



# 2014

## INTEGRATED REPORT

### UNIVERSITY OF THE FREE STATE

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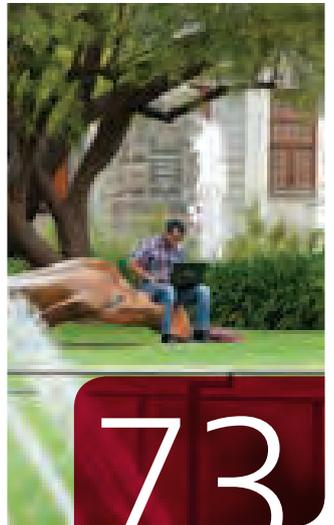
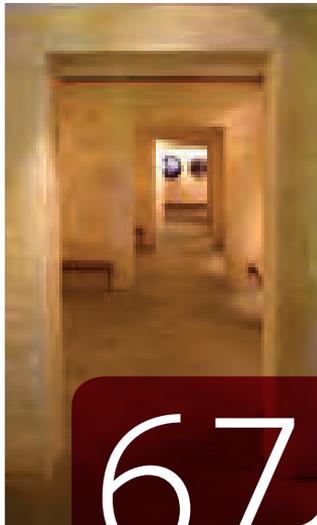
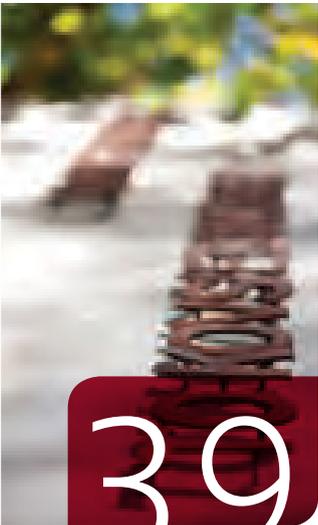
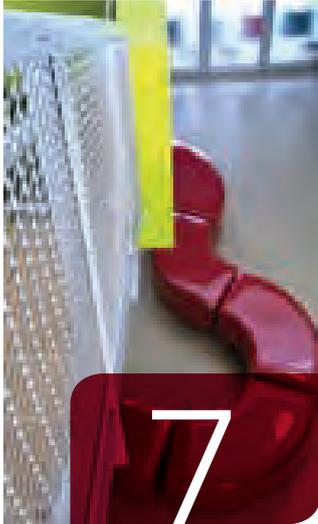
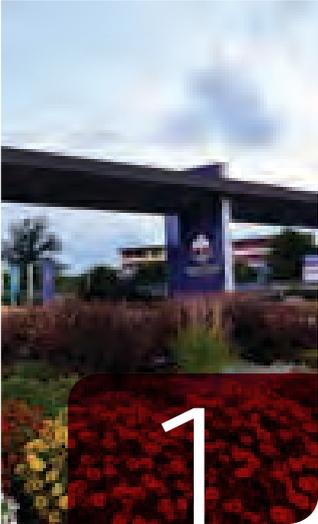
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# Executive summary

This is the third integrated report prepared by the University of the Free State (UFS). The first two reports constituted our attempt at presenting our stakeholders with an accessible, reflective and substantiated perspective on where the University was in relation to its strategic plan and its overall mission and vision. This document is also shaped by the new annual reporting requirements of the Department of Higher Education and Training (DHET) introduced last year. In this sense, this is our first report of this kind.

Over and above its performance commitments with the DHET, the UFS has selected 24 key performance indicators to measure its performance over the next five years. The assessment of our 2014 performance against these indicators will serve as a baseline to measure our progress in the period 2015-2020.

As we indicated in our previous report, 2013 marked a turning point in the UFS performance and allowed us to sharpen the institution's strategic focus, concentrating our energies on three goals: to improve the academic reputation of the University; to improve staff and student equity; and to achieve greater financial sustainability. As in the past, these goals fall under the three elements that by now distinguish the UFS's strategy: the academic project, the human project and the support services foundation.

The quality and effectiveness of teaching and learning is reflected in student success and the number of students graduated by the University. We measure our performance in terms of module success, qualifications achieved with distinction, number of graduates, throughput and attrition,

and progression towards higher degree learning. All of these indicators show improvements in 2014.

Quantitative indicators of improvement need to be matched by evidence of qualitative improvement in programme delivery. We are therefore continuing the quality enhancement process with a focus on curriculum review that began in 2012, as well as the systematic external review of academic departments. The process of redesign and streamlining of curriculum that started in 2012 has begun to show results, with an increase in success rates and graduations. Parallel to this, the UFS also started a review of the undergraduate curriculum focused on benchmarking knowledge content and the notion of transforming the curriculum. In this context during 2014 the UFS received 10 teams of external evaluators who came to help review programmes and departments.

In the area of research, in 2011 the DHET raised the target for research productivity for the UFS from 1.41 to 1.7 weighted research output units per permanent academic staff member, resulting in a drastic decrease in the UFS productivity measures from 92.6% in 2010 to 74.4% in 2012. The University is slowly meeting this increased norm. The UFS was able to improve its research productivity despite a decrease in doctoral and Master's graduations, due to an increase in publication outputs – from 643.9 units in 2012 to 669.1 in 2013. This tendency has continued throughout 2014 and we expect that the next DHET assessment of publication outputs will reflect this. A system of rewards for academics who publish has helped to increase productivity at the UFS.



During 2014 the UFS also discussed the development and implementation of a viability model for academic departments as well as a workload model to manage the individual performance of academics, which will be rolled out during 2015.

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## A system of rewards for academics who publish has helped to increase productivity at the UFS.

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In 2014 the University began to address actively the disparity in academic achievement between black and white students, and to set radical targets in terms of academic staff diversity. With regard to the latter, progress on equity has been slow both in ordinary academic appointments and in the leadership of academic departments. In order to address systematically the disparity in the success rates of black and white students, in 2014 the UFS competed for and won a grant from the Kresge Foundation's Siyaphumelela initiative. The four-year project, which aims to improve

overall student success by strengthening the institution's capacity for collecting and analysing student data, is expected to have a considerable impact on reducing the performance gap between students. The difference in academic achievement between black and white students has improved in the short term, as measured by undergraduate module success. Between 2013 and 2014 there has been an increase of 4.04% in the overall module success rates of black students.

In terms of the University's academic staff profile, currently only 23.4% of the academic staff complement at the UFS is black – the result of a 1% increase from 2013 to 2014. The UFS made progress towards this goal in 2014, with black academics constituting 24.1% of new academic staff appointments (compared to 22.4% in 2013), and 12% of new department heads (compared to 0% in 2013). The goal over the next five years is to increase this share to at least two in three new appointments. Achieving this goal should have a significant impact on the racial diversity of the academic staff complement and will support a deepening and acceleration of change in the UFS academic and institutional culture. Another important strategy in the transformation of the UFS institutional culture is the increase in the representation of women in the professoriate.

The acceleration and deepening of the UFS strategy in 2013 brought the urgency of improving teaching and learning to the fore. Important for this purpose is the consolidation of the UFS's institutional thinking on teaching and learning in agreed-upon documents that serve as guidance for action and means of communication between faculties, support units like the Centre for Teaching and Learning (CTL), and the Rectorate of the University. One such document was the UFS Teaching and Learning Strategy submitted to Senate by the CTL in 2014.

## The CTL is the South African leader in conducting the South African Surveys of Student Engagement (SASSE).

Teaching and learning and, especially, the notion of access with success are the space in which the UFS academic

and human projects intersect with each other. The UFS attempts to provide the best possible support systems for students to be able to pass their modules and graduate. The staff at the CTL and the faculties' teaching and learning managers work together to make this possible. The range and impact of CTL's programmes focused on access with success are a source of pride for the University. The University Preparation Programme (UPP) scaffolds the learning of students with potential but whose Admission Points (AP) scores are not sufficient to enter mainstream programmes. The New Academic Tutorial Programme (NATP), which provides supplementary instruction in high risk modules, and the work done in the area of language development, both Afrikaans and English, show that appropriate pedagogy and adequate support make all the difference for student success.

The CTL is the South African leader in conducting the South African Surveys of Student Engagement (SASSE) and since 2009 has been conducting the survey nationally with institutions participating on a voluntary basis. The SASSE research project aims to identify high impact practices that facilitate quality teaching and learning and promote student success within the South African higher education context. In 2013 CTL received a Kresge Foundation grant



for the project. SASSE annually collects information at participating universities about student participation in activities and programmes that promote their learning and personal development. The results provide an estimate of how undergraduates spend their time and what they gain from attending their university. By 2014 11 institutions were participating in SASSE, with a further three institutions set to join in 2015.

The UFS counts on the commitment and ingenuity of its staff and students as well as on the support of its South African and international friends to succeed in a task that is important beyond our University.

The academic staff development function is located in the CTL and aims to equip lecturers to respond appropriately to the needs of our students. In 2014 the CTL offered a range of development opportunities including three national and 23 local workshops, four development courses, two orientation sessions, and two energiser sessions. These events were attended by 538 staff members.

The CTL also established the Excellence in Teaching and Learning Awards to recognise lecturers' innovative teaching and learning practices and dedication to student success. The awards also provide an opportunity for academics to showcase and share success stories, lessons learned and tried-and-tested practices.

In 2013 the UFS appointed for the first time a dedicated Vice-Rector: Research, thereby establishing a top management portfolio tasked with fulfilling the objectives of the University's academic project in relation to research, that also contributes to improving the University's academic reputation and to supporting financial sustainability. The strategy chosen to increase the size and quality of the research enterprise at UFS has been the development of partnerships. These partnerships are of two fundamental types: internal to the university, which include collaborations between the top management and different groups of academics, and external, which include collaborations with different types of bodies and people at provincial, national and international levels.

The philosophy and principles of the UFS remuneration management are based on the allocating of remuneration funds according to the Multiple-year, Income-related, Remuneration-adjustment Model. Affordability is the

cornerstone of the model, and its most important principles are that management is committed to applying a full 53% of the total recurrent Council-controlled income of the UFS for staff remuneration costs, and that the staff remuneration costs will not exceed 53% of that income.

The average increase in the remuneration packages paid to all staff members in 2014 was 6.92%. The annual review of UFS staff remuneration is benchmarked to the tertiary market and awarded according to individual performance, determined through our performance management process.

While the UFS's fees are still comparatively very accessible, the institution is aware that the 6.5% increase in total income from 2013 to 2014 is mainly due to the 12.2% increase in income from tuition fees. It is our intention to increase other sources of income to correct this situation. Research and innovation is a critical component of third stream income. The UFS performed very well in this regard in 2014. Overall, income from these activities increased by more than R15 million, with 83.1% of this amount originating from sources other than government grants. Private gifts and grants for research increased most significantly from R549 000 in 2013 to R3.2 million in 2014.

The comparative size of the different sources of income shows that although during 2014 the UFS generated higher levels of third stream income, greater efforts are needed in this area for the University to be less dependent on government subsidy.

The embedded risk-management model, adopted by the University in 2013, implies that risk management is the responsibility of every manager. The aim is to establish a culture of accountability by identification and mitigation of risks. Awareness and understanding of the University's risk management framework are established at all levels within the University and operational risks are constantly identified, managed, monitored and reported in the faculty or support service operational registers.

Through the risk management cycle of 2013, specific institutional risks were identified, mitigation strategies determined and decision-making structures and key role players established. The 2014 focus was on embedding risk management relating to the institutional risk and monitoring progress made with mitigating strategies.

The UFS defines community engagement as negotiated partnerships between the University and the community it serves. As indicated by the UFS Strategic Plan 2012-2016 it is important to the University that its students learn the value of public service through both their formal education and their voluntary work in surrounding communities. This is the driving force behind the projects undertaken by the Community Engagement Directorate. Structured initiatives focused around research, teaching and learning, and outreach, are aimed at building mutually beneficial university-community relationships that are guided by the sharing of skills and experiences. Our approach is

based on service learning, community-based research, volunteerism, and partnerships.

The UFS student experience is managed through the main student support services available at the University, specifically Student Academic Services (SAS), Student Affairs, and the CTL.

Change in the conceptualisation of data and its relation with institutional research began in 2013 with the first presentation to Senate of a status report on the performance of the institution. This process was further accelerated by Council's request for the UFS to produce a scorecard to measure its performance and by the need to produce an annual performance plan for the DHET.

In the last five years the UFS has made important inroads in defining, reviewing and realising a complex process of transformation. This has been given expression in the areas of teaching and learning and curriculum, student life and governance as well as communication and relationship with the province. There is still much work to be done to embed further what has been achieved and to keep on redefining the object, purpose and modalities of transformation as the institutional and national contexts change. But the UFS counts on the commitment and ingenuity of its staff and students as well as on the support of its South African and international friends to succeed in a task that is important beyond our University. ■





# 2

## Integrated reporting at the UFS

This is the third integrated report prepared by the UFS. The first two reports constituted our attempt at presenting our stakeholders with an accessible, reflective and substantiated perspective on where the University was in relation to its strategic plan and its overall mission and vision. In particular, these two reports attempted to distil and reflect for both internal and external stakeholders how the UFS's operations support the achievement of its core functions and how these functions are discharged in a way that adds value to our students and the society we serve.

The development of the previous UFS integrated reports was characterised by an effort to understand the purpose and meaning of an integrated report and how to translate this into a non-corporate environment such as higher education.

This third report is different. This document is also shaped by the new annual reporting requirements of the DHET introduced last year. In this sense, this is our first report of this kind. We are still trying to find appropriate ways of addressing in a single report the expectations and needs of stakeholders as different as parents of prospective students, alumni and government as well as international partners. The report has been written, as in the past, in the understanding that many of its readers require explanations

as to how universities function, how they are funded and how they differ from business.

In the last three years we have come to understand that integrated reports are to provide information that matters about the strategy, governance, performance and the future of an organisation in a way that reflects the contexts (environmental, social, commercial, etc.) within which that organisation operates, while at the same time demonstrating how the organisation creates and sustains value for society. Something we have learnt through this process is that the accent of integrated reporting is not so much on the reporting as on the integration, and, in that sense, ideally, integrated reporting should be an approach to management. A tall order indeed for a university. We think it is worth it to keep on trying to make sense of what universities are as organisations and how they explain themselves, while guarding against putting a complex, nuanced and, mercifully, still incommensurable process such as education into a business straitjacket.

We hope the DHET, as well as our other stakeholders, will provide us with feedback that will enable us to find a balance between accountability requirements and the need to reflect about the University's trajectory in a critical and integrated manner. ■



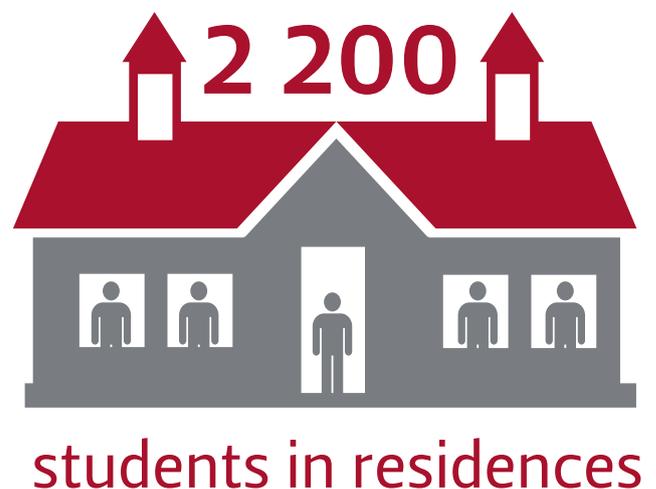
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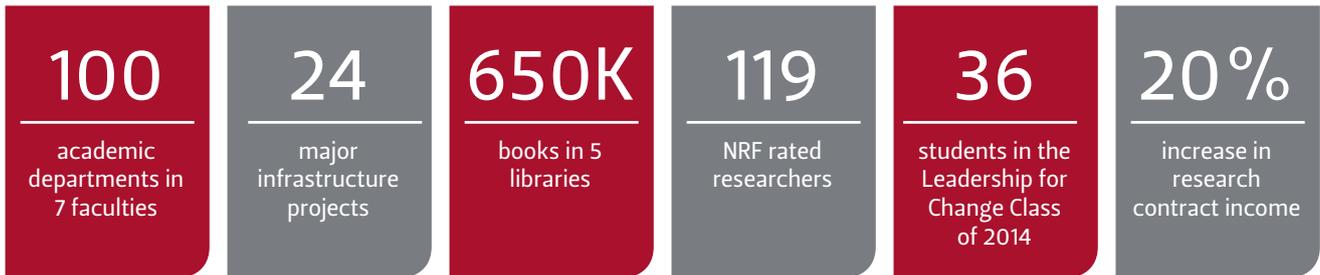
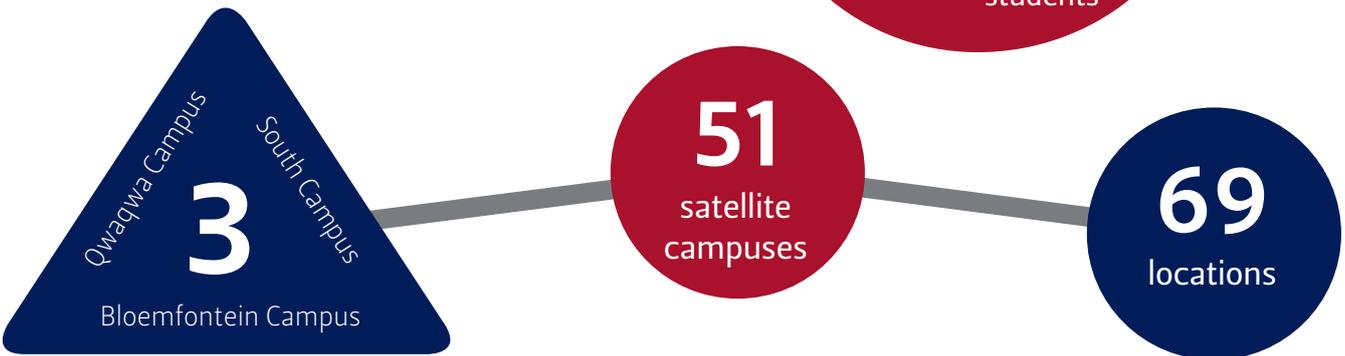
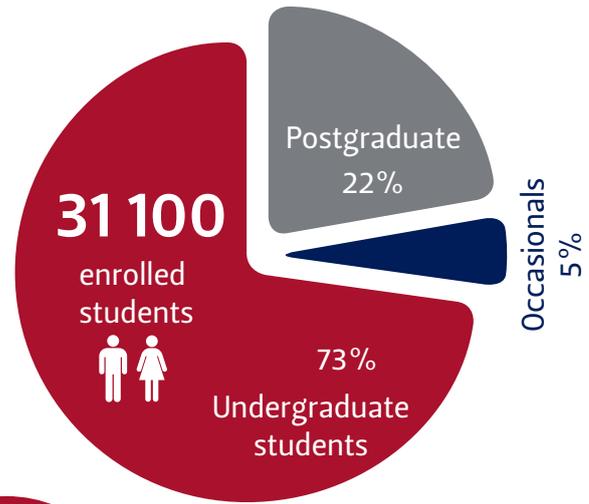
## An institutional snapshot

The UFS celebrated its 110th year of existence in 2014. In this time it has changed its identity, the composition of its student body and its relationship to society in many ways. The UFS moved from being a small English-medium college to being a small Afrikaans-medium university, and from this to become a medium-size parallel language institution

functioning across three campuses. The UFS student body changed from being exclusively white to having a majority of black student enrolments in a demographically and culturally diverse student body. Finally, from being an institution supporting a politically exclusive project, the UFS has become a democratic institution open to a broader community and to the world.

