684	330 300	328 615
Endowment policies	35 732	20 851	35 732	36 976
	<b>3 006 865</b>	<b>3 571 391</b>	<b>2 776 863</b>	<b>3 205 124</b>

## 6 Available-for-sale financial assets (continued)

University	Cost		Fair Value	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Opening balance 1 January	2 137 700	2 467 023	2 068 237	2 529 517
Cost of additions during the year	878 038	868 401	1 313 917	1 309 663
Disposals during the year	(622 533)	(638 657)	(1 255 535)	(1 242 682)
(Impairment)/reversal of impairment of shares	(41 073)	(41 073)	11 081	11 081
Fair value adjustments on available-for-sale financial assets	-	91 414	-	(140 556)
Surplus on disposals reclassified from 'other comprehensive income' to 'Income from investments'	-	(157 852)	-	(118 433)
Increase / (decrease) in fair value recognised in other comprehensive income	-	249 266	-	(22 123)
	<b>2 352 132</b>	<b>2 747 108</b>	<b>2 137 700</b>	<b>2 467 023</b>

Available-for-sale financial assets include the following:

Government bonds and stocks	258 858	256 467	132 373	134 419
Listed - stocks and debentures	225 725	235 618	320 524	324 355
Listed - shares	1 378 658	1 769 319	1 318 988	1 639 051
Fixed deposits	63 058	71 200	54 535	58 567
Other deposits	390 101	393 653	275 548	273 655
Endowment policies	35 732	20 851	35 732	36 976
	<b>2 352 132</b>	<b>2 747 108</b>	<b>2 137 700</b>	<b>2 467 023</b>

A register of the investments can be obtained from the University of Johannesburg's Treasury office. The fair value of the investments is based on the closing market values and other appropriate valuation methodologies as at 31 December 2017. The valuations are performed by independent fund managers who manage the University's investments under agreed mandates.

The available-for-sale financial assets are denominated in South African Rand (R).

The maximum exposure to credit risk at the reporting date is the carrying value of the debt securities classified as available-for-sale.

### Net impairment (losses)/reversal of impairment

Impairment indicators were identified at year end, as per policy which lead to impairment testing of shares. Over and above the policy indicators was the extraordinary event of Steinhoff accounting irregularities. Therefore as per the requirements of IAS 39, the University did impair the investment in Steinhoff as there was objective evidence of impairment identified due to significant changes in the environment in which they operate, indicating that the cost of these shares might not be recovered. Subsequently, shares were impaired to the amount of Consolidated (R58 209) / University (R41 073) (2016: Consolidated R11 081 / University R11 081).

## 7 Inventories

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Consumables at cost	6 150	4 394	5 883	4 394
	<b>6 150</b>	<b>4 394</b>	<b>5 883</b>	<b>4 394</b>

The cost of consumables recognised as an expense and included in items within 'other operating expenses' amounted to Consolidated R17 211 / University R17 211 (2016: Consolidated R16 017 / University R16 017).

8 Trade receivables and prepayments

	Consolidated		University	
	2017	2016	2017	2016
	R'000	Restated R'000	R'000	Restated R'000
<b>Student receivables</b>	454 490	692 381	451 042	684 812
Less: NSFAS and other student receipts	(83 665)	(235 683)	(83 665)	(235 683)
Less: Provision for impairment	<u>(182 072)</u>	<u>(253 491)</u>	<u>(182 072)</u>	<u>(252 877)</u>
Student receivables - net carrying amount	188 753	203 207	185 305	196 252
<b>Other receivables</b>	185 692	163 504	178 766	155 342
Advances and pre-payments	62 741	31 468	60 007	31 468
Deposits	3 157	3 124	2 578	2 546
Staff loans, receivables and advances	654	638	254	238
Value Added Tax	1 562	3 926	4 256	(702)
Interest and dividends receivable	440	440	440	440
Non-student receivables - net carrying amount	117 138	123 908	111 231	121 352
Non-student receivables	123 384	130 310	116 784	127 754
Less: Provision for impairment	<u>(6 246)</u>	<u>(6 402)</u>	<u>(5 553)</u>	<u>(6 402)</u>
	<b>374 445</b>	<b>366 711</b>	<b>364 071</b>	<b>351 594</b>

The fair value of student and other receivables approximate their book values as shown above.

The carrying amounts of the University's student and other receivables are denominated in South African Rand (R).

The University does not hold any collateral as security.

Refer to note 26.2 for disclosure relating to the University's exposure to credit risk, as well as a reconciliation of the movement in the provision for impairment of student and other receivables.

**Student receivables**

As of 31 December 2017, student receivables of Consolidated R188 753 / University R185 305 (2016: Consolidated R203 207 / University R196 252) were past due date but not impaired. These relate to students for whom there is no recent history of default (i.e. making regular payments). Students whose terms have been negotiated also fall in this category.

	Consolidated		University	
	2017	2016	2017	2016
	R'000	R'000	R'000	R'000
The ageing of these receivables is as follows:				
Students enrolled in current year	188 753	203 207	185 305	196 252
	<b>188 753</b>	<b>203 207</b>	<b>185 305</b>	<b>196 252</b>

As of 31 December 2017, student receivables of Consolidated R182 072 / University R182 072 (2016: Consolidated R253 491 / University R252 877) were impaired and provided for. The individually impaired student receivables mainly relate to students experiencing financial difficulty with their payments. It is expected that a portion of the student receivables will be recovered from collection efforts both from the University and collection agents.

The ageing of this provision is as follows:

Students enrolled in current year	65 955	137 607	66 235	136 993
Students enrolled in prior year	65 711	64 841	65 552	64 841
Students enrolled more than two years ago	50 406	51 043	50 285	51 043
	<b>182 072</b>	<b>253 491</b>	<b>182 072</b>	<b>252 877</b>

Movements in the provision for impairment of student receivables are as follows:

At 1 January				
Provision for impairment	253 491	132 416	252 877	132 416
Increase/(decrease) in provision for receivables impaired	(29 597)	150 819	(29 597)	150 819
Receivables written off during the year as uncollectible	<u>(41 822)</u>	<u>(29 744)</u>	<u>(41 208)</u>	<u>(30 358)</u>
At 31 December	<b>182 072</b>	<b>253 491</b>	<b>182 072</b>	<b>252 877</b>

The creation and release of the provision for impaired student receivables has been included in other operating expenses in the statement of comprehensive income. Amounts charged to the statement of comprehensive income are generally written off when there is no expectation of recovering any additional amounts.

## 8 Trade receivables and prepayments (continued)

### Other receivables:

As of 31 December 2017, other trade receivables of Consolidated R185 692 / University R178 766 (2016: Consolidated R163 504 / University R155 342) were fully performing.

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
The ageing of these receivables is as follows:				
Up to 3 months	185 692	163 504	178 766	155 342
3 to 6 months	-	-	-	-
	<u>185 692</u>	<u>163 504</u>	<u>178 766</u>	<u>155 342</u>

As of 31 December 2017, other trade receivables of Consolidated R6 246 / University R5 553 (2016: Consolidated R6 402 / University R6 402) were impaired and provided for. Due to the nature of these receivables and a history of low defaults credit losses are deemed minimal. Some credit losses have been provided for based on an individual evaluation of individual trade receivables and historical default rates. It was assessed that a portion of the other trade receivables is expected to be recovered.

The ageing of the provision is as follows:

3 to 6 months	1 927	1 975	1 713	1 975
Over 6 months	4 319	4 427	3 840	4 427
	<u>6 246</u>	<u>6 402</u>	<u>5 553</u>	<u>6 402</u>

Movements in the provision for impairment of other trade receivables are as follows:

At 1 January	6 402	4 978	6 402	4 978
Provision for impairment	-	1 472	-	1 472
Receivables written-off during the year	(156)	(48)	(850)	(48)
At 31 December	<u>6 246</u>	<u>6 402</u>	<u>5 552</u>	<u>6 402</u>

The creation and release of the provision for impaired other trade receivables has been included in other operating expenses in the statement of comprehensive income. Amounts charged to the statement of comprehensive income are generally written off when there is no expectation of recovering any additional amounts.

## 9 Cash and cash equivalents

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Call deposits, cash in the bank and cash on hand	176 302	161 547	128 889	124 261
Short term deposits	382 371	90 049	382 371	90 049
	<u>558 673</u>	<u>251 596</u>	<u>511 260</u>	<u>214 310</u>

The fair value of cash and cash equivalents approximates its carrying amount.

The carrying amount of the University's cash and cash equivalents is denominated in South African Rand (R). The maximum exposure to credit risk at the reporting date is the carrying value of cash and cash equivalents (excluding bank overdrafts). Management of credit risk is disclosed in note 26.

The following cessions in favour of Bidvest Bank are in place:

Bidvest account 90000926958	1	4 456	1	4 456
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The following facilities have been approved by ABSA Bank:

Credit cards	2 000	2 000	2 000	2 000
Fleet cards	1 200	1 200	1 200	1 200
Letters of credit	2 000	2 000	2 000	2 000
ABSA housing scheme	500	500	500	500
Automated clearing bureau credits	15 900	15 900	15 900	15 900
Automated clearing bureau debits	4 500	450	4 500	450
Forward exchange contracts	300	300	300	300
Foreign exchange settlement limit	3 000	3 000	3 000	3 000

The following facilities have been approved by Bidvest Bank:

Spot	50 000	10 000	50 000	10 000
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## 10 Borrowings

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Borrowings	17 461	22 978	3 475	3 981
Current portion transferred to current liabilities	(6 824)	(5 516)	(564)	(506)
	<b>10 637</b>	<b>17 462</b>	<b>2 911</b>	<b>3 475</b>
a) Government loans secured by increment guarantees	2 598	3 104	2 598	3 104
Interest is charged at fixed rates for each loan that range between 8% and 14% per annum. These loans are repayable in annual payments of R879 514 over periods that range from 11 to 19 years. The annual interest and redemption payments are subsidised by the government at a rate of 85%.				
b) Loans secured by Government guarantees	877	877	877	877
Interest is charged at fixed rates for each loan that range between 7.5% and 17.5% per annum. These loans are repayable over periods that range from 20 to 40 years. The annual interest and redemption payments are subsidised by the government at a rate of 85%.				
c) Other secured loans - Quantim Capital and INCA	13 986	18 997	-	-
Interest is charged at rates that vary between 8.5% and 15% per annum and are linked to the prime interest rate. These loans are repayable over periods that range from 2 to 15 years. Loans are secured by mortgage bonds over land and buildings included under 'Buildings' in note 3. The gross carrying amount as at 31 December was R26 461.				
	<b>17 461</b>	<b>22 978</b>	<b>3 475</b>	<b>3 981</b>

The repayment dates of the University's borrowings at the reporting dates are as follows:

Up to 1 year	6 824	5 516	564	506
Between 1 and 2 years	8 354	6 824	628	564
Between 2 and 5 years	1 406	9 497	1 406	1 770
After 5 years	877	1 141	877	1 141
	<b>17 461</b>	<b>22 978</b>	<b>3 475</b>	<b>3 981</b>
Less: current portion	(6 824)	(5 516)	(564)	(506)
	<b>10 637</b>	<b>17 462</b>	<b>2 911</b>	<b>3 475</b>

The carrying amounts of short-term borrowings approximate their fair values as the impact of discounting is not significant. The University has no undrawn borrowing facilities.

