
REPORT CHAIRPERSON OF THE FINANCE COMMITTEE OF COUNCIL

OVERVIEW

Despite a tough economic environment, UJ achieved positive operating results during the year under review. Very tight budgetary controls, NSFAS funding shortfalls, rising utility bills, increase in the cost of higher education and the shift in the socio-economic circumstances of the University's students were some of the factors impacting on the financial results for the year. UJ once again registered more students than expected, which resulted in additional tuition fee income of R59 million in 2014. UJ also received R37 million more government subsidy than budgeted for. Occupancy management at our residences improved, resulting in a collection of R6 million more than budget. Externally generated income was also R36 million more than budget.

The financial principles adopted by UJ clearly state that the University will at all times endeavour to ensure a match between recurring expenses and recurring income and this assisted in managing the finances during the tough times. Non-recurring income is used to finance once-off capital expenditure, to further enhance the overall sustainability of the University and for strategic intervention of a non-recurring nature.

The budget process is strategy-led whereby all faculties and departments are required to indicate their strategic goals, how these goals will ensure goal congruence with University-wide strategic goals and what resources are required to achieve these goals. Once all these inputs are collated, a discussion between the budget owners and the finance budget team deals with detailed issues such as affordability of the budgeted requests and the priorities of the relevant faculty or department in order to reach the desired outcome. When the recurring income budget levels have been determined (ensuring sustainability), a budget proposal is made to the MEC for consideration. On recommendation by the MEC, the Finance Committee of Council will consider the suggested budget and recommend the final approval of the budget to the Council.

As the University moves forward on the implementation of its 2025 Strategic Plan, it is clear that additional income generated from the strong Statement of Financial Position, as well as third-party financial contributions, will remain very important in supporting and funding future strategic initiatives.

The widening gap between funding allocated by NSFAS and demand from students continues to place pressure on the operating results and eventually the reserves of the University. While UJ has contributed R46 million towards this funding gap, the sustainability of this contribution is a concern. The MEC is, on a continual basis, seeking alternatives to fund the difference and is also in discussion with NSFAS and the Department of Higher Education and Training (DoHET) as this is a systemic financial risk. This year saw improved collection of amounts owed to UJ by NSFAS (allocated by DoHET), which provided a relief to the cash flow of the University. However, the recoverability of conduit funding provided by other government entities through NSFAS has become a concern.

Financial control involves monthly reporting to appropriate line managers, approval of all expenses as required by the Finance Committee of Council, an approved Financial and Contract Delegation of Authority Framework and budget control as exercised by relevant financial business partners in the various faculties and departments. To this end continuous internal audits are performed to evaluate the effectiveness of the internal controls.

The 2014 Annual Financial Statements were again prepared to comply with the International Financial Reporting Standards (IFRS) and the Department of Higher Education and Training reporting requirements. UJ achieved an operating surplus on budgeted activities of R120 million (2013: R79 million). A total surplus, before post retirement obligation adjustments, fair value adjustment and after taking investment income into account, of R353 million (2013: R301 million) was achieved. The main drivers for this outperformance include higher-than-expected enrolments, resulting in higher tuition fee income; better-than-expected state subsidy income; improved residence fee income generation; increased external funding and savings on operating expenses.

UJ closely monitors the ratio of remuneration and related expenses (including leave payments, post-retirement medical aid – PRMA – and pension fund liability increases) to recurring income. This ratio is an indication of the operating risk of the institution. During 2014 the actual ratio was 61% (2013:61%). Management is satisfied that this ratio is not too high but continuous efforts are made to manage the ratio.

Reserves were positively impacted by good investment management during the year. In total our investments outperformed the risk-adjusted benchmarks despite the poor economic outlook. Reserves consist of individual research reserves, departmental and faculty reserves, general University reserves, the fair value adjustment on investments, the reserves of the UJ Trust and funds managed on behalf of external parties (mostly bursary funds).

UJ's financial position, as stated in the Statement of Financial Position, reflects the financial control measures implemented in 2014. The MEC is convinced that, based on the financial position, UJ is adequately funded and will be able to successfully execute its mandate in 2015 and beyond.



J.P. Burger (Mr)
Chairperson: Council Finance Committee

CONSOLIDATED
ANNUAL
FINANCIAL
STATEMENTS

FOR THE
YEAR ENDED
31 DECEMBER 2014



UNIVERSITY
OF
JOHANNESBURG

RETHINK. REINVENT.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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STATEMENT OF RESPONSIBILITY OF THE MEMBERS OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2014

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.

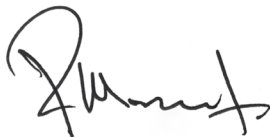
The consolidated and separate financial statements presented in this Annual Report for 2014 have been prepared in accordance with International Financial Reporting Standards, and the requirements of the Higher Education Act of South Africa as amended, and include amounts based on judgements and estimates 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 FINANCIAL STATEMENTS

The consolidated financial statements on the following pages of the Annual Report were approved by the Council on 11 June 2015 and signed on its behalf by:



Roy Marcus (Prof.)
Chairperson of Council



Ihron Rensburg (Prof.)
Vice-Chancellor and Principal



Jaco van Schoor (Mr)
Deputy Vice-Chancellor: Finance



INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF THE UNIVERSITY OF JOHANNESBURG

REPORT ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Introduction

We have audited the consolidated and separate financial statements of the University of Johannesburg and its subsidiaries set out on pages 392 to 445, which comprise the consolidated and separate statement of financial position as at 31 December 2014 and the consolidated and separate statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Council's responsibility for the consolidated and separate financial statements

The Council is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa as amended, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with the Public Audit Act of South Africa, the *general notice* issued in terms thereof and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

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

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

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Management Committee: H Boegman, T P Blandin de Chalaïn, B M Deegan, J G Louw, S N Madikane, P J Mothibe, T D Shango, S Subramoney, A R Tilakdari, F Tonelli
The Company's principal place of business is at 2 Eglin Road, Sunninghill where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg no. 4950174682

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the University of Johannesburg and its subsidiaries as at 31 December 2014, 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, as amended.

Unaudited supplementary schedules

The supplementary information set out on pages 446 to 450 does not form part of the financial statements and is presented as additional information. We have not audited these schedules and, accordingly, we do not report thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the PAA and the general notice issued in terms thereof, we report the following findings on the reported performance information against predetermined objectives for the selected objectives presented in the annual report, non-compliance with legislation as well as internal control. We performed tests to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, we do not express an opinion or conclusion on these matters.

Predetermined objectives

We performed procedures to obtain evidence about the reliability of the reported performance information for the following objectives presented in the annual performance report of the University for the year ended 31 December 2014:

- Objective 1: Research and Innovation;
- Objective 2: Teaching and Learning;
- Objective 3: International Profile;
- Objective 4: Student Experience;
- Objective 5: Reputation Management; and
- Objective 6: Fitness for Purpose.

We evaluated the reported performance information against the overall criteria reliability.

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

We did not raise any material findings on the reliability of the reported performance information for the selected objectives.

Compliance with legislation

We performed procedures to obtain evidence that the University has complied with applicable laws and regulations regarding financial matters, financial management and other related matters.

We did not identify any instances of material non-compliance with specific matters in the Higher Education Act of South Africa.

Internal control

We considered internal control relevant to our audit of the financial statements, the Institutional Scorecard and compliance with legislation.

We did not identify any significant deficiencies in internal control.

Leadership

No matters to report.

Financial and performance management

No matters to report.

Governance

No matters to report.

OTHER REPORTS

Investigations

We were not engaged to conduct any investigations.

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 in relation to 2014/2015:

Entity name/ engagement	Purpose of the engagement	Period covered
Loans guaranteed by the state	Agreeing interest and capital amounts outstanding for loans received from the National Government.	1 January 2014 - 31 December 2014
National Research Foundation	Agreeing the deposits, expensed amounts and additional funding to supporting documentation.	1 January 2014 - 31 December 2014
Interest and Redemption Claim	Agreeing the interest claim per the university loan schedule to that of the ITS system.	1 January 2015 - 31 March 2015
DHET Infrastructure Grant	Agreeing payments and expenditure to supporting documentation.	1 April 2014 - 31 March 2015
University of Johannesburg Metropolitan Academy expense	Agreeing payments and expenditure to supporting documentation.	1 April 2014 - 31 March 2015
Mintek	Agreeing payments and expenditure to supporting documentation.	1 April 2014 - 31 March 2015
Water Research Commission	Agreeing payments and expenditure to supporting documentation.	1 April 2014 - 31 March 2015
Teaching Development Grant	Agreeing payments and expenditure to supporting documentation.	1 April 2014 - 31 March 2015



Health Sciences Infrastructure Grant	Agreeing payments and expenditure to supporting documentation.	1 April 2014 - 31 March 2015
Research Articles Grant	Agreeing the existence of the articles and publications to authorised publications.	1 January 2014 - 31 December 2014
Technology Innovation Agency Funding	Agreeing payments and expenditure to supporting documentation.	1 April 2014 - 31 March 2015
National Language Service (DAC)	Agreeing payments and expenditure to supporting documentation.	1 January 2014 - 31 December 2014
Childhood Education Grant	Agreeing payments and expenditure to supporting documentation.	01 January 2011 – 31 March 2014
DHET Research and Development Grant	Agreeing payments and expenditure to supporting documentation.	1 April 2014 - 31 March 2015
Foundation Grant	Agreeing payments and expenditure to supporting documentation.	1 April 2014 - 31 March 2015
Technology and Human Resources for Industry Programme (THRIP)	Agreeing the deposits, expensed amounts and additional funding to supporting documentation.	1 April 2014 - 31 March 2015

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: D.A. Desai

Registered Auditor

Johannesburg

19 June 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

		Consolidated		University	
	Notes	2014 R'000	2013 R'000	2014 R'000	2013 R'000
ASSETS					
Non-current assets		5 251 004	4 771 249	5 287 195	4 796 056
Property, plant and equipment	3	1 983 839	1 645 916	1 920 528	1 578 244
Intangible assets	4	11 078	5 614	7 968	4 553
Investment in associates and joint ventures	5	82 614	83 212	82 614	83 212
Available-for-sale financial assets	6	3 107 758	2 967 826	3 210 370	3 061 366
Other long term employee benefits	15	65 715	68 681	65 715	68 681
Current Assets		436 609	535 890	421 162	529 227
Inventories	7	4 197	4 270	4 197	4 270
Trade receivables and prepayments	8	176 781	306 140	175 256	304 106
- Students fees		106 037	237 860	106 037	237 860
- Other receivables		70 744	68 280	69 219	66 246
Cash and cash equivalents	9	255 631	225 480	241 709	220 851
Total Assets		5 687 613	5 307 139	5 708 357	5 325 283
EQUITY AND LIABILITIES					
EQUITY					
Non-distributable reserves		2 488 667	2 189 796	2 492 250	2 189 795
Funds invested in property, plant and equipment		1 893 778	1 547 819	1 897 361	1 547 818
Non-current investment revaluation		594 889	641 977	594 889	641 977
Reserve funds		2 222 071	2 263 263	2 237 916	2 271 825
<i>Restricted use funds</i>		<i>990 746</i>	<i>924 187</i>	<i>990 746</i>	<i>924 187</i>
Student residences funds		75 715	68 858	75 715	68 858
Trust/donor/bursary funds		915 031	855 329	915 031	855 329
<i>Unrestricted use funds</i>		<i>1 231 325</i>	<i>1 339 076</i>	<i>1 247 170</i>	<i>1 347 638</i>
Designated/committed funds		152 188	36 602	168 033	45 164
Undesignated funds		1 079 137	1 302 474	1 079 137	1 302 474
Total Equity		4 710 738	4 453 059	4 730 166	4 461 620
LIABILITIES					
Non-current liabilities		378 862	300 051	378 862	300 051
Borrowings	10	27 285	31 611	27 285	31 611
Deferred revenue	12	117 364	98 153	117 364	98 153
Long term employee benefit obligation	15	234 213	170 287	234 213	170 287
Current liabilities		598 013	554 029	599 329	563 612
Trade payables, accruals and other liabilities	13	405 978	353 736	407 294	362 631
Student deposits and income received in advance	11	111 498	101 027	111 498	101 715
Borrowings	10	3 849	3 367	3 849	3 367
Deferred revenue	12	76 688	95 899	76 688	95 899
Total Liabilities		976 875	854 080	978 191	863 663
		5 687 613	5 307 139	5 708 357	5 325 283