### 3.1. UFS 2014 in figures





### 3.2. Overview of the strategic plan

The 2012-2016 Strategic Plan was written two years into the first term of Vice-Chancellor Prof Jonathan Jansen and it reflects the change in the institutional focus and intent that took place since his arrival in 2009. At the heart of the Strategic Plan are three themes or strategic focuses that intersect conceptually and operationally: the academic project, the human project and the support services foundation. Within these themes the University identified a series of initiatives that were clustered by their impact. Thus, under the academic project the institution identified the following areas of work: performance of students, performance of academics, academic distinction, and campus academic culture. Under the human project the UFS identified: confronting prejudice, the culture of inclusion, equity, openness and access, and community service and engagement as its most important areas of work. Finally, under the support services foundation the University identified administrative efficiency and the

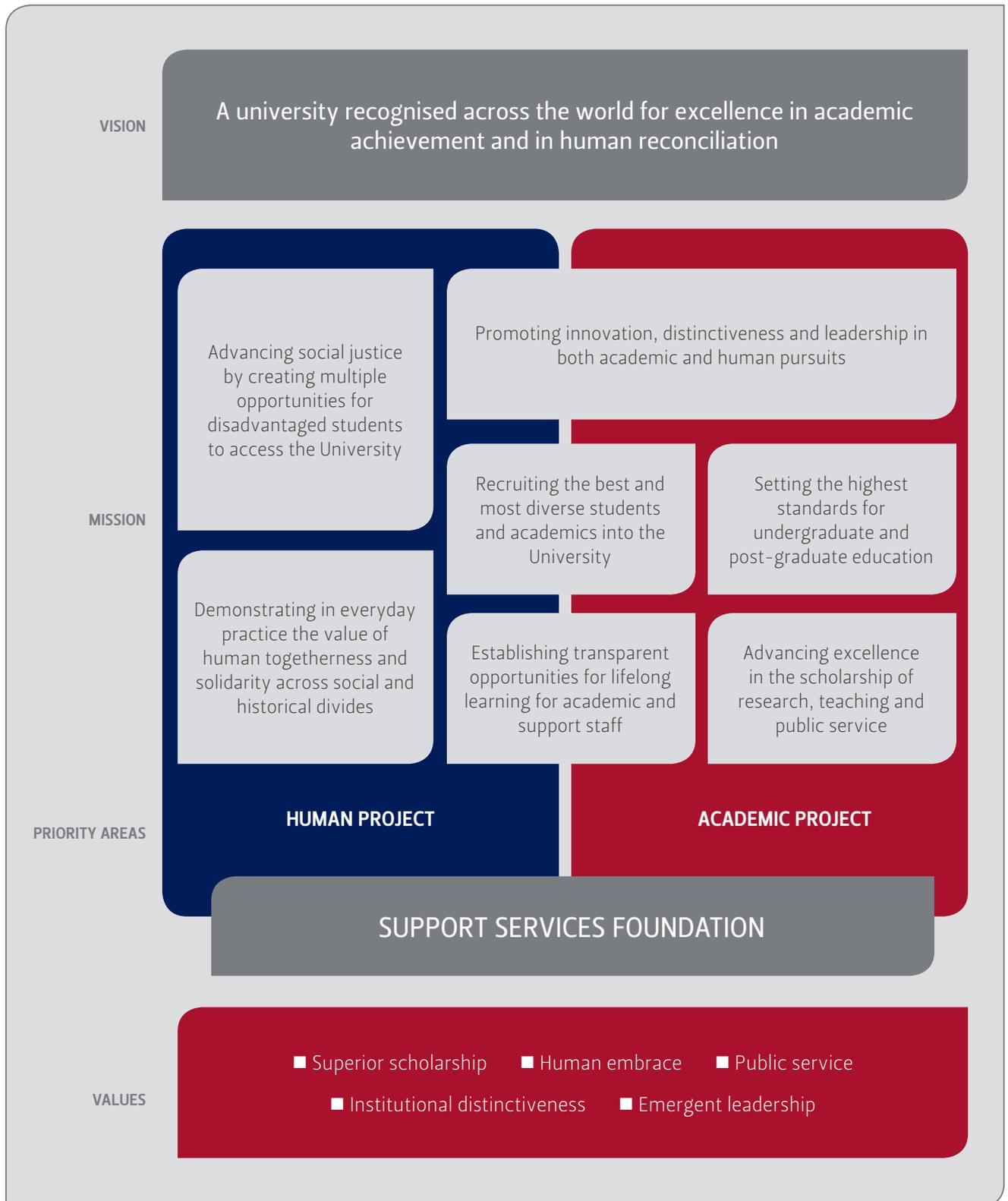
operational changes needed to sustain the success of the academic and the human projects as its core areas of work.

There is a thread that runs through all the UFS projects and areas of work and it is the unwavering belief in the power of education to change individuals and society.

In three years of implementation the heart of the strategic plan remains unchanged. The same cannot be said of the specific areas of work. As the University has completed

what was regarded as foundational work in the identified thematic areas, new areas of work emerged in the process of refashioning the UFS. The top management strategic retreat of 2013 identified 14 projects aimed at achieving the long-term sustainability of the academic project and making the University more competitive by showing each year more clearly how we create value for our students, our staff and our external stakeholders. 2014 has been

the year of detailed implementation of those projects and identification of new areas for improvement. There is a thread that runs through all the UFS projects and areas of work and it is the unwavering belief in the power of education to change individuals and society. As in 2012 we still strive to be “a university recognised across the world for excellence in academic achievement and human reconciliation”.



### 3.3. The people who lead us

#### 3.3.1. The Chancellor



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Dr Mokhele played a central role in providing visionary and strategic direction to the South African science system.

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**D**r Khotso Mokhele was appointed as Chancellor of the UFS on 4 June 2010.

Dr Mokhele was awarded a BSc Agriculture from Fort Hare University, and continued his studies at the University of California Davis (USA) on the Fulbright-Hays Scholarship Programme, completing his MSc (Food Science) and PhD (Microbiology). He was subsequently a postdoctoral fellow at Johns Hopkins University (USA) and the University of Pennsylvania (USA). Dr Mokhele is the recipient of honorary doctorates from eight South African universities including the UFS, and from Rutgers University in the USA. He was Chairman of the Rhodes Scholarship Selection Committee for Botswana, Malawi, Namibia, Lesotho and Swaziland (2007-2011) and served on the South Africa at Large Rhodes Scholarship Selection Committee for more than 10 years.

As President and Chief Executive Officer (CEO) of the Foundation for Research Development (1996-1999) and the NRF from 1999 to 2006, Dr Mokhele played a central role in providing visionary and strategic direction to the South African science system. He was the Founder President of the Academy of Science of South Africa, Chairperson of the Economic Advisory Council to the Premier of the Free State (2001-2004), and a member of the Advisory Council on Innovation to the Minister of Science and Technology (2003-2007). His role in securing government and international support for the Southern African Large Telescope Project is evidence of his dedication to science in South Africa. The success of this project laid the basis for

South Africa being selected to host more than 70% of the Square Kilometre Array, an international mega telescope for radio astronomy. In recognition of his contribution to the development of science, he was the recipient of the Technology Top 100 Lifetime Achievers Award in 2009 and the National Science and Technology Forum Award in 2005.

His role in science is recognised internationally. He was an elected Vice-President: Scientific Planning and Review of the International Council for Science and Chairperson of its Committee for Scientific Planning and Review (2005-2008) as well as a member of the Committee on Developing and Transition Economy Countries of the International Social Science Council (2008-2010). He also represented South Africa on the executive board of UNESCO and was awarded the Member Legion of Honour of the Republic of France for his work in strengthening scientific ties between South Africa and France.

Dr Mokhele serves as Special Advisor to the Minister of Science and Technology, the Honourable Naledi Pandor. Dr Mokhele's current corporate positions include: Non-Executive Chairman: Board of Directors, Impala Platinum Holdings Ltd (Implats); Lead Independent Non-Executive Director: African Oxygen Ltd (Afrox); Non-Executive Director of Zimbabwe Platinum Holdings Ltd (Zimplats), Hans Merensky Holdings Ltd and Tiger Brands Ltd. He is the President of the Hans Merensky Foundation (South Africa) and a Trustee of SciDev.Net (a web-based scientific magazine based in London, UK) and Start International Inc (USA).

### 3.3.2. The Council

The UFS Council governs the University subject to the Higher Education Act and the Institutional Statute. The full function and composition of the Council is contained in the UFS Statute as amended (Government Gazette 20383 Nr 1937 of 17 August 1999).



#### **Chairperson: Judge Ian van der Merwe**

Judge Ian van der Merwe is the Chairperson of the University of the Free State's Council and an alumnus of the university. He has been a member of the council since 2007, elected as Chairperson in November 2009 and re-elected in the same position in November 2012. Judge Van der Merwe serves as judge of the Free State High Court and prior to that, served as state advocate and a practising advocate. He holds a BLuris (UFS) and LLB (UNISA).



#### **Vice Chairperson: Edward Kieswetter**

Edward Kieswetter is the Vice-Chairperson of the UFS Council and Group Chief Executive of Alexander Forbes Equity Holdings (Pty) Ltd. He holds senior directorship positions in leading South African companies and international boards. He was previously the Deputy Commissioner of the South African Revenue Service and a member of the South African National Treasury Tax Revenue Committee. He is an electrical engineer and holds an executive MBA from Henley University (UK), a master's in Commerce (NWU), a master's in Science Education (UWC), and a research scholarship at Harvard University in the USA. Mr Kieswetter is the Chancellor of the Da Vinci Institute, a private university in South Africa.



#### **Vice-Chancellor and Rector: Prof Jonathan Jansen**

Prof Jonathan Jansen is the Vice-Chancellor and Rector of the University of the Free State. Former Dean of Education at the University of Pretoria, he also serves as Vice-President of the South African Academy of Science, worked as a national and international consultant, chaired ministerial committees and works closely with the South African business community on education and training. Prof Jansen is an international award-winning author and columnist with a focus on education and leadership. He holds a PhD from Stanford University, an MS degree from Cornell University, and honorary doctorates from several universities in the USA.



#### **Vice Rector: Research: Prof Corli Witthuhn**

Prof Corli Witthuhn is Vice Rector: Research at the University of the Free State. Her academic career started in the Department of Food Science at Stellenbosch University (SU) in 1999 after she completed a PhD in Microbiology at the UFS. She was Chair of the Department of Food Science at SU from 2005 until 2009 when she accepted the position of Vice-Dean of the Faculty of AgriSciences at SU. She then returned to the UFS and was appointed as Vice-Dean of the Faculty of Natural and Agricultural Sciences in 2011 before she took up the position of Vice-Rector. Her research interests include the rapid detection and identification of spoilage and pathogenic microbes in foods. She has published more than 60 international peer-reviewed scientific papers. She is a NRF rated researcher and has served as study leader for seven doctoral and 26 master's students.

## Appointed by the Minister of Higher Education



### **Dan Mosia**

Mr Mosia is the Chief Operations Officer of the Health Consortium at the University of the Witwatersrand.

### **Suraya Jawodeen**

Ms Suraya Jawodeen is the Deputy General Secretary of NEHAWU. She became a student activist on the Durban Campus of the University of KwaZulu-Natal. She relocated to the Western Cape in 1988 and was elected NEHAWU's shop steward at the UWC in 1992. Ms Jawodeen became the Branch Secretary of the UWC and the Western Cape Tertiary Sector. In 2000 she was elected iKapa Regional Secretary and in 2005 she served as the Western Cape Provincial Secretary. In 2010, Ms Jawodeen was elected Deputy General Secretary of NEHAWU.

### **Themba Mhambi**

Mr Themba Mhambi is the Administrator for the Construction Education Training Authority (CETA) and is a former Administrator of the Public Service Sector Education and Training Authority (PSETA). After a career as an English teacher and then lecturer at Vista, Mr Mhambi was appointed Special Advisor to the Minister of Education in 1998. He served as Director for Higher Education Constituency Affairs in the Department of Education, Special Adviser to the Deputy Minister of Education. He holds a BA Honours (UJ) and an MA from New York University (USA).

## Appointed by the Premier of the Free State



### **Tate Makgoe**

Mr Tate Makgoe is the MEC for Education in the Free State Province. He became a member of the Northern Free State Regional Executive Committee and in 1994 was appointed as the Free State's ANC Election Campaign Manager. Mr Makgoe has served as MEC in several portfolios, including: Finance, Tourism and Environmental Affairs, Agriculture and Public Safety. He served as Chair of Chairs in the Free State Legislature (1997 – 1999). Mr Makgoe is a chemical engineer; he holds a BCom Honours (UFS) and a master's in Business Leadership (UNISA).

## Appointed by the UFS Council

**Derek Foster**

Mr Derek Foster is a CA (SA) and former Director of PricewaterhouseCoopers South Africa, and is currently serving on a number of boards and audit committees. He is also a business consultant in Bloemfontein. He enjoys the outdoors and spends his free time farming, hunting and going on 4X4 trips. Mr Foster is a UFS alumnus and completed his BCom Honours degree in Accounting in 1977.

**Dr Susan Vosloo**

Dr Susan Vosloo is South Africa's first female heart surgeon. She is currently in private practice at Christiaan Barnard Memorial and Vincent Pallotti Hospitals in Cape Town. She received the Regional Business Achiever Award (Professional category) from the Business Women's Association; the Editor's Award from the *Cardiovascular Journal of SA* and has been named the Old Kowsie of the Year. Dr Vosloo serves on the Standing Advisory Committee of the UFS's School of Medicine and is a member of various medical and professional societies and associations. She received her medical degrees from the UFS and UCT and further training in the United Kingdom.

**Jonathan Crowther**

Former editor of *Volksblad*, Mr Jonathan Crowther started his career at Media24 in 1974 as a journalist at *Die Burger* in Cape Town. He worked as a political and parliamentary journalist for five years before he was appointed founder editor of *Die Burger* in the Eastern Cape. He became the Senior Assistant Editor of *Volksblad* in 1994 and in 1999 was promoted to Editor, a position that he held until 2009. Mr Crowther is the founder of the Free State Arts Festival.

**Kgotso Schoeman**

Mr Kgotso Schoeman is the CEO of Kagiso Trust and Director of FirstRand Bank Holdings Ltd. He has led various high-profile projects, including the public participation process that led to Robben Island gaining world heritage status, the Alexandra Renewal Programme, the Local Economic Development Study for the Amajuba Municipality in Newcastle and the impact study of the SMME Micro-financing sector around the Tshwane area. Mr Schoeman holds a degree in Economics.



**Willem Louw**

Mr Willem Louw is Director of the Centre for Business Management of Projects at USB Executive Development Ltd. He was previously Managing Director of the technology business unit and a member of Group Management at Sasol, where he worked from 1985 until 2011. He is a member of the SA Council for the Project and Construction Management Professions and a Fellow of the South African Academy of Engineering. Mr Louw received his Bachelor's and master's degrees in Civil Engineering from the University of Stellenbosch and his MDP (Management Development Programme in Project Management) from UNISA. He is non-executive Director of Group Five Limited.



**Naudé de Klerk**

Mr Naudé de Klerk is a Kovsie alumnus and former President of the UFS Student Representative Council (SRC). He is employed as Legal Counsel at Aspen Pharma Limited. He was previously employed by Solidarity as legal advisor and prior to that, he was Director of Erasmus De Klerk Inc, a law firm which he established and partnered. He served as Chairperson of Kovsie Alumni from 2006 until 2011 and as representative on the national management committee of the Phatshoane Henney Group. He holds a BProc degree (UFS) and LLM (UP).