The carrying amounts of the University's borrowings are denominated in South African Rand (R).

## 11 Student deposits and accounts in credit

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
At 1 January	130 664	105 739	128 103	105 739
Deferred during the year	81 231	34 723	74 312	32 162
Credited to the statement of comprehensive income	(29 752)	(9 799)	(29 752)	(9 799)
At 31 December	182 143	130 663	172 663	128 102
Less: current portion	(182 143)	(130 663)	(172 663)	(128 102)
Non-current portion	-	-	-	-

Included in the current portion are amounts primarily for student accounts in credit of Consolidated R110 976 / University R110 976 (2016: Consolidated R96 125 / University R96 125), and income received in advance of Consolidated R40 564 / University R31 085 (2016: Consolidated R24 275 / University R21 713).

## 12 Deferred revenue

The Minister of Higher Education and Training has approved student enrolment plans for all higher education institutions for the period up to 2017. In addition, the Minister has also earmarked funding allocations primarily for the improvement of teaching/learning infrastructure. These allocations are intended to improve graduate output efficiencies and to produce additional graduates in scarce-skill fields.

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Opening balance as at 1 January	-	76 688	-	76 688
Grants received during the year	42 575	-	42 575	-
Grants utilised to reduce asset cost	-	(76 688)	-	(76 688)
	<u>42 575</u>	<u>-</u>	<u>42 575</u>	<u>-</u>
Non-current portion of deferred revenue	-	-	-	-
Current portion transferred to current liabilities	(42 575)	-	(42 575)	-
	<u>(42 575)</u>	<u>-</u>	<u>(42 575)</u>	<u>-</u>

## 13 Trade payables, accruals and other liabilities

	Consolidated		University	
	2017 R'000	2016 Restated R'000	2017 R'000	2016 Restated R'000
<b>Non-current</b>				
Provision for Deferred Compensation - Long-term	11 184	13 849	11 184	13 849
	<u>11 184</u>	<u>13 849</u>	<u>11 184</u>	<u>13 849</u>
<b>Current</b>				
Trade and other payables	586 458	375 098	593 611	359 042
Accruals	58 652	52 152	58 364	52 042
Leave pay accrual	68 927	70 647	68 927	70 647
Provision for Bonus - Short-term	-	4 884	-	4 884
Provision for Deferred Compensation	977	11 548	977	11 548
Income Tax payable by subsidiaries	43	-	-	-
	<u>715 057</u>	<u>514 329</u>	<u>721 879</u>	<u>498 163</u>
	<u>726 241</u>	<u>528 178</u>	<u>733 063</u>	<u>512 012</u>

The fair values for trade payables, accruals and other liabilities above approximate their carrying amounts.

## 14 Personnel costs

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Academic professionals	1 091 483	977 671	1 069 042	954 906
Support personnel	1 104 850	989 644	1 082 134	966 602
Other post-retirement costs	44 605	39 954	43 688	39 024
Pension cost - defined contribution plans	143 469	128 509	140 519	125 517
Pension cost - defined benefit plans	13 883	12 436	13 598	12 146
	<u>2 398 290</u>	<u>2 148 214</u>	<u>2 348 981</u>	<u>2 098 195</u>

Average number of personnel in service at the University of Johannesburg and its subsidiaries during the year:

	2017	2016	2017	2016
Full Time	4 353	3 449	4 236	3 387
Part Time	3 799	3 445	3 423	3 342

15 Long term employee benefits

	Consolidated		University		
	2017 R'000	2016 R'000	2017 R'000	2016 R'000	
Post-retirement medical benefits (note 15.1)	226 209	227 421	226 209	227 421	
UJ Long service awards (note 15.4)	39 363	38 544	39 363	38 544	
	<b>265 572</b>	<b>265 965</b>	<b>265 572</b>	<b>265 965</b>	
Reconciliation of the actuarial gains / (losses) on long term employee benefits:					
- Post-retirement medical benefits	16 592	100	16 592	100	
- UJ Pension fund	39 827	67 713	39 827	67 713	
- UJ Disability fund	4 995	(13 178)	4 995	(13 178)	
- UJ Long service awards	1 900	271	1 900	271	
	<b>63 314</b>	<b>54 906</b>	<b>63 314</b>	<b>54 906</b>	
Reconciliation of the change in asset limit:					
- UJ Pension fund	(44 076)	(58 811)	(44 076)	(58 811)	
- UJ Disability fund	(4 586)	13 683	(4 586)	13 683	
	<b>(48 662)</b>	<b>(45 128)</b>	<b>(48 662)</b>	<b>(45 128)</b>	
Net Actuarial (losses) on defined benefit plans	<b>14 652</b>	<b>9 778</b>	<b>14 652</b>	<b>9 778</b>	
UJ pension fund (note 15.2)	65 024	65 093	65 024	65 093	
Amounts for the latest actuarial valuation and previous four periods are as follows:					
	2013 R'000	2014 R'000	2015 R'000	2016 R'000	2017 R'000
Defined benefit obligation (note 15.1 and 15.4)	(170 287)	(234 213)	(250 572)	(265 965)	(266 738)
Fair value of plan assets (note 15.2)	68 681	65 715	53 232	65 093	65 024
Retirement benefit obligation	<b>(101 606)</b>	<b>(168 498)</b>	<b>(197 340)</b>	<b>(200 872)</b>	<b>(201 714)</b>

15.1 Post-retirement medical benefits - Wholly unfunded

The University provides post-retirement medical benefits to certain qualifying employees in the form of continued medical aid contributions. Their entitlement to these benefits is dependent on the employee remaining in service until retirement. The accumulated post-retirement medical obligation and annual cost of those benefits is determined annually by independent actuaries. The actuarially determined liability based on the University's current practice of funding a portion of its retirees and in service members medical aid was valued at 31 December 2017.

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Present value of the obligation	(226 209)	(227 421)	(226 209)	(227 421)
	<b>(226 209)</b>	<b>(227 421)</b>	<b>(226 209)</b>	<b>(227 421)</b>
Reconciliation of the movement in the defined benefit obligation:				
Present value of obligation: beginning of the year	(227 421)	(210 378)	(227 421)	(210 378)
Current service cost	(4 222)	(4 245)	(4 222)	(4 245)
Interest cost	(21 735)	(22 185)	(21 735)	(22 185)
Benefits paid	10 577	9 287	10 577	9 287
	<b>(242 801)</b>	<b>(227 521)</b>	<b>(242 801)</b>	<b>(227 521)</b>
Remeasurements:				
- (Gain)/loss from change in financial assumptions	(11 612)	(2 183)	(11 612)	(2 183)
- (Gain)/loss from change in demographic assumptions	(4 980)	2 083	(4 980)	2 083
	<b>(16 592)</b>	<b>(100)</b>	<b>(16 592)</b>	<b>(100)</b>
Present value of obligation: end of the period	<b>(226 209)</b>	<b>(227 421)</b>	<b>(226 209)</b>	<b>(227 421)</b>

The risks faced by UJ as a result of the post-employment healthcare obligation are as follows:

- Inflation: The risk that future CPI Inflation and healthcare cost Inflation are higher than expected and uncontrolled.
- Longevity: The risk that pensioners live longer than expected and thus their healthcare benefit is payable for longer than expected.
- Open-ended, long-term liability: The risk that the liability may be volatile in the future and uncertain.
- Future changes in legislation: The risk that changes to legislation with respect to the post-retirement healthcare liability may increase the liability for UJ.
- Future changes in the tax environment: The risk that changes in the tax legislation governing employee benefits may increase the liability for UJ.
- Perceived inequality by non-eligible employees: The risk that dissatisfaction of employees who are not eligible for a post-employment healthcare subsidy.
- Administration: Administration of this liability poses a burden to UJ.
- Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced.

### 15.1 Post-retirement medical benefits - Wholly unfunded (continued)

In estimating the unfunded liability for post-employment medical care, the following assumptions are made:

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Effective date of assumptions	31-DEC-2017	31-DEC-2016	31-DEC-2017	31-DEC-2016
Post retirement plan				
Discount rate	9.60%	9.80%	9.60%	9.80%
Health care cost inflation	8.60%	9.20%	8.60%	9.20%
Expected retirement age	65 yrs	65 yrs	65 yrs	65 yrs
CPI Inflation	6.60%	7.20%	6.60%	7.20%
UJ's best estimate of contributions and benefits expected to be paid to the plan during the annual period beginning after reporting date:	(11 397)	(10 577)	(11 397)	(10 577)

The sensitivity of the defined benefit obligation to changes in the weighted principle assumptions is:

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Healthcare cost inflation	1%	Increase by 13.8%	Decrease by 11.4%
Discount rate	1%	Decrease by 11.6%	Increase by 14.3%
		<b>Increase by 1 year in assumption</b>	<b>Decrease by 1 year in assumption</b>
Expected retirement age		Decrease by 2.8%	Increase by 2.4%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

### 15.2 Pension obligations - Wholly funded

The University has established post retirement pension schemes that cover all employees. Presently there are two defined benefit plans and two defined contribution plans. The first defined benefit plan is a final salary plan that has a defined contribution element in that should the plan assets exceed the defined benefit obligation, employees are entitled to that surplus. The second is a final salary plan as defined and is funded. The assets of the fund are held in an independent trustee administered fund in terms of the Pensions Fund Act of 1956, as amended. The pension fund is valued by independent actuaries on an annual basis using the Projected Unit Credit Method.

The latest full actuarial valuation of the pension fund was performed on the 31 December 2017. Contributions to the provident fund are charged to the statement of comprehensive income in the year in which they are incurred.



15.2 Pension obligations - Wholly funded (continued)

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Balance at end of the year</b>				
Present value of the obligation	(798 158)	(721 359)	(798 158)	(721 359)
Fair value of plan assets	1 371 016	1 285 370	1 371 016	1 285 370
Unrecognised surplus due to IAS 19(a) limit	(507 834)	(498 918)	(507 834)	(498 918)
Defined benefit surplus at 31 December	<b>65 024</b>	<b>65 093</b>	<b>65 024</b>	<b>65 093</b>

The paragraph 65 limit ensures that the asset recognised in the financial position is subject to a maximum of the present value of any economic benefits available to the University in the form of refunds of reductions in future contributions.