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2014

		Consolidated		University	
	Notes	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Revenue		2 919 072	2 629 557	2 913 211	2 627 974
State appropriations - subsidies and grants		1 389 135	1 303 513	1 389 135	1 303 513
Tuition and other fee income	16	1 412 080	1 212 996	1 412 128	1 212 996
Research income		117 857	113 048	111 948	111 465
Other operating income	19	265 229	281 038	263 660	279 600
Operating income		3 184 301	2 910 595	3 176 871	2 907 574
Personnel costs	14	(1 844 026)	(1 647 900)	(1 817 208)	(1 630 930)
Depreciation	3	(89 801)	(79 197)	(88 017)	(78 865)
Amortisation	4	(8 664)	(2 443)	(8 611)	(2 407)
Bursaries	18	(234 736)	(204 807)	(234 703)	(204 807)
Other operating expenses	17	(1 049 558)	(949 062)	(1 061 865)	(960 548)
Operating surplus/(deficit)		(42 484)	27 186	(33 533)	30 017
Share of profit/(loss) of associate	5	(2 571)	(2 184)	(2 571)	(2 184)
Income from investments	20	384 707	281 737	384 707	281 737
Finance income	21	18 150	12 594	18 015	11 906
Finance costs	21	(18 024)	(18 364)	(18 024)	(18 364)
Other gains/(losses)	6	(9 427)	-	(9 427)	-
Surplus for the year		330 351	300 969	339 167	303 112
Other comprehensive income/(loss)					
<i>Items that may be subsequently reclassified to profit or loss</i>					
Fair value adjustments on available-for-sale financial assets	6	(47 088)	269 869	(47 088)	269 869
<i>Items that will not be subsequently reclassified to profit or loss</i>					
Actuarial gains and losses on defined benefit plans	15	(25 718)	33 867	(25 718)	33 867
Total comprehensive income for the year		257 545	604 705	266 361	606 848

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

Consolidated	Undesignated Funds R'000	Designated / Committed Funds R'000	Total Unrestricted use funds R'000	Trust / Donor / Bursaries Funds R'000	Student Residence Funds R'000	Total Restricted use funds R'000	Non-Current Investment Revaluation R'000	Funds invested in Property, Plant and Equipment R'000	TOTAL R'000
Balance as at 01 January 2014	1 302 474	36 602	1 339 076	855 329	68 858	924 187	641 977	1 547 819	4 453 059
Share of Profit / Loss in associate 2013	2 184	-	2 184	-	-	-	-	-	2 184
Surplus for the year	1 304 658	36 602	1 341 260	855 329	68 858	924 187	641 977	1 547 819	4 455 243
Other comprehensive income/(loss)	197 311	-	197 311	124 514	8 526	133 040	-	-	330 351
Transfers	(25 718)	-	(25 718)	-	-	-	(47 088)	-	(72 806)
	(397 114)	115 586	(281 528)	(64 812)	(1 689)	(66 481)	-	345 959	(2 050)
Balance as at 31 December 2014	<u>1 079 137</u>	<u>152 188</u>	<u>1 231 325</u>	<u>915 031</u>	<u>75 715</u>	<u>990 746</u>	<u>594 889</u>	<u>1 893 778</u>	<u>4 710 738</u>
Balance as at 01 January 2013	1 059 533	418 404	1 477 937	680 972	60 467	741 439	372 108	1 265 700	3 857 184
Previously unrecognised immaterial subsidiaries	-	(3 022)	(3 022)	-	-	-	-	-	(3 022)
Surplus for the year	1 059 533	415 382	1 474 915	680 972	60 467	741 439	372 108	1 265 700	3 854 162
Other comprehensive income	202 595	-	202 595	89 982	8 392	98 374	-	-	300 969
Transfers	33 867	-	33 867	-	-	-	269 869	-	303 736
	6 479	(378 780)	(372 303)	84 375	(1)	84 375	-	282 119	(5 808)
Balance as at 31 December 2013	<u>1 302 474</u>	<u>36 602</u>	<u>1 339 074</u>	<u>855 329</u>	<u>68 858</u>	<u>924 188</u>	<u>641 977</u>	<u>1 547 819</u>	<u>4 453 059</u>

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.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

University	Undesignated Funds R'000	Designated / Committed Funds R'000	Total Unrestricted use funds R'000	Trust / Donor / Bursaries Funds R'000	Student Residence Funds R'000	Total Restricted use funds R'000	Non-Current Investment Revaluation R'000	Funds invested in Property, Plant and Equipment R'000	TOTAL R'000
Balance as at 01 January 2014	1 302 474	45 164	1 347 638	855 329	68 858	924 187	641 977	1 547 818	4 461 620
Share of Profit / Loss in associate 2013	2 184	-	2 184	-	-	-	-	-	2 184
Surplus for the year	1 304 658	45 164	1 349 822	855 329	68 858	924 187	641 977	1 547 818	4 463 804
Other comprehensive income	197 308	-	197 308	133 333	8 526	141 859	-	-	339 167
Transfers	(25 718)	-	(25 718)	-	-	-	(47 088)	-	(72 806)
	(397 111)	122 869	(274 243)	(73 631)	(1 669)	(75 300)	-	349 543	-
Balance as at 31 December 2014	1 079 137	168 033	1 247 170	915 031	75 715	990 746	594 889	1 897 361	4 730 166
Balance as at 01 January 2013	1 059 533	418 404	1 477 937	680 972	60 467	741 439	372 108	1 265 700	3 857 184
Previously unrecognised immaterial subsidiaries	-	3 400	3 400	-	-	-	-	-	3 400
Surplus for the year	1 059 533	421 804	1 481 337	680 972	60 467	741 439	372 108	1 265 700	3 860 584
Other comprehensive income	202 597	-	202 597	92 123	8 392	100 515	-	-	303 112
Transfers	28 058	-	28 058	-	-	-	269 869	-	297 927
	12 286	(376 640)	(364 351)	82 234	(1)	82 233	-	282 118	-
Balance as at 31 December 2013	1 302 474	45 164	1 347 638	855 329	68 858	924 187	641 977	1 547 818	4 461 620

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.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

		Consolidated		University	
	Notes	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Cash flows from operating activities					
Cash generated from/(utilised in) operations	23	325 944	221 090	324 283	235 173
Finance cost	21	(18 024)	(18 364)	(18 024)	(18 364)
Finance income	21	18 150	12 594	18 015	11 906
Net cash generated from operating activities		326 070	215 320	324 274	228 715
Cash flows from investing activities					
Purchases of property, plant and equipment	3	(428 553)	(431 114)	(431 165)	(363 032)
Proceeds from disposal of property, plant and equipment	23	846	7 268	846	7 190
Purchases of intangible assets	4	9 706	(3 995)	11 793	(2 898)
Purchase of investments	6	(1 103 818)	(1 847 860)	(1 112 891)	(1 941 401)
Proceeds from sale of available-for-sale financial assets	6	1 107 101	1 949 677	1 109 202	1 956 093
(Increase) in loan to associate	25	(2 000)	(29 700)	(2 000)	(29 700)
Interest income	20	83 687	76 155	83 687	76 155
Dividends received	20	40 956	37 064	40 956	37 064
Net cash (outflow) from investing activities		(292 075)	(242 505)	(299 572)	(260 529)
Cash flows from financing activities					
Increase/(Decrease) in government grant	12	-	67 634	-	67 634
Repayments of borrowings	10	(3 844)	(4 379)	(3 844)	(4 379)
Net cash inflow/(outflow) from financing activities		(3 844)	63 255	(3 844)	63 255
Net increase in cash and cash equivalents		30 151	36 070	20 858	31 441
Cash and cash equivalents at beginning of the year		225 480	189 410	220 851	189 410
Cash and cash equivalents at end of the year	9	255 631	225 480	241 709	220 851

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1 General information

The consolidated and separate financial statements were authorised for issue by the Council on 11 June 2015.

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.

2.1 Basis of presentation

The consolidated 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 financial statements are disclosed in note 24.

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.

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 financial statements.

2.1.2 Changes in accounting policies and disclosures

a) During the year, the following IFRS, amendments and interpretations of IFRS became effective:

Amendments to IAS 32 – Financial Instruments: Presentation (01 January 2014) - The IASB has issued amendments to the application guidance in IAS 32, 'Financial instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. However, the clarified offsetting requirements for amounts presented in the statement of financial position continue to be different from US GAAP.

Amendments to IFRS 10, consolidated financial statements', IFRS 12 and IAS 27 for investment entities (01 January 2014) - The amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics.

IASB issues narrow-scope amendments to IAS 36, 'Impairment of assets' (01 January 2014) - These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal.

Amendment to IAS 19 regarding defined benefit plan (01 July 2014) - These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

Amendment to IFRS 3, 'Business combinations' (01 July 2014) - The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, 'Financial instruments: Presentation'. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Consequential changes are also made to IFRS 9, IAS 37 and IAS 39.

IAS 16, 'Property, plant and equipment', and IAS 38, 'Intangible assets' (01 July 2014) - Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount.

The split between gross carrying amount and accumulated depreciation is treated in one of the following ways:

- either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or
- the accumulated depreciation is eliminated against the gross carrying amount.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

2.1.2 Changes in accounting policies and disclosures (continued)

IAS 24, 'Related party disclosures' (01 July 2014) - The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity')

IFRS 13, 'Fair value measurement' (01 July 2014) - The amendment clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.

IAS 40, 'Investment property' (01 July 2014) - The standard is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.

IFRS 3, 'Business combinations' (01 July 2014) - The standard is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the consolidated and separate financial statements of the joint arrangement itself.

Amendment to IFRS 13, 'Fair value measurement' (01 July 2014) - When IFRS 13 was published, paragraphs B5.4.12 of IFRS 9 and AG79 of IAS 39 were deleted as consequential amendments. This led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases.

IFRIC 21 – Accounting for levies. (01 January 2014) - IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses diversity in practice around when the liability to pay a levy is recognised.

2.1.3 Changes in accounting policies and disclosures - not yet effective

IFRS 9 – Financial Instruments (2009) (01 January 2018) - This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

IFRS 9 – Financial Instruments (2010) (01 January 2018) - The IASB has issued IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss.

Amendments to IFRS 9 – Financial Instruments (2011) (01 January 2018) - The IASB has published an amendment to IFRS 9, 'Financial instruments' that delays the effective date to annual periods beginning on or after 1 January 2018. The original effective date was for annual periods beginning on or after from 1 January 2013. This amendment is a result of the board extending its timeline for completing the remaining phases of its project to replace IAS 39 (for example, impairment and hedge accounting) beyond June 2011, as well as the delay in the insurance project. The amendment confirms the importance of allowing entities to apply the requirements of all the phases of the project to replace IAS 39 at the same time. The requirement to restate comparatives and the disclosures required on transition have also been modified.

Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation. (01 January 2016) - This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation. (01 January 2016) - In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

IFRS 15 – Revenue from contracts with customers. (01 January 2017) - The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It 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.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (01 January 2016) - This is an amendment to the changes in methods of disposal - Assets (or disposal groups) are generally disposed of either through sale or through distribution to owners. The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

IFRS 7 – Financial Instruments; Disclosures (01 January 2016) - Applicability of the offsetting disclosures to condensed interim financial statements.

The amendment removes the phrase 'and interim periods within those annual periods' from paragraph 44R, clarifying that these IFRS 7 disclosures are not required in the condensed interim financial report. However, the Board noted that IAS 34 requires an entity to disclose '[...] an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period'. Therefore, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, the Board would expect the disclosures to be included in the entity's condensed interim financial report.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

2.1.3 Changes in accounting policies and disclosures - not yet effective (continued)

IFRS 7 – Financial Instruments; Disclosures (01 January 2016) - Servicing contracts - The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required.

IAS 19 – Employee Benefits (01 January 2016) - Discount rate: regional market issue - The amendment to IAS 19 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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 institution.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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) Transaction 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.

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
Lifts	40 years
Air conditioners and air-conditioner plants	15 years
Gas boilers	15 years
Electric generators	15 years
Furniture and equipment	10 years
Computer equipment	5 years
Vehicles	8 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 it is incurred.

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 profit.

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.

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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 consolidated 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 assets are 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% of the value of the investment 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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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.

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.