**Ndaba Ntsele**

Mr Ndaba Ntsele is CEO of the multibillion-rand investment company Pamodzi Investment Holdings; Chair of Sodexo Southern Africa, Alacrity Financial Services and African Pride Hotels and Lodges; Director of Pamodzi Auctioneers and Foodcorp (Pty) Ltd; Alternate Director of SA Teemans; Executive Chairman of Pamodzi Investment Holdings; and is at the helm of the Black Business Council (BBC). In his former position as Executive Director of Nike SA, Mr Ntsele is known for the central role he played in re-launching Nike in South Africa. Mr Ntsele holds a diploma in Business Management and a certificate in Criminal Law.

Elected by Senate



**Prof Gert van Zyl**

Prof Gert van Zyl is the Dean of the Faculty of Health Sciences at the UFS, past President of the Board of the Council for Health Service Accreditation of Southern Africa (COHSASA), member of the Health Professions Council of South Africa and member of the Board of the Office of Health Standards Compliance. His field of expertise include community health, family medicine and health professions education. Prof Van Zyl is recognised at a national and international level and received numerous awards for his outstanding academic work. He holds an MB ChB, MFamMed, MBA, postgraduate diplomas in Health Administration and Community Health, SPALHE and PhD in Health Professions Education.



### Prof Helena van Zyl

Prof Helena van Zyl is the Director of the UFS Business School and former President of the SA Business School Association (SABSA). Prof Van Zyl also served on the SA Reserve Bank's Standing Committee for the Revision of the Banks' Act. As the Director of the UFS Business School, Prof Van Zyl makes a meaningful contribution towards equipping a new generation of managers, executives and entrepreneurs with the tools necessary to compete with their international counterparts, providing them with a holistic view of management and a platform to develop their leadership and managerial skills.

Elected by alumni

### Christo Dippenaar

Mr Christo Dippenaar obtained his BProc at the University of the Free State (UFS) and is practising at Christo Dippenaar Attorneys.



### Henry Madlala

Mr Henry Dumisani Madlala was born in KZN and obtained his BSc degree at the University of the North, Qwaqwa Campus. He started his career as Mathematics teacher at New Horizon College, where he became principal in 2008. The school had a 100% matric pass rate for six years in a row (2008–2013). Their recipe is simple: teachers must teach and learners must learn. As principal, Madlala applied three very important management principles: Delegate responsibilities, manage and know what you expect from others, and trust the people you have delegated responsibilities to. Some of his career highlights include attendance at ICOTS 7, a Maths4stats campaign organised by Statistics SA, and the Students for the Advancement of Global Entrepreneurship World Cup, where his school achieved fourth position. He was elected to serve on the UFS Council in 2010. Henry loves sports and is passionate about teaching.

### Loraine Roux

Mrs Loraine Roux (née Kriek) is a Kovsie alumnus and the first UFS student to become President of the Student Representative Council, Rag Queen and Kovsie Dux all in one year. Roux started her career at Deloitte Consulting under the leadership of the CEO; she specialised in Change Management and later in Talent Strategies. She is currently a Senior Manager in Risk Advisory at Deloitte South Africa, focusing on Ethics, Fraud Risk Management, Corporate Governance and business development in Africa. Roux is an Abe Bailey bursar and a member of the Kovsie Alumni Management. She holds a B Consumer Science degree (UFS).



## Representative of the religious community



### **Father Patrick Towe**

Father Patrick Towe, Missionary Oblates of Mary Immaculate, is the Chairperson of the UFS's Campus Ministries Forum, representing the Association of Catholic Tertiary Students. As student Chaplain, he serves the University student body through Catholic Christian ministry, providing spiritual guidance and support. He took up campus ministry in Bloemfontein in November 2002 and has developed a quasi-parish within the student communities on campus. He received his education in the UK, where he was ordained in 1975, and is currently pursuing a PhD in Theology at the UFS. Throughout his career Father Towe had a special involvement with community development and youth work. He worked as Roman Catholic Chaplain at the University of Southampton (UK) from 1996 to 1998, providing pastoral care for both students and staff. He serves as Parish Priest of Christ the King in Heidedal.

## Appointed by the South African Local Government Association: Free State



### **Dr Balekile Mzangwa**

Dr Balekile Mzangwa is the Chief Operations Officer of the Free State Department of Health and Chairperson of the South African Local Government Association (SALGA) in the Free State. He was previously Executive Mayor of Thabo Mofutsanyana District Municipality and also served as the Executive Mayor of Maluti-a-Phofung Local Municipality for two consecutive terms.

## Chairperson of the Institutional Forum



### **Dr Elize Smuts**

Dr Elize Smuts joined the UFS in February 2006. She is responsible for promoting the scholarship of teaching and learning and academic staff development in the Centre for Teaching and Learning at the UFS's Qwaqwa Campus. She previously worked for the Education District Office of Thabo Mofutsanyana, where she held the post of School Management and Governance Developer. Her field of expertise is quality assurance. She started her career as a teacher at Harrismith High School for three years, where she taught Home Economics and General Science. She held management positions for sixteen years at Tshiya College of Education and for one year at Thiboloha School for the Deaf and Blind. She obtained a BSc degree in Home Economics at the University of Pretoria and continued her postgraduate studies in Education Management at UNISA.

## Elected by the convocation

**Prof Johan Grobbelaar**

Prof Johan Grobbelaar is a Research Associate in the Department of Plant Sciences at the University of the Free State. He obtained a BSc degree at the University of the Free State, followed by a BScHons (UFS), MSc (UFS) and a DSc (UFS). He has served and still serves on several editorial boards, many committees and has received many national and international honours, among others the Silver Medal from the South African Association of Botanists, Council of the University of the Free State's Medal for research and services to the university and the UFS National Alumni Award. He is at present the President of the UFS Convocation

## Elected by academic staff

**Dr Jacobus Potgieter**

Dr Jacobus Potgieter is a Principal Medical Officer, Lecturer and Manager of the Anatomy Workshop in the Department of Basic Medical Sciences at the University of the Free State. He holds a BMedSc in Anatomy and Physiology (UFS), BMedScHons in Physiology, MSc (UPE) and MB ChB (UFS). He is currently a member of the management committee of UVPERSU, the Scientific Committee of the Faculty of Health Sciences, as well as a member of the Awards Committee in the Faculty of Health Sciences.

## Elected by non-academic staff

**Ruben Gouws**

Mr Reuben Gouws is the Vice-Chairperson of UVPERSU, the personnel union made up by members of the academic and support services staff of the UFS. He has served in this organisation since 1995. He obtained a BA degree in Criminology from UNISA in 1980, as well as an Honours and a master's degree in Criminology in 1985 and 1987 respectively.

## Student Representative Council



### **President of the Central Student Representative Council (Bloemfontein): Mosa Leteane**

Mosa Leteane is the Bloemfontein Campus representative for the Central Student Representative Council (CSRC). She is a Law student and has been involved in various leadership and academic programmes and structures, such as the F1 Leadership for Change Programme, KvsieFm, Prime of House NJ van der Merwe, Golden Key Executive, SRC Legal and Constitutional Affairs, and currently serves as the President of the SRC on the Bloemfontein Campus. She identifies herself as an activist who acknowledges the importance of diverse and well-rounded discussions, and has a global perspective while maintaining an African application. She aspires to study further towards a master's degree in Politics or Leadership and Higher Education.



### **President of the Student Representative Council (Qwaqwa): Thulasizwe Sithole**

Thulasizwe Sithole is the Qwaqwa Campus CSRC representative on the Council. He is currently studying for a Bachelor of Education degree at the University of the Free State. He is the SRC Off-campus representative and was a tutor of Geography for 2 years.

## Council members in advisory capacity

**Vice-Rector: Academic**  
Dr Lis Lange

**Registrar**  
Dr Derek Swemmer

**Campus Head: Qwaqwa Campus**  
Prof Prakash Naidoo

**Vice-Rector: External Relations**  
Dr Choice Makhetha

**Senior Director: Human Resources**  
Lourens Geyer

**Dean: Student Affairs**  
Rudi Buys

**Vice-Rector: Operations**  
Prof Nicky Morgan

**Senior Director: Finance**  
Chris Liebenberg

**Director: Communication and  
Brand Management**  
Lacea Loader

### 3.3.3. The Senate

The UFS Senate is responsible for the strategic direction of the academic, research and community engagement functions of the University, and for the determination of policy and rules concerning academic matters. The Senate is accountable to the Council and must advise the Council on the formation and reconfiguration of faculties of the University in order to ensure administrative and academic coherence, efficiency and sustainable quality. Any function of the Senate may, by resolution, be entrusted to any Senate member, any committee, the Executive Committee of the Senate or any subcommittee of the Senate (including standing committees), or the University Management Committee (UMC).

The majority of the members of the Senate must be academic employees of the University. In 2014 the Senate consisted of the Rector and Vice-Chancellor, the four Vice-Rectors, all full professors of the UFS, the Registrar,

one member of the Council, the academic faculty deans, and two Central Student Representative Council (CSRC) members. In total the UFS Senate has 142 voting members.

The UFS Senate has four subcommittees: an Executive Committee of Senate (ECS), chaired by the Vice-Chancellor, that deals executively with all academic matters on behalf of Senate; an Academic Planning and Development Committee (APDC) of Senate, chaired by the Vice-Rector: Academic, that deals with programmes, curriculum, enrolments and quality assurance matters; a Professoriate Committee (subcommittee of the ECS chaired by the Vice-Chancellor), that makes recommendations for the appointment and/or promotion of Associate Professors, Professors, Senior and Outstanding Professors; and the Higher Degrees Committee (subcommittee of the ECS chaired by the Vice-Chancellor) that deals with strategic and policy matters pertaining to postgraduate qualifications at the UFS.



### 3.3.4. The University Management Committee

The UMC, in cooperation with the Senate and Council, is responsible for the strategic management of the UFS with regard to its priority areas, key success factors, academic support services and portfolios.



Rector and Vice-Chancellor:  
Prof Jonathan Jansen  
(Chairperson)



Vice-Rector External Relations:  
Dr Choice Makhetha

**Head of Internationalisation:**  
Dineo Gaofhiwe-Ingram  
**Head of Community Engagement:**  
Billyboy Ramahlele  
**Qwaqwa Campus Principal:**  
Prof Prakash Naidoo  
**South Campus Principal:**  
Prof Daniella Coetzee (acting)



Vice-Rector Research:  
Prof Corli Witthuhn

**Head of Research Development:**  
Dr Glen Taylor  
**Head of the Postgraduate School:**  
Dr Henriette van den Berg  
**Head of Library and Information Services:**  
Keitumetse Eister



Vice-Rector Academic:  
Dr Lis Lange

**Heads of Centre for Teaching and Learning:**  
Francois Marais and Prof Francois Strydom  
**Head of Institutional Research and Academic Planning:**  
VACANT

**Dean of Humanities:**  
Prof Lucius Botes  
**Dean of Law:**  
Prof Caroline Nicholson  
**Dean of Economic and Management Sciences:**  
Prof Hendri Kroukamp  
**Dean of Natural and Agricultural Sciences:**  
Prof Neil Heideman  
**Dean of Health Sciences:**  
Prof Gert van Zyl  
**Dean of Education:**  
Prof Dennis Francis  
**Dean of Theology:**  
Prof Fanie Snyman  
**Dean of the School of Open Learning:** VACANT  
**Dean of Student Affairs:**  
Rudi Buys

**Trade union representatives (in advisory capacity):**  
Anita Lombard (UVPERSU) and Thabang Sepeame (NEHAWU)



Vice-Rector Operations:  
Prof Nicky Morgan

**Presidents of the Central Students' Representative Council:**

Mosa Leteane (Bloemfontein Campus) and Thulasizwe Sithole (Qwaqwa Campus)



Registrar:  
Dr Derek Swemmer

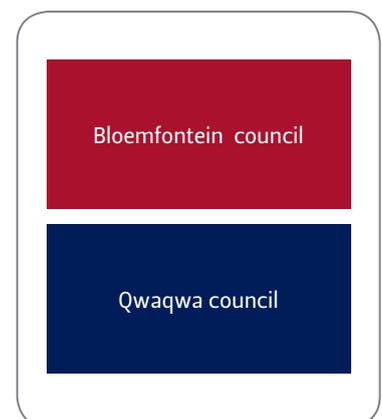
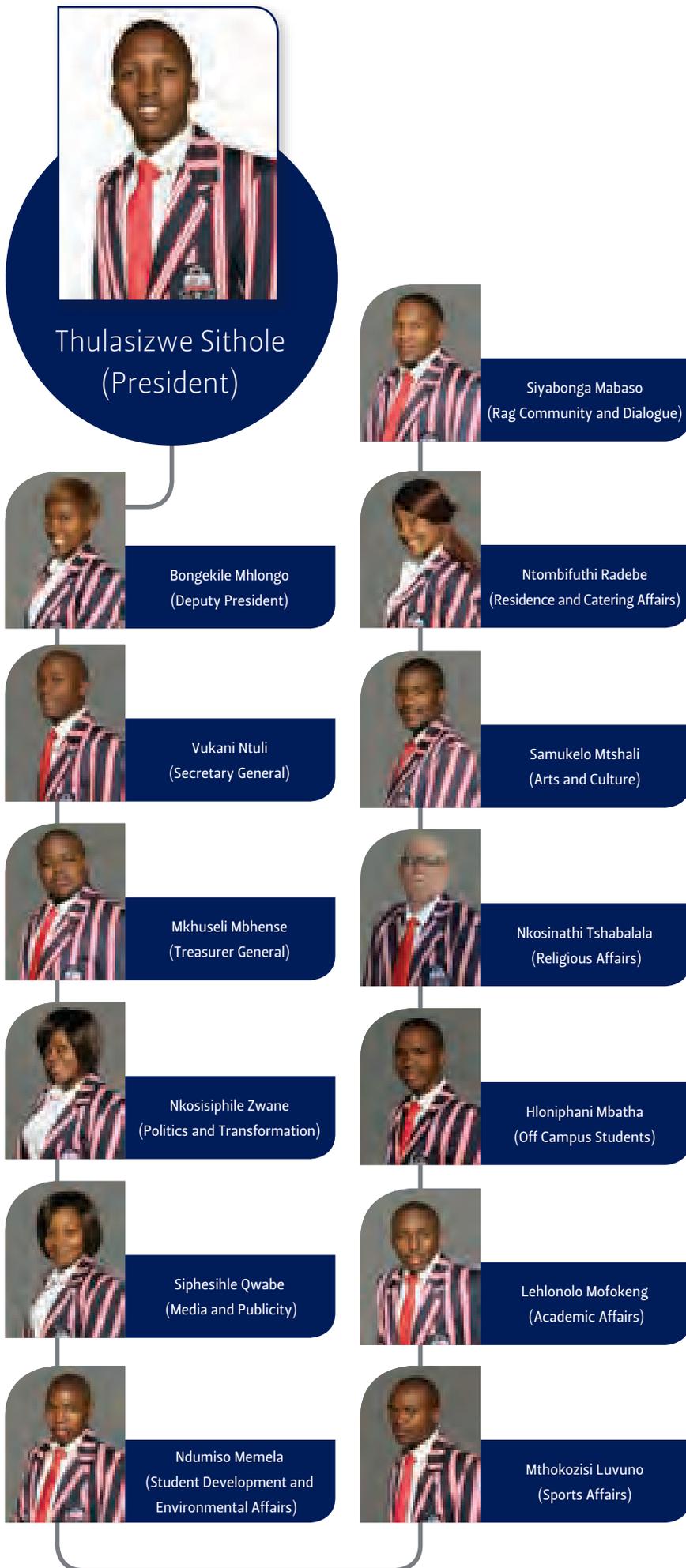
**Head of Finance:**  
Chris Liebenberg  
**Head of Human Resources:**  
Lourens Geyer  
**Head of Information and Communication Technology Services:**  
Dr Vic Coetzee  
**Head of Physical Planning:**  
Nico Janse van Rensburg  
**Head of Student Housing:**  
Quintin Koetaan  
**Head of Protection Services:**  
Mokgawa Kobe  
**Head of Health and Wellness:**  
Estelle Heideman  
**Head of Sport:**  
DB Prinsloo

**Head of Institutional Advancement:**  
Dr Marcus Ingram  
**Head of Communication and Brand Management:**  
Lacea Loader  
**Head of the Institute for Reconciliation and Social Justice:**  
Prof Andre Keet

**Head of Student Academic Services:**  
VACANT  
**Deputy Registrar (in advisory capacity):**  
Elna Van Pletzen

### 3.3.5. The Student Representative Council









REVIEWING OUR  
2014 PERFORMANCE



# 4

## Performance assessment: Moving the needle

Identifying appropriate indicators to monitor a university's performance towards the achievement of its strategic plan is not an easy task. The selection of indicators shows how a university unpacks its strategy in terms of priority areas, goals, objectives and lines of accountability. Over and above its performance commitments with the DHET, the UFS has selected 24 key performance indicators to measure its performance over the next five years. The assessment of our 2014 performance against these indicators will serve as a baseline to measure our progress in the period 2015-2020. The selected key performance indicators are detailed in Table 1 (page 35).

As we indicated in our previous report, 2013 marked a turning point in the UFS performance and allowed us to sharpen the institution's strategic focus, concentrating our energies on three goals: to improve the academic reputation of the University; to improve staff and student equity; and to achieve greater financial sustainability.