**Reconciliation of the present value of the obligation**

Defined benefit obligation at beginning of the year	721 359	677 082	721 359	677 082
Member contributions	2 199	2 220	2 199	2 220
Service cost	5 985	6 381	5 985	6 381
Interest cost	61 881	67 125	61 881	67 125
	<u>791 424</u>	<u>752 808</u>	<u>791 424</u>	<u>752 808</u>
Remeasurements:				
- Actuarial (gain)/loss	88 795	8 956	88 795	8 956
Benefit payments	(82 061)	(40 405)	(82 061)	(40 405)
Defined benefit obligation at 31 December	<b>798 158</b>	<b>721 359</b>	<b>798 158</b>	<b>721 359</b>

**Reconciliation of the fair value of plan assets**

Fair Value of assets as at 1 January	1 285 370	1 253 051	1 285 370	1 253 051
University contributions	4 259	4 409	4 259	4 409
Member contributions	2 199	2 220	2 199	2 220
	<u>1 291 828</u>	<u>1 259 680</u>	<u>1 291 828</u>	<u>1 259 680</u>
Remeasurements:				
-Net interest income/expense	112 281	124 852	112 281	124 852
-Actuarial gain/(loss)	48 968	(58 757)	48 968	(58 757)
	<u>161 249</u>	<u>66 095</u>	<u>161 249</u>	<u>66 095</u>
Benefits paid	(82 061)	(40 405)	(82 061)	(40 405)
Fair Value of assets as at 31 December	<b>1 371 016</b>	<b>1 285 370</b>	<b>1 371 016</b>	<b>1 285 370</b>
The actual return on plan assets is as follows:	161 249	66 095	161 249	66 095

**The risks faced by UJ as a result of the defined benefit obligation are as follows:**

- Inflation: The risk that future CPI Inflation is higher than expected and uncontrolled. This would lead to greater than expected pension and salary increases which would increase the liability to the University.
- Longevity: The risk that pensioners live longer than expected and thus their healthcare benefit is payable for longer than expected.
- Open-ended, long-term liability: The risk that the liability may be volatile in the future and uncertain.
- Future changes in legislation: The risk that changes to legislation with respect to the post-retirement liability may increase the liability for UJ.
- Future changes in the tax environment: The risk that changes in the tax legislation governing employee benefits may increase the liability for UJ.
- Administration: Administration of this liability poses a burden to UJ.

## 15.2 Pension obligations - Wholly funded (continued)

The assets of the University of Johannesburg Defined Benefit Pension Fund were invested as follows:

	Consolidated		University	
	2017	2016	2017	2016
Cash	9.58%	15.54%	9.58%	15.54%
Equity	42.60%	37.33%	42.60%	37.33%
Bonds	20.26%	20.16%	20.26%	20.16%
Property	2.17%	2.29%	2.17%	2.29%
International	23.46%	23.05%	23.46%	23.05%
Other	1.93%	1.63%	1.93%	1.63%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Plan assets are valued at the current market value as required by IAS 19 as at 31 December 2017.

	Consolidated		University	
	2017	2016	2017	2016
Discount rate	8.60%	9.00%	8.60%	9.00%
Inflation rate	5.50%	6.40%	5.50%	6.40%
Salary increase rate	6.50%	7.40%	6.50%	7.40%
Pension increase allowance (Ex-NTRF)	3.03%	3.52%	3.03%	3.52%
Pension increase allowance (Other pensioners)	3.58%	4.16%	3.58%	4.16%

UJ's best estimate of contributions expected to be paid to the plan during the annual period beginning after reporting date:	6 018	7 662	6 018	7 662
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### Sensitivity Analysis

It is important to treat the results of the valuation with a degree of caution, as they are extremely sensitive to the assumptions used.

The valuation results set out above are based on a number of assumptions. The value of the liability could turn out to be overstated or understated, depending on the extent to which actual experience differs from the assumptions adopted

We recalculated the liability to show the effect of:

- the discount rate assumption on the defined benefit obligation by adding and subtracting 1% to the discount rate; and
- the inflation assumption on the defined benefit obligation by adding and subtracting 1% to the inflation rate.

	Obligation R'000	+1% R'000	-1% R'000
<b>Discount rate</b>			
Defined benefit obligation	(798 158)	(733 958)	(883 056)
Change		(8.00%)	10.60%
<b>Inflation rate</b>			
Defined benefit obligation	(798 158)	(850 351)	(754 697)
Change		6.50%	(5.40%)

### 15.3 Disability Fund

The University provides post-retirement disability benefits to certain qualifying employees in the form of continued disability contributions. Their entitlement of these benefits continue to the end of the year in which the claimant reached the age of 65 and increase annually. The accumulated disability obligation and annual cost of those benefits is determined annually by independent actuaries. The actuarially determined liability which is reduced by the payments received from reinsurers was valued at 31 December 2017.

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Balance at end of the year</b>				
Present value of the obligation	(25 815)	(25 570)	(25 815)	(25 570)
Fair value of plan assets	175 438	158 754	175 438	158 754
Unrecognised surplus due to IAS 19(a) limit	<u>(149 623)</u>	<u>(133 184)</u>	<u>(149 623)</u>	<u>(133 184)</u>
Defined benefit surplus at 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The paragraph 65 limit ensures that the asset recognised in the financial position is subject to a maximum of the present value of any economic benefits available to the University in the form of refunds or reductions in future contributions.

#### **Reconciliation of the movement in the defined benefit obligation:**

Present value of obligation: beginning of the year	25 570	24 460	25 570	24 460
Current service cost	392	481	392	481
Interest cost	<u>2 095</u>	<u>2 239</u>	<u>2 095</u>	<u>2 239</u>
	28 057	27 180	28 057	27 180
- Actuarial (gain)/loss	2 205	2 105	2 205	2 105
Benefits paid (net of reinsurance proceeds)	(4 447)	(3 715)	(4 447)	(3 715)
Present value of obligation: end of year	<u>25 815</u>	<u>25 570</u>	<u>25 815</u>	<u>25 570</u>

#### **Reconciliation of the movement in the plan assets:**

Present value of assets beginning of the year	158 754	158 219	158 754	158 219
Contributions (net of reinsurance premiums)	<u>(392)</u>	<u>(481)</u>	<u>(392)</u>	<u>(481)</u>
Value of assets as at 31 December	158 362	157 738	158 362	157 738
Remeasurements:				
-Net interest income/expense	13 931	15 323	13 931	15 323
-Actuarial (loss)/gain	<u>7 200</u>	<u>(11 073)</u>	<u>7 200</u>	<u>(11 073)</u>
	21 131	4 250	21 131	4 250
Benefits (net of reinsurance premiums)	(4 055)	(3 234)	(4 055)	(3 234)
Value of assets as at 31 December	<u>175 438</u>	<u>158 754</u>	<u>175 438</u>	<u>158 754</u>
The actual return on plan assets is as follows:	21 131	4 250	21 131	4 250

### 15.3 Disability Fund (continued)

The assets of the University of Johannesburg Disability Fund were invested as follows:

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Cash	(2.50%)	(1.44%)	(2.50%)	(1.44%)
Equity	44.40%	45.95%	44.40%	45.95%
Bonds	13.37%	11.16%	13.37%	11.16%
Property	16.89%	15.45%	16.89%	15.45%
International	25.09%	27.51%	25.09%	27.51%
Other	2.75%	1.37%	2.75%	1.37%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Plan assets are valued at the current market value as required by IAS 19 as at 31 December 2017.

#### Claimants

Number of members	16	20	16	20
Annual benefit	6 152	6 749	6 152	6 749
Annual reinsured benefit	2 940	4 190	2 940	4 190
Benefit weighted average service	56.7 yrs	56.6 yrs	56.7 yrs	56.6 yrs
Effective date of assumptions	31-DEC-2017	31-DEC-2016	31-DEC-2017	31-DEC-2016

#### The principal assumptions used for accounting purposes were as follows:

General inflation rate	5.20%	6.20%	5.20%	6.20%
Discount rate	8.10%	8.90%	8.10%	8.90%
Expected increases in benefits	6.20%	7.20%	6.20%	7.20%

The University's best estimate is that no contributions are expected to be paid to the plan during the annual period beginning after reporting date.

The sensitivity of the defined benefit obligation to changes in the weighted principle assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Inflation rate	1%	Increase by 7.8%	Decrease by 7.2%
Discount rate	1%	Decrease by 5.2%	Increase by 5.7%

The fund is not registered with the FSB.

The benefits of the fund are payable to the current claimants under the fund.

The fund liability is reduced by the payments received from the reinsurers.

The employees of the University of Johannesburg are entitled to a disability benefit which is housed in a fund. The University of Johannesburg contributes to the insurance policy for the disability funding of their permanent employees. However there is nothing in the fund rules that eliminates the University of Johannesburg's obligation to the employees in the event of the insurance policy not being able to cover the deficit or in the event that there is insufficient assets in the fund. The benefit paid to the disabled employee does not depend on the length of service.

The University of Johannesburg entered into a contract with Guardrisk Life Limited under which Guardrisk Life Limited (Insurer) has underwritten, on payment of a lump sum due in terms of this policy, to provide assurance for eligible employees of the University of Johannesburg.

An eligible employee is an employee of the University of Johannesburg who is employed for at least 24 hours a week. The assurance provided is in respect of disability of a member to the fund. Guardrisk Life Limited has now undertaken to manage the fund and the disability claims. The entity previously had a fund with Momentum. There are members of this fund which have become partially disabled. The initial Momentum Disability Policy will continue to pay 75% of the disability claimant's benefits; the remainder is paid by Guardrisk Life Limited now. The effective date for the policy is 1 January 2015 per the signed contract. The premium was paid on 1 December 2014 and the balance sheet and income statement of this insurance policy was accounted from this date.

A member's membership of the fund shall be terminated on the earliest of the following events:

- The death of the member; or
- The member attaining normal retirement age; or
- The member ceasing to be a member of the Fund; or
- Discontinuance of the payment of premiums in respect of a member; or
- Absence of the member as defined; or
- The permanent departure of the member from the territories in terms of the contract unless accepted in writing.

### 15.3 Disability Fund (continued)

The University of Johannesburg (Policyholder) shall bear the cost of the premiums required to provide the Benefits to the Members and shall pay the premiums and administrative charges due to the Insurer. The amount of premiums payable to secure the Benefits under this policy shall be calculated by the Insurer in accordance with the scale of premium rates in force under this policy at the date of calculation and will be based on information given to the Insurer by the Policyholder. The profit accumulation of the fund may be used to maintain benefits that could be adversely affected by circumstances beyond the control of the Policyholder. This utilisation of the profit share shall constitute a claim against the policy. The maximum accumulated value of claims may not exceed the accumulated profit. The Insurer's liability in this regard will not exceed the Benefit for which the Policyholder has paid premiums to the Insurer. In this case UJ might have an obligation towards the employees should the policy not have sufficient funds. The contract with Guardrisk life Limited did not impact on any previous accounting treatment and is accounted for on the same basis as in the past.

#### The risks faced by UJ as a result of the defined benefit obligation are as follows:

- Inflation: The risk that future CPI Inflation is higher than expected and uncontrolled. This would lead to greater than expected benefit increases which would increase the liability to the University.
- Long-term liability: The risk that the liability may be volatile in the future and uncertain.
- Future changes in legislation: The risk that changes to legislation with respect to the post-retirement liability may increase the liability for UJ.
- Future changes in the tax environment: The risk that changes in the tax legislation governing employee benefits may increase the liability for UJ.

### 15.4 Long service award

The University awards long service payments to qualifying staff as predetermined milestones are reached. The actuarially determined liability which is reduced by the provision made by the University was valued at 31 December 2016. This obligation is funded from University's reserves.