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014**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, period in which they need to be spent, 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, period in which they need to be spent, 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, period in which they need to be spent, 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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014**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 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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

3 Property, plant and equipment

Consolidated	Vehicles	Network & Mainframe computer equipment		Computer equipment	Furniture & equipment	Electric generators	Gas boilers	Air conditioners and plants	Lifts	Buildings	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
2014											
Cost as at 1 January 2014	39 602	48 851	31 830	302 458	14 977	597	33 434	20 623	1 631 667	2 124 039	
Additions during the year	4 755	17 678	2 182	78 324	1 812	-	10 822	19 086	293 894	428 553	
Adjustment	-	-	-	(2)	-	-	-	-	79	77	
Reclassifications	-	-	-	(481)	303	-	54	-	(52)	(176)	
Disposals during the year	(693)	(6 588)	(3 839)	(1 790)	-	-	(2 900)	(141)	(47)	(15 998)	
Cost as at 31 December 2014	43 664	59 941	30 173	378 509	17 092	597	41 410	39 568	1 925 541	2 536 495	
Accumulated depreciation											
Accumulated depreciation as at 1 January 2014	(17 081)	(22 508)	(22 990)	(107 439)	(7 199)	(435)	(10 315)	(7 752)	(282 404)	(478 123)	
Current year depreciation	(5 945)	(12 772)	(3 799)	(32 829)	(1 483)	(31)	(2 665)	(606)	(29 771)	(89 801)	
Depreciation on disposal made during the year	(5)	-	(57)	(17)	-	-	(15)	-	-	(94)	
Depreciation on reclassifications	384	6 588	3 473	1 327	(4)	-	2 900	141	553	15 362	
Accumulated depreciation as at 31 December 2014	(22 547)	(28 692)	(23 373)	(138 958)	(8 686)	(466)	(10 095)	(8 217)	(311 622)	(552 656)	
Net carrying amount											
Cost as at 31 December 2014	43 664	59 941	30 173	378 509	17 092	597	41 410	39 568	1 925 541	2 536 495	
Accumulated depreciation as at 31 December 2014	(22 547)	(28 692)	(23 373)	(138 958)	(8 686)	(466)	(10 095)	(8 217)	(311 622)	(552 656)	
Net carrying amount as at 31 December 2014	21 117	31 250	6 800	239 551	8 406	131	31 315	31 351	1 613 919	1 983 839	
Assets with zero net carrying value as at 31 December 2014 included above at cost, but still in use	6 698	5 679	14 090	10 687	1 800	288	2 677	777	23 605	66 301	
Assets under construction, that are included in the balances above	(24)	-	50	25 942	-	-	-	-	352 975	378 943	

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

As of 31 December 2014, assets to the amount of R448 803 (2013: R448 803) were capitalised and written off in full as a result of government grants received.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

3 Property, plant and equipment

Consolidated	Vehicles R'000	Network & Mainframe computer equipment		Computer equipment R'000	Furniture & equipment R'000	Electric generators R'000	Gas boilers R'000	Air conditioners and plants R'000	Lifts R'000	Buildings R'000	Total R'000
		R'000	R'000								
2013											
Cost as at 1 January 2013	24 421	36 577	30 633	233 292	13 811	597	18 456	9 138	1 341 399	1 708 324	
Additions during the year	15 489	16 140	3 122	51 188	-	-	14 298	11 485	318 103	429 825	
Adjustment	120	-	580	423	-	-	-	-	166	1 289	
Reclassifications	-	-	-	25 159	1 166	-	680	-	(27 005)	-	
Disposals during the year	(428)	(3 866)	(2 505)	(7 604)	-	-	-	-	(996)	(15 399)	
Cost as at 31 December 2013	39 602	48 851	31 830	302 458	14 977	597	33 434	20 623	1 631 667	2 124 039	
Accumulated depreciation											
Accumulated depreciation as at 1 January 2013	(11 831)	(18 366)	(20 348)	(79 750)	(5 472)	(399)	(9 011)	(2 437)	(259 617)	(407 231)	
Current year depreciation	(5 552)	(8 008)	(5 068)	(28 018)	(968)	(36)	(1 074)	(5 315)	(25 158)	(79 197)	
Depreciation on disposal made during the year	302	3 866	2 413	1 702	-	-	-	-	22	8 305	
Depreciation on reclassifications	-	-	13	(1 373)	(759)	-	(230)	-	2 349	-	
Accumulated depreciation as at 31 December 2013	(17 081)	(22 508)	(22 990)	(107 439)	(7 199)	(435)	(10 315)	(7 752)	(282 404)	(478 123)	
Net carrying amount											
Cost as at 31 December 2013	39 602	48 851	31 830	302 458	14 977	597	33 434	20 623	1 631 667	2 124 039	
Accumulated depreciation as at 31 December 2013	(17 081)	(22 508)	(22 990)	(107 439)	(7 199)	(435)	(10 315)	(7 752)	(282 404)	(478 123)	
Net carrying amount as at 31 December 2013	22 521	26 344	8 840	195 019	7 778	162	23 119	12 871	1 349 263	1 645 916	
Assets with zero net carrying value as at 31 December 2013 included above at cost, but still in use	6 306	8 848	10 816	7 340	1 800	288	5 277	706	3 919	45 300	
Assets under construction, that are included in the balances above	366	939	264	17 250	-	-	-	-	280 965	299 784	

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

As of 31 December 2013, assets to the amount of R448 803 (2012: R443 000) were capitalised and written off in full as a result of government grants received.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

3 Property, plant and equipment

University	Vehicles	Network & Mainframe computer equipment		Computer equipment	Furniture & equipment	Electric generators	Gas boilers	Air conditioners and plants	Lifts	Buildings	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
2014											
Cost as at 1 January 2014	39 304	48 851	30 909	300 762	14 977	597	33 434	20 623	1 566 579	2 056 036	
Additions during the year	6 136	17 678	1 736	78 262	1 811	-	10 822	19 086	295 634	431 165	
Adjustment	-	-	-	-	-	-	-	-	-	-	
Reclassifications	-	-	-	(481)	303	-	54	-	(52)	(176)	
Disposals during the year	(693)	(6 588)	(3 839)	(1 790)	-	-	(2 900)	(141)	(47)	(15 998)	
Cost as at 31 December 2014	44 747	59 941	28 806	376 753	17 091	597	41 410	39 568	1 862 114	2 471 027	
Accumulated depreciation											
Accumulated depreciation as at 1 January 2014	(17 085)	(22 508)	(22 991)	(107 439)	(7 199)	(435)	(10 315)	(7 752)	(282 068)	(477 792)	
Current year depreciation	(5 845)	(12 772)	(3 799)	(32 829)	(1 483)	(31)	(2 665)	(606)	(27 987)	(88 017)	
Depreciation on disposal made during the year	-	-	(56)	(17)	-	-	(15)	-	36	(52)	
Depreciation on reclassifications	384	6 588	3 473	1 327	(4)	-	2 900	141	553	15 362	
Accumulated depreciation as at 31 December 2014	(22 546)	(28 692)	(23 373)	(138 958)	(8 686)	(466)	(10 095)	(8 217)	(309 466)	(550 499)	
Net carrying amount											
Cost as at 31 December 2014	44 747	59 941	28 806	376 753	17 091	597	41 410	39 568	1 862 114	2 471 027	
Accumulated depreciation as at 31 December 2014	(22 546)	(28 692)	(23 373)	(138 958)	(8 686)	(466)	(10 095)	(8 217)	(309 466)	(550 499)	
Net carrying amount as at 31 December 2013	22 201	31 250	5 433	237 795	8 405	131	31 315	31 351	1 552 648	1 920 528	
Assets with zero net carrying value as at 31 December 2014 included above at cost, but still in use	6 698	5 679	14 090	10 687	1 800	288	2 677	777	23 605	66 301	
Assets under construction, that are included in the balances above	(24)	-	50	25 942	-	-	-	-	352 975	378 943	

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

As of 31 December 2014, assets to the amount of R448 803 (2013: R448 803) were capitalised and written off in full as a result of government grants received.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

3 Property, plant and equipment

University	Vehicles	Network & Mainframe computer equipment			Computer equipment	Furniture & equipment	Electric generators	Gas boilers	Air conditioners and plants	Lifts	Buildings	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
2013												
Cost as at 1 January 2013	24 421	36 577	30 633	233 292	13 811	597	18 456	9 138	1 341 399	1 708 324		
Additions during the year	15 191	16 140	2 201	49 492	-	-	14 298	11 485	252 936	361 743		
Adjustment	120	-	580	423	-	-	-	-	166	1 289		
Reclassifications	-	-	-	25 159	1 166	-	680	-	(27 005)	-		
Disposals during the year	(428)	(3 866)	(2 505)	(7 604)	-	-	-	-	(917)	(15 320)		
Cost as at 31 December 2013	39 304	48 851	30 909	300 762	14 977	597	33 434	20 623	1 566 579	2 056 036		
Accumulated depreciation												
Accumulated depreciation as at 1 January 2013	(11 831)	(18 366)	(20 348)	(79 750)	(5 472)	(399)	(9 011)	(2 437)	(259 617)	(407 231)		
Current year depreciation	(5 556)	(8 008)	(5 068)	(28 018)	(968)	(36)	(1 074)	(5 315)	(24 822)	(78 865)		
Depreciation on disposal made during the year	302	3 866	2 412	1 702	-	-	-	-	22	8 304		
Depreciation on reclassifications	-	-	13	(1 373)	(759)	-	(230)	-	2 349	-		
Accumulated depreciation as at 31 December 2013	(17 085)	(22 508)	(22 991)	(107 439)	(7 199)	(435)	(10 315)	(7 752)	(282 068)	(477 792)		
Net carrying amount												
Cost as at 31 December 2013	39 304	48 851	30 909	300 762	14 977	597	33 434	20 623	1 566 579	2 056 036		
Accumulated depreciation as at 31 December 2013	(17 085)	(22 508)	(22 991)	(107 439)	(7 199)	(435)	(10 315)	(7 752)	(282 068)	(477 792)		
Net carrying amount as at 31 December 2013	22 219	26 344	7 918	193 323	7 778	162	23 119	12 871	1 284 511	1 578 244		
Assets with zero net carrying value as at 31 December 2013 included above at cost, but still in use	6 306	8 848	10 816	7 340	1 800	288	5 277	706	3 919	45 300		
Assets under construction, that are included in the balances above	366	939	264	17 250	-	-	-	-	280 965	299 784		

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

As of 31 December 2013, assets to the amount of R448 803 (2012: R443 000) were capitalised and written off in full as a result of government grants received.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

4 Intangible assets

Consolidated	Artwork	Computer Software	Total	Artwork	Computer Software	Total
	2014 R'000	2014 R'000	2014 R'000	2013 R'000	2013 R'000	2013 R'000
Year ended 31 December						
Cost						
Opening cost	1 144	37 072	38 216	1 284	33 022	34 306
Additions	48	14 065	14 113	-	4 177	4 177
Disposal	-	(23 819)	(23 819)	-	(182)	(182)
Adjustment	-	18	18	(140)	56	(84)
Total cost	1 192	27 336	28 528	1 144	37 072	38 216
Amortisation						
Opening balance	-	(32 603)	(32 603)	-	(30 342)	(30 342)
Amortisation charge for the year	-	(8 664)	(8 664)	-	(2 443)	(2 443)
Amortisation on disposals	-	23 816	23 816	-	182	182
Total accumulated amortisation	-	(17 451)	(17 451)	-	(32 603)	(32 603)
Net carrying amount						
Cost as at 31 December	1 192	27 336	28 528	1 144	37 072	38 216
Accumulated depreciation as at 31 December	-	(17 451)	(17 451)	-	(32 603)	(32 603)
Net carrying amount as at 31 December	1 192	9 886	11 078	1 144	4 470	5 614
University						
University	Artwork	Computer Software	Total	Artwork	Computer Software	Total
	2014 R'000	2014 R'000	2014 R'000	2013 R'000	2013 R'000	2013 R'000
Year ended 31 December						
Cost						
Opening cost	1 144	35 976	37 120	1 284	33 022	34 306
Additions	48	11 978	12 026	-	3 080	3 080
Disposal	-	(23 819)	(23 819)	-	(182)	(182)
Adjustment	-	-	-	(140)	56	(84)
Total cost	1 192	24 135	25 327	1 144	35 976	37 120
Amortisation						
Opening balance	-	(32 567)	(32 567)	-	(30 342)	(30 342)
Amortisation charge for the year	-	(8 611)	(8 611)	-	(2 407)	(2 407)
Amortisation on disposals	-	23 819	23 819	-	182	182
Total accumulated amortisation	-	(17 359)	(17 359)	-	(32 567)	(32 567)
Net carrying amount						
Cost as at 31 December	1 192	24 135	25 327	1 144	35 976	37 120
Accumulated depreciation as at 31 December	-	(17 359)	(17 359)	-	(32 567)	(32 567)
Net carrying amount as at 31 December	1 192	6 776	7 968	1 144	3 409	4 553

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

5 Associates and joint ventures

Photovoltaic Intellectual Property (Pty) Ltd (PTIP), is an associate of the University. The company does not share the same year end as the University, their year end is 28 February.