As in the past, these goals fall under the three elements that by now distinguish the UFS's strategy: the academic project, the human project and the support services foundation, respectively.

### Box 1: A note on the nature of university data

The majority of UFS data is captured by various support and academic departments on the PeopleSoft system. Operational data is available at any time, but is valid only for the date and time at which it was extracted, since operational data can change from hour to hour. Audited data for the current year is only available at the end of July of the next year. Any data for the current year that is used before August of the next year is therefore estimated figures. The scheduling of graduation ceremonies affects the accuracy of graduate data. For example, students who complete their qualifications in 2014 but receive their qualifications at the July (Master's and doctoral) and September (undergraduate and postgraduate below Master's) 2015 ceremonies will not be recorded in the 2014 data, since the ceremonies take place after the external audit of data (in June every year). People data (i.e. staff and students) is available as headcounts or as full-time equivalents (FTEs). One headcount represents one person (staff member or student), irrespective of the time they spend working or studying at the university or, in the case of students, the credit value of their enrolment. In the case of a student, the FTE value is a numerical designator for the credit load of the student. This value is based on the number and weighting of the modules (courses) for which the student is registered. In the case of a staff member, the FTE value represents the full- or part-time employment status of the staff member – for example, a full-time staff member works 40 hours per week and is therefore allocated one FTE; a part-time staff member who works 30 hours per week is allocated 0.75 of an FTE.

## 4.1. Improving the academic reputation of the University

The quality of teaching and learning and research are equally responsible for the reputation of a university. Quality teaching and learning is one of the distinguishing features of leading research institutions.<sup>1</sup> Excellence in teaching and excellence in research are mutually reinforcing and the best researchers are usually the best and most engaging lecturers because they are at the cutting edge of their disciplines and are able to impart a sense of excitement about their scholarship to students.<sup>2</sup>

The quality and effectiveness of teaching and learning is reflected in student success and the number of students graduated by the university.

Attracting large numbers of good students at both undergraduate and postgraduate level is the result of the national and international standing of academic programmes and of researchers. Moreover both quality teaching and learning and quality research generate income either in terms of direct subsidy from government paid for enrolments, graduations and research outputs, or indirectly through research contracts. In this sense research productivity and teaching and learning effectiveness are critical for the reputation as well as for the financial sustainability of the UFS.<sup>3</sup>

The quality and effectiveness of teaching and learning is reflected in student success and the number of students graduated by the university. In this regard we measure our performance in terms of module success, qualifications achieved with distinction, number of graduates, throughput and attrition, and progression towards higher degree learning. All of these indicators show improvements in 2014. The continued decrease in undergraduate attrition and the 2.3% increase in throughput rates are particularly encouraging. However, with more than 50% of undergraduate students having dropped out by the 6<sup>th</sup> year of study, a problem shared with the rest of the South

African higher education system, more work needs to be done to achieve our vision in relation to student success.

The improvements in student success may be attributed to a range of factors, including the raising of UFS academic entrance requirements in general and in specific programmes. At faculty level every head of department, in collaboration with the dean as well as the teaching and learning manager, ensures that the full range of academic support and development efforts are put in place for enrolled students to pass at acceptable levels and to graduate on time.

Quantitative indicators of improvement need to be matched by evidence of qualitative improvement in programme delivery. We are therefore continuing the quality enhancement process with a focus on curriculum review that began in 2012, as well as the systematic external review of academic departments. These processes are coordinated by the Academic Planning unit of the Directorate for Institutional Research and Academic Planning (DIRAP). During 2014 the UFS managed to conclude successfully the alignment of most its programmes to the Higher Education Qualifications Sub-Framework (HEQSF). The process of redesign and streamlining of curriculum that started in 2012 has begun to show results with an increase in success rates and graduations. Parallel to this, the UFS also started a review of the undergraduate curriculum focused on benchmarking knowledge content and the notion of transforming the curriculum. In this context during 2014 the UFS received 10 teams of external evaluators who came to help review programmes and departments.

The UFS supports candidates for NRF rating throughout the rating process and disburses monetary rewards to rated researchers as an added incentive.

More structured and better curriculum also requires better teaching practices. The CTL plays a critical role in improving the quality and effectiveness of teaching and learning by supporting academic staff development, curriculum delivery and innovation, as well as student learning and development. We discuss teaching and learning at the UFS in more detail in section 5 of this report.

In the area of research, in 2011 the DHET raised the target for research productivity for the UFS from 1.41 to 1.7 weighted research output units per permanent academic staff member, resulting in a drastic decrease in the UFS productivity measures from 92.6% in 2010 to 74.4% in 2012. The University is slowly meeting this increased norm.

1 Altbach, P. & Salmi, J. (2011). *The Road to Academic Excellence: The Making of World-Class Research Universities*. Washington D.C: The World Bank.

2 Cole, J. (2009). *The great American university: its rise to pre-eminence, its indispensable national role, and why it must be protected*. New York: Public Affairs.

3 Research data is available only up to two years before the current year. Therefore reporting on research performance is limited to the year before the reporting year.

In 2013 we produced 1.27 units per permanent academic and achieved 74.6% of the DHET research output norm. The UFS was able to improve its research productivity despite a decrease in doctoral and Master's graduations, due to an increase in publication outputs – from 643.9 units in 2012 to 669.1 in 2013. This tendency has continued throughout 2014 and we expect that the next DHET assessment of publication outputs will reflect this. A system of rewards for academics who publish has helped to increase productivity at the UFS.

The quality of its research and the standing of its researchers is a very important factor in determining the academic reputation of a university. In the South African context, NRF rating is a significant indicator of a researcher's standing and the UFS is steadily increasing the number of its NRF

rated researchers – from 105 in 2012 to 116 in 2013 to 119 in 2014. This includes two A rated scientists. The UFS supports candidates for NRF rating throughout the rating process and disburses monetary rewards to rated researchers as an added incentive.

As with teaching and learning success, an increase in research quantity should be matched by increased research quality. Conventionally, the type of journal that publishes a specific scholarly article indicates the quality of the research reported in the article. The UFS, despite the increase in its publication outputs, experienced a slight decrease in units generated from articles published in internationally indexed journals (10.7 units fewer units; a 2.9% decrease from 2012 to 2013).



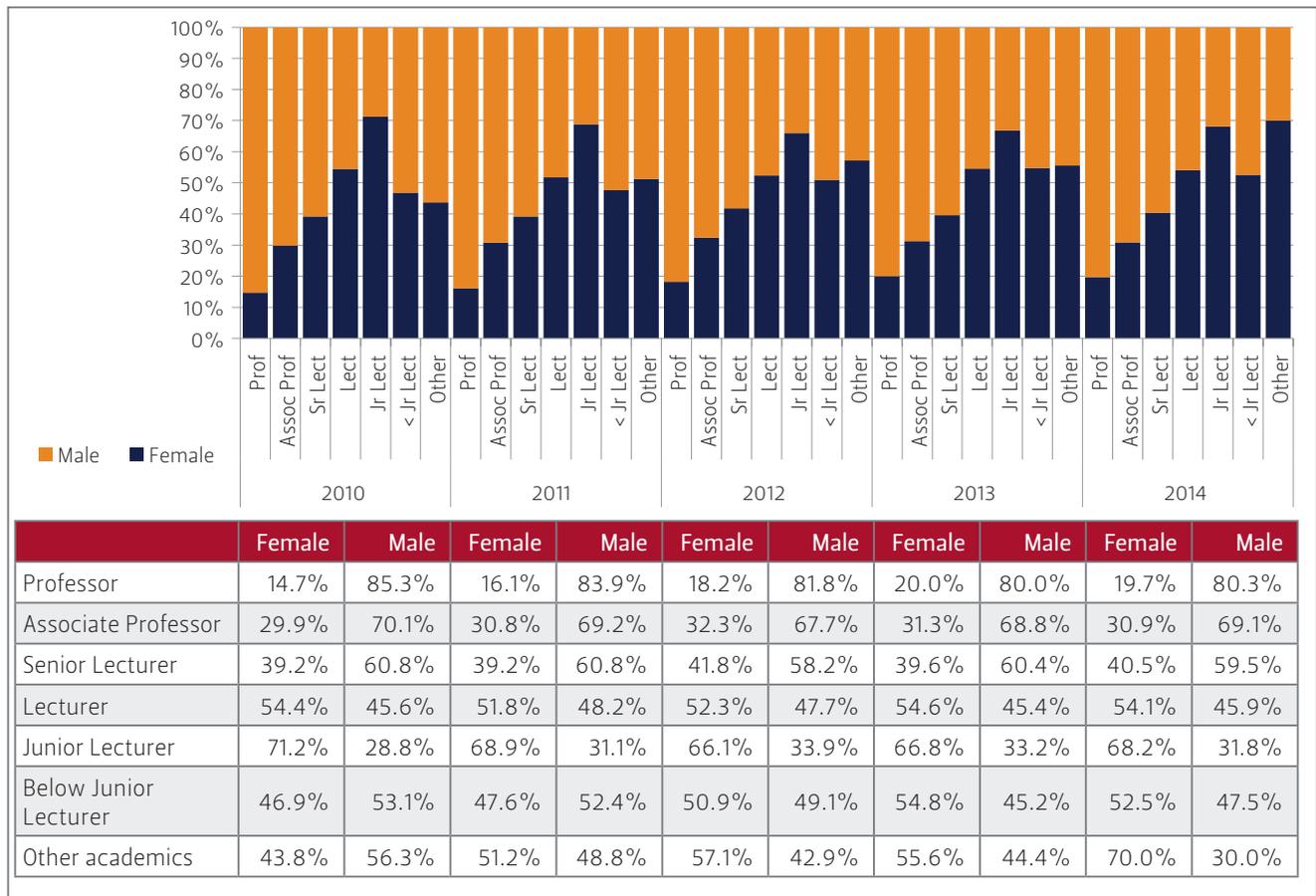


Figure 1: Academics by gender and rank

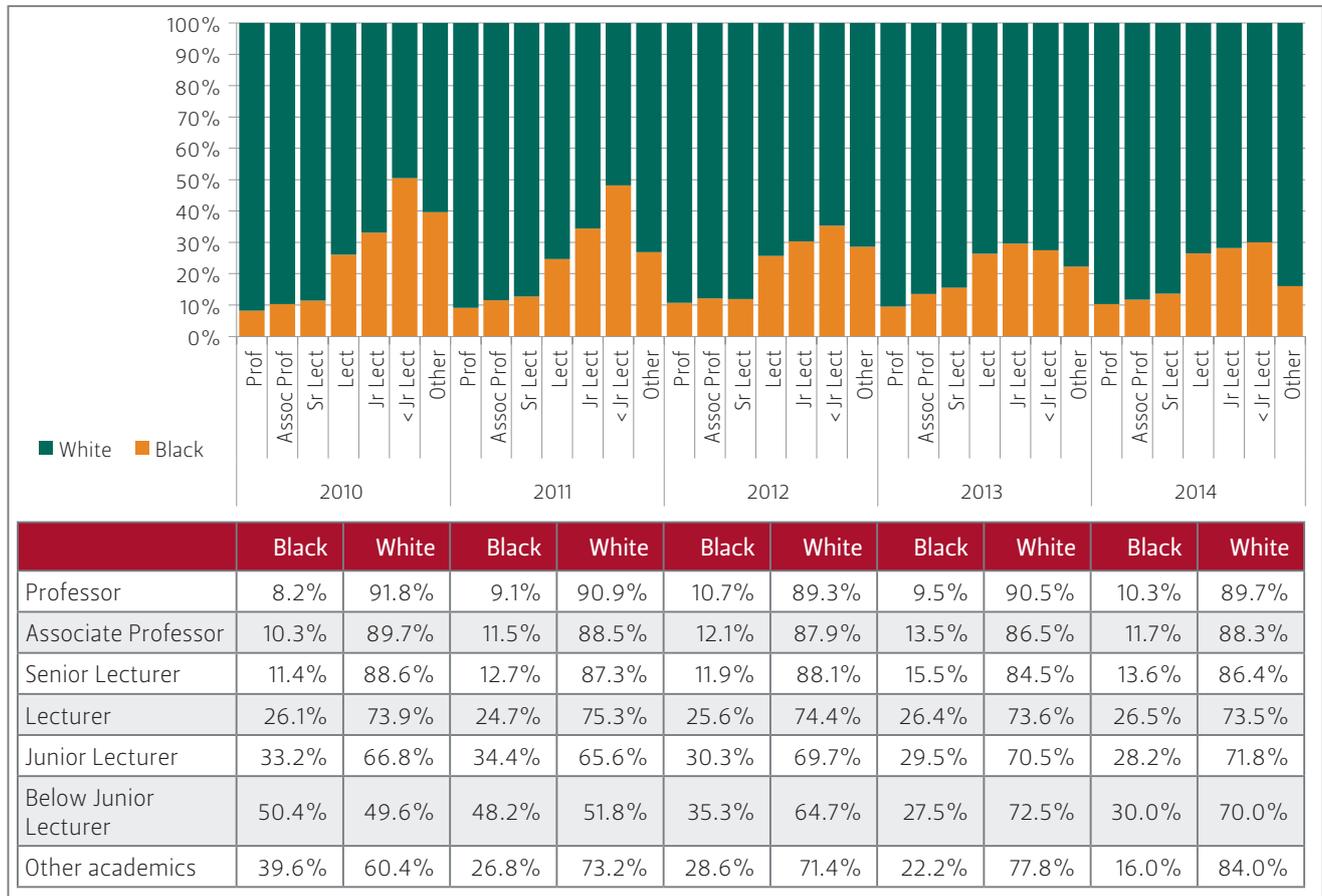


Figure 2: Academics by race and rank



Research and innovation are critical components of third stream income.

#### 4.2. Improving staff and student equity

At the UFS academic staff and student equity is not only a matter of demographics but also a teaching and learning issue. In 2014 the University began actively addressing the disparity in academic achievement between black and white students, and set radical targets in terms of academic staff diversity. With regard to the latter, progress on equity has been slow both in ordinary academic appointments and in the leadership of academic departments. However, the UFS is becoming more imaginative in using the opportunities presented by retirement or resignation of academics in the context of financial constraints and a relatively small pool of black academics at professor level. In order to address systematically the disparity in the success rates of black and white students, in 2014 the UFS competed for and won a grant from the Kresge Foundation's Siyaphumelela initiative. The four-year project, which aims to improve overall student success by strengthening the institution's capacity for collecting and analysing student data, is expected to have considerable impact on reducing the performance gap between students.

The Prestige Scholars Programme, which focuses on supporting of young academics to develop their careers.

The difference in academic achievement between black and white students has improved in the short term, as

measured by undergraduate module success. Between 2013 and 2014 there has been an increase of 4.04% in the overall module success rates of black students. This, combined with an increase of 1.64% in the performance of white students, has resulted in a considerable improvement in the overall success rate of the University, for which the UFS is cautiously proud.

In terms of the University's academic staff profile, currently, only 23.4% of the academic staff complement at the UFS is black – the result of a 1% increase from 2013 to 2014. This is far from satisfactory. In order to modify this situation it was agreed that the majority of new academic appointments would be filled with black academics and that the UFS will recruit black academic heads of departments. The UFS made progress towards this goal in 2014, with black academics constituting 24.1% of new academic staff appointments (compared to 22.4% in 2013), and 12% of new department heads (compared to 0% in 2013). The goal over the next five years is to increase this share to at least two in three new appointments. Achieving this goal should have a significant impact on the racial diversity of the academic staff complement and will support a deepening and acceleration of change in the UFS academic and institutional culture. Another important strategy in the transformation of the UFS institutional culture is the increase in the representation of women in the professoriate. Currently, while women, particularly white women, are very well represented in the UFS academic workforce, they are usually appointed at or below senior lecturer level (see Figure 1). Black women academics are the most unrepresented group in all our faculties' staff. The University has launched several strategies to address these issues; important among them is the Prestige Scholars Programme, which focuses on supporting of young academics to develop their careers.



### 4.3. Achieving financial sustainability

Public universities in South Africa have four main sources of income: government subsidy, student fees, and third stream income, and, to a much lesser extent, donor funding, which they usually access for specific purposes. As a public university the majority of the operations of the UFS depend on government subsidy and student fees, which in 2014 constituted 84.9% of the total income of the institution (see Figure 3).

Every member of staff becomes an essential contributor to the performance and wellbeing of the university.

In a country like South Africa public institutions cannot be financially over-dependent on student fees. In order to ensure that this is the case a university has to manage appropriately student enrolments, its overall performance, and ensure that it generates sufficient third stream income.

How a university performs in terms of its ability to attract and graduate students, produce research, and secure third stream income is becoming increasingly important for the financial sustainability of an institution. In this context every member of staff becomes an essential contributor to the performance and wellbeing of the university. Managing this in a way that does not distort the nature of the academic enterprise requires wide consultation as well as clear models. During 2014 the UFS has been discussing the development and implementation of a viability model for academic departments as well as a workload model to manage the individual performance of academics, which will be rolled out during 2015.

While the UFS's fees are still comparatively accessible, the institution is aware that the 6.5% increase in total income

from 2013 to 2014 is mainly due to the 12.2% increase in income from tuition fees. It is our intention to increase other sources of income to correct this situation.

Research and innovation are critical components of third stream income. The UFS performed very well in this regard in 2014. Overall, income from these activities increased by more than R15 million, with 83.1% of this amount originating from sources other than government grants. Private gifts and grants for research increased most significantly from R549 000 in 2013 to R3.2 million in 2014.