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Reconciliation of the movement in the long service award obligation:</b>				
Present value of obligation: beginning of the year	38 544	34 696	38 544	34 696
Current service cost	4 567	3 725	4 567	3 725
Interest cost	3 399	3 326	3 399	3 326
	<u>46 510</u>	<u>41 747</u>	<u>46 510</u>	<u>41 747</u>
- Actuarial (gain)/loss	(1 900)	(271)	(1 900)	(271)
Benefits paid	(4 081)	(2 932)	(4 081)	(2 932)
Present value of obligation: end of period	<b>40 529</b>	<b>38 544</b>	<b>40 529</b>	<b>38 544</b>
The University's best estimate of awards expected to be paid to employees during the annual period beginning after reporting date:				
	4 225	4 081	4 225	4 081
The significant actuarial assumptions were as follows:				
Discount rate	9.90%	9.30%	9.90%	9.30%
Salary inflation	8.00%	8.30%	8.00%	8.30%
CPI inflation	6.50%	6.80%	6.50%	6.80%
Expected retirement age	65 yrs	65 yrs	65 yrs	65 yrs

The sensitivity analysis of the liability to changes in the principal assumptions is:

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	Decrease by 7.2%	Increase by 8.2%
Salary inflation	1%	Increase by 9.0%	Decrease by 7.9%
Expected retirement age	1 year	Increase by 4.0%	Decrease by 3.9%

16 State appropriations - subsidies and grants

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Block grant	1 599 024	1 394 826	1 599 024	1 394 826
Teaching development	36 888	46 984	36 888	46 984
Research development	6 006	7 133	6 006	7 133
Foundation phase development	38 117	36 828	38 117	36 828
Interest and redemption of government approved loans	859	1 054	859	1 054
Clinical training of health professionals	7 348	6 813	7 348	6 813
Zero-percent increase grant	32 432	139 868	32 432	139 868
	<b>1 720 674</b>	<b>1 633 506</b>	<b>1 720 674</b>	<b>1 633 506</b>

17 Tuition and other fee income

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Tuition Fees	1 441 128	1 382 276	1 441 128	1 382 285
Residence Fees	179 357	148 657	167 070	139 471
Registration Fees	35 443	36 292	35 443	36 292
Levy Income	33 414	33 214	33 414	33 214
Application Fees	1 290	845	1 290	845
Deposit Income Retained	302	436	302	436
Remark of Exam Papers	14	9	14	9
	<b>1 690 948</b>	<b>1 601 729</b>	<b>1 678 661</b>	<b>1 592 552</b>

18 Other operating expenses

The following items are included in 'other operating expenses':

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Auditors remuneration	19 485	20 292	19 391	20 227
- external audit	5 322	5 652	5 322	5 652
- internal audit	4 379	4 985	4 379	4 985
- other audit services	9 784	9 655	9 690	9 590
Advertising and marketing	33 514	40 222	33 419	40 116
Bank Charges	7 077	7 315	6 994	7 247
Cartridges	4 377	4 660	4 375	4 658
Cleaning	42 880	83 235	42 332	82 232
Conference Registration Fees	16 888	16 020	16 916	16 055
Consulting and contract costs	67 718	70 821	67 162	69 248
Copyright fees	5 102	4 891	5 119	4 891
Corporate functions	6 018	7 556	6 349	8 069
Cost of sales	6 823	5 670	6 823	5 670
Data lines	9 034	7 003	9 034	6 989
Functions and entertainment	39 809	36 685	39 935	36 842
Books and periodicals	140 644	80 505	140 368	66 973
Foreign exchange (gains)/losses	1 974	6 907	1 959	6 910
Fuel, Oil and Gas	9 309	8 043	8 956	7 783
Grants and donations	184	133	184	133
Hire/Rental	14 064	14 540	14 618	15 432
Insurance	9 303	8 455	9 299	8 451
Legal fees	11 381	10 213	11 129	9 774
Medical Aid Pensioners	10 309	9 204	10 309	9 204
Membership fees	7 558	8 740	7 516	8 723
Municipal rates, taxes and electricity	139 980	122 359	128 900	113 600
Repairs and maintenance and non-capital items	139 596	130 515	139 076	130 347
Leases - Equipment and vehicles	21 557	15 577	21 557	15 577
Printing	23 681	24 790	23 421	24 582
Security contracts	24 950	70 602	24 397	68 955
Services Rendered - outsourced	69 534	122 493	74 382	144 245
Software licenses	42 185	36 584	42 185	36 584
Stationery	5 652	5 610	5 556	5 480
Staff development	20 849	15 449	20 846	15 381
Student expenses	51 934	56 388	62 163	72 178
Tax expense in subsidiaries	666	512	-	-
Teaching and laboratory consumables	32 121	32 814	32 138	32 743
Telephone and fax	3 642	8 788	3 083	8 280
Travel and accommodation	93 606	87 781	93 527	87 618
Uniforms and Protective Clothing	8 130	7 708	7 962	7 505
Impairment/(reversal of impairment) of student debt	(29 051)	153 374	(29 597)	152 696
Other expenses	78 952	47 049	78 990	53 455
	<b>1 191 435</b>	<b>1 389 503</b>	<b>1 190 773</b>	<b>1 404 853</b>

## 19 Bursaries

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Student bursaries	(471 059)	(330 537)	(471 059)	(330 533)
	<b>(471 059)</b>	<b>(330 537)</b>	<b>(471 059)</b>	<b>(330 533)</b>

Bursary expenses represents student funding from University's own generated resources.

## 20 Net impairment losses/reversal of impairment

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Available-for-sale financial assets - Impairment of shares (note 6)	(58 209)	-	(41 227)	-
Available-for-sale financial assets - Impairment reversal (note 6)	-	11 081	155	11 081
Loan to associate (note 5)	(28 711)	(2 472)	-	(2 472)
Loans to subsidiaries and other entities (note 5)	-	-	(46 469)	(39 689)
Investments in subsidiaries and other entities (note 5)	-	-	(10 445)	(3 400)
	<b>(86 920)</b>	<b>8 609</b>	<b>(97 986)</b>	<b>(34 480)</b>

## 21 Other operating income

The following items are included in 'other operating income':

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Hire out of facilities	8 183	8 506	8 245	7 912
Public sales and services	92 411	90 406	38 662	76 737
Project income	33 589	144 760	28 779	142 949
Sundry income	35 456	16 445	35 561	16 412
Donations	250 729	184 652	275 718	209 364
Consultation/Evaluation income	24 822	29 424	24 822	29 424
Profit on disposal of Property, plant & equipment	82	55	82	56
Insurance claims	28 958	39 284	28 959	39 284
Other income	10 723	10 811	10 723	10 810
	<b>484 953</b>	<b>524 343</b>	<b>451 551</b>	<b>532 948</b>

## 22 Income from investments

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Dividend income on available-for-sale financial assets	54 693	41 819	42 389	31 946
Interest income on available-for-sale financial assets	125 765	114 061	110 598	97 127
Fair value movement transfer on disposal of investments	188 793	146 923	157 852	118 433
Profit on sale of investments	248 616	256 545	205 185	198 524
Loss on sale of investments	(59 823)	(109 622)	(47 333)	(80 091)
	<b>369 251</b>	<b>302 803</b>	<b>310 839</b>	<b>247 506</b>

## 23 Finance income and finance costs

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Finance cost				
- borrowings	(2 881)	(3 320)	(655)	(485)
- defined benefit plan	(3 887)	1 581	(3 887)	1 581
	<b>(6 768)</b>	<b>(1 739)</b>	<b>(4 542)</b>	<b>1 096</b>
Finance income				
- students fees	44 327	39 878	44 131	39 727
- current accounts	6 317	6 581	5 281	4 812
	<b>50 644</b>	<b>46 459</b>	<b>49 412</b>	<b>44 539</b>

NSFAS funded students are considered a separate class of debtor which creates a financing element within the bucket of student debtors. NSFAS funded students are not charged interest on late payments and based on the past practice of NSFAS not paying on time, this is an indicator that the revenue recognised may include a financing element. With the time value of money taken into account the amount of interest on NSFAS student accounts included in 'Finance income - student fees' was Consolidated R23 613 / University R23 613. (2016: Consolidated R20 997 / University R20 997).

## 24 Commitments

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Commitments – approved, not contracted for	298 433	343 233	298 433	343 233
Commitments – contracted	51 574	56 555	51 574	56 555

This represents capital expenditure budgeted for at reporting date, but not yet recognised in the consolidated and separate financial statements. This expenditure will be financed from designated funds.

Bank Guarantees				
SA Post Office	250	250	250	250
City Power of Johannesburg	110	110	110	110
Johannesburg City Council	-	-	-	-
Knowles Husain Lindsey Incorporated	-	-	-	-
ABSA Bank Limited	1 119	1 119	1 119	1 119

### Operating leases

Certain of the University's desktop computers and computer equipment are subject to a non-cancellable 3 year operating lease, and future commitments in terms of the lease agreement are as follows:

Lease amounts payable within one year	17 568	26 413	17 415	26 413
Lease amounts payable later than one year to five years	5 598	24 379	5 598	24 379
Total operating lease amounts payable	<u>23 166</u>	<u>50 792</u>	<u>23 013</u>	<u>50 792</u>

The University does not apply the smoothing principle, for operating leases, of IAS 17 as there are no fixed escalation clauses in the lease agreement.

## 25 Cash generated from operations

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Surplus for the year	257 089	328 666	197 116	268 796
Adjustments for:				
– share of loss from associate (note 5)	-	5 987	-	5 987
– (decrease)/increase in student bad debt provision (note 8)	(71 419)	121 075	(70 805)	120 462
– (decrease)/increase in non-student bad debt provision (note 8)	(156)	1 424	(849)	1 424
– depreciation (note 3)	104 424	105 660	101 727	102 247
– amortisation (note 4)	7 473	4 043	5 942	3 956
– profit on disposal of property, plant and equipment	(82)	(55)	(82)	(56)
– finance income (note 23)	(50 644)	(46 459)	(49 412)	(44 539)
– interest income on investments (note 22)	(125 765)	(114 061)	(110 598)	(97 127)
– finance cost (note 23)	6 768	1 739	4 542	(1 096)
– impairment losses (note 20)	86 920	(8 609)	97 986	34 480
– dividends received (note 22)	(54 693)	(41 819)	(42 389)	(31 946)
– profit on sale of shares (note 22)	(188 793)	(146 923)	(157 852)	(118 433)
– movement in post-retirement obligations and assets (note 15)	(324)	3 532	(324)	3 532
– foreign exchange losses on operating activities (note 18)	(1 974)	(6 907)	(1 959)	(6 910)
– decrease in government grant (note 12)	42 575	(76 688)	42 575	(76 688)
Changes in working capital:				
– receivables and prepayments (note 8)	(7 734)	(46 612)	(12 477)	(42 012)
– trade payables, accruals and other liabilities (note 13)	200 728	(2 966)	223 716	(25 487)
– student deposits and income received in advance (note 11)	51 480	24 924	44 561	22 362
– inventory (note 7)	(1 756)	2 432	(1 489)	2 432
	<u>254 117</u>	<u>108 384</u>	<u>269 928</u>	<u>121 385</u>

In the statement of cash flows, proceeds from the sale of property, plant and equipment comprise:

Profit on disposal (note 21)	82	55	82	56
Net book amount (note 3)	1 729	3 095	1 739	2 607
Proceeds from disposal	<u>1 811</u>	<u>3 150</u>	<u>1 821</u>	<u>2 663</u>



**Overview**

The University's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The University's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the University.