There were no changes to the University's shareholding in PTIP during 2014.

University	Consolidated		University	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Cost of investment – 1 January	9 141	9 141	9 141	9 141
Total loan to associate opening balance	90 171	62 478	90 171	62 478
Additional loan to associate	2 000	29 904	2 000	29 904
Accumulated impairment recognised	(16 127)	(16 127)	(16 127)	(16 127)
Plus: share of associate's post tax profit / (loss)	(2 571)	(2 184)	(2 571)	(2 184)
Less: dividend distributions received	-	-	-	-
Plus/(minus) share of items recognised in other comprehensive income	-	-	-	-
Cost of investment – 31 December	82 614	83 212	82 614	83 212

The University's share of the results of the associate and its aggregate assets and liabilities is as follows:

Assets	45 317	45 142	45 317	45 142
Liabilities	49 927	46 978	49 927	46 978
Revenue	1 312	3 103	1 312	3 103
Profit/(Loss) for the year	(2 571)	451	(2 571)	451

The value of the University's investment in PTIP as at 31 December 2014 is Consolidated R4 386 / University R4 386 (2013: Consolidated R6 957 / University R6 957).

The loan to PTIP has been reclassified to be included in the total Investment in Associate in 2014, Consolidated R76 044 / University R76 044 (2013: Consolidated R74 044 / University R74 044).

6 Available-for-sale financial assets

Consolidated	Cost	Market Value	Cost	Market Value
	2014 R'000	2014 R'000	2013 R'000	2013 R'000
Opening balance 1 January	2 316 931	2 967 825	2 251 785	2 623 649
Cost of additions during the year	1 103 818	1 070 964	1 847 860	1 855 467
Disposals during the year	(874 516)	(874 516)	(1 782 716)	(1 781 159)
Impairment of shares	(9 427)	(9 427)	-	-
Fair value adjustments on available-for-sale financial assets	-	(47 088)	-	269 869
Surplus on disposals reclassified from 'other comprehensive income' to 'Income from investments'	-	(260 063)	-	(168 518)
Increase / (decrease) in market value recognised in other comprehensive income	-	212 975	-	438 387
	2 536 806	3 107 758	2 316 929	2 967 826

Available-for-sale financial assets include the following:

Government bonds and stocks	177 773	179 327	127 000	129 692
Listed - stocks and debentures	365 303	382 008	356 088	372 343
Listed - shares	1 551 639	2 105 433	1 353 403	1 975 063
Fixed deposits	22 632	22 707	18 259	22 930
Unlisted - shares	3 875	3 875	2 075	2 075
Other deposits	408 742	407 567	452 867	458 486
Other loans	1 401	1 401	5 000	5 000
Endowment policies	5 441	5 441	2 237	2 237
	2 536 806	3 107 759	2 316 929	2 967 826

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

6 Available-for-sale financial assets (continued)

University	Cost	Market Value	Cost	Market Value
	2014	2014	2013	2013
	R'000	R'000	R'000	R'000
Opening balance 1 January	2 410 471	3 061 366	2 251 786	2 623 649
Cost of additions during the year	1 112 891	1 080 035	1 941 401	1 949 006
Disposals during the year	(874 516)	(874 516)	(1 782 716)	(1 781 160)
Impairment of shares	(9 427)	(9 427)	-	-
Fair value adjustments on available-for-sale financial assets	-	(47 088)	-	269 871
Surplus on disposals reclassified from 'other comprehensive income' to 'Income from investments'	-	(260 063)	-	(168 517)
Increase / (decrease) in market value recognised in other comprehensive income	-	212 975	-	438 388
	2 639 419	3 210 370	2 410 471	3 061 366

Available-for-sale financial assets include the following:

Government bonds and stocks	177 773	179 327	127 000	129 692
Listed - stocks and debentures	365 303	382 008	356 088	372 343
Listed - shares	1 551 639	2 105 431	1 353 404	1 975 063
Fixed deposits	22 632	22 707	18 259	22 930
Unlisted - shares	83 389	83 389	81 396	81 396
Other deposits	408 742	407 567	452 867	458 485
Other loans	24 500	24 500	19 220	19 220
Endowment policies	5 441	5 441	2 237	2 237
	2 639 419	3 210 370	2 410 471	3 061 366

A register of the investments can be obtained from the University of Johannesburg's Cash Management office. The fair value of the investments is based on the closing market values and other appropriate valuation methodologies, including discounted cash flow analysis, as at 31 December 2014. 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.

In 2014 it was established that shares from Sanlam have been issued to the University in May of 1998 which have not been accounted for previously. These shares have now been accounted for within available-for-sale shares to the amount of Consolidated R9 746 / University R9 746 (2013: Consolidated R0 / University R0) in the current year.

Other gains/(losses)

Impairment indicators were identified at year end which lead to impairment testing of shares. Subsequent to the testing, shares were impaired to the amount of, Consolidated R9 427 / University R9 427 (2013: Consolidated R0 / University R0)

7 Inventories

	Consolidated		University	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Consumables at cost	4 197	4 270	4 197	4 270
	4 197	4 270	4 197	4 270

The cost of inventories recognised as an expense and included in 'other operating expenses' amounted to Consolidated R12 847 / University R12 847 (2013: Consolidated R23 539 / University R23 539).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

8 Receivables and prepayments

	Consolidated		University	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Student receivables	250 235	366 887	250 235	366 887
Less: Provision for impairment	(144 198)	(129 027)	(144 198)	(129 027)
Student receivables - net carrying amount	106 037	237 860	106 037	237 860
Other receivables	70 744	68 280	69 219	66 246
Advances and pre-payments	22 714	32 617	22 714	32 617
Deposits	2 115	312	2 115	312
Staff loans, receivables and advances	323	301	323	301
Other receivables - net carrying amount	45 592	28 684	44 067	26 650
Other receivables	47 252	32 252	45 726	30 218
Less: Provision for impairment	(1 659)	(3 568)	(1 659)	(3 568)
Interest and dividends receivable	-	6 366	-	6 366
	176 781	306 140	175 256	304 106

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 Rands (R).

The University does not hold any collateral as security.

Refer to note 24.2 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 2014, student receivables of Consolidated R106 037 / University R106 037 (2013: Consolidated R237 860 / University R237 860) 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	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
The ageing of these receivables is as follows:				
Students enrolled in current year	106 037	237 860	106 037	237 860
Students enrolled in prior years	-	-	-	-
	106 037	237 860	106 037	237 860

As of 31 December 2014, student receivables of Consolidated R144 198 / University R144 198 (2013: Consolidated R129 027 / University R129 027) were impaired and provided for. The individually impaired student receivables mainly relate to students experiencing financial difficulty with their payments. It was assessed that a portion of the student receivables is expected to be recovered.

The ageing of this provision is as follows:

Students enrolled in current year	68 034	64 901	68 034	64 901
Students enrolled in prior year	45 292	36 499	45 292	36 499
Students enrolled more than two years ago	30 872	27 627	30 872	27 627
	144 198	129 027	144 198	129 027

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

At 1 January				
Provision for impairment	129 027	112 748	129 027	112 748
Increase in provision for receivables impaired	42 261	50 794	42 261	50 794
Receivables written off during the year as uncollectable	(27 090)	(34 515)	(27 090)	(34 515)
At 31 December	144 198	129 027	144 198	129 027

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 additional cash.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

8 Receivables and prepayments (continued)

Other trade receivables:

As of 31 December 2014, other trade receivables of Consolidated R70 744 / University R69 219 (2013: Consolidated R68 280 / University R66 246) were fully performing.

As of 31 December 2014, other trade receivables of Consolidated R0 / University R0 (2013: Consolidated R0 / University R0) were past due but not impaired, all debt were fully performing. These relate to a number of companies or institutions for whom there is no recent history of default.

	Consolidated		University	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
The ageing of these receivables is as follows:				
Up to 3 months	70 744	68 280	69 219	66 246
3 to 6 months	-	-	-	-
	70 744	68 280	69 219	66 246

As of 31 December 2014, other trade receivables of Consolidated R1 659 / University R1 659 (2013: Consolidated R3 568 / University R3 568) 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 these provision is as follows:

3 to 6 months	512	3 143	512	3 143
Over 6 months	1 147	425	1 147	425
	1 659	3 568	1 659	3 568

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

At 1 January	3 568	4 227	3 568	4 227
Provision for impairment	(1 844)	(441)	(1 844)	(441)
Receivables written off during the year	(65)	(218)	(65)	(218)
At 31 December	1 659	3 568	1 659	3 568

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 additional cash.

9 Cash and cash equivalents

	Consolidated		University	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Call deposits, cash in the bank and cash on hand	125 568	167 180	111 646	162 551
Short term deposits	130 063	58 300	130 063	58 300
	255 631	225 480	241 709	220 851

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 Rands (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 discussed in note 24.

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

ABSA fixed deposit	110	110	110	110
ABSA fixed deposit	1 250	1 250	1 250	1 250
Erf 3, Uitsaaisentrum, IR Gauteng	5 000	5 000	5 000	5 000
Portion 684, Doornfontein, IR Transvaal	2 000	2 000	2 000	2 000
Erf 636, Doornfontein, IR Transvaal	2 000	2 000	2 000	2 000
Erf 119-121, 123-126 and 61-66, Doornfontein, IR Transvaal	2 280	2 280	2 280	2 280

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

10 Borrowings

	Consolidated		University	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Long-term borrowings	31 134	34 978	31 134	34 978
Current portion transferred to current liabilities	(3 849)	(3 367)	(3 849)	(3 367)
	27 285	31 611	27 285	31 611
<i>a) Government loans secured by increment guarantees</i>	3 966	4 344	3 966	4 344
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%.				
<i>b) Loans secured by Government guarantees</i>	1 185	2 369	1 185	2 369
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%.				
<i>c) Other secured loans - Quantim Capital and INCA</i>	25 983	28 265	25 983	28 265
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 (note 3).				
	31 134	34 978	31 134	34 978

The exposure of the University's borrowings to interest rate changes and the contractual reprising dates at the reporting dates are as follows:

Up to 1 year	3 849	3 367	3 849	3 367
Between 1 and 2 years	4 519	3 849	4 519	3 849
Between 2 and 5 years	20 695	16 860	20 695	16 860
After 5 years	2 071	10 902	2 071	10 902
	31 134	34 978	31 134	34 978
Less: current portion	(3 849)	(3 367)	(3 849)	(3 367)
	27 285	31 611	27 285	31 611

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 Rands (R).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

11 Students deposits and income received in advance

	Consolidated		University	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
At 1 January	101 027	60 647	101 714	60 647
Deferred during the year	16 733	43 525	16 046	43 525
Credited to the statement of comprehensive income	(6 262)	(3 145)	(6 262)	(2 457)
At 31 December	111 498	101 027	111 498	101 715
Less: current portion	(111 498)	(101 027)	(111 498)	(101 715)
Included in non-current liabilities	-	-	-	-
Non-current portion	-	-	-	-

Included in the current portion is an amount for income received in advance of Consolidated R0 / University R0 (2013: Consolidated R687 / University R0).

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 2014. 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	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Opening balance as at 1 January	194 052	126 418	194 052	126 418
Grants received during the year	-	73 437	-	73 437
Grants utilised to reduce asset cost	-	(5 803)	-	(5 803)
	194 052	194 052	194 052	194 052
Current portion transferred to current liabilities	(76 688)	(95 899)	(76 688)	(95 899)
	117 364	98 153	117 364	98 153

13 Trade payables, accruals and other liabilities

	Consolidated		University	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Trade payables	228 291	203 795	229 686	204 455
Accruals	69 389	50 612	69 378	50 486
Leave pay accrual	66 695	69 653	66 695	69 653
Bonus accrual	30 779	25 749	30 779	25 749
Value Added Tax *	10 824	3 927	10 756	12 288
	405 978	353 736	407 294	362 631

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

* Included within the Value Added Tax liability, is the provision for the VAT on imported services for the period 2010 to 2014. This amount will be paid over to the South African Revenue Service (SARS), by 30 April 2015.