Important from the point of view of increasing other income sources, the UFS formalised the structure of its advancement function in late 2013, thereby acknowledging the importance of this function for increasing its third stream income. During 2014 the newly-formed Directorate for Institutional Advancement (DIA) focused on a radical restructuring process, building the directorate from various units scattered across several support service divisions, and strategically aligning its activities with internal partners. With a new organisational structure in place, the DIA developed a strategic plan that will guide its work into the foreseeable future.

Probably as a consequence of the focus on organisational matters during this year the income generated by advancement activities did not increase. Total donor income decreased by 36.0% from 2013 to 2014, with the most significant losses occurring in income from the government sector. On the positive side, there has been an almost threefold increase in income from the corporate sector. Although this does not offset the general decline, it marks an important trend that we intend to maintain while addressing the decrease in public funding.

For the last two years the UFS has been involved in a process of streamlining academic offerings and deciding strategically on the University's appropriate size and shape given its location and academic profile. At the same time the UFS has experienced a relative drop in its overall headcount enrolments, which constitutes the basis for approaching the DHET to discuss the feasibility of meeting the new government enrolment targets. The outcome of this conversation will only be available in 2015. Table 1 reflects the UFS performance in relation to enrolments by comparison to previous years.

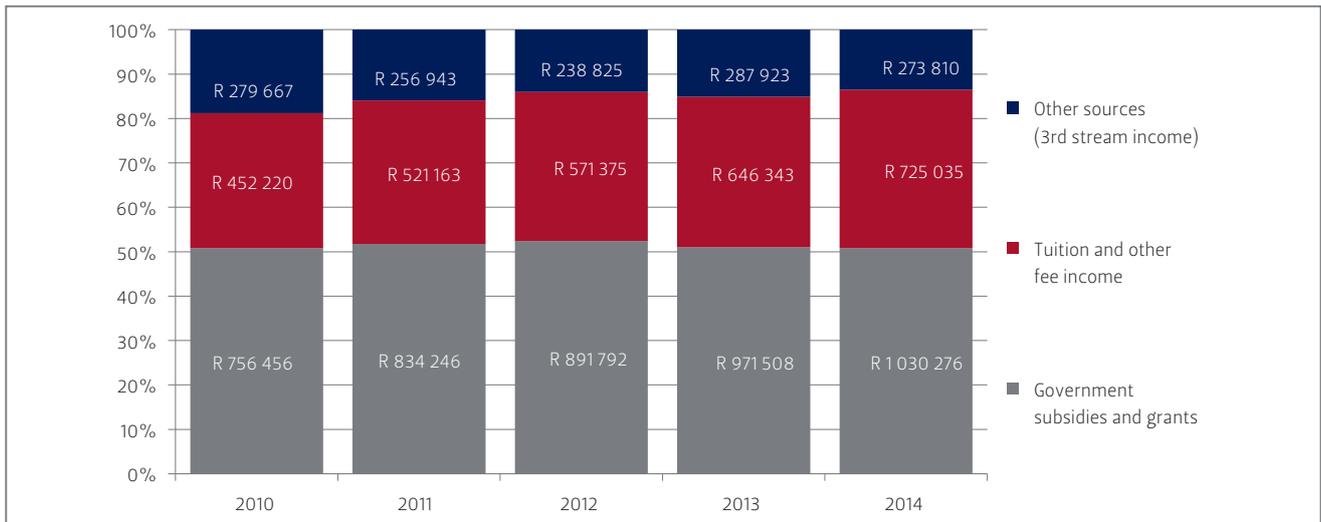


Figure 3: Total income by source (R'000)

Table 1: UFS key performance indicators

**Note on change indicators:**

The arrow denotes the *direction* of the change, and the *colour* denotes the desirability of the change. For example,  $\uparrow$  means that the value of the indicator *increased* from 2013 to 2014, and an annual increase is *desired*, so:  $\uparrow$  = increase in the desired direction;  $\downarrow$  = decrease in the desired direction;  $\uparrow$  = increase in the undesired direction;  $\downarrow$  = decrease in the undesired direction

Strategy	Indicator	2013	2014	change from 2013 to 2014	
Decrease the success gap between black and white students	1. Difference between black and white student module (course) success rates	-12.4%	-10.0%	$\downarrow$	
Strategic management of academic staff appointments: increase staff with doctorates and increase representation of female and/or black academics, in particular in leadership positions and above lecturer level.	2. Percentage of new academic staff appointments who are black	22.4%	24.1%	$\uparrow$	
	3. Percentage of new head of academic department appointments who are black	0.0%	12.0%	$\uparrow$	
	4. Percentage of permanent academics who hold a doctorate as highest qualification	41.5%	41.9%	$\uparrow$	
	5. Female academics disaggregated by staff rank	5.1 Share of academic staff complement that is female	48.2%	48.5%	$\uparrow$
		5.2 Distribution of female academics by staff rank	See Figure 1		
		Professor	20.0%	19.7%	$\downarrow$
		Associate Professor	31.3%	30.9%	$\downarrow$
		Senior Lecturer	39.6%	40.5%	$\uparrow$
		Lecturer	54.6%	54.1%	$\downarrow$
		Junior Lecturer	66.8%	68.2%	$\uparrow$
	Below Junior Lecturer	54.8%	52.5%	$\downarrow$	
	6. Black academics disaggregated by staff rank	6.1 Share of academic staff complement that is black	22.4%	23.4%	$\uparrow$
		6.2 Distribution of black academics by staff rank	See Figure 2		
		Professor	9.5%	10.3%	$\uparrow$
Associate Professor		13.5%	11.7%	$\downarrow$	
Senior Lecturer		15.5%	13.6%	$\downarrow$	
Lecturer		26.4%	26.5%	$\uparrow$	
Junior Lecturer		29.5%	28.2%	$\downarrow$	
Below Junior Lecturer	27.5%	30.0%	$\uparrow$		

Strategy	Indicator		2013	2014	change from 2013 to 2014
Decrease dependence on tuition fees	7. Rand value of total income, disaggregated by income source	7.1 Total income (R'000)	R 1 905 774	R 2 029 122	↑
		7.2 Distribution of total income by source	See Figure 3		
		<i>Government subsidies and grants</i>	51.0%	50.8%	↓
		<i>Tuition and other fee income</i>	33.9%	35.7%	↑
		<i>Other sources (3rd stream income)</i>	15.1%	13.5%	↓
Increase funding from research and innovation	8. Research income, disaggregated by income source	8.1 Rand value of total research and innovation income (R'000)	R 126 701	R 141 822	↑
		8.2 Research and innovation income by source	See Figure 7		
		<i>Research contracts (R'000)</i>	R 13 633	R 16 384	↑
		<i>Private gifts/grants for research (R'000)</i>	R 549	R 3 164	↑
		<i>Sales of research goods and services (R'000)</i>	R 13 855	R 13 440	↓
		<i>Short learning programmes (R'000)</i>	R 32 341	R 36 290	↑
		<i>Government grants for research (R'000)</i>	R 54 739	R 57 289	↑
		<i>Research income from other sources (R'000)</i>	R 11 584	R 15 255	↑
Increase funding from advancement activities	9. Rand value of donor funding, disaggregated by donor type	9.1 Donor income (R'000)	R 71 769	R 45 897	↓
		9.2 Donor income by donor type			
		<i>Corporate sector (R'000)</i>	R 5 664	R 15 818	↑
		<i>Government sector (R'000)</i>	R 37 113	R 375	↓
		<i>Individuals (R'000)</i>	R 3 698	R 2 383	↓
		<i>Trusts/ foundations (R'000)</i>	R 17 269	R 18 815	↑
		<i>Other (R'000)</i>	R 8 026	R 8 506	↑
Strategic management of enrolments	10.1 Total headcount enrolments		31 877	31 100	↓
	Headcount enrolments, disaggregated by	10.1.1 Attendance mode			
		<i>Contact mode</i>	25 611	25 610	↓
		<i>Distance mode</i>	6 176	4 770	↓
		<i>Mixed contact/distance</i>	90	720	↑
		10.1.2 Qualification level			
		<i>Occasional</i>	1 438	1 576	↑
		<i>Undergraduate</i>	23 734	22 712	↓
		<i>Postgraduate below Masters</i>	3 937	3 938	↑
		<i>Masters</i>	2 208	2 210	↑
		<i>Doctoral</i>	560	664	↑
		10.1.3 Gender <sup>4</sup>			
		<i>Female</i>	19 698	19 241	↓
		<i>Male</i>	12 179	11 858	↓
		10.1.4 Race <sup>5</sup>			
	<i>Black</i>	22 909	22 087	↓	
	<i>White</i>	8 968	9 011	↑	
	10.2 Total full-time equivalent (FTE) enrolments		23 461.70	24 006.22	↑
	FTE enrolments, disaggregated by	10.2.1 Attendance mode			
		<i>Contact mode</i>	20 074.37	21 038.12	↑
		<i>Distance mode</i>	3 387.33	2 968.09	↓
		10.2.2 Qualification level			
<i>Occasional</i>		759.89	769.67	↑	
<i>Undergraduate</i>		18 633.89	18 965.18	↑	
<i>Postgraduate below Masters</i>		2 720.63	2 886.59	↑	
<i>Masters</i>		1 099.66	1 094.68	↓	
<i>Doctoral</i>		247.62	290.10	↑	
10.2.3 Major field of study					
<i>Business and Management</i>		4 177.20	4 149.97	↓	
<i>Education</i>		4 092.47	3 969.74	↓	
<i>Other Humanities</i>	7 996.52	8 315.80	↑		
<i>Science, Engineering and Technology</i>	7 195.51	7 570.71	↑		

Strategy	Indicator		2013	2014	change from 2013 to 2014	
Improve the quality and effectiveness of teaching and learning	11. Undergraduate throughput rate		55.6%	57.9%	↑	
	12. Graduation rate, disaggregated by qualification level	12.1 Overall graduation rate		22.1%	39.2%	↑
		12.2 Graduation rate by qualification level				
		<i>Undergraduate</i>		17.0%	16.7%	↓
		<i>Postgraduate below Masters</i>		52.6%	55.7%	↑
		<i>Masters</i>		23.9%	19.3%	↓
		<i>Doctoral</i>		16.2%	6.3%	↓
	13. Module (course) success rate, disaggregated by course level	13.1 Overall module success rate		77.7%	79.0%	↑
		13.2 Module success rate by course level				
		<i>Undergraduate</i>		77.4%	81.0%	↑
		<i>Postgraduate below Masters</i>		84.2%	79.3%	↓
		<i>Masters</i>		59.5%	51.7%	↓
		<i>Doctoral</i>		17.1%	28.8%	↑
	14. Undergraduate module distinction rate		15.2%	17.2%	↑	
	15. Number of undergraduate modules with a success rate below 50%		63	42	↓	
	16. Undergraduate attrition rate from 1st to 2nd year of study		24.0%	23.4%	↓	
	17. Undergraduate attrition rate from 2nd to 3rd year of study		-4.0%	-5.3%	↓	
	18. Undergraduate attrition rate from 3rd to 4th year of study		5.5%	4.1%	↓	
19. Undergraduate attrition rate from 4th to 5th year of study		14.0%	12.6%	↓		
20. Cumulative undergraduate attrition rate after 5th year of study		57.0%	52.6%	↓		
21. Conversion rate from undergraduate to postgraduate below Master's level		16.59%	17.34%	↑		
Increase research <sup>4</sup> productivity	22. Share of DHET research output norm achieved		74.4%	74.6%	↑	
	23. Total weighted research output units per permanent academic		1.26	1.27	↑	
Improve research <sup>4</sup> quality	24. Publication output units from articles published in internationally indexed journals		58.16%	54.37%	↓	



4 In 2014 data, 2 headcounts are listed as gender unknown

5 In 2014 data, 3 headcounts are listed as race unknown

6 Research data is available only up to two years before the current year. Therefore reporting on research performance is limited to the year before the reporting year.



# 5

## Teaching and learning and research: A core of excellence

In the last two years the University has put renewed efforts into improving its performance in the academic core areas. As we indicated in previous reports, the creation of a dedicated portfolio for research signalled management's commitment to elevating the research profile of the University. Similarly, the UFS's focus on teaching and learning excellence has found expression in a number of initiatives that required greater alignment as well as time to start showing fruit. In both cases the UFS is positive about its achievements and it is continuously encouraged to make excellence the mark of everything we do across our core functions.

### 5.1. Refocusing teaching and learning at the UFS

The acceleration and deepening of the UFS strategy in 2013 brought the urgency of improving teaching and learning to the fore. Important for this purpose is the consolidation of the UFS's institutional thinking on teaching and learning in agreed upon documents that serve as guidance for action and means of communication between faculties, support units like the CTL, and the Rectorate of the University. One such document was the UFS Teaching and Learning Strategy submitted to Senate by the CTL in 2014.

The new teaching and learning strategy comprises seven objectives to promote quality teaching and learning and student success and engages with the definition of graduate attributes for the UFS. All the objectives are mutually reinforcing and are intended to facilitate the

development of a teaching and learning culture that equips the University to meet its strategic goals:

- i. Raising awareness of quality teaching and learning;
- ii. Developing excellent teachers;
- iii. Engaging students for success;
- iv. Building an organisation for change and teaching and learning leadership;
- v. Aligning institutional policies to foster quality teaching and learning;
- vi. Highlighting innovation as a driver for change; and
- vii. Evidence-based change through assessment.

#### 5.1.1. Access with success

Teaching and learning and, especially, the notion of access with success are the space in which the UFS academic and human projects intersect with each other. The UFS attempts to provide the best possible support systems for students to be able to pass their modules and to graduate. The staff at the CTL and the faculties' teaching and learning managers work together to make this possible. The range and impact of CTL's programmes focused on access with success are a source of pride for the University. The University Preparation Programme (UPP) scaffolds the learning of students with potential but whose Admission Point (AP) scores are not sufficient to enter mainstream programmes. The New Academic Tutorial Programme (NATP) that provides supplementary instruction in high risk modules, and the work done in the area of language

development, both Afrikaans and English, show that appropriate pedagogy and adequate support make all the difference for student success.

During 2014 1 098 students were enrolled for UPP modules, 230 modules participated in the tutorial systems, more than 5 000 students took language development modules, and 365 staff and students were assisted at the Write Site in CTL. While not all CTL programmes are offered on all three campuses, 2014 marked an exceptionally good year in the revitalisation of teaching and learning at the Qwaqwa Campus. The South Campus is the main site of the UPP programme and constitutes a laboratory of new pedagogies funded by the Foundation Grant of the DHET. The NATP matured from 15 tutors in two faculties in 2007 to 321 tutors in six faculties on both the Bloemfontein and Qwaqwa Campuses by 2014. The NATP was also expanded to include a customised model for residences and for the Unit for Students with Disabilities. Funding from the DELL Foundation has made possible the development of a focused programme to support the transition of extended programme students into mainstream modules. Cohorts of UPP alumni who join extended degree programmes are automatically included in the Programme for Academic Student Success (PASS). What started out as a relatively small programme with a cohort of 642 students in 2013 has grown to include 1 201 students in 2014, and it is expecting to grow to 1 800 students in 2015. The programme not only provides academic support, but also tracks all the students' academic progress to create an early warning system for those at risk.

All these programmes address two fundamental problems in contemporary higher education: the articulation from school to university and the transition gap between study levels at the university.

### 5.1.2. Engagement and success

At the heart of the UFS approach to teaching and learning is the concept of student engagement. Student engagement research assumes the principle that what students do during their time at university matters with regard to their persistence and success. Student engagement is defined by two key concepts: firstly, what students do (the time and energy they devote to educationally purposeful activities) and secondly, what institutions do (the extent to which institutions employ effective educational practices). The aim of student engagement research is to further the development of effective educational institutions that are able to channel student energy to activities that matter by providing institutions with data on what students do and what institutions do.

The CTL is the South African leader in conducting the South African Surveys of Student Engagement (SASSE) and since 2009 has been conducting the survey nationally with institutions participating on a voluntary basis. The SASSE research project aims to identify high impact practices that facilitate quality teaching and learning and promote student success within the South African higher education context. In 2013 CTL received a Kresge Foundation grant for the project.

SASSE annually collects information at participating universities about student participation in activities and programmes that promote their learning and personal development. The results provide an estimate of how undergraduates spend their time and what they gain from attending their university. By 2014 11 institutions were participating in SASSE, with a further three institutions set to join in 2015.

### 5.1.3. Innovation in assessment

Formative student assessment is the basis of any early warning system that can help students to realign their learning to what is required of them to be successful. In a large class context, however, grading and feedback periods are extended, which often renders formative assessment ineffective in achieving this purpose. E-assessment presents a solution to this challenge by saving time in terms of grading, allowing rapid access to results, and maintaining an automatic data record. By employing an e-assessment system, regular formative assessment tasks can be incorporated into every module and customised, timeous feedback can be provided to students. The UFS has therefore invested in the implementation of Questionmark, an e-assessment system used worldwide for computer-based and computer-assisted assessment.

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The CTL also established the Excellence in Teaching and Learning Awards to recognise lecturers' innovative teaching and learning practices and dedication to student success.

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The implementation process involves collaboration between UFS faculties, the CTL, UFS ICT Services, and the University of Pretoria, which has more than 20 years' experience in e-assessment practices. The first phase of implementation entailed mapping current e-assessment practices at the UFS, which provided information that informed faculty discussions in 2014. A small-scale pilot of Questionmark was launched at the UFS in the second half of 2014, with more extensive piloting planned for 2015.