Risk Management is carried out by the Finance Division under policies approved by the Audit and Risk Committee of Council which provides written principles for the overall risk management. The Audit and Risk Committee oversees the manner in which management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the University. The Audit and Risk Committee is assisted in its oversight role by Internal Audit, which undertakes both regular and ad hoc reviews of risk management controls and procedures. The results of these reviews are reported to the Audit and Risk Committee. Internal Audit follows a risk based audit methodology primarily based on the University's risk registers.

**26.1 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, may affect the University's income or the value of its holdings of financial assets. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on investments. This is principally done by way of mandate agreements with the Fund Managers which specify the asset allocation to manage the risk profile of the investments. The University has no portfolios that have speculative characteristics and return targets are over the long term. For the spread of the various investment types, refer to note 6.

**i) Currency risk**

The University does not operate internationally, but on occasion there are foreign currency denominated transactions. Management has introduced a policy which requires that all material foreign currency transactions should be hedged with a forward exchange contract. At year-end there were no material outstanding forward exchange contracts. When necessary, forward exchange contracts are rolled over at maturity.

**ii) Interest rate risk**

The University has large interest-bearing investments. Its investment policy allows management to invest working capital in interest-bearing, short-term investments up to one year. The period of each investment is linked to the cash-flow requirements to fund the University's operations. These short-term investments are invested with the five major South African commercial banks at the ruling interest rate on the day of investment. The rates are fixed for the period of the investment. The amount invested in this manner is specified in note 9.

A 1% change in the interest rate could have a Consolidated R3 824 / University R3 824 (2016: Consolidated R900 thousand / University R900 thousand) interest income influence on an annual basis. This would actually never realise, as the average period of investment is three to nine months and therefore the amount will be a fraction of Consolidated R3 824 / University R3 824 (2016: Consolidated R900 thousand / University R900 thousand).

The University's investment policy determines that all long-term investments, including capital and money market investments are managed by the University's Fund Managers under mandate agreements. These agreements specify the asset allocation matching the risk that the University is prepared to take.

The mandates further specify the investment returns required by the University. These measures are in place to ensure that the various Fund Managers manage the interest rate risk within the levels accepted by the University. The University's Investment Committee oversees its long-term investments. The investments subject to a possible interest rate fluctuation are detailed in note 6.

**iii) Price Risk**

The University and its subsidiaries are exposed to equity securities price risk because of investments held by the University and classified on the consolidated statement of financial position as available-for-sale financial assets. The University and its subsidiaries are not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the University and its subsidiaries diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Investment Committee and the limits are included in the mandate agreement which the University and the Fund Managers concluded.

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Listed equities	2 385 000	2 203 000	1 769 000	1 639 000
10% change impact	238 500	220 300	176 900	163 900

For the period ended 31 December 2017, if the FTSE/JSE CAPI index increased/ decreased by 10% with all other variables held constant and all the University's equity instruments moved according to the historical correlation with the index, the non-current investment revaluation amount on the statement of financial position would be Consolidated R2 385 million / University R1 769 million (2016: Consolidated R2 203 million / University R1 639 million) higher/lower. Due to the unpredictability of equity market returns and the asset allocation of various fund managers, a general indicative percentage of 10% is used to highlight the changes in market value on equity investments. The indicative 10% does not allow for the sensitivity in equity valuations due to the asset allocation difference between various fund managers.

## 26.2 Credit risk

Credit risk is the risk of financial loss to the University if a customer, student or counterparty to a financial asset fails to meet its contractual obligations, and arises from the University's receivables from students and customers, its debt investments and cash and cash equivalents.

The counterparties to investments, derivatives and cash and cash equivalents are limited to high-credit-quality financial institutions. The University has policies that limit the amount of credit exposure to any one financial institution.

The University follows a multi-manager approach to the management of investments in order to limit investment risk. Funds are invested in divergent portfolios subject to mandates developed to contain risk within set parameters. In order to hedge investment funds against fluctuations, the portfolio managers are allowed to invest a maximum of 20% of the available funds abroad.

All funds are invested with BB+ rated financial institutions, or guaranteed by the government.

Receivables comprise of outstanding student fees and a number of customers, dispersed across different industries and geographical areas. The University is exposed to credit risk arising from student receivables related to outstanding fees. The risk is mitigated by requiring students to pay an initial instalment in respect of tuition and accommodation fees at registration, the regular monitoring of outstanding fees and the institution of debt collection action in cases of long outstanding amounts. In addition, students with outstanding balances from previous years of study are only permitted to renew their registration after either the settling of the outstanding amount or the conclusion of a formal payment arrangement.

### i) Student and other receivables

In a higher education environment, it is not possible to manage credit risk ex ante at the level of individual transactions with students. Creditworthiness cannot be assessed during registration. The credit risk is managed ex post by means of effective debt collection, including the sensible application of the withholding of examination results and financial exclusions, as well as the utilisation of debt collection attorneys and agencies.

The University's policy with regard to the collection of student receivables states the following:

- 60% of a student's total fees must be paid by 30 April of the study year.
- 100% of a student's total fees must be paid by 31 August of the study year.
- If the student fails to meet this financial obligation, the outstanding amount is handed over to a debt-collecting agency.

Details of the student receivables as at 31 December 2017:

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Student receivables	370 825	456 698	367 377	449 129
- fully performing	-	-	-	-
- past due but not impaired (4 months overdue)	188 753	203 207	185 305	196 252
- impaired (more than 4 months overdue)	182 072	253 491	182 072	252 877
Less: Provision for impairment	(182 072)	(253 491)	(182 072)	(252 877)
Student receivables – net carrying amount	<b>188 753</b>	<b>203 207</b>	<b>185 305</b>	<b>196 252</b>

The University also raises other trade receivables for the sale of goods and the delivery of services. It has measures in place to ensure that sales of goods and delivery of services are made to customers with an appropriate credit history. It does not insure its student or other receivables.

The University's credit terms with regard to other receivables are:

- Full payment is required within 60 days from statement date;
- The University will charge interest on arrear amounts in terms of the Prescribed Rate of Interest Act (No. 55 of 1975), as amended; and
- Credit facilities will be suspended when debtor accounts are outstanding in excess of 90 days from the date of statement, unless alternative payment arrangements have been negotiated.

The following actions are taken in respect of overdue invoices:

- Outstanding for 60 days: A reminder letter requesting immediate payment is enclosed with the statement of account.
- Outstanding for 81 days: The statement of account is accompanied by a letter of demand stating that legal action will be taken if payment is not made or contact is not made within 21 days.
- Unpaid debts over 102 days: When a letter of demand has been sent and no payment or communication has been received from the debtor, the account is handed over to the collecting agency.

Details of the other receivables as at 31 December 2017 are as follows:

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Other receivables	191 938	169 906	184 319	161 744
- fully performing	185 692	163 504	178 766	155 342
- past due but not impaired	-	-	-	-
- impaired	6 246	6 402	5 553	6 402
Less: Provision for impairment	(6 246)	(6 402)	(5 553)	(6 402)
Other receivables – net carrying amount	<b>185 692</b>	<b>163 504</b>	<b>178 766</b>	<b>155 342</b>

## 26.2 Credit risk (continued)

### i) Student and other receivables (continued)

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Student receivables</b>				
At 1 January	253 491	132 416	252 877	132 416
Provision for receivables impaired	(29 597)	150 819	(29 597)	150 819
Receivables written off during the year as uncollectable	(41 822)	(29 744)	(41 208)	(30 358)
At 31 December	<b>182 072</b>	<b>253 491</b>	<b>182 072</b>	<b>252 877</b>
Ageing of provision for impairment				
Handed over to collecting agencies – 2016	50 406	51 043	50 285	51 043
Handed over to collecting agencies – 2017	65 711	64 841	65 552	64 841
4 Months overdue	65 955	137 607	66 235	136 993
	<b>182 072</b>	<b>253 491</b>	<b>182 072</b>	<b>252 877</b>
<b>Other receivables</b>				
At 1 January	6 402	4 978	6 402	4 978
Provision for receivables impaired	-	1 472	-	1 472
Receivables written off during the year as uncollectable	(156)	(48)	(850)	(48)
At 30 June	<b>6 246</b>	<b>6 402</b>	<b>5 552</b>	<b>6 402</b>
Ageing of provision for impairment				
Handed over to collecting agencies – 2016	1 953	229	1 953	229
Handed over to collecting agencies – 2017	4 214	1 959	3 600	1 959
Impaired as at reporting date	79	4 214	-	4 214
	<b>6 246</b>	<b>6 402</b>	<b>5 553</b>	<b>6 402</b>

The creation and release of the provision for impaired receivables have been included in 'other current operating expenses' in the statement of comprehensive income. Amounts are charged to the provision account when there is no expectation of recovering additional cash. After a receivable amount is written off, the collection process is continued by the collection agencies.

The credit risk identified above relates to the disclosure presented in Note 8.

The other classes within other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The University does not hold any collateral as security. The carrying amounts of the University's receivables and prepayments are denominated in South African Rand (R).

### Credit quality of financial assets

The credit quality of financial assets that are fully performing, as well as those that are past due but not impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>Trade receivables</b>				
Counterparties without external credit rating:				
- Current students which will register in 2017/2018. These students are still studying and had no defaults in the past. The University expects them to pay their outstanding fees during the 2017/2018 registration period.	188 753	203 207	185 305	196 252
- Interest and dividends receivable. This is interest and dividends receivable at year end from the available-for-sale financial assets which are all invested at BB+ (2016: BBB) rated entities.	-	-	-	-
- Other receivables Group 1 *	117 138	123 908	111 231	121 352
	<b>305 891</b>	<b>327 115</b>	<b>296 536</b>	<b>317 604</b>
<b>Cash and cash equivalents</b>				
BB+ (2016: BBB) Rating:				
- Prime South African Bank	145 299	123 515	97 886	86 229
BB+ (2016: BBB) Ratings:				
- Prime South African Banks	413 375	128 081	413 375	128 081
	<b>558 674</b>	<b>251 596</b>	<b>511 261</b>	<b>214 310</b>
<b>Available-for-sales financial assets</b>				
BB+ (2016: BBB) Rating:				
- Government stocks and bonds	307 723	163 562	256 467	134 419
- Listed stocks and debentures	321 964	414 166	235 618	324 355
- Listed shares all top 40 companies	2 384 969	2 203 238	1 769 319	1 639 051
- Fixed and other deposits, prime South African Banks	535 884	387 182	464 853	332 222
- Endowment policies, top 40 South African insurance	20 851	36 976	20 851	36 976

\*Group 1 – New customers (less than 2 months).

### 26.3 Liquidity risk

Liquidity risk is the risk that the University will not be able to meet its financial obligations as they fall due. The University's liquidity risk consists mainly of borrowings, accounts payable, accrued liabilities and student deposits received and postemployment benefits. Liquidity risk is minimised by the University's substantial cash and cash equivalent balances. The University's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University's reputation. Liquidity risk is managed by monitoring the daily borrowing levels and by conducting cash flow forecasts on a weekly basis in order to maintain sufficient funds to fund the business from cash generated by operations and funds generated from investments.