14 Personnel costs

	Consolidated		University	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Academic professionals	864 270	810 048	851 700	801 706
Other personnel	842 798	703 466	830 541	696 222
Other post retirement costs	31 507	37 776	31 049	37 387
Pension cost - defined contribution plans	94 636	83 897	93 260	83 033
Pension cost - defined benefit plans	10 815	12 713	10 658	12 582
	1 844 026	1 647 900	1 817 208	1 630 930

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

Full Time	3 158	3 080	3 136	3 060
Part Time	3 355	3 309	3 279	3 267

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

15 Long term employee benefits

	Consolidated		University	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Post-retirement medical benefits	200 859	170 287	200 859	170 287
UJ Long service awards	33 354	-	33 354	-
	<u>234 213</u>	<u>170 287</u>	<u>234 213</u>	<u>170 287</u>
<i>Reconciliation of the actuarial gains / (losses) on long term employee benefits:</i>				
- Post-retirement medical benefits	(17 802)	24 340	(17 802)	24 340
- UJ Pension fund	31 732	154 525	31 732	154 525
- UJ Disability fund	4 462	27 789	4 462	27 789
- UJ Long service awards	(1 765)	-	(1 765)	-
	<u>16 627</u>	<u>206 654</u>	<u>16 627</u>	<u>206 654</u>
<i>Reconciliation of the change in asset limit:</i>				
- UJ Pension fund	(33 391)	(139 189)	(33 391)	(139 189)
- UJ Disability fund	(8 954)	(33 598)	(8 954)	(33 598)
	<u>(42 345)</u>	<u>(172 787)</u>	<u>(42 345)</u>	<u>(172 787)</u>
UJ pension fund (Note 15.2)	65 715	68 681	65 715	68 681

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 2014.

	Consolidated		University	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Present value of the obligation	<u>(234 213)</u>	<u>(170 287)</u>	<u>(234 213)</u>	<u>(170 287)</u>
<i>Reconciliation of the movement in the defined benefit obligation:</i>				
Present value of obligation: beginning of the year	(170 287)	(182 081)	(170 287)	(182 081)
Current service cost	(3 720)	(4 034)	(3 720)	(4 034)
Interest cost	(16 307)	(15 600)	(16 307)	(15 600)
Benefits paid	7 257	7 088	7 257	7 088
	<u>(183 057)</u>	<u>(194 627)</u>	<u>(183 057)</u>	<u>(194 627)</u>
Remeasurements:				
- (Gain)/loss from change in financial assumptions	15 236	(20 558)	15 236	(20 558)
- (Gain)/loss from change in demographic assumptions	2 566	(3 782)	2 566	(3 782)
	<u>17 802</u>	<u>(24 340)</u>	<u>17 802</u>	<u>(24 340)</u>
Present value of obligation: end of the year	<u>(200 859)</u>	<u>(170 287)</u>	<u>(200 859)</u>	<u>(170 287)</u>

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
- 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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Effective date of assumptions	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Post retirement plan				
Discount rate	9.00%	9.80%	9.00%	9.80%
Health care cost inflation	8.80%	9.10%	8.80%	9.10%
Continuation of membership	100.00%	100.00%	100.00%	100.00%
Normal retirement age	65 yrs	65 yrs	65 yrs	65 yrs
Expected retirement age	65 yrs	65 yrs	65 yrs	65 yrs
CPI Inflation	6.80%	7.10%	6.80%	7.10%
UJ's best estimate of contributions and benefits expected to be paid to the plan during the annual period beginning after reporting date:	(8 113)	(7 257)	(8 113)	(7 257)

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

	Change in assumption	Impact on defined benefit obligation	Decrease in assumption
Healthcare cost inflation	1%	Increase by 15.4%	Decrease by 13.1%
Discount rate	1%	Decrease by 13.3%	Increase by 16.0%
		Increase by 1 year in assumption	Decrease by 1 year in assumption
Expected retirement age		Decrease by 3.4%	Increase by 3.1%

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 2014. Contributions to the provident fund are charged to the statement of comprehensive income in the year in which they are incurred.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

15.2 Pension obligations - Wholly funded (continued)

	Consolidated		University	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Balance at end of the year				
Present value of the obligation	(796 540)	(775 079)	(796 540)	(775 079)
Fair value of plan assets	1 203 613	1 128 388	1 203 613	1 128 388
Unrecognised surplus due to IAS 19(a) limit	(341 358)	(284 628)	(341 358)	(284 628)
Defined benefit surplus at 31 December	65 715	68 681	65 715	68 681

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 present value of the obligation

Defined benefit obligation at beginning of the year	775 079	727 455	775 079	727 455
Member contributions	2 825	2 956	2 825	2 956
Service cost	13 678	11 928	13 678	11 928
Interest cost	62 071	59 922	62 071	59 922
	853 653	802 261	853 653	802 261
Remeasurements:				
- Actuarial (gain)/loss	5 635	11 961	5 635	11 961
Benefit payments	(62 748)	(39 143)	(62 748)	(39 143)
Defined benefit obligation at year end	796 540	775 079	796 540	775 079

Reconciliation of the fair value of plan assets

Fair Value of assets as at 1 January	1 128 388	917 577	1 128 388	917 577
University contributions	7 406	5 622	7 406	5 622
Member contributions	2 825	2 956	2 825	2 956
	1 138 619	926 155	1 138 619	926 155
Remeasurements:				
-Net interest income/expense	90 375	74 890	90 375	74 890
-Actuarial gain/(loss)	37 367	166 486	37 367	166 486
	127 742	241 376	127 742	241 376
Benefits paid	(62 748)	(39 143)	(62 748)	(39 143)
Fair Value of assets as at 31 December	1 203 613	1 128 388	1 203 613	1 128 388
The actual return on plan assets is as follows:	127 742	241 376	127 742	241 376

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

15.2 Pension obligations - Wholly funded (continued)

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

	Consolidated		University	
	2014	2013	2014	2013
Cash	9.93%	10.77%	9.93%	10.77%
Equity	40.80%	41.62%	40.80%	41.62%
Bonds	22.26%	21.26%	22.26%	21.26%
Property	1.72%	0.24%	1.72%	0.24%
International	23.70%	25.00%	23.70%	25.00%
Other	1.59%	1.11%	1.59%	1.11%
Total	100.00%	100.00%	100.00%	100.00%

Plan assets are valued at the current market value as required by IAS 19 as at 31 December 2014.

	Consolidated		University	
	2014	2013	2014	2013
Discount rate	8.10%	8.20%	8.10%	8.20%
Inflation rate	5.90%	6.00%	5.90%	6.00%
Salary increase rate	6.90%	7.00%	6.90%	7.00%
Pension increase allowance (Ex-NTRF)	3.25%	3.30%	3.25%	3.30%
Pension increase allowance (Other pensioners)	3.84%	3.90%	3.84%	3.90%

UJ's best estimate of contributions expected to be paid to the plan during the annual period beginning after reporting date:

8 367	9 179	8 367	9 179
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Amounts for the latest actuarial valuation and previous four periods are as follows:

	2010	2011	2012	2013	2014
	R'000	R'000	R'000	R'000	R'000
Defined benefit obligation	155 348	183 738	182 081	(170 287)	(231 467)
Fair value of plan assets	(44 997)	(53 665)	(55 829)	68 681	65 715
Retirement benefit obligation	110 351	130 073	126 252	(101 606)	(165 752)

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.

	Main Result	+1%	-1%
	R'000	R'000	R'000
Discount rate			
Defined benefit obligation	(796 540)	(714 901)	(895 591)
Change		(10.20%)	12.40%
Inflation rate			
Defined benefit obligation	(796 540)	(861 848)	(738 623)
Change		8.20%	(7.30%)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014.

	Consolidated		University	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Balance at end of the year				
Present value of the obligation	(23 760)	(24 470)	(23 760)	(24 470)
Fair value of plan assets	148 282	131 577	148 282	131 577
Unrecognised surplus due to IAS 19(a) limit	(124 522)	(107 107)	(124 522)	(107 107)
Defined benefit surplus at 31 December	-	-	-	-

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 movement in the defined benefit obligation:

Present value of obligation: beginning of the year	24 470	28 529	24 470	28 529
Current service cost	7 219	4 301	7 219	5 795
Interest cost	1 845	2 055	1 845	2 055
	<u>33 534</u>	<u>34 885</u>	<u>33 534</u>	<u>36 379</u>
- Actuarial (gain)/loss	(326)	(4 584)	(326)	(4 584)
Benefits paid (net of reinsurance proceeds)	(9 448)	(5 831)	(9 448)	(7 325)
Present value of obligation: end of year	<u>23 760</u>	<u>24 470</u>	<u>23 760</u>	<u>24 470</u>

Reconciliation of the movement in the plan assets:

Present value of assets beginning of the year	131 577	96 973	131 577	96 973
Contributions (net of reinsurance premiums)	4 321	5 602	4 321	5 602
Value of assets as at 31 December	<u>135 898</u>	<u>102 575</u>	<u>135 898</u>	<u>102 575</u>
Remeasurements:				
-Net interest income/expense	10 477	7 327	10 477	7 327
-Actuarial (gain)/loss	4 136	23 205	4 136	23 205
	<u>14 613</u>	<u>30 532</u>	<u>14 613</u>	<u>30 532</u>
Benefits (net of reinsurance premiums)	(2 229)	(1 530)	(2 229)	(1 530)
Value of assets as at 31 December	<u>148 282</u>	<u>131 577</u>	<u>148 282</u>	<u>131 577</u>
The actual return on plan assets is as follows:	14 613	30 532	14 613	30 532

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

15.3 Disability Fund (continued)

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

	Consolidated		University	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Cash	12.37%	19.28%	12.37%	19.28%
Equity	32.06%	32.47%	32.06%	32.47%
Bonds	11.69%	13.14%	11.69%	13.14%
Property	12.08%	7.10%	12.08%	7.10%
International	28.61%	26.74%	28.61%	26.74%
Other	3.19%	1.27%	3.19%	1.27%
Total	100.00%	100.00%	100.00%	100.00%

Plan assets are valued at the current market value as required by IAS 19 as at 31 December 2014.

Claimants

Number of members	22	21	22	21
Annual benefit	6 689	6 350	6 689	6 350
Annual reinsured benefit	4 454	4 430	4 454	4 430
Benefit weighted average service	55.7 years	54.8 years	55.7 years	54.8 years
Effective date of assumptions	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013

The principal assumptions used for accounting purposes were as follows:

General inflation rate	5.50%	6.00%	5.50%	6.00%
Discount rate	7.70%	7.90%	7.70%	7.90%
Expected increases in benefits	6.50%	7.00%	6.50%	7.00%

The University's best estimate of contributions expected to be paid to the plan during the annual period beginning after reporting date:

(9 802)	(12 195)	(9 802)	(12 195)
---------	----------	---------	----------

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

	Change in assumption	Impact on defined benefit obligation	Decrease in assumption
Inflation rate	1%	Increase by 11.1%	Decrease by 10.2%
Discount rate	1%	Decrease by 6.0%	Increase by 6.7%

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014 and accounted for in 2014 for the first time. This obligation is funded from University reserves.