### 5.1.4. Academic staff development

The other side of the coin of student success is the quality and effectiveness of the teaching and learning that takes place in a course. Thus, the professionalisation of teaching academics is very important to us. The academic staff development function is located in the CTL and aims to equip lecturers to respond appropriately to the needs of our

students. In 2014 the CTL offered a range of development opportunities including three national and 23 local workshops, four development courses, two orientation sessions, and two energiser sessions. These events were attended by 538 staff members.

The CTL also established the Excellence in Teaching and Learning Awards to recognise lecturers' innovative teaching and learning practices and dedication to student success. The awards also provide an opportunity for academics to showcase and share success stories, lessons learned and tried-and-tested practices.

In order to develop faculty-specific approaches to teaching and learning the CTL works with a team of deeply committed teaching and learning managers in the faculties. The diversity

of perspectives offered by these experts enrich teaching and learning thinking at the UFS and provide invaluable insights into how the CTL can continue to meet the needs of staff and students.

The CTL module makeover programme, that offers assistance to academics with the redesign of modules, and the Module Assistance Programme (MAP), that has been designed to help develop appropriate interventions in identified modules, are pertinent examples of how staff capacity development and engagement data can support the improvement of teaching and learning. Part of the funds secured from the Kresge Siyaphumelela Project will be dedicated to the piloting of MAP in collaboration with the relevant academic departments.

## Box 2: The ascent of a UPP alumnus

A shining example of how the UPP provides long-term outlooks for success is that of Tshegofatso Setilo. She entered the UPP (without which she would not have had the opportunity to access the UFS) in 2005. She completed the programme successfully and went on to graduate with a Bachelor's degree in 2008. In 2010, she obtained her Honours in Sociology. Thereafter, she won an Erasmus Mundus scholarship to study in Poland, where she obtained a Master's degree in Cultural Studies. She returned to the Free State where she accepted a position as UPP Manager on the UFS South Campus.

## Our dedicated Teaching and Learning Managers



**Elzmarie Oosthuizen**

Natural and Agricultural Sciences

*To teach is to learn twice and to teach is to change lives forever. That can only happen if you use a toolbox full of teaching styles.*



**Jackie Storer**

Humanities

*Hearts and minds have to be captured through engaging pedagogy – that's why I am involved in teaching and learning!*



**Kelebogile Thomas Resane**

Theology

*As a person with an obligation to empower people, I am excited by the opportunity to fulfil this calling.*



**Manie Moolman**

Law

*Tell me and I forget. Teach me, and I remember. Involve me, and I learn.*  
– Benjamin Franklin



**Sonet Kruger**

Health Sciences

*It is my passion to develop, mentor, and support students as well as academics with regard to teaching and learning.*



**Adri Beylefeld**

Education

*If... subject knowledge should be supported with generic skills required for successful learning and future employment, then assessment should demand those skills to be achieved and demonstrated.*



**Corlia Janse van Vuuren**

Economic and Management Sciences

*Teaching and learning changes lives and that is where I love to be – where lives are positively changed!*

### Box 3: Students' access to financial aid

UFS students access financial aid through various means and from a variety of sources. The most prevalent means of financial aid are bursaries, scholarships and loans. The main sources are UFS funds, both institutional and departmental, the South African government – which includes NSFAS, the NRF and other science councils, and national and provincial government departments – and non-governmental organisations including the private sector.

During 2014, 9 000 UFS students received R509 million in financial aid for their studies (see Figure 4). The majority of this amount came from government sources (R380 million; see Figure 5). However, the overall increase in student financial aid from 2013 to 2014 is mainly due to a 66% increase in funding from non-governmental organisations and from the UFS itself. In 2014 the UFS increased its investment in its students by 30%, supporting an additional 72 students and increasing the average amount per student by R2 015. This increase, together with a 75% increase in support from non-governmental organisations, successfully mitigated the small decrease in government support.

The UFS is quite concerned about a decrease in support from government sources other than NSFAS and the NRF, as well as a decrease in NSFAS loan support. Despite increased per capita support, 577 fewer UFS students received NSFAS loan support in 2014, and 342 fewer students were supported by other government sources. This raises again the perennial question of the fairness and effectiveness of providing more students with smaller amounts of money or fully funding fewer students.

One group for whom financial aid is extremely limited are our international students. These students are not eligible for bursaries and loans from government sources, and financial support offered by the UFS itself is limited. While international students are an important source of third stream income, these students also contribute immensely to the intellectual diversity of the UFS. The University therefore plans to investigate ways to balance these two priorities, with a view to decrease deregistration of international students because they cannot afford tuition fees.

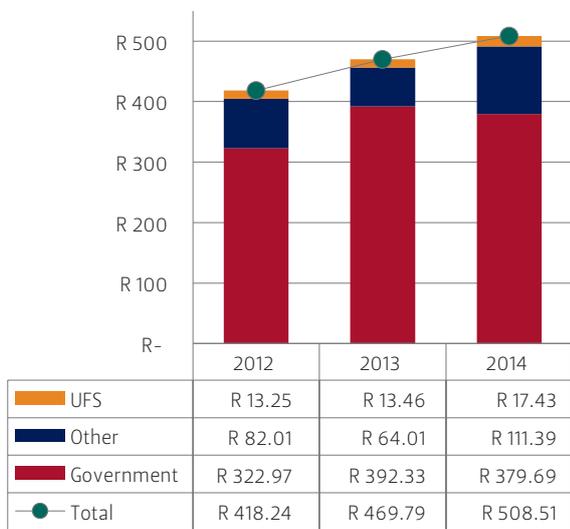


Figure 4: Student financial aid at UFS from all sources (R million)

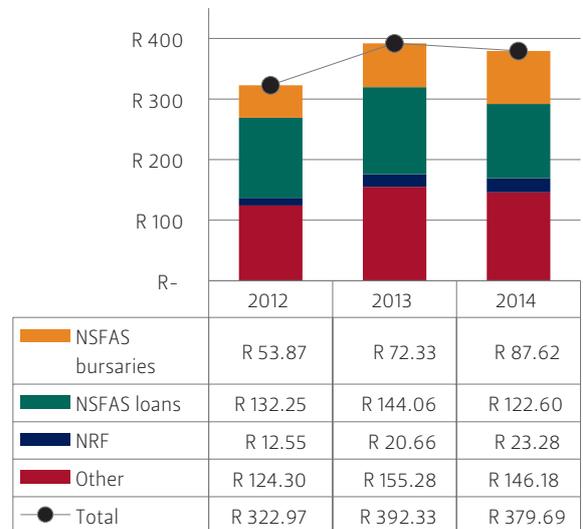


Figure 5: Student financial aid from government sources (R million)

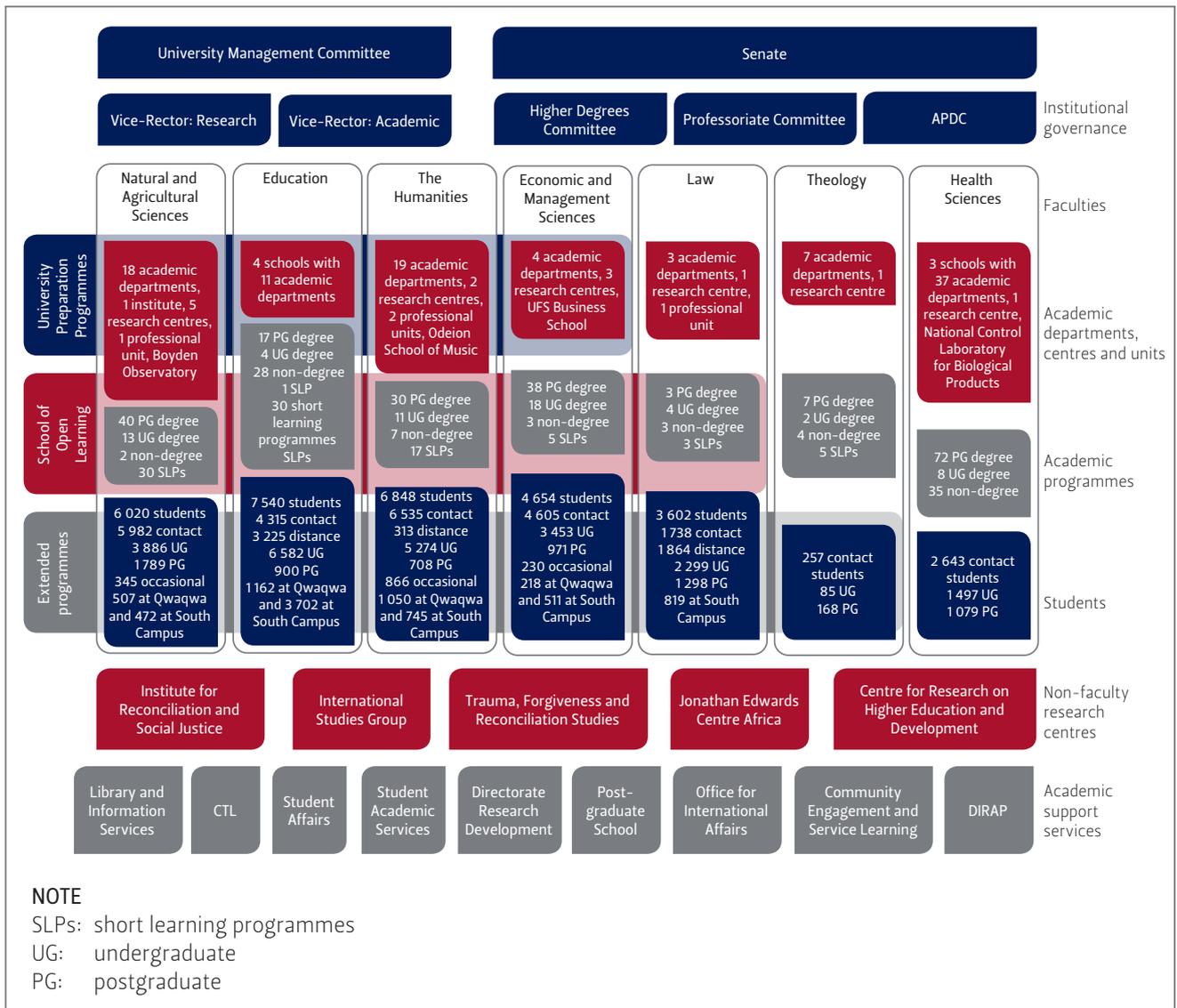


Figure 6: The academic structure

## 5.2. Stronger research at UFS

### Box 4: A note on the reporting of research

Due to the nature of the research enterprise, research outputs can only be submitted for audit the year after they were produced. This means that South African universities submit their 2013 outputs to the DHET at the start of 2014 and receive audited feedback towards the end of the year. Data on 2014 outputs undergo the audit process during 2015 and we receive feedback on this data during 2016. Therefore the current report covers our audited research achievements and developments in 2013.

In 2013 the UFS appointed for the first time a dedicated Vice-Rector: Research, thereby establishing a top management portfolio tasked with fulfilling the objectives of the University's academic project in relation to research that contributes to improving the University's academic reputation and supporting financial sustainability. The strategy chosen to increase the size and quality of the

research enterprise at UFS has been the development of partnerships. These partnerships are of two fundamental types: internal to the university, which include collaborations between the top management and different groups of academics, and external, which include collaborations with different types of bodies and people at provincial, national and international levels.

### 5.2.1. The next generation

Some types of partnerships entail mutually beneficial collaborative agreements that enable the UFS to expose our young scholars to research and education institutions across the world. These include the universities of Tilburg, Antwerp and Leuven in Europe (among others) and the brand new Okinawa Institute of Science and Technology in Japan. We have also been fortunate to receive the support of both the Erasmus Mundus programme and the Fulbright Program, which link our young as well as our more experienced scholars to top universities abroad through long-term academic commitments and funding for advanced degrees. The UFS Office of International Affairs plays a key role in managing these and other funding mechanisms available for international travel, hosting of international scholars, and staff and student exchanges.

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The grant has attracted highly qualified young scholars from Botswana, Zambia and Zimbabwe, as well as from the UK and USA.

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The UFS makes use of these partnerships to supplement its own investment in addressing the challenge of increasing our research capacity. The Vice-Chancellor's Prestige Scholars' Programme (PSP) is the example of this investment that we are most proud of. It is a high profile initiative that accelerates the scholarship of selected individuals by identifying, supporting and promoting the most talented and promising emerging UFS scholars, irrespective of discipline. These are dedicated postdoctoral scholars in various disciplines, who are poised to become the next generation professors. They participate in an intensive programme of support that includes international placement and mentorship, allowing them to work with world-recognised experts from Japan, Europe and the United States. Since the first call in 2010, 40 scholars have been nominated to the programme, and the 2013 group includes 14 bright young academics working in a diverse range of disciplines – from musicology to biochemistry. On another level, in order to provide research support to a broader number of academic staff members, we have also initiated a mid-career research development programme with the aim of supporting less experienced researchers to make a meaningful contribution to our research outputs.

In terms of research training, the creation of the Postgraduate School has allowed for a more focused approach to the education of a new crop of master's and doctoral students, often members of faculty. More recently the Postgraduate School has started working with honours students with a view to accelerating and increasing the academic pipeline. In the last few years the UFS has improved the number



of staff with higher qualifications, following a significant decrease in 2009. Between 2009 and 2014 the number of permanent academics holding doctorates grew from 339 to 416, while those with Master's qualifications from 319 to 459. Yet the University is not producing or attracting sufficient numbers of black doctoral graduates to replace the retiring generation of academics.

Creating international links among young academics is also a way of incentivising research and benchmarking quality. Therefore the US\$500 000 award received from the Andrew W Mellon Foundation in 2013 is especially valuable. The award allows 20 postgraduate students and postdoctoral fellows to study humanities at the UFS. The grant has attracted highly qualified young scholars from Botswana, Zambia and Zimbabwe, as well as from the UK and USA. The award also includes annual postgraduate skills training workshops and a research seminar programme. This has continued during 2014, creating a stimulating atmosphere for the humanities on campus. In the same vein the UFS partnered with the NRF, the Department of Science and Technology (DST), and the distinguished International Institute for Applied Systems Analysis in Vienna, Austria (IIASA) to host the 2nd Southern African Young Scientists Summer Programme (SA-YSSP2). During 2014 19 young scientists from 16 countries completed the three-month programme. Prof André Roodt of the UFS Department of Chemistry is dean of the SA-YSSP, and Prof Martin Ntwaeaborwa of the Department of Physics serves as the deputy dean.

### 5.2.2. Sustaining and deepening a research culture

Research partnerships begin with dialogue, which is why a rich variety of high-powered research conversations became a staple of the UFS calendar in 2013 and continued during 2014 – from the history seminars under Prof Ian Phimister's research group, to the race, reconciliation and research dialogues under the umbrella of the Institute for Reconciliation and Social Justice. Topics included Mass Violence and Genocide in Africa; Dialogue between Science and Society; and Sexuality, Society and Pedagogy – the latter hosted by the Education Faculty. The Centre for Africa Studies hosted a series of dialogues on the African National Congress (ANC), preceding the 53<sup>rd</sup> National ANC Conference held on the Bloemfontein Campus, and the Faculty of Law hosted the International Symposium on Corruption. Poet, painter

and activist Breyten Breytenbach shared his views as part of the Philosophy Colloquium series. All of these provided us with the opportunity to learn from and share with leading scholars from around the world and, most importantly, to build partnerships that facilitated productive research.

Some types of partnership take the form of new research centres established at the UFS, such as the Jonathan Edwards Centre that links Yale University and the UFS to train doctoral students in theology and the humanities from across the continent and beyond, and to generate new research directions. The SME Observatory of South Africa, the first of its kind in the country, is located in the Centre for Development Support (CDS) of the Faculty of Economic and Management Sciences and was made possible through a partnership with the International Labour Organisation (ILO) and the SA National Treasury. The Faculty of Health Sciences collaborated with the College of Medicine at Penn State University Medical Centre, Hershey, to establish the medical Simulation Unit.

We are particularly proud of those collaborations that resulted in top quality scholarly publications not least of which is an article published in the highly rated journal *Nature* by an international research team including UFS Geology Prof Marian Tredoux on the fairly common occurrence of platinum deposits in sulphite melts. The Centre for Research on Higher Education and Development's Prof Melanie Walker published two important books, with Alejandra Boni (Universidad de Valencia) – *Human Development and Capabilities: Re-imagining the university of the twenty-first century* (2013) – and with Monica McLean (University of London) – *Professional Education, Capabilities and the Public Good: The role of universities in promoting human development* (2013). The collaborative research of Prof Dennis Francis (Dean of the Faculty of Education) and Dr Renée DePalma from Universidade da Coruña, Spain, Faculdade de Ciências da Educação, has been published in prestigious journals such as *Gender and Education*, *Health Education Research*, *Sex Education*, the *Journal of Homosexuality*, and *Culture, Health & Sexuality*.

The accessibility and discoverability of UFS research output was strengthened by the UFS Library and Information Services (LIS) during 2014. The approved Open Access Policy paved the way for the mandatory submission of research output into the library repository, joining libraries across the world in supporting the Berlin Declaration on Knowledge in the Sciences and Humanities. The first Library Support Research Week was also held during the international Open Access Week in October, with presentations on open access, institutional repository, open education resources, copyright, plagiarism, data curation, bibliometrics, and research tools for research collaboration.