The table below analyses the University's financial liabilities according to relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 5 Years R'000	Over 5 Years R'000	Total R'000
<b>Consolidated</b>					
<b>31 December 2017</b>					
Non-current borrowings	6 824	8 354	1 406	877	17 461
Accounts payable	645 110	-	-	-	645 110
	<b>651 934</b>	<b>8 354</b>	<b>1 406</b>	<b>877</b>	<b>662 571</b>
<b>31 December 2016</b>					
Non-current borrowings	5 516	6 824	9 497	1 141	22 978
Accounts payable	427 250	-	-	-	427 250
	<b>432 766</b>	<b>6 824</b>	<b>9 497</b>	<b>1 141</b>	<b>450 228</b>
<b>University</b>					
<b>31 December 2017</b>					
Non-current borrowings	564	628	1 406	877	3 475
Accounts payable	651 975	-	-	-	651 975
	<b>652 539</b>	<b>628</b>	<b>1 406</b>	<b>877</b>	<b>655 450</b>
<b>31 December 2016</b>					
Non-current borrowings	506	564	1 770	1 141	3 981
Accounts payable	411 084	-	-	-	411 084
	<b>411 590</b>	<b>564</b>	<b>1 770</b>	<b>1 141</b>	<b>415 065</b>

### 26.4 Capital risk management

The University and its subsidiaries' objectives when managing reserves and working capital are to safeguard the ability of the University and its subsidiaries to continue as going concerns and to maintain an optimal structure to reduce the cost of capital.

In order to maintain the capital structure, the University and its subsidiaries have ensured a sound financial position by limiting exposure to debt and increasing investment and cash balances. This objective is met by a well planned budget process each year in which the critical strategic objectives of the University and its subsidiaries are addressed. The University also has a short and medium term infrastructure maintenance plan which is adequately resourced from available funds.

## 26.5 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

<b>Consolidated</b>	<b>Loans &amp; receivables R'000</b>	<b>Available- for-sale R'000</b>	<b>Total R'000</b>
<b>31 December 2017</b>			
Financial assets			
Available-for-sale financial assets	-	3 571 391	<b>3 571 391</b>
Trade and other receivables (excluding prepayments)	305 891	-	<b>305 891</b>
Cash and cash equivalents	558 673	-	<b>558 673</b>
			<b>Financial liabilities at amortised cost R'000</b>
Financial liabilities			
Borrowings			17 461
Trade payables			645 110

The accounting policies for financial instruments have been applied to the line items below:

	<b>Loans &amp; receivables R'000</b>	<b>Available- for-sale R'000</b>	<b>Total R'000</b>
<b>31 December 2016</b>			
Financial assets			
Available-for-sale financial assets	-	3 205 124	<b>3 205 124</b>
Trade and other receivables (excluding prepayments)	327 115	-	<b>327 115</b>
Cash and cash equivalents	251 596	-	<b>251 596</b>
			<b>Financial liabilities at amortised cost R'000</b>
Financial liabilities			
Borrowings			22 978
Trade payables			427 250

26.5 Financial instruments by category (continued)

University	Loans & receivables R'000	Available-for-sale R'000	Total R'000
<b>31 December 2017</b>			
Financial assets			
Available-for-sale financial assets	-	2 747 108	<b>2 747 108</b>
Trade and other receivables (excluding prepayments)	296 536	-	<b>296 536</b>
Cash and cash equivalents	511 260	-	<b>511 260</b>
			<b>Financial liabilities at amortised cost R'000</b>
Financial liabilities			
Borrowings			3 475
Trade payables			651 975

The accounting policies for financial instruments have been applied to the line items below:

	Loans & receivables R'000	Available-for-sale R'000	Total R'000
<b>31 December 2016</b>			
Financial assets			
Available-for-sale financial assets	-	2 467 023	<b>2 467 023</b>
Trade and other receivables (excluding prepayments)	317 604	-	<b>317 604</b>
Cash and cash equivalents	214 310	-	<b>214 310</b>
			<b>Financial liabilities at amortised cost R'000</b>
Financial liabilities			
Borrowings			3 981
Trade payables			411 084

## 26.6 Fair value estimation

Effective 1 January 2009, the University adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value; this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices)

The following table presents the Consolidated assets and liabilities that are measured at fair value at 31 December 2017:

	Level 1 R'000	Level 2 R'000	Total R'000
<b>Consolidated</b>			
Available-for-sale financial assets			
- listed shares	2 384 969	-	2 384 969
- listed stocks and debentures	321 964	-	321 964
- government stocks and bonds	307 723	-	307 723
- fixed deposits	-	71 200	71 200
- other deposits and loans	-	464 684	464 684
- endowment policies	-	20 851	20 851
	<b>3 014 656</b>	<b>556 735</b>	<b>3 571 391</b>

The following table presents the Consolidated assets that are measured at fair value at 31 December 2016:

	Level 1 R'000	Level 2 R'000	Total R'000
<b>Consolidated</b>			
Available-for-sale financial assets			
- listed shares	2 203 238	-	2 203 238
- listed stocks and debentures	414 166	-	414 166
- government stocks and bonds	163 562	-	163 562
- fixed deposits	-	58 567	58 567
- other deposits and loans	-	328 615	328 615
- endowment policies	-	36 976	36 976
	<b>2 780 966</b>	<b>424 158</b>	<b>3 205 124</b>

The following table presents the University's assets and liabilities that are measured at fair value at 31 December 2017:

	Level 1 R'000	Level 2 R'000	Total R'000
<b>University</b>			
Available-for-sale financial assets			
- listed shares	1 769 319	-	1 769 319
- listed stocks and debentures	235 618	-	235 618
- government stocks and bonds	256 467	-	256 467
- fixed deposits	-	71 200	71 200
- other deposits and loans	-	393 653	393 653
- endowment policies	-	20 851	20 851
	<b>2 261 404</b>	<b>485 704</b>	<b>2 747 108</b>

The following table presents the University's assets that are measured at fair value at 31 December 2016:

	Level 1 R'000	Level 2 R'000	Total R'000
<b>University</b>			
Available-for-sale financial assets			
- listed shares	1 639 051	-	1 639 051
- listed stocks and debentures	324 355	-	324 355
- government stocks and bonds	134 419	-	134 419
- fixed deposits	-	58 567	58 567
- other deposits and loans	-	273 655	273 655
- endowment policies	-	36 976	36 976
	<b>2 097 826</b>	<b>369 199</b>	<b>2 467 023</b>

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the University is the current quoted closing prices as this is most representative of fair value in the circumstance. These instruments are included in level 1. Instruments included in level 1 comprise primarily listed equity investments classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

## 27 Related party transactions

### 27.1 Key management personnel

The following are considered to be related parties to the University:

- University Council members; and
- Management comprises the members of the Management Executive Committee, Executive Deans of Faculties, and Executive Directors of support service departments and Directors of subsidiaries.

Compensation paid to key management and members of Council

	Consolidated		University	
	2017	2016	2017	2016
	R'000	Restated R'000	R'000	Restated R'000
Salaries and other short-term employee benefits				
- members of council	897	757	897	757
- management (note 30)	86 230	60 697	86 230	60 697
	<u>87 127</u>	<u>61 454</u>	<u>87 127</u>	<u>61 454</u>

#### Member of Council

Baleni MF	55	32	55	32
Burger JP	18	20	18	20
Dikgole TJ	38	64	38	64
Dlamini S	47	28	47	28
Gebhardt CR	36	64	36	64
Gugushe K	32	-	32	-
Hildebrandt D	38	-	38	-
Khosa G	42	32	42	32
Lushaba D	17	35	17	35
Marcus RD	98	146	98	146
Matlala Z (Visiting)	46	12	46	12
Memela Khambule T	65	8	65	8
Mjwara P	-	20	-	20
Mkhonto M	68	52	68	52
Ndema Y	35	-	35	-
Njeki MJ	-	40	-	40
Rowland W	76	66	76	66
Sibiya BK	17	40	17	40
Teke MS	98	56	98	56
Van Staden C	4	-	4	-
White MJ	67	42	67	42
	<u>897</u>	<u>757</u>	<u>897</u>	<u>757</u>

### 27.2 Payment to members of Council

Payment for attendance at meetings of the Council and its sub-committees

To whom paid	Number of Members	Attendance at meetings – aggregate R'000	Reimbursement of expenses - R'000
<b>31 December 2017</b>			
Chair of Council	2	153	43
Chairs of Committees	4	102	0
Members of Council	13	591	8
<b>31 December 2016</b>			
Chair of Council	1	92	54
Chairs of Committees	5	220	0
Members of Council	13	409	6



### 27.3 Related parties

The University of Johannesburg controls or owns shares of the following companies:  
All related parties with a Year End's other than December are consolidated up to December.

Company and principal business activities	Year End	Shareholding	Principal place of business
<ul style="list-style-type: none"> <li>Million Up Trading (Pty) Ltd The principal activities of this company is to provide accommodation to students.</li> </ul>	31 December	100%	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> <li>Resolution Circle (Pty) Ltd and its subsidiaries The principal activities of this company is to create an inter-disciplinary and applied technology research and development ecosystem which provides work-integrated learning to students in the science and engineering fields by undertaking industry related projects under supervision of experienced professionals to develop students' workplace readiness skills and to drive commercial exploitation of intellectual property. The subsidiaries of Resolution Circle are: - Intellilab (Pty) Ltd in which it has 85% shareholding - Isibaya Somontho (Pty) Ltd in which it has 45% shareholding</li> </ul>	31 December	100%	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> <li>ARSA (Pty) Ltd The principal activities of this company is to purchase private properties on behalf of the University. This company is dormant.</li> </ul>	31 December	100%	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> <li>UJ Properties (Pty) Ltd The principal activities of this company is to purchase properties and utilize these as investment property for rental income.</li> </ul>	31 December	100%	Cnr Barry Hertzog Rd and Napier Rd, Richmond
<ul style="list-style-type: none"> <li>UJ Investment Holdings (Pty) Ltd The principal activities of this company is to be the holding company for all UJ's investments in commercial companies. This company is dormant.</li> </ul>	31 December	100%	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> <li>UJ Propco (Pty) Ltd This is a shelf company which is dormant. No business activities have been defined in terms of registration documentation and no restrictions have been placed on business activities. (Previously known as Appsybrats)</li> </ul>	31 December	100%	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> <li>Gradnet Portal (Pty) Ltd The principal activities of this company is to supply online services to students and alumni of education institutions.</li> </ul>	31 December	100%	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> <li>UJ Trust The principal activity of this trust is to hold the University's investments in trust. The funds are managed by an independent board of trustee's.</li> </ul>	31 December	100%	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> <li>City Lodge Educational Trust The Trust is a result of B-BBEE transaction where City Lodge Holdings sold a percentage of it's shares to a black owned consortium. The dividends received is utilised to repay the original loan and to provide bursaries to previously disadvantaged individuals, especially black women.</li> </ul>	30 June	100%	Cnr University and Kingsway Rd, Auckland Park

### 27.3 Related parties (continued)

The University of Johannesburg has an interest in the following companies:  
All related parties with a Year End's other than December are consolidated up to December.