	Consolidated		University	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Reconciliation of the movement in the long service award obligation:				
Present value of obligation: beginning of the year	28 254	-	28 254	-
Current service cost	3 155	-	3 155	-
Interest cost	2 287	-	2 287	-
	<u>33 696</u>	<u>-</u>	<u>33 696</u>	<u>-</u>
- Actuarial (gain)/loss	1 765	-	1 765	-
Benefits paid	(2 107)	-	(2 107)	-
Present value of obligation: end of year	<u>33 354</u>	<u>-</u>	<u>33 354</u>	<u>-</u>
The University's best estimate of awards expected to be paid to employees during the annual period beginning after reporting date:				
	(2 746)	-	(2 746)	-
The significant actuarial assumptions were as follows:				
Discount rate	8.10%		8.10%	
Salary inflation	7.40%		7.40%	
CPI inflation	5.90%		5.90%	
Expected retirement age	65 years		65 years	

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 7.6%	Increase by 8.8%
Salary inflation	1%	Increase by 8.4%	Decrease by 7.5%
Expected retirement age	1 year	Increase by 4.0%	Decrease by 3.7%

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

16 Tuition and other fee income

The following items are included in 'tuition and other fee income':

	Consolidated		University	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Application Fees	2 938	4 525	2 938	4 525
Bad Debts Recovered	3 636	3 696	3 636	3 696
Deposit Income Retained	418	438	418	438
Levy Income	28 214	25 321	28 214	25 321
Registration Fees	32 312	28 444	32 312	28 444
Remark of Exam Papers	15	14	15	14
Residence Fees	138 846	121 323	138 846	121 323
Tuition Fees	1 205 701	1 029 235	1 205 749	1 029 235
	1 412 080	1 212 996	1 412 128	1 212 996

17 Other operating expenses

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

	Consolidated		University	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Auditors remuneration	10 852	10 333	10 852	10 333
- external audit	3 446	3 701	3 446	3 701
- internal audit	4 929	5 204	4 929	5 204
- other audit services	2 477	1 428	2 477	1 428
Advertising and marketing	42 815	29 109	43 684	28 783
Bank Charges	6 010	5 477	5 972	5 449
Cartridges	4 948	5 544	4 948	5 544
Cleaning	53 532	47 993	53 277	47 954
Conference Registration Fees	10 391	8 039	10 391	7 985
Consulting and contract costs	64 464	71 254	83 566	70 520
Consumables - support services	1 823	927	1 823	927
Copyright fees	4 407	4 140	4 407	4 140
Corporate Functions	6 312	6 052	6 312	6 052
Cost of sales	5 306	4 175	5 306	4 175
Data lines	7 929	6 325	7 929	6 325
Entertainment	46 160	41 543	45 715	41 309
Expenses relating to library book acquisitions written off	79 117	60 694	79 115	60 632
Foreign exchange (gains)/losses	2 126	1 604	2 126	1 601
Fuel, Oil and Gas	8 550	9 877	8 460	9 855
Grants and donations	38 570	26 775	38 570	26 775
Hire/Rental	30 232	30 564	30 167	30 442
Insurance	7 085	7 828	7 078	7 816
Legal Fees	6 211	7 040	6 181	6 523
Medical Aid Pensioners	7 872	7 257	7 872	7 257
Membership fees	6 430	4 897	6 404	4 890
Municipal rates and taxes	123 203	98 358	123 203	98 358
Non-capitalisable assets	42 349	38 705	42 068	37 800
Finance leases - Equipment and vehicles	32 507	29 664	32 507	29 664
Printing	33 804	31 441	33 811	31 319
Repair and maintenance expenses	71 547	61 234	70 654	61 069
Security	39 047	35 336	38 898	35 336
Software licenses	27 076	34 439	27 126	34 439
Stationery	5 233	5 310	5 185	5 264
Student and staff development	22 943	21 935	22 716	21 662
Tax	18	-	-	-
Teaching and lab consumables	22 359	19 777	21 277	19 765
Telephone and fax	7 681	9 015	7 587	9 015
Travel International	71 221	61 732	70 968	61 545
Uniforms and Protective Clothing	6 472	7 563	6 399	7 511
Unrecoverable debts/amounts written off	40 970	34 437	40 970	34 437
Write Offs	76	11 789	130	11 789
Other expenses	51 910	50 880	48 211	66 288
	1 049 558	949 062	1 061 865	960 548

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

18 Bursaries

	Consolidated		University	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Bursaries	234 736	204 807	234 703	204 807
	234 736	204 807	234 703	204 807

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

19 Other operating income

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

	Consolidated		University	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Hire out of facilities	8 984	8 767	8 633	8 767
Public sales and services	25 882	19 353	25 096	19 353
Project income	40 937	115 850	40 937	101 818
Sundry income	12 470	21 526	12 444	20 440
Donations	152 359	92 070	152 328	92 070
Consultation/Evaluation income	18 990	15 254	18 784	28 622
Profit on disposal of PPE	210	174	210	174
Other income	5 397	8 044	5 228	8 356
	265 229	281 038	263 660	279 600

20 Income from investments

	Consolidated		University	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Dividend income on available-for-sale financial assets	40 956	37 064	40 956	37 064
Interest income	83 687	76 155	83 687	76 155
Fair value movement transfer on disposal of investments	260 064	168 518	260 064	168 518
Profit on sale of securities	308 928	224 054	308 928	224 054
Loss on sale of securities	(48 864)	(55 536)	(48 864)	(55 536)
	384 707	281 737	384 707	281 737

21 Finance income and finance costs

	Consolidated		University	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Finance cost				
- borrowings	(4 566)	(7 000)	(4 566)	(7 000)
- defined benefit plan	(13 458)	(11 364)	(13 458)	(11 364)
	(18 024)	(18 364)	(18 024)	(18 364)
Finance income				
- students fees	15 910	11 491	15 775	10 803
- current accounts	2 240	1 103	2 240	1 103
	18 150	12 594	18 015	11 906

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

22 Commitments

	Consolidated		University	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Commitments – approved, not contracted for	270 954	216 797	281 117	216 797
Commitments – contracted	60 964	85 000	60 964	85 000

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	174	174	174	174
Eskom Holdings Limited	174	174	174	174
ABSA Bank Limited	1 250	1 250	1 250	1 250
Heynike Inc Attorneys	30 780	30 780	30 780	30 780

Operating leases

Certain of the University's desktop computers 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	28 790	11 405	28 790	11 405
Lease amounts payable later than one year to five years	37 798	11 616	37 798	11 616
Total operating lease amounts payable	66 588	23 021	66 588	23 021

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.

23 Cash generated from operations

	Consolidated		University	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Surplus for the year	330 351	300 969	339 167	303 112
Adjustments for:				
– share of loss from associate (note 5)	2 571	2 184	2 571	2 184
– increase in bad debt provision (note 8)	13 262	15 620	13 263	15 620
– depreciation (note 3)	89 801	79 197	88 017	78 865
– amortisation (note 4)	8 664	2 443	8 611	2 407
– profit on disposal of property, plant and equipment	(210)	(174)	(210)	(174)
– finance income (note 20)	(18 150)	(12 594)	(18 015)	(11 906)
– interest income on investments (note 20)	(83 687)	(76 155)	(83 687)	(76 155)
– finance cost (note 21)	18 024	18 364	18 024	18 364
– impairment of investments (note 6)	9 427	-	9 427	-
– dividends received (note 20)	(40 956)	(37 064)	(40 956)	(37 064)
– profit on sale of shares (note 20)	(260 064)	(168 518)	(260 064)	(168 518)
– movement in post-retirement obligations (note 15)	66 892	(21 531)	66 892	(21 531)
– foreign exchange losses on operating activities (note 17)	(2 126)	(1 604)	(2 126)	(1 601)
Changes in working capital:				
– receivables and prepayments	129 359	36 742	128 850	38 775
– trade payables, accruals and other liabilities	52 242	41 793	44 663	50 689
– student deposits and income received in advance	10 471	40 380	9 783	41 067
– inventory	73	1 039	73	1 039
	325 944	221 090	324 283	235 173

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

Profit on disposal (note 19)	210	174	210	174
Net book amount (note 3)	636	7 094	636	7 016
Proceeds from disposal	846	7 268	846	7 190

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

24 Financial risk management

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.

24.1 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 R1 301 thousand / University R1 301 thousand (2013: Consolidated R583 thousand / University R583 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 R1 301 thousand / University R1 301 thousand (2013: Consolidated R583 thousand / University R583 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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

24.1 Market risk (continued)

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	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
Listed equities	2 105 000	1 975 000	2 105 000	1 975 000
10% change impact	210 500	197 500	210 500	197 500

For the year ended 31 December 2014, 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 105 million / University R2 105 million (2013: Consolidated R1 975 million / University R1 975 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.

24.2 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 AAA 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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

24.2 Credit risk (continued)

i) Student and other receivables (continued)

Details of the student receivables as at 31 December are:

	Consolidated		University	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Student receivables	250 235	366 887	250 235	366 887
- fully performing	-	-	-	-
- past due but not impaired (4 months overdue)	106 037	237 860	106 037	237 860
- impaired (more than 4 months overdue)	144 198	129 027	144 198	129 027
Less: Provision for impairment	(144 198)	(129 027)	(144 198)	(129 027)
Student receivables – net carrying amount	106 037	237 860	106 037	237 860

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 2014 are as follows:

	Consolidated		University	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Other receivables	72 403	71 848	70 878	69 814
- fully performing	70 744	68 280	69 219	66 246
- past due but not impaired	-	-	-	-
- impaired	1 659	3 568	1 659	3 568
Less: Provision for impairment	(1 659)	(3 568)	(1 659)	(3 568)
Other receivables – net carrying amount	70 744	68 280	69 219	66 246

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

24.2 Credit risk (continued)

i) Student and other receivables (continued)

	Consolidated		University	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Student receivables				
At 1 January	129 027	112 748	129 027	112 748
Provision for receivables impaired	42 261	50 794	42 261	50 794
Receivables written off during the year as uncollectable	(27 090)	(34 515)	(27 090)	(34 515)
At 31 December	144 198	129 027	144 198	129 027
Ageing of provision for impairment				
Handed over to collecting agencies – 2011 and older	-	27 627	-	27 627
Handed over to collecting agencies – 2012	-	36 499	-	36 499
Handed over to collecting agencies – 2013	30 872	64 901	30 872	64 901
Handed over to collecting agencies – 2014	45 292	-	45 292	-
4 Months overdue	68 034	-	68 034	-
	144 198	129 027	144 198	129 027
Other receivables				
At 1 January	3 568	4 227	3 568	4 227
Provision for receivables impaired	(1 844)	(441)	(1 844)	(441)
Receivables written off during the year as uncollectable	(65)	(218)	(65)	(218)
At 31 December	1 659	3 568	1 659	3 568
Ageing of provision for impairment				
Handed over to the collecting agencies - 2011	-	117	-	117
Handed over to the collecting agencies - 2012	48	533	48	533
Handed over to the collecting agencies - 2013	65	1 585	65	1 585
Handed over to the collecting agencies - 2014	649	1 333	649	1 333
Impaired as at reporting date	897	-	897	-
	1 659	3 568	1 659	3 568

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

24.2 Credit risk (continued)

i) Student and other receivables (continued)

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	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Trade receivables				
Counterparties without external credit rating:				
- Current students which will register in 2014/2015.	106 037	237 860	106 037	237 860
These students are still studying and had no defaults in the past.				
The University expects them to pay their outstanding fees during the 2014/2015 registration period.				
- Interest and dividends receivable.	-	6 366	-	6 366
This is interest and dividends receivable at year end from the available-for-sale financial assets which are all invested at AAA related entities.				
- Other receivables				
Group 1 *	45 592	28 684	44 067	26 650
	151 629	272 910	150 104	270 876
Cash and cash equivalents				
AAA Ratings:				
- Prime South African Banks	255 631	225 480	241 709	220 851
Available-for-sales financial assets				
AAA ratings:				
- Government stocks and bonds	179 327	129 692	179 327	129 692
- Listed stocks and debentures	382 008	372 343	382 008	372 343
- Listed shares all top 40 companies	2 105 433	1 975 063	2 105 431	1 975 063
- Fixed and other deposits, prime South African Banks	430 274	481 416	430 274	481 415
- Endowment policies, top 40 South African insurance	5 441	2 237	5 441	2 237
- Unlisted shares	3 875	2 075	83 389	81 396

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

24.3 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
Consolidated				
31 December 2014				
Non-current borrowings	3 849	4 519	20 695	2 071
Accounts payable	297 680			
	301 529	4 519	20 695	2 071
31 December 2013				
Non-current borrowings	3 367	3 849	16 860	10 902
Accounts payable	254 407			
	257 774	3 849	16 860	10 902
University				
31 December 2014				
Non-current borrowings	3 849	4 519	20 695	2 071
Accounts payable	299 064			
	302 913	4 519	20 695	2 071
31 December 2013				
Non-current borrowings	3 367	3 849	16 860	10 902
Accounts payable	254 941			
	258 308	3 849	16 860	10 902

24.4 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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

24.5 Financial instruments by category

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

Consolidated	Loans & receivables R'000	Available- for-sale R'000	Total R'000
31 December 2014			
<i>Financial assets</i>			
Available-for-sale financial assets	-	3 107 758	3 107 758
Trade and other receivables (excluding prepayments)	151 629		151 629
Cash and cash equivalents	255 631		255 631
			Financial liabilities at amortised cost R'000
<i>Financial liabilities</i>			
Borrowings			27 285
Trade payables			297 680
Borrowings included in current liabilities			3 849