### 5.2.3. Funding for and from research

Research and innovation plays a prominent role in the financial sustainability of an institution in that it has the capacity to be the largest generator of third stream income. In 2013 the UFS research function increased this income stream by R7 million and by R15 million in 2014. During 2013 international donors – such as the Oppenheimer Trust, the Kresge Foundation, and the AW Mellon Foundation – contributed greatly to this increase, but the UFS also received considerable support from national sources. A Chair in Science, Mathematics and Technology Education was funded through an endowment of R30 million from the South African National Roads Agency (SANRAL) to promote school-level research and action in the rural Free State. Prof Martin Ntwaeaborwa from the Department of Physics received a R10 million award from the National Nanotechnology Equipment Programme for state-of-the-art equipment that combines three different techniques in one and it is capable of analysing a variety of materials ranging from bulk to individual nanoparticles. This is the first of its kind in Africa. The research groups of Profs André Roodt, Jannie Swarts and Ben Bezuidenhout received R3 million from SASOL for research in organic synthesis, homogeneous and heterogeneous catalysis. The support forms part of SASOL's 'Hub-and-Spoke' initiative through which certain universities have been identified for strategic support.

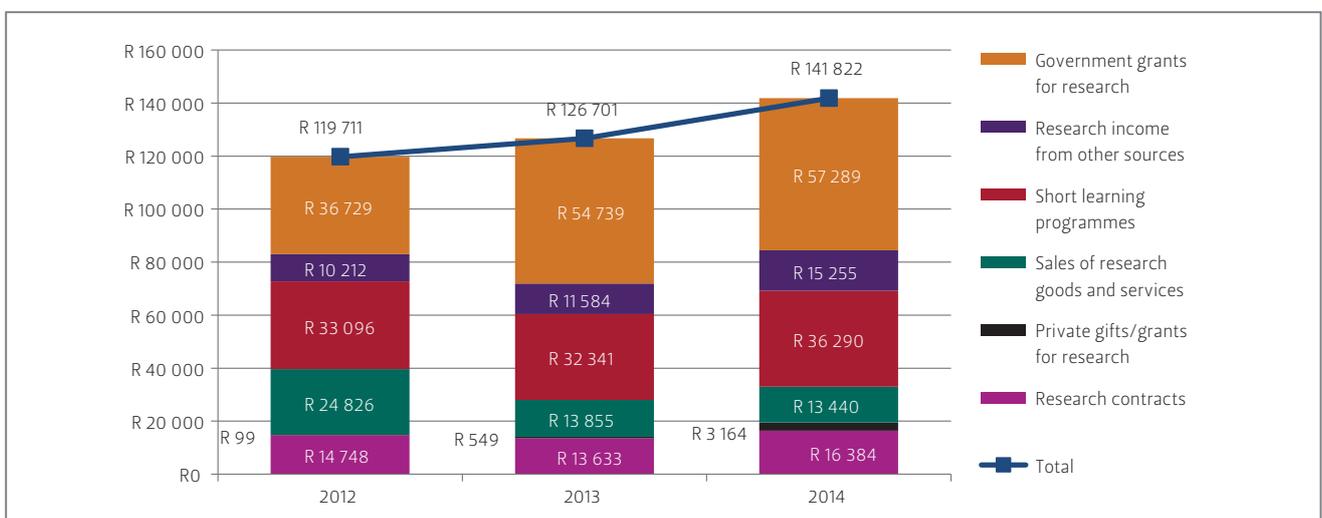


Figure 7: Research income by income source (R'000)

# Meet the Vice-Chancellor's Prestige Scholars

Faculty of Economic and  
Management Sciences

**Dr Johan  
Coetzee**

Economics



Faculty of Law

**Dr Jo-Mari  
Visser**

Law of Criminal  
Procedure and  
Law of Evidence



Faculty of Natural and  
Agricultural Sciences

**Dr Tom  
Ashafa**

Plant Sciences



Faculty of Natural and  
Agricultural Sciences

**Dr Tanya  
Beelders**

Computer Science  
and Informatics



Faculty of Natural and  
Agricultural Sciences

**Dr Alice  
Brink**

Chemistry



Faculty of Natural and  
Agricultural Sciences

**Dr Charles  
Haddad**

Zoology  
and Entomology



Faculty of Natural and  
Agricultural Sciences

**Dr Henry  
Jordaan**

Agricultural Economics



Faculty of Natural and  
Agricultural Sciences

**Dr Aliza  
le Roux**

Zoology  
and Entomology



Faculty of Natural and  
Agricultural Sciences

**Dr Frederick  
Roelofse**

Geology



Faculty of Natural and  
Agricultural Sciences

**Dr Marietjie  
Schutte-Smith**

Chemistry



Faculty of Natural and  
Agricultural Sciences

**Dr Brian  
van Soelen**

Physics



Faculty of Humanities

**Dr Steffi  
Cawood**

Centre for Africa Studies



Faculty of Humanities

**Dr Gladys  
Kigozi**

Centre for Health  
Systems Research  
and Development



Faculty of Humanities

**Dr Mathildie  
Thom Wium**

Odeion School  
of Music



Centre for Research  
on Higher Education  
and Development

**Dr Merridy  
Wilson-Strydom**





# 6

## Management, administration and operations: A strong foundation

### 6.1. Report of the Vice-Chancellor

If, as we reported last year, 2013 was a year of steady progress towards the integration of the academic and human projects of the University, 2014 has been the year of detailed implementation of those projects and identification of new areas for improvement. The UFS has done detailed work under three headings: improving the academic reputation, improving staff and student equity, and achieving greater financial sustainability.

This, our third integrated report, presents the results of our efforts as well as our reflections on what we have achieved in these areas.

In the academic portfolio we are happy to report that appropriate interventions and the commitment of our academic and support staff are helping to move the needle of student success and we are confident that we will achieve our 2019 targets. The review of the undergraduate curriculum has proceeded apace and many exciting ideas about curriculum renewal have come from these exercises, which will be concretised during 2015. Funds received from the Kresge Foundation's Siyaphumelela Project will help to improve the UFS's data analytic capacity during 2015 and put this to the test in tracking and understanding better our students' progress.

In the research portfolio the upward trend in scholarly publications has continued during 2014. Our support of a new generation of researchers through to their attainment of NRF rating is paying off and we have increased the number of rated researchers this year too. We are especially proud

of having obtained our two first A rated researchers, one in the sciences and one in the humanities. A better organised and administered research portfolio also has allowed us to increase our third stream income from research contracts. Support of the emerging academics in the Prestige Scholars Programme, as well as the careful use of individual incentives, are helping to increase research productivity. At the same time different types of research partnerships both nationally and internationally are creating a vibrant research culture at the UFS.

We can report a deepening of our commitment to integration at residence level with the successful deployment for a second year of our placement system, which is being constantly monitored. Efforts to achieve better integration of our curricular and co-curricular programmes continued and we note the greater focus on academic achievement in all our students. A review of the Student Affairs division has been planned for 2015 and we are looking forward to its feedback to identify new areas of work.

The Directorate for Institutional Advancement developed a new framework and organisational structure that will enable it during 2015 to support special projects at the UFS. A reconfigured Marketing Directorate is making the UFS more visible to prospective students both locally and in the Southern Africa region. Communications and Brand Management continues to make us proud, winning awards for excellent communication and helping the University community to talk to each other and to communicate productively with our external stakeholders. The challenge for next year will be to deliver on a greater number and size of donor funds coming through, and to improve the

number of good applications converted into registrations across all faculties.

The External Relations portfolio continued to develop constructive relationships with all stakeholders in our three campuses, paying attention to specific interests and needs and how best these match the University's strategic goals. 2014 was a complex year in our partnership with the provincial government to offer the best possible training to future health professionals and the best health service to the Free State people. We are happy to report that common objectives and the same vocation to serve people have helped all of us to work together. Challenges for next year will be to maintain and improve on this.

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## The UFS continues to work on institutional change with a complex notion of transformation.

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The integration of the work of the Operations portfolio with the core functions in order to achieve our strategic goals has been especially good this year. Collaborative work across different departments produced a departmental viability model and a workload model for departments that will take performance management to a clearer and less compliance-driven approach during 2015. Campus Protection Services, ICT services and Campus Estates have provided good services ensuring that our students and staff can function professionally and socially in a safe and pleasant environment with appropriate connectivity. The UFS continues to be one of the safest and best maintained campuses in the public higher education system.

During 2014 there have been some changes in the top management portfolios and three new deans have been appointed in the faculties of Education, Law and Theology. We are certain that these changes will help to develop a more focused approach to the implementation of the UFS's strategic plan.

The UFS has been working on a greater integration of annual budgets with prior planning on an annual basis. In this regard senior management retreats earlier in the academic year are playing an important role in aligning planning and budgets as is the availability of greater and better institutional information on which to base decision making. From a financial point of view the UFS has managed well. The challenges remain the same: how to secure sufficient funds to innovate academically and how to support as many good students as come to us with insufficient funds from the National Student Financial Aid Scheme (NSFAS) and not sufficient internal resources. This said, the UFS is proud that less than 1% of its students are deregistered due to financial problems.

In conclusion, as in the last five years, the UFS continues to work on institutional change with a complex notion of transformation. The confirmation of the support to the vision of the University proposed in our strategy suggests that we have made considerable progress among the majority of staff and students. If less so than in the past, we still remain vulnerable to conservative backlash and racist individuals against institutional transformation.

### 6.2. Report of the Chairperson of Council

The UFS Council takes very seriously its governance functions of giving strategic direction, making policy and oversight. The publication of the third integrated report of the UFS is another step in strengthening good governance at the University and the role that the Council plays in this regard. For the last two years the Council has worked with



management in the adoption and testing of a scorecard with carefully chosen performance indicators and it has taken a keen interest in the changes introduced to the reporting obligations of higher education institutions to the DHET.

In terms of its own appraisal the Council has continued to conduct a self-evaluation in order to monitor its own performance and ensure that it discharges its responsibilities satisfactorily.

The UFS Council is a diverse and fully functional governing body that conducts its business through mature debate and consensus. The Council has well-established sub-committees<sup>7</sup> and holds management to a high standard with respect to meeting procedures, documents and implementation of governance decisions. The Council-Management relationship is also very strong as it is based on respect for rules and persons. A distinguishing feature of the Council is the strength and depth of expertise in key areas of finance, auditing, management and human resources, drawing, as it does, on leaders in these fields from both the public and private sectors. This is one of the reasons for the strong financial management of the University and the consistent achievement of unqualified audits over the years.

Increasingly Council has come to rely on the renewed vigour of an active Institutional Forum representing students, staff and other stakeholders as it seeks to embed a strong democratic ethos within governance (see Appendix 6: Report of the UFS Institutional Forum).

There are challenges that Council has started to address during 2014 and which will remain on its agenda for several years. These include the attainment of a more diverse council membership in terms of the representation of women and African women in particular. Maintaining a positive relationship with the DHET in respect of student funding, reporting obligations and performance expectations is a priority of the Council. Equally important in our context is maintaining and cultivating a productive relationship with the provincial authorities, especially the Department of Health, in respect of the strength of the academic platform for the health sciences.

In discharging its responsibilities in relation to the governance of the University and its strategic direction, during 2014 the Council unanimously offered Prof Jonathan Jansen a second term as Rector of the University.

### 6.3. Financial review

The sustainability of a university as an enterprise is the result of the relationship between its academic sustainability and its financial viability. Academic sustainability refers to the institution's ability to deliver teaching and learning and research in all the required areas and levels at accepted standards of quality, and its capacity to attract students

and staff of sufficient calibre. Financial viability refers to a university's ability to manage its financial resources in such a way that it can reasonably be expected to meet its funding requirements for staff, operations, capital expenditure and maintenance, and its strategic objectives in the future.

This section shows the UFS's attempts at the integration of the University's strategy into its budget framework from a funding perspective and also constitutes the narrative report that accompanies our financial statements included in the report as Appendix 4.

#### 6.3.1 Income

Public universities have three forms of income: government subsidy, student fees, and third stream income generated through, for example, contracts and donations. The composition of income and the relative contribution of the different income sources to the total income are shown in Figure 3 (page 35). The UFS is heavily dependent on subsidies and fee income. As already mentioned, more than 85% of total income is generated from these sources. This is partly due to the UFS not being able to make sufficient progress with income generating opportunities such as short learning programmes (see Figure 7, page 45). There are, however, pockets of excellence in the space of short learning programmes and the UFS made significant progress towards embedding best practice in this area in regard to quality assurance, governance and full cost recovery. Income from contracts is still at too low a level and the UFS introduced interventions to, firstly, ensure cost recovery of this income stream, and, secondly, to grow the income stream by encouraging collaboration and higher impact factors of research outputs that will attract industry collaboration, as well as incentivising profitable contracts and encouraging the matching funding model versus a fully University funding model.

Government subsidy is allocated based on a formula that stresses input measures like enrolments, but that also weighs output measures such as graduations and research outputs. Over and above this, subsidy is allocated in relation to performance. The subsidy itself is divided into a block grant and earmarked funding (see Figure 8, page 53). While the size of the block grant depends on the number of students and the educational level and field of study in which they enrol, earmarked funding is dedicated to particular developmental objectives, that is they are designed to help a university improve its performance in terms of teaching and learning (Teaching Development Grant and Foundation Grant) and/or research (Research Development Grant). Unlike the block grant that can be used at the discretion of the institution, government sets clear parameters of allocation for earmarked funding. The value of the earmarked funding has grown to more than 10% of the total government grant and subsidy received from the DHET over the last five years. Save for the Foundation grant, which aims to fund preparation programmes for students who do not meet university admission

<sup>7</sup> Audit and Risk Management Committee, Finance Committee, and the Remuneration Committee for Senior Personnel.



The UFS made significant progress towards embedding best practice in its short learning programmes in regard to quality assurance, governance and full cost recovery.

requirements, the development grants for teaching and research are the result of the UFS not reaching the DHET national benchmark for teaching throughput and research output. Due to the restrictions regulating the utilisation of these funds, the University reports on these funds under the category 'specifically funded activities'.

Tuition fees are determined by the UFS Council after giving consideration to the general state of the University's finances, the affordability and support of quality tuition and research, the inflation rate (at internal as well as national level), maintaining and enhancing the quality of academic programmes, research endeavours, facilities, student and institutional support services, and the cost of providing miscellaneous services. Fees are approved two years in advance, which means that the UFS can calculate its income before the budget process for a financial year is started.

Over and above this, the University generates income from interest earned from cash management practices of unspent budgets, unrestricted general reserves and cash needs throughout the year. These funds are included in the total income available to the budget for allocation. It needs to be mentioned that annually the UFS makes a fixed contribution to unrestricted general reserves.

### 6.3.2 Resource allocation

The budget process allocates funds for expenditure under the following categories: staff remuneration, operating expenditure, contribution to unrestricted council-controlled reserves, institutional pillars, and strategic objectives. The budget framework, together with responsible conservatism in budget assumptions and allocations, act as mitigating strategies for the risk of negative net budget variations. Any positive net budget results in a year are therefore carried over to the following year in an equalisation fund, and is available funding in subsequent budget cycles. Being a non-profit organisation, the University has the benefit of

not having to provide for a return to the providers of share capital. It can therefore work from the premise that all funds earned in a year are available to budget for allocation after appropriate allocations to reserves have been made.

The budget process makes provision for unforeseen contingencies that may occur during the year. Remuneration is the largest expenditure item of the UFS (see Figure 9 and Figure 10). Two thirds of the total amount available for staff costs is made available for academic staff and the remaining one third for support services (see Figure 11). Faculties earn their relative portions of staff budgets applying the same rationale with regard to the elements used but not in the same ratio. In 2014, remuneration expenditure included recognition of actuarial variances, policy changes in post-retirement employee benefits in 2013, the annual salary increase and the change in the staff establishment.

Table 2 (page 54) compares the top 10 categories of UFS operational expenditure in 2013 and 2014. Operational expenditure for support services is allocated on basis of the activities performed by the relevant departments. Operational expenditure for teaching and learning is based on the weight allocated to teaching input units for the purpose of the allocation of staff costs. It is further funded from the Teaching Development Grant according to the approved submission on teaching development initiatives to the DHET.

Institutional pillars consist of those items considered to be essential for the operations of the UFS as a higher education institution and include information sources, IT infrastructure and computer laboratories, replacement of expensive equipment, research, capital infrastructure and asset preservation, and an allocation to the general reserve (see Figure 12).

Expenditure on information sources increased significantly in 2014 as a result of value-added tax on imported electronic journals.