Company and principal business activities	Year End	Shareholding		Principal place of business
		University of Johannesburg	Non-controlling interest	
<ul style="list-style-type: none"> <li>Bio Media Technologies (Pty) Ltd The principal activities of this company is to develop facial recognition software. (Dormant in 2017)</li> </ul>	31 December	50.00%	50.00%	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> <li>Conceptua Survey Solutions (Pty) Ltd Provide a novel means of imaging coal stockpiles aerially, using advanced image processing algorithms to very accurately quantify the volumes thereof. The software is not restricted to coal stockpiles but can be expanded to provide the same function for any commodity, such as grain, ore, etc. and represents a lucrative commercial opportunity. (Dormant in 2017)</li> </ul>	31 December	25.00%	75.00%	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> <li>Naledi Computer Systems (Pty) Ltd The principal activities of this company is to provide computer related services, products and technology. (Dormant in 2017)</li> </ul>	28 February	80.00%	20.00%	Forty Four Main Street, Johannesburg
<ul style="list-style-type: none"> <li>QVS - Qualification Verification Services (Pty) Ltd The principal activities of this company is to provide an electronic verification system where academic results and qualifications can be verified.</li> </ul>	28 February	10.00%	N/A	17 Quantum Street Techno Park, Stellenbosch
<ul style="list-style-type: none"> <li>Photovoltaic Intellectual Property (Pty) Ltd The principal activities of this company is to research, develop and manufacture a renewable energy photovoltaic panel.</li> </ul>	28 February	38.40%	N/A	Zidela House, 30 Techno Avenue, Techno Park, Stellenbosch
<ul style="list-style-type: none"> <li>University Sports Company (Pty) Ltd The principal business of the company is to promote High Performance Sport in furtherance of the various sporting activities offered by Member Universities as envisaged in the CMRA. This includes, but will not be limited to, the administration, development and co-ordination of High performances Sport for Member Universities after consultation with the USSA NEC.</li> </ul>	31 December	4.76%	N/A	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> <li>EyeThenticate (Pty) Ltd Retina scanning technology. EyeThenticate (Pty) Ltd was not consolidated in 2016 and 2017 due to non-reliance on the financial information provided by the company.</li> </ul>	28 February	43.80%	N/A	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> <li>Youth Development Institute of South Africa Conduct youth development research. Develop and execute youth development initiatives.</li> </ul>	31 December	50.00%	N/A	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> <li>Kutu Capital (Pty) Ltd Asset Management Company</li> </ul>	31 December	100.00%	N/A	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> <li>Enerkey Solutions (Pty) Ltd Dormant</li> </ul>	31 December	100.00%	N/A	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> <li>UDEV (Pty) Ltd Main objects of the Company: Economic upliftment; Job creation; Urban renewal; Property development; and Community development.</li> </ul>	31 December	100.00%	N/A	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> <li>Innovative Aquaculture Holding (Pty) Ltd This company is bringing to market a 10,000 tonne High Density Reticulation Aquaculture System within the East London Industrial Development Zone.</li> </ul>	31 December	100.00%	N/A	Cnr University and Kingsway Rd, Auckland Park

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

27.4 Loans to related parties:

Consolidated	Photovoltaic Intellectual Property (Pty) Ltd	
	2017 R'000	2016 R'000
Opening balance	42 411	43 091
Loans advances during year	-	1 792
Loans repayment received	-	-
Impairment of loan	(28 711)	(2 472)
Closing balance	13 700	42 411

Impairment on loans made to associates was recognised in the current year, to the amount of R28 711 (2016: R2 472). This impairment relates to the loan provided to PTIP.

University	Photovoltaic Intellectual Property (Pty) Ltd		Resolution Circle (Pty) Ltd		Isibaya Somnotho Trust		Innovative Aquaculture Holdings (Pty)		Gradnet Portal (Pty) Ltd		IntelliLab (Pty) Ltd		BioMedia Technologies (Pty) Ltd		EyeThenticate (Pty) Ltd	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000	2017 R'000	2016 R'000	2017 R'000	2016 R'000	2017 R'000	2016 R'000	2017 R'000	2016 R'000	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Opening balance	42 411	43 091	12 711	30 577	5	-	10	10	1 383	1 383	(5)	8 085	-	258	243	243
Loans advances during year	-	1 792	-	13 733	-	5	-	-	-	-	-	-	-	-	5 045	-
Loans repayment received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reallocation/Write off	-	-	767	-	-	-	-	-	-	-	787	-	-	-	-	-
Impairment of loan	(28 711)	(2 472)	(11 688)	(31 599)	-	-	-	-	-	-	(782)	(8 090)	-	-	(5 288)	-
Closing balance	13 700	42 411	1 790	12 711	5	5	10	10	1 383	1 383	-	(5)	-	-	-	243

University	Naledi Computer Systems (Pty) Ltd		UDEV (Pty) Ltd		Enerkey Solutions (Pty) Ltd		Kutu Capital (Pty) Ltd		Conceptua Survey Solutions (Pty) Ltd		Praestet (Pty) Ltd		Sentimeter		SugaRushed Records (Pty) Ltd		Total	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000	2017 R'000	2016 R'000	2017 R'000	2016 R'000	2017 R'000	2016 R'000	2017 R'000	2016 R'000	2017 R'000	2016 R'000	2017 R'000	2016 R'000	2017 R'000	
Opening balance	-	215	250	50	5	-	5	-	-	212	2 639	-	28	-	5	5	59 690	84 129
Loans advances during year	-	1 924	-	200	-	5	-	5	-	-	546	2 639	(28)	28	-	-	5 563	20 331
Loans repayment received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reallocation/Write off	-	(2 139)	-	-	-	-	-	-	(212)	-	-	-	-	-	-	-	-	-
Impairment of loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 554
Closing balance	-	-	250	250	5	5	5	5	-	-	3 185	2 639	-	28	-	5	(46 469)	(42 161)
																	20 338	59 690

Impairment on loans made to associates was recognised in the current year, to the amount of R28 711 (2016: R2 472). This impairment relates to the loan provided to PTIP.

The loans are unsecured, bear no interest and have no repayment terms.

**27.5 The following transactions were carried out with related parties:**

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
<b>(a) Purchase of goods and services</b>				
Purchases of services:				
from Resolution Circle (Pty) Ltd	-	-	25 378	46 938
from Intellilab (Pty) Ltd	-	-	381	198
from UJ properties (Pty) Ltd	-	-	-	-
from Naledi Computer Systems (Pty) Ltd	-	-	-	33
from Gradnet Portal (Pty) Ltd	-	-	10 374	15 690
<b>(b) Year-end balances arising from sales/purchases of goods/services:</b>				
Payables to related parties:				
Resolution Circle (Pty) Ltd	-	-	231	245

**27.6 Related party interests:**

Certain members of council and management of the University failed to disclose material interests that they had in external entities that conducted business with the University and/or were subsequently party to channelling an amount of funds to the entities in which they had an interest, without disclosure to the University. As this conduct constitutes material breach of fiduciary duties and possibly fraud, the University terminated its relationship with these persons and is pursuing legal action to recover losses suffered.

Remuneration and payments made to certain senior staff of the University were incorrectly accounted for, resulting in non disclosure in prior year Financial Statements, incorrect calculation of Employees Tax and consequently payment to South African Revenue Services (SARS) thereof. As indicated in Note 30.2, this matter is being addressed.

**28 Critical accounting estimates and assumptions**

The University makes estimates and assumptions concerning the future. These estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates made in accounting will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**28.1 Provision for impairment of trade receivables and student debtors**

A provision for impairment of trade receivables and student debtors is established when there is objective evidence that the University will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor or student and default or delinquency in payments are considered indicators that the trade receivable is impaired. All amounts in respect of student fees outstanding from the previous year are provided for once student registration for the new academic year has taken place.

**28.2 Provision for post-retirement medical aid liability**

Principal actuarial assumptions for the post-retirement medical aid liability for the period ended 31 December 2017 are disclosed in note 15.1. Changes in assumptions may result in changes in the recognised provision for post-retirement medical aid liability.

**28.3 Depreciation of property, plant and equipment**

Depreciation on assets is calculated using the straight-line method to write off the cost less residual values over their estimated useful lives. The residual values and useful lives of assets are reviewed, and adjusted if not appropriate, at each reporting date.

**28.4 Pension fund obligations**

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The University determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 15.2.

**28.5 Impairment of related party loan**

Management assesses financial assets for impairment at each year end. If the asset's fair value is below cost and considered to be significant or prolonged an impairment will be recognized in the statement of comprehensive income. The impairment assessment with regards to the loan receivable from Photovoltaic Technology Intellectual Property (Pty) Ltd requires significant judgement. The reason that the full loan was not impaired is because the University expects to recover the remaining R13.7m. Photovoltaic Technology Intellectual Property (Pty) Ltd currently has an offer to purchase their investment property which makes the outstanding loan recoverable.

**28.6 Critical judgements applying the University's accounting policies**

The University follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgement. In making this judgement, the group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

**28.7 Residual values and useful lives of assets**

The residual values and useful lives of assets are reviewed, and adjusted, if appropriate, at the end of each reporting period. Any changes in useful lives, are accounted for as a change in estimate with the depreciation charge adjusted in the current year. The adjustments only apply to assets which still had a book value at the time of adjustment.

The useful life of all zero value assets is reviewed on an ongoing basis.

### 30 Contingencies

#### 30.1 The City of Johannesburg

The University has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for in (note 24).

A contingent liability exists with regards to The City of Johannesburg for incorrect allocation of charges and charges not billed towards the University's account. The University has performed a calculation in respect of unbilled charges which City of Johannesburg has not charged the University for services consumed. A contingent asset exist with regards to City of Johannesburg municipality for incorrect charges billed towards the University's account.

During 2017 the University staff met with the Member of Mayoral Committee (MMC Finance) and several other directors from the municipality to resolve all queries but with little success. The University will negotiate an escalation process in 2018 again with City of Johannesburg to ensure all queries are resolved within a reasonable period.

	Consolidated		University	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Incorrect allocation of charges	7 657	8 262	7 657	8 262
Rates and services not billed	34 289	28 094	34 289	28 094
Incorrect charges to be claimed back	(1 208)	(3 668)	(1 208)	(3 668)
<b>Net contingent liability</b>	<b>40 738</b>	<b>32 688</b>	<b>40 738</b>	<b>32 688</b>

#### 30.2 Employee Tax

A contingent liability of R25 million exists as a result of incorrect calculation of employees tax deducted and paid to the South African Revenue Services (SARS) during the year. The University has since filed a Voluntary Disclosure Programme (VDP) with SARS in this regard and we await a response. Once it has been established that the University is responsible for the tax liability, the University will recover the full amount from the employees affected. The University is of the opinion that this poses no material financial risk as the amount owing is fully recoverable.

### 31 Prior period restatement

#### 31.1 Reclassification of Receipts

Student receipts that are not directly attributable to student debt were previously classified and included under "Trade receivables and prepayments". These receipts have been reclassified and included in "Trade payables, accruals and other liabilities" in the current financial statements, to enhance the presentation in the financial statements.