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
31 December 2013			
<i>Financial assets</i>			
Available-for-sale financial assets	-	2 967 826	2 967 826
Trade and other receivables (excluding prepayments)	272 910	-	272 910
Cash and cash equivalents	225 480	-	225 480
			Financial liabilities at amortised cost R'000
<i>Financial liabilities</i>			
Borrowings			31 611
Trade payables			254 407
Borrowings included in current liabilities			3 367

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

24.5 Financial instruments by category (continued)

University	Loans & receivables R'000	Available- for-sale R'000	Total R'000
31 December 2014			
<i>Financial assets</i>			
Available-for-sale financial assets	-	3 210 370	3 210 370
Trade and other receivables (excluding prepayments)	150 104		150 104
Cash and cash equivalents	241 709		241 709
			Financial liabilities at amortised cost R'000
<i>Financial liabilities</i>			
Borrowings			27 285
Trade payables			299 064
Borrowings included in current liabilities			3 849

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
31 December 2013			
<i>Financial assets</i>			
Available-for-sale financial assets	-	3 061 366	3 061 366
Trade and other receivables (excluding prepayments)	270 876	-	270 876
Cash and cash equivalents	220 851	-	220 851
			Financial liabilities at amortised cost R'000
<i>Financial liabilities</i>			
Borrowings			31 611
Trade payables			254 941
Borrowings included in current liabilities			3 367

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

24.6 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 University's assets and liabilities that are measured at fair value at 31 December 2014:

	Level 1 R'000	Level 2 R'000	Total R'000
Consolidated			
Available-for-sale financial assets			
- listed shares	2 105 433	-	2 105 433
- listed stocks and debentures	382 008	-	382 008
- government stocks and bonds	179 327	-	179 327
- fixed deposits	-	22 707	22 707
- unlisted shares	-	3 875	3 875
- other deposits and loans	-	408 968	408 968
- endowment policies	-	5 441	5 441
	2 666 768	440 991	3 107 759

The following table presents the University's assets that are measured at fair value at 31 December 2013:

	Level 1	Level 2	Total
Available-for-sale financial assets			
- listed shares	1 975 063	-	1 975 063
- listed stocks and debentures	372 343	-	372 343
- government stocks and bonds	129 692	-	129 692
- fixed deposits	-	22 930	22 930
- unlisted shares	-	2 075	2 075
- other deposits and loans	-	463 486	463 486
- endowment policies	-	2 237	2 237
	2 477 098	490 728	2 967 826

	Level 1 R'000	Level 2 R'000	Total R'000
University			
Available-for-sale financial assets			
- listed shares	2 105 431	-	2 105 431
- listed stocks and debentures	382 008	-	382 008
- government stocks and bonds	179 327	-	179 327
- fixed deposits	-	22 707	22 707
- unlisted shares	-	83 389	83 389
- other deposits and loans	-	432 067	432 067
- endowment policies	-	5 441	5 441
	2 666 766	543 604	3 210 370

The following table presents the University's assets that are measured at fair value at 31 December 2013:

	Level 1	Level 2	Total
Available-for-sale financial assets			
- listed shares	1 975 063	-	1 975 063
- listed stocks and debentures	372 343	-	372 343
- government stocks and bonds	129 692	-	129 692
- fixed deposits	-	22 930	22 930
- unlisted shares	-	81 396	81 396
- other deposits and loans	-	477 705	477 705
- endowment policies	-	2 237	2 237
	2 477 099	584 269	3 061 366

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

25 Related party transactions

25.1 Key management personnel

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

- University Council members
- 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	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Salaries and other short-term employee benefits				
- members of council	823	687	823	687
- management (note 27)	57 157	55 399	57 157	55 399
	<u>57 980</u>	<u>56 086</u>	<u>57 980</u>	<u>56 086</u>

Member of Council

Baleni MF	30	28	30	28
Burger JP	24	26	24	26
Chaka TA	63	38	63	38
Coetzer GM	32	66	32	66
Dikgole TJ	33	39	33	39
Gebhardt CR	64	53	64	53
Hildebrandt D	22	-	22	-
Khosa G	37	28	37	28
Lushaba D	41	28	41	28
Manganye D	70	56	70	56
Marcus RD	101	97	101	97
Maroga K	22	-	22	-
Memela Khambule T	23	-	23	-
Mjwara P	15	18	15	18
Mokhobo-Amegashie K	7	18	7	18
Njeke MJ	36	30	36	30
Rowland W	55	54	55	54
Sibiya BK	50	39	50	39
Teke MS	69	45	69	45
White MJ	29	24	29	24
	<u>823</u>	<u>687</u>	<u>823</u>	<u>687</u>

25.2 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 – R'000	Reimbursement of expenses - R'000
Chair of Council	1	101	11
Chairs of committees	5	230	3
Members of Council	14	492	8

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

25.3 Related parties

The University of Johannesburg controls or owns shares of the following companies:

Company and Principle business activities	Year End	Shareholding	Principle place of business
<ul style="list-style-type: none"> • Million Up Trading (Pty) Ltd The principle activities of this company is to provide accommodation to students. 	31 December	100%	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> • Resolution Circle (Pty) Ltd and its subsidiaries The principle 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 they have an 85% shareholding - Isibaya Somontho (Pty) Ltd in which they have a 45% shareholding 	31 December	100%	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> • Intellilab (Pty) Ltd Intellilab is a separate company that does advertisements, movies, marketing etc. 	31 December	85%	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> • ARSA (Pty) Ltd The principle activities of this company is to purchase private properties on behalf of the University. This company is dormant. 	31 December	100%	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> • UJ Properties (Pty) Ltd The principle activities of this company is to purchase properties and utilize these as investment property for rental income. 	31 December	100%	Cnr Barry Hertzog Rd and Napier Rd, Richmond
<ul style="list-style-type: none"> • Enerkey Solutions (Pty) Ltd The principle activities of this company is to provide energy solutions. This company is dormant. 	31 December	100%	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> • UJ Investment Holdings (Pty) Ltd The principle activities of this company is to be the holding company for all UJ's investments in commercial companies. This company is dormant. 	31 December	100%	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> • 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. 	31 December	100%	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> • Gradnet Portal (Pty) Ltd The principle activities of this company is to supply online services to students and alumni of education institutions. 	31 December	100%	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> • UJ Consulting (Pty) Ltd The principle activities of this company is to provide consulting services. This company is dormant 	31 December	100%	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> • UJ Trust The principle activities of this trust is to hold the University's investments in trust. The funds are managed by an independent board of trustee's. 	31 December	100%	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> • 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. 	30 June	100%	Cnr University and Kingsway Rd, Auckland Park

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

25.3 Related parties (continued)

The University of Johannesburg has an interest in the following companies:

Company and Principle business activities	Year End	Shareholding University of Johannesburg	Non- controlling interest	Principle place of business
<ul style="list-style-type: none"> • Bio Media Technologies (Pty) Ltd The principle activities of this company is to develop facial recognition software. 	31 December	50.00%	N/A	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> • 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. 	31 December	25.00%	N/A	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> • Naledi Computer Systems (Pty) Ltd The principle activities of this company is to provide computer related services, products and technology. 	28 February	80.00%	20.00%	Forty Four Main street, Johannesburg
<ul style="list-style-type: none"> • QVS - Qualification Verification Services (Pty) Ltd The principle activities of this company is to provide an electronic verification system where academic results and qualifications can be verified. 	28 February	10.00%	N/A	17 Quantum Street Techno Park, Stellenbosch
<ul style="list-style-type: none"> • Photovoltaic Intellectual Property (Pty) Ltd The principle activities of this company is to research, develop and manufacture a renewable energy photovoltaic panel. 	28 February	27.64%	N/A	Zidela House, 30 Techno Avenue, Techno Park, Stellenbosch
<ul style="list-style-type: none"> • 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. 	31 December	7.14%	N/A	Cnr University and Kingsway Rd, Auckland Park

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

25.4 Loans to related parties:

Consolidated	Photovoltaic Intellectual Property (Pty) Ltd		Resolution Circle (Pty) Ltd		UJ Properties (Pty) Ltd		UJ Investment Holdings (Pty) Ltd		Gradnet Portal (Pty) Ltd		Intellilab (Pty) Ltd		BioMedia Technologies (Pty) Ltd		EyeThenticate(Pty) Ltd		Naledi Computer Systems (Pty) Ltd	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	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
Opening balance	74 044	46 044	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans advances during year	2 000	28 000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans repayment received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest charged	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment of loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	76 044	74 044	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

No impairment was recognised for the loans made to associates in to 2014 (2013: R 0) relating to the loan provided to PTIP.

University	Photovoltaic Intellectual Property (Pty) Ltd		Resolution Circle (Pty) Ltd		UJ Properties (Pty) Ltd		UJ Investment Holdings (Pty) Ltd		Gradnet Portal (Pty) Ltd		Intellilab (Pty) Ltd		BioMedia Technologies (Pty) Ltd		EyeThenticate(Pty) Ltd		Naledi Computer Systems (Pty) Ltd	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	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
Opening balance	74 044	46 044	14 195	14 195	10	10	10	10	5	5	-	-	-	-	-	-	-	-
Loans advances during year	2 000	28 000	4 624	-	-	-	-	-	69	-	1 060	-	258	-	746	-	112	-
Loans repayment received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest charged	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment of loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	76 044	74 044	18 819	14 195	10	10	10	10	74	5	1 060	-	258	-	746	-	112	-

No impairment was recognised for the loans made to associates in to 2014 (2013: R 0) relating to the loan provided to PTIP.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

25.5 The following transactions were carried out with related parties:

	Consolidated		University	
	2014 R'000	2013 R'000	2014 R'000	2013 R'000
(a) Purchase of goods and services				
Purchases of services:				
from Resolution Circle (Pty) Ltd	-	-	23 412	14 032
from Intellilab (Pty) Ltd	-	-	462	-
from UJ properties (Pty) Ltd	-	-	200	311
from Naledi Computer Systems (Pty) Ltd	-	-	811	-
(b) Year-end balances arising from sales/purchases of goods/services:				
Payables to related parties:				
Resolutions Circle (Pty) Ltd	-	-	1 592	836

26 Critical accounting estimates and assumptions

The University makes estimates and assumptions concerning the future. These estimates and judgments 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.

26.1 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.

26.2 Provision for post-retirement medical aid liability

Principal actuarial assumptions for the post-retirement medical aid liability for the year ended 31 December 2014 are disclosed in note 15.1. Changes in assumptions may result in changes in the recognised provision for post-retirement medical aid liability.

26.3 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.

26.4 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.

26.5 Critical judgments 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.

26.6 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 judgment. The company does not have future orders, but has started to manufacture panels. The company is earnestly looking at prospects to sell manufacturing licenses of these panels. Based on this, no further impairment was made in the current year (2013: R0)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

27 Executive Remuneration

Designation	Name	Salary R'	Allowances R'	Employer Contributions R'	Total R'	Leave Days sold R'	Merit bonus R'	Total R'
Vice-Chancellor & Principal	I L Rensburg	2 979 590	100 652	341 785	3 422 028	-	500 000	3 922 028
DVC Strategic Services	D Van der Merwe	679 827	2 460 089	119 082	3 258 999	313 269	-	3 572 268
DVC Finance	J A Van Schoor	1 724 443	166 268	282 057	2 172 768	79 670	676 716	2 929 154
DVC Academic	A Parekh	1 844 956	360 316	272 177	2 477 449	-	813 020	3 290 469
DVC Research, Post Grad Studies, Library & Info Centre	T Marwala	1 726 805	79 728	253 345	2 059 878	79 226	780 679	2 919 783
Executive Director Student Affairs	M R Laka-Mathebula	1 055 411	12 863	149 222	1 217 496	-	-	1 217 496
DVC Internationalisation, Advancement & Student Affairs	S Maluleke	1 477 677	1 230 645	217 919	2 926 241	125 439	-	3 051 680
Registrar	I C Burger	1 606 173	17 151	233 027	1 856 351	71 398	668 351	2 596 100
Executive Dean Economic & Financial Sciences	A Dempsey	1 329 434	53 151	227 409	1 609 994	-	470 377	2 080 371
Executive Director Finance Expenditure	C J Kruger	1 193 180	53 151	220 744	1 467 075	-	227 468	1 694 543
DVC Strategic Services	M E Letlape	657 021	8 576	76 313	741 909	-	-	741 909
Executive Dean Art, Design & Architecture	F Freschi	1 228 509	17 151	183 891	1 429 551	-	247 531	1 677 082
Executive Dean Education	S J Gravett	1 346 794	47 151	216 049	1 609 994	-	516 636	2 126 630
Executive Dean Engineering & the Built Environment	S Sinha	1 278 856	17 151	179 144	1 475 151	-	268 299	1 743 450
Executive Dean Health Sciences	A Swart	1 351 474	17 151	241 369	1 609 994	61 923	453 340	2 125 257
Executive Director Operations	R Du Plessis	1 073 843	164 241	158 568	1 396 651	199 033	-	1 595 685
Executive Dean Law	P H O'Brien	1 349 135	17 151	243 708	1 609 994	61 923	476 848	2 148 765
Executive Dean Management	D Van Lill	1 278 421	27 851	196 305	1 502 577	57 791	393 000	1 953 369
Executive Dean Science	B B Mamba	439 486	7 146	89 358	535 990	-	-	535 990
Executive Dean UJ Sport	W J Hollander	555 775	35 826	101 278	692 879	-	-	692 879
Executive Director Advancement	M V Damjanov	1 209 668	84 651	140 332	1 434 651	-	96 000	1 530 651
Executive Director Human Resources	V Singh	1 424 720	96 651	165 280	1 686 651	-	139 751	1 826 402
Executive Director Information & Communication Systems	A A Swartbooi	1 455 821	243 024	239 241	1 938 086	-	96 000	2 034 086
Executive Director Internationalisation	P G Mekgwe	1 312 288	220 323	173 138	1 705 749	-	130 560	1 836 309

Retired
30 April

Appointed
01 September

Resigned
30 September

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

27 Executive Remuneration

Designation	Name	Salary R'	Allowances R'	Employer Contributions R'	Total R'	Leave Days sold R'	Merit bonus R'	Total R'
Executive Director Library & Information Centre	R Bawa	1 410 286	218 219	191 076	1 819 581	-	246 312	2 065 893
Executive Director Operations	S Mpambane	318 471	98 038	39 023	455 532	-	-	455 532
Executive Director Financial Governance	N Mamorare	688 005	9 242	74 145	771 392	-	-	771 392
Executive Director Academic Development and Support	R P Ryan	1 349 135	17 151	243 708	1 609 994	61 992	140 001	1 811 986
Executive Director Chief of Staff	K C Mketi	548 393	8 576	68 274	625 243	-	-	625 243
Executive Director Research & Innovation	I M Msibi	1 234 757	86 051	143 243	1 464 051	-	121 118	1 585 169
		37 128 352	5 975 335	5 480 211	48 583 898	1 111 663	7 462 007	57 157 569

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

28 Contingencies

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 22).

A contingent liability exists with regards to the City of Johannesburg municipality for the incorrect allocation of charges and charges not billed towards the University's accounts over the past two financial years. The University has lodged a legal claim regarding the incorrectly allocated charges. The University has also performed a calculation for water and sewerage which has not been billed by the City of Johannesburg on the Auckland Park and Soweto campuses.

A contingent asset exist with regards to the City of Johannesburg municipality for incorrect charges billed towards the University's account. It is expected that our accounts will be corrected within the next two financial years.

	Consolidated		University	
	2014	2013	2014	2013
	R'000	R'000	R'000	R'000
Incorrect allocation of charges	31 576	11 893	31 576	11 893
Water and sewerage not billed	23 333	12 311	23 333	12 311
Incorrect charges to be claimed back	(5 732)	-	(5 732)	-
Contingent liability	49 177	24 204	49 177	24 204

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

Consolidated	Notes	Council controlled – unrestricted	Specifically funded activities – restricted	Sub total	Student and Staff accommodation – restricted	Consolidated 2014	Consolidated 2013
2014		R'000	R'000	R'000	R'000	R'000	R'000
Total income		3 121 398	321 463	3 442 861	141 726	3 584 587	3 214 296
Recurring items		3 121 188	321 463	3 442 651	141 726	3 584 377	3 214 122
State appropriations – subsidies and grants		1 389 135	-	1 389 135	-	1 389 135	1 303 513
Tuition and other fee income	16	1 264 306	8 928	1 273 234	138 846	1 412 080	1 212 996
Income from contracts		40 135	97 076	137 211	-	137 211	141 670
For research		30 000	87 857	117 857	-	117 857	113 048
For other activities	19	10 135	9 219	19 354	-	19 354	28 622
Sales of goods and services	19	45 885	46 451	92 336	969	93 305	160 171
Private gifts and grants	19	109 990	42 362	152 352	8	152 360	92 071
Sub-total		2 849 451	194 817	3 044 268	139 823	3 184 091	2 921 975
Income from investments	20	258 618	126 002	384 620	87	384 707	281 737
Share of profit/(loss) in Associate	5	(2 571)	-	(2 571)	-	(2 571)	(2 184)
Finance income	21	15 690	644	16 334	1 816	18 150	12 594
Non-recurring items							
Profit/loss on disposal of PPE	19	210	-	210	-	210	174

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

Consolidated	Notes	Council controlled – unrestricted		Specifically funded activities – restricted	Sub total		Student and Staff accommodation – restricted	Consolidated 2014		Consolidated 2013	
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
2014											
Total expenditure		2 924 087	2 924 087	196 949	3 121 036	3 121 036	133 200	3 254 236	3 254 236	2 913 327	2 913 327
Recurring items		2 888 144	2 888 144	189 880	3 078 024	3 078 024	132 918	3 210 942	3 210 942	2 875 527	2 875 527
Personnel		1 758 694	1 758 694	67 474	1 826 168	1 826 168	17 858	1 844 026	1 844 026	1 647 900	1 647 900
Academic professional	14	926 131	926 131	36 112	962 243	962 243	9 558	971 801	971 801	884 955	884 955
Other personnel	14	832 563	832 563	31 362	863 925	863 925	8 300	872 225	872 225	762 945	762 945
Other current operating expenses	17	862 838	862 838	46 673	909 511	909 511	96 753	1 006 264	1 006 264	911 262	911 262
Depreciation	3	66 775	66 775	8 353	75 128	75 128	14 673	89 801	89 801	79 197	79 197
Amortisation of software	4	8 369	8 369	291	8 660	8 660	4	8 664	8 664	2 443	2 443
Bursaries	18	167 497	167 497	67 239	234 736	234 736	-	234 736	234 736	204 807	204 807
Sub-total		2 864 173	2 864 173	190 030	3 054 203	3 054 203	129 288	3 183 491	3 183 491	2 857 163	2 857 163
Finance costs	21	14 544	14 544	(150)	14 394	14 394	3 630	18 024	18 024	18 364	18 364
Other (gains)/losses	6	9 427	9 427	-	9 427	9 427	-	9 427	9 427	-	-
Non-recurring items											
Capital expenditure expensed	17	35 943	35 943	7 069	43 012	43 012	282	43 294	43 294	37 800	37 800
Surplus for the year		197 311	197 311	124 514	321 825	321 825	8 526	330 351	330 351	300 969	300 969
Other comprehensive income											
Fair value adjustments on available-for-sale financial assets	6	(47 088)	(47 088)	-	(47 088)	(47 088)	-	(47 088)	(47 088)	269 869	269 869
Actuarial gains and losses on defined benefit plans	15	(25 718)	(25 718)	-	(25 718)	(25 718)	-	(25 718)	(25 718)	33 867	33 867
Total comprehensive income for the year		124 505	124 505	124 514	249 019	249 019	8 526	257 545	257 545	604 705	604 705

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

University	Notes	Council controlled – unrestricted R'000	Specifically funded activities – restricted R'000	Sub total R'000	Student and Staff accommodation – restricted R'000	Consolidated 2014 R'000	Consolidated 2013 R'000
2014							
Total income		3 121 399	313 897	3 435 296	141 726	3 577 022	3 199 033
Recurring items		3 121 189	313 897	3 435 086	141 726	3 576 812	3 198 859
State appropriations – subsidies and grants	16	1 389 135	-	1 389 135	-	1 389 135	1 303 513
Tuition and other fee income		1 264 307	8 975	1 273 282	138 846	1 412 128	1 212 996
Income from contracts		40 135	90 597	130 732	-	130 732	140 087
For research		30 000	81 948	111 948	-	111 948	111 465
For other activities	19	10 135	8 649	18 784	-	18 784	28 622
Sales of goods and services	19	45 885	45 484	91 369	969	92 338	158 733
Private gifts and grants	19	109 989	42 331	152 320	8	152 328	92 071
Sub-total		2 849 451	187 387	3 036 838	139 823	3 176 661	2 907 400
Income from investments	20	258 618	126 002	384 620	87	384 707	281 737
Share of profit/(loss) in Associate	5	(2 571)	-	(2 571)	-	(2 571)	(2 184)
Finance income	21	15 691	508	16 199	1 816	18 015	11 906
Non-recurring items							
Profit/loss on disposal of PPE	19	210	-	210	-	210	174

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

University		Notes		Council controlled – unrestricted	Specifically funded activities – restricted	Sub total	Student and Staff accommodation – restricted	Consolidated 2014	Consolidated 2013
		2014	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Total expenditure									
Recurring items									
Personnel			1 758 696	40 654	1 799 350	17 858	1 817 208	1 630 930	2 895 921
Academic professional		14	926 132	21 758	947 890	9 558	957 448	872 874	2 859 026
Other personnel		14	832 564	18 896	851 460	8 300	859 760	758 056	
Other current operating expenses		17	862 840	60 204	923 044	96 753	1 019 797	923 653	
Depreciation		3	66 774	6 570	73 344	14 673	88 017	78 865	
Amortisation of software		4	8 370	237	8 607	4	8 611	2 407	
Bursaries		18	167 497	67 206	234 703	-	234 703	204 807	
Sub-total			2 864 177	174 871	3 039 048	129 288	3 168 336	2 840 662	
Finance costs		19	14 544	(150)	14 394	3 630	18 024	18 364	
Other (gains)/losses		6	9 427	-	9 427	-	9 427	-	
Non-recurring items									
Capital expenditure expensed		17	35 943	5 843	41 786	282	42 068	36 895	
Surplus for the year			197 308	133 333	330 641	8 526	339 167	303 112	
Other comprehensive income									
Fair value adjustments on available-for-sale financial assets		6	(47 088)	-	(47 088)	-	(47 088)	269 869	
Actuarial gains and losses on defined benefit plans		15	(25 718)	-	(25 718)	-	(25 718)	33 867	
Total comprehensive income for the year			124 502	133 333	257 835	8 526	266 361	606 848	

UJ External Council Members' Remuneration for 2014

NAME	TOTAL
Mr F Baleni	R 30 600.00
Mr JP Burger (Chair FCC)	R 38 500.00
Ms TA Chaka	R 62 900.00
Ms T Coetzer (Chair Finance)	R 31 600.00
Mr J Dikgole	R 33 300.00
Mr C Gebhardt (Chair PRC Committee)	R 63 700.00
Prof D Hildebrandt	R 22 200.00
Mr G Khosa	R 3 700.00
Dr S Lushaba	R 40 700.00
Denice M Manganye	R 70 300.00
Prof R Marcus (Chair Council & Chair Exco)	R100 800.00
Ms K Maroga (Invitee)	R 22 200.00
Ms T Memela-Khambula (Chair HRCC)	R 23 200.00
Dr P Mjwara (for Nat Dept of Science & Technology)	R 14 800.00
Mr J Njeke (for Kagiso Trust Investments) (Chair ARCC)	R 35 800.00
Ms M Nyoka (Mokhobo-Amegashie)	R 7 400.00
Dr W Rowland	R 55 500.00
Mr K Sibiya	R 49 600.00
Mr MS Teke (Vice-Chair Council)	R 68 900.00
Mr M White	R 29 600.00
Grand Total:	R805 300.00

Council Chair	=	R4 700 per meeting
Deputy Chair of Council	=	R4 200 per meeting
Council Member	=	R3 700 per meeting
Committee Chair	=	R4 200 per meeting
Committee Member	=	R3 700 per meeting
Exco Chair	=	R4 700 per meeting
Exco Member	=	R4 200 per meeting
Senate, IF, EK, HDC	=	R3 700 per meeting

ADDENDUMS