##### Summary of restatement - Consolidated 2016

	Reported 2016 R'000	Reclassification of Receipts Adjustments R'000	Consolidated 2016 Restated R'000
<b>Statement of Financial Position items:</b>			
Current assets: Trade receivables and prepayments - Student fees	69 241	133 966	203 207
Current liabilities: Trade payables, accruals and other liabilities	380 363	133 966	514 329

##### Summary of restatement - University 2016

	Reported 2016 R'000	Reclassification of Receipts Adjustments R'000	Consolidated 2016 Restated R'000
<b>Statement of Financial Position items:</b>			
Current assets: Trade receivables and prepayments - Student fees	62 286	133 966	196 252
Current liabilities: Trade payables, accruals and other liabilities	364 197	133 966	498 163

##### Summary of restatement - Consolidated 2015

	Reported 2015 R'000	Reclassification of Receipts Adjustments R'000	Consolidated 2015 Restated R'000
<b>Statement of Financial Position items:</b>			
Current assets: Trade receivables and prepayments - Student fees	86 959	129 537	216 496
Current liabilities: Trade payables, accruals and other liabilities	387 758	129 537	517 295

##### Summary of restatement - University 2015

	Reported 2015 R'000	Reclassification of Receipts Adjustments R'000	Consolidated 2015 Restated R'000
<b>Statement of Financial Position items:</b>			
Current assets: Trade receivables and prepayments - Student fees	80 816	129 537	210 353
Current liabilities: Trade payables, accruals and other liabilities	394 114	129 537	523 651

31.2 Restated Consolidated And Separate Statement of Financial Position As At 31 December 2015

	Consolidated 2015 R'000	University 2015 R'000
<b>ASSETS</b>		
<b>Non-current assets</b>	<b>5 478 757</b>	<b>4 772 392</b>
Property, plant and equipment	2 075 547	2 000 147
Intangible assets	14 669	3 644
Investments in subsidiaries, associates and joint ventures	56 852	185 852
Available-for-sale financial assets	3 278 457	2 529 517
Long term employee benefits	53 232	53 232
<b>Current Assets</b>	<b>533 261</b>	<b>508 363</b>
Inventories	6 826	6 826
Trade receivables and prepayments	320 099	309 582
- Students fees	216 496	210 353
- Other receivables	103 603	99 229
Cash and cash equivalents	206 336	191 955
<b>Total Assets</b>	<b>6 012 018</b>	<b>5 280 755</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
<b>Non-distributable reserves</b>	<b>2 599 873</b>	<b>2 479 800</b>
Funds invested in property, plant and equipment	1 983 085	1 999 268
Non-current investment revaluation	616 788	480 532
<b>Reserve funds</b>	<b>2 432 171</b>	<b>1 839 784</b>
<i>Restricted use funds</i>	<i>1 055 673</i>	<i>440 520</i>
Student residences funds	85 774	84 401
Trust/donor/bursary funds	969 899	356 119
<i>Unrestricted use funds</i>	<i>1 376 498</i>	<i>1 399 264</i>
Designated/committed funds	20 036	56 624
Undesignated funds	1 356 462	1 342 640
Non-Controlling interest	2 223	-
<b>Total Equity</b>	<b>5 034 267</b>	<b>4 319 584</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>	<b>273 510</b>	<b>254 513</b>
Trade payables, accruals and other liabilities	-	-
Borrowings	22 938	3 941
Long term employee benefit obligations	250 572	250 572
<b>Current liabilities</b>	<b>704 241</b>	<b>706 658</b>
Trade payables, accruals and other liabilities	517 295	523 651
Student deposits and accounts in credit	105 739	105 739
Borrowings	4 519	580
Deferred revenue	76 688	76 688
<b>Total Liabilities</b>	<b>977 751</b>	<b>961 171</b>
<b>Total Equity and Liabilities</b>	<b>6 012 018</b>	<b>5 280 755</b>

31.3 Restatement of Executive Remuneration

The "Executive Remuneration" note for 2016 has been restated in the current year.

Summary of restatement - 2016

	Reported 2016	Adjustments	2016 Restated
Executive Remuneration - Total	58 618 788	2 077 769	60 696 557

**SUPPLEMENTARY CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017**

<b>CONSOLIDATED</b>		<b>Notes</b>	<b>Council controlled – unrestricted</b>	<b>Specifically funded activities – restricted</b>	<b>Sub total</b>	<b>Student and Staff accommodation – restricted</b>	<b>Total 2017</b>	<b>Total 2016</b>
			<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>2017</b>	<b>Total income</b>		3 829 354	509 741	4 339 095	184 363	4 523 458	4 299 753
	<b>Recurring items</b>		3 829 272	509 741	4 339 013	184 363	4 523 376	4 299 698
	State appropriations – subsidies and grants	<b>16</b>	1 720 674	-	1 720 674	-	1 720 674	1 633 506
	Tuition and other fee income	<b>17</b>	1 506 974	4 629	1 511 603	179 345	1 690 948	1 601 729
	Income from contracts		52 698	178 857	231 555	255	231 810	226 323
	For research	<b>21</b>	39 736	166 997	206 733	255	206 988	196 900
	For other activities		12 962	11 860	24 822	-	24 822	29 423
	Sales of goods and services	<b>21</b>	133 465	48 002	181 467	2 853	184 320	285 213
	Private gifts and grants	<b>21</b>	69 889	205 840	275 729	-	275 729	209 652
	<b>Sub-total</b>		3 483 700	437 328	3 921 028	182 453	4 103 481	3 956 423
	Income from investments	<b>22</b>	298 379	70 695	369 074	177	369 251	302 803
	Share of profit/(loss) in Associate	<b>5</b>	-	-	-	-	-	(5 987)
	Finance income	<b>23</b>	47 193	1 718	48 911	1 733	50 644	46 459
	<b>Non-recurring items</b>							
	Profit/(loss) on disposal of PPE	<b>21</b>	82	-	82	-	82	55

**SUPPLEMENTARY CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	Council controlled – unrestricted	Specifically funded activities – restricted	Sub total	Student and Staff accommodation – restricted	Total 2017	Total 2016
		R'000	R'000	R'000	R'000	R'000	R'000
<b>CONSOLIDATED</b>							
<b>2017</b>							
<b>Total expenditure</b>		3 623 320	468 198	4 091 518	174 851	4 266 369	3 971 087
<b>Recurring items</b>		3 569 544	464 746	4 034 290	172 553	4 206 843	3 905 710
Personnel		2 261 741	112 917	2 374 658	23 632	2 398 290	2 148 214
Academic professional	14	1 210 484	60 433	1 270 917	12 648	1 283 565	1 149 724
Other personnel	14	1 051 257	52 484	1 103 741	10 984	1 114 725	998 490
Other current operating expenses	18	942 318	56 225	998 543	133 366	1 131 909	1 324 126
Depreciation	3	71 410	20 041	91 451	12 973	104 424	105 660
Amortisation of software	4	3 705	3 675	7 380	93	7 473	4 043
Bursaries	19	199 364	271 440	470 804	255	471 059	330 537
<b>Sub-total</b>		3 478 538	464 298	3 942 836	170 319	4 113 155	3 912 580
Finance costs	23	4 241	293	4 534	2 234	6 768	1 739
Impairment (gains)/losses	20	86 765	155	86 920	-	86 920	(8 609)
<b>Non-recurring items</b>							
Capital expenditure expensed	18	53 776	3 452	57 228	2 298	59 526	65 377
<b>Surplus/(Deficit) for the year</b>		<b>206 034</b>	<b>41 543</b>	<b>247 577</b>	<b>9 512</b>	<b>257 089</b>	<b>328 666</b>
Other comprehensive income							
Fair value adjustments on available-for-sale financial assets	6	164 902	-	164 902	-	164 902	(178 042)
Actuarial gains and losses on defined benefit plans	15	14 652	-	14 652	-	14 652	9 778
<b>Total comprehensive income for the year</b>		<b>385 588</b>	<b>41 543</b>	<b>427 131</b>	<b>9 512</b>	<b>436 643</b>	<b>160 402</b>



**SUPPLEMENTARY CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	Council controlled – unrestricted	Specifically funded activities – restricted	Sub total	Student and Staff accommodation – restricted	Total 2017	Total 2016
		R '000	R '000	R '000	R '000	R '000	R '000
<b>UNIVERSITY</b>							
<b>2017</b>							
<b>Total income</b>							
Recurring items							
State appropriations – subsidies and grants	16	3 829 353	416 891	4 246 244	171 881	4 418 125	4 241 964
Tuition and other fee income	17	3 829 271	416 891	4 246 162	171 881	4 418 043	4 241 908
Income from contracts		1 720 674	-	1 720 674	-	1 720 674	1 633 506
For research		1 506 974	4 629	1 511 603	167 058	1 678 661	1 592 552
For other activities	21	52 698	178 857	231 555	255	231 810	226 323
		39 736	166 997	206 733	255	206 988	196 900
		12 962	11 860	24 822	-	24 822	29 423
Sales of goods and services	21	133 465	14 611	148 076	2 853	150 929	294 105
Private gifts and grants	21	69 889	205 829	275 718	-	275 718	209 364
<b>Sub-total</b>		3 483 700	403 926	3 887 626	170 166	4 057 792	3 955 850
Income from investments	22	298 378	12 284	310 662	177	310 839	247 506
Share of profit/(loss) in Associate	5	-	-	-	-	-	(5 987)
Finance income	23	47 193	681	47 874	1 538	49 412	44 539
<b>Non-recurring items</b>							
Profit/(loss) on disposal of PPE	21	82	-	82	-	82	56

**SUPPLEMENTARY CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017**

**UNIVERSITY**

	Notes	Council controlled – unrestricted	Specifically funded activities – restricted	Sub total	Student and Staff accommodation – restricted	Total 2017	Total 2016
		R'000	R'000	R'000	R'000	R'000	R'000
<b>2017</b>							
<b>Total expenditure</b>		3 694 470	364 891	4 059 361	161 649	4 221 010	3 973 168
<b>Recurring items</b>		3 640 694	361 690	4 002 384	159 373	4 161 757	3 908 010
Personnel		2 261 741	64 146	2 325 887	23 094	2 348 981	2 098 195
Academic professional	14	1 210 484	34 331	1 244 815	12 360	1 257 175	1 122 954
Other personnel	14	1 051 257	29 815	1 081 072	10 734	1 091 806	975 241
Other current operating expenses	18	1 002 246	4 650	1 006 896	124 624	1 131 520	1 339 695
Depreciation	3	71 410	19 010	90 420	11 307	101 727	102 247
Amortisation of software	4	3 705	2 144	5 849	93	5 942	3 956
Bursaries	19	199 364	271 440	470 804	255	471 059	330 533
<b>Sub-total</b>		3 538 466	361 390	3 899 856	159 373	4 059 229	3 874 626
Finance costs	23	4 242	300	4 542	-	4 542	(1 096)
Other (gains)/losses	20	97 986	-	97 986	-	97 986	34 480
<b>Non-recurring items</b>							
Capital expenditure expensed	18	53 776	3 201	56 977	2 276	59 253	65 158
<b>Surplus/(Deficit) for the year</b>		<b>134 884</b>	<b>52 000</b>	<b>186 883</b>	<b>10 232</b>	<b>197 116</b>	<b>268 796</b>
Other comprehensive income							
Fair value adjustments on available-for-sale financial assets	6	91 414	-	91 414	-	91 414	(140 556)
Actuarial gains and losses on defined benefit plans	15	14 652	-	14 652	-	14 652	9 778
<b>Total comprehensive income for the year</b>		<b>240 950</b>	<b>52 000</b>	<b>292 949</b>	<b>10 232</b>	<b>303 182</b>	<b>138 018</b>