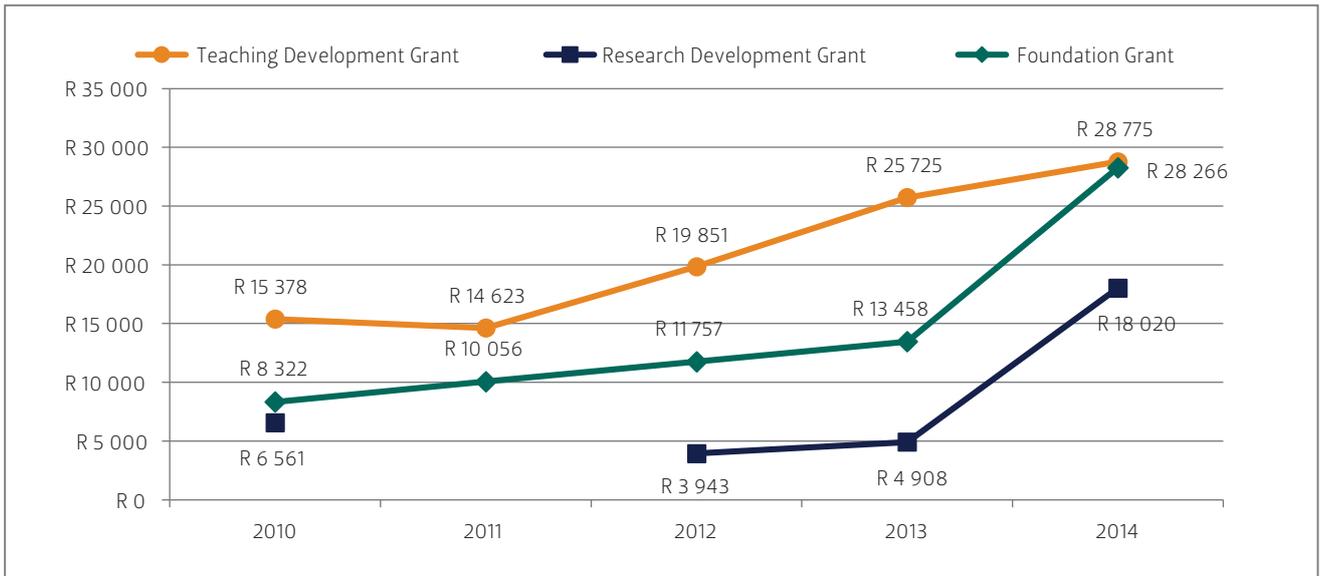


Figure 8: Earmarked grants from the DHET (R'000)

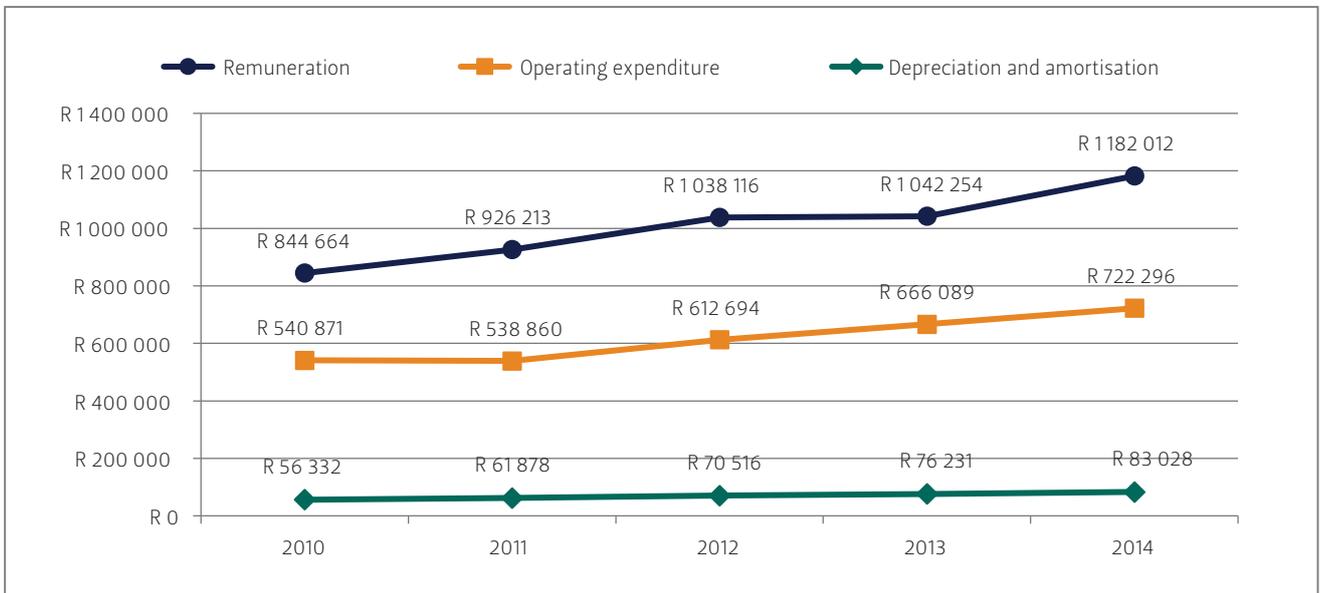


Figure 9: Total expenditure by type of expense (R'000)

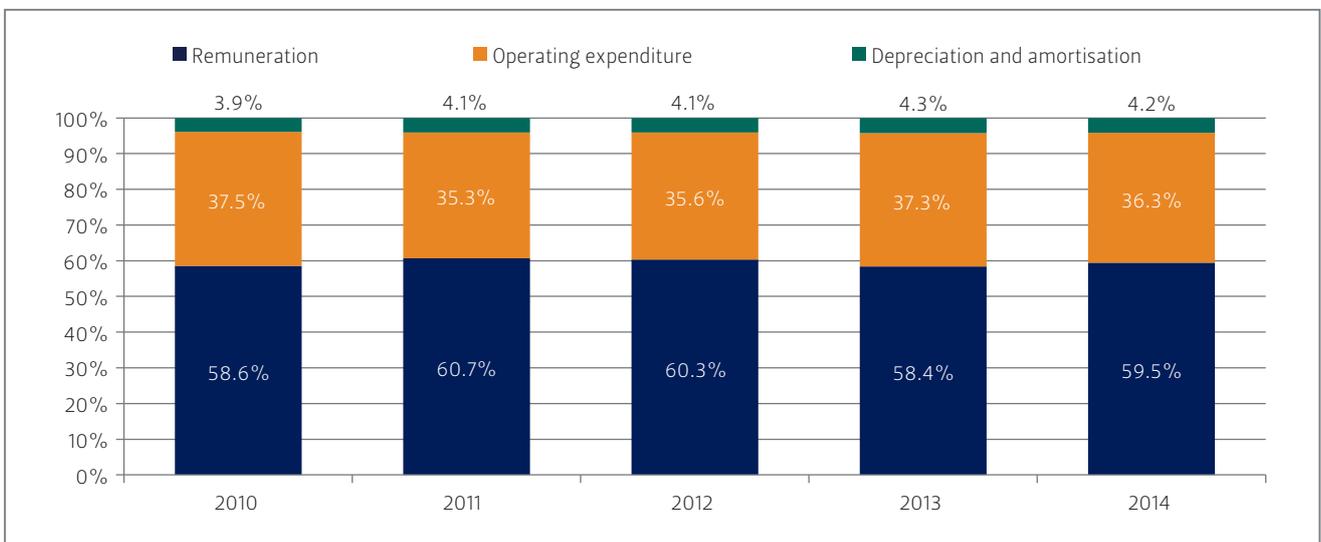


Figure 10: Type of expense categories as a share of total expenditure

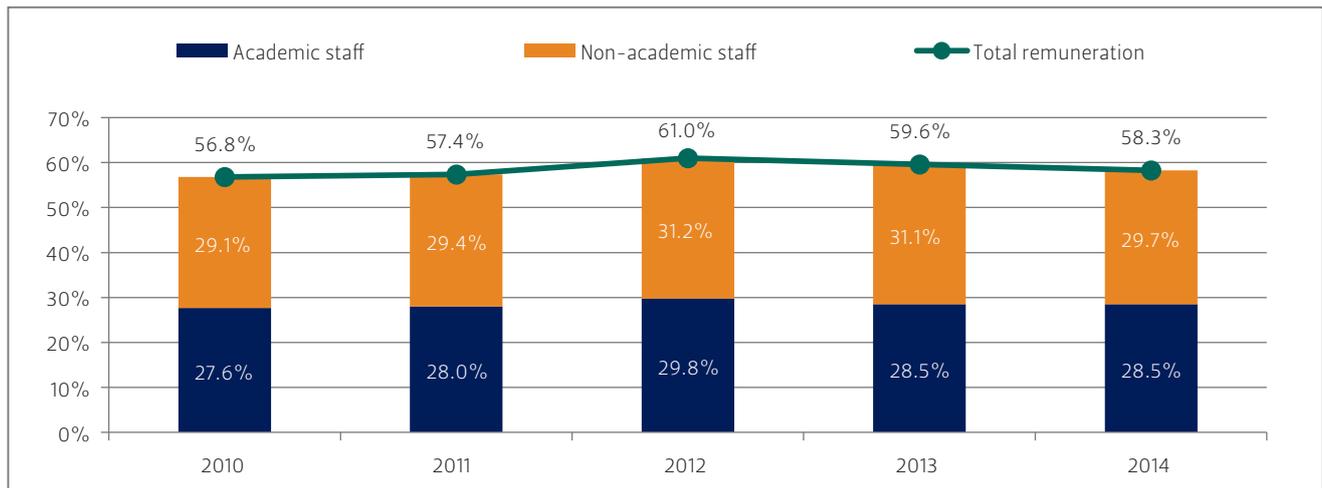


Figure 11: Staff remuneration as a percentage of total income

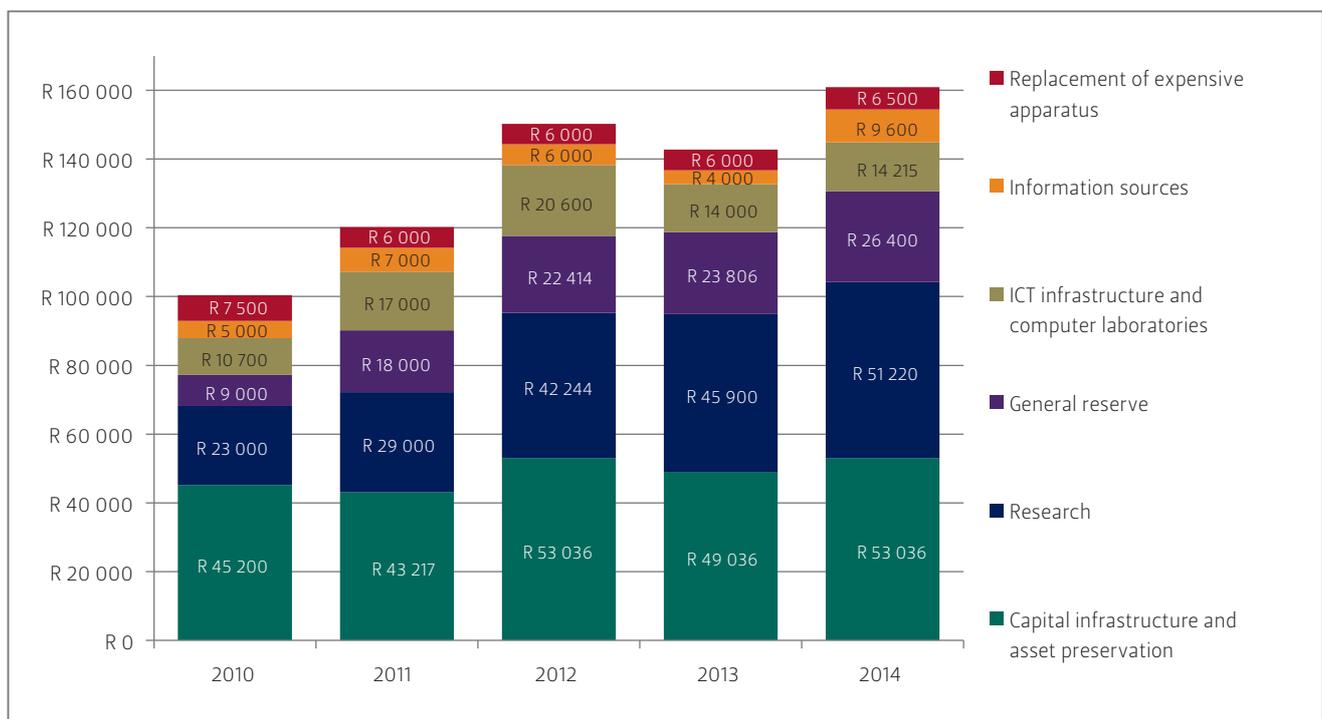


Figure 12: Funding by institutional pillar (R'000)

Table 2: Top 10 operating expenditures

Expense category	2014 (R'000)	2013 (R'000)	% of total expenditure
Electricity	R 76 189	R 66 786	11%
Postgraduate Bursaries	R 54 430	R 45 933	8%
Undergraduate Bursaries	R 50 802	R 40 268	7%
Consultation Fees	R 33 960	R 30 991	5%
Licence Fees	R 28 773	R 24 706	4%
Small Alterations	R 28 004	R 19 658	4%
Municipal Taxes	R 26 710	R 23 848	4%
Electronic Books and Journals	R 24 488	R 19 879	3%
Flight Tickets	R 24 179	R 25 917	3%
Maintenance Equipment	R 22 458	R 14 724	3%

Table 3: Expenditure on strategic projects

Strategic project	2012	2013	2014
Leadership for Change Programme (F1)	R 836 000	R4 000 000	R 2 500 000
UFS101	R 2 708 731	R 5 952 500	R 7 900 000
Senior Professors	R 14 813 586	R 17 105 527	R 17 500 000
Prestige Scholars Programme (PSP)	R 1 000 000	R 863 782	R 2 000 000
Institute for Reconciliation and Social Justice	R 3 000 000	R 3 000 000	R 4 000 000

The human and academic projects of the University are funded either as part of the general budget allocations to academic and support service structures or as specifically-funded strategic projects. Strategic projects constitute focused interventions that require dedicated funding to allow academic and support units to start up different elements of the UFS strategy. These projects are “subsidised” through strategic funds until they can become embedded in the general budget of the University. During 2014 R10 623 million was invested in activities and programmes within the human project of the UFS, which is a marked reduction in special allocations to the human project when compared to 2012 and 2013. If these figures are compared with 2013 and 2012 expenditure, it is clear that the UFS is managing to conceptualise, originate and implement projects that eventually make their way to the core.

### 6.3.3 Investment portfolio, cash and cash equivalents

During 2014 the University once again reached its goal of saving 2% of its budgeted income. Investments are managed according to a well-defined set of investment principles and in a diversified portfolio. The UFS has a well-functioning Investment Committee that met four times during 2014, as planned. The Finance Committee of Council oversees the Investment Committee and is responsible for the appointment of its members. Investments increased from R3 137 million to R3 537 million, while cash and cash equivalents decreased by R59 3 million. Investments are sufficient to provide for planned assets associated with retirement benefits. Cash flow forecasts are produced on a monthly basis to maximise return on cash and short-term investments. No new loan agreements were entered into

during 2014. The increase in borrowings in 2013 was due to new student accommodation built in 2013 and interest capitalised as per the loan agreement. Debt finance is used conservatively if required, as can be seen in Figure 13, and is further constrained by the ability to service the debt in terms of both the interest and capital repayments.

### 6.3.4 Student debtors

The ability of students to pay for their studies remains a challenge for the UFS, as is the case for all higher education institutions in the country. Much energy is focused on credit management practices such as prompt monthly statements, electronic access to student accounts, and effective communication of payment closing dates and with students whose accounts are in arrears.

The UFS Council approved provisional registration for students who are South African residents if their outstanding balance from the previous year is no more than R10 000, and with payment of a minimum amount. This affords students the opportunity to have full access to all support structures, to attend classes and take part in all academic activities until the closing date for payment of the outstanding monies of the previous year as well as the payment requirements for the current year. On average 10% of students make use of this opportunity and not more than 1% of students cannot meet their obligations and are deregistered as a result (that is around 300 students out of more than 30 000 students). Deregistration in the first semester means that a student does not add to their debt balance, and can re-register in the second semester.

Change in student debt at the UFS is illustrated in Table 4 and Figure 14.

Table 4: Student receivables

	2010	2011	2012	2013	2014
Student receivables as a % of tuition and other fee income	9.0%	8.0%	7.0%	8.0%	8.0%
Allowance for credit losses on students as a % of student receivables	49.0%	46.0%	47.0%	47.0%	44.0%

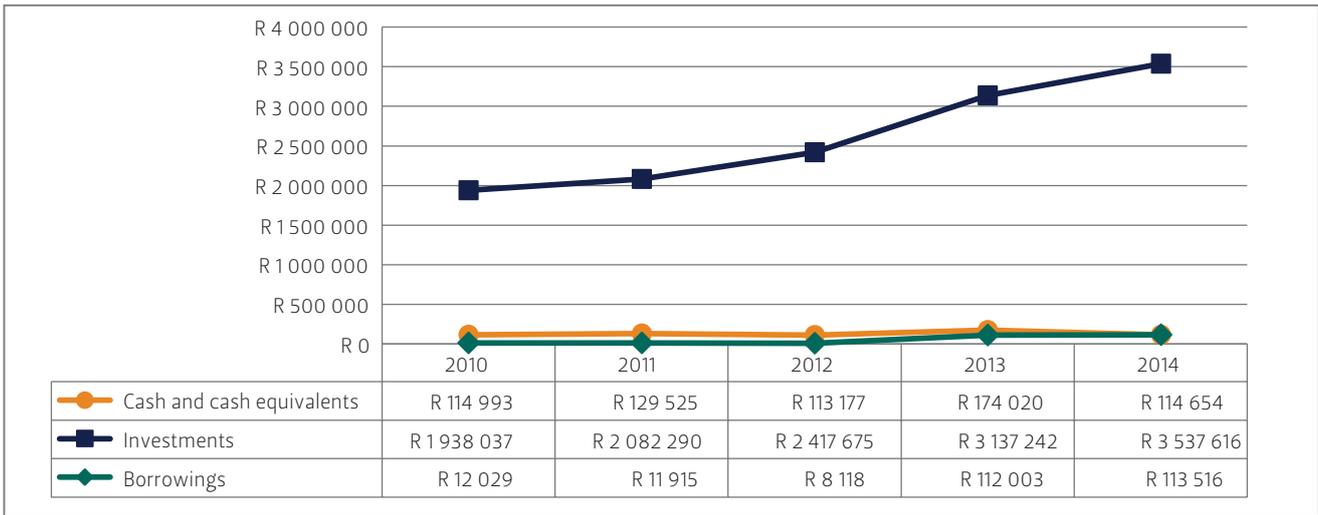


Figure 13: Cash and cash equivalents, investments, and borrowings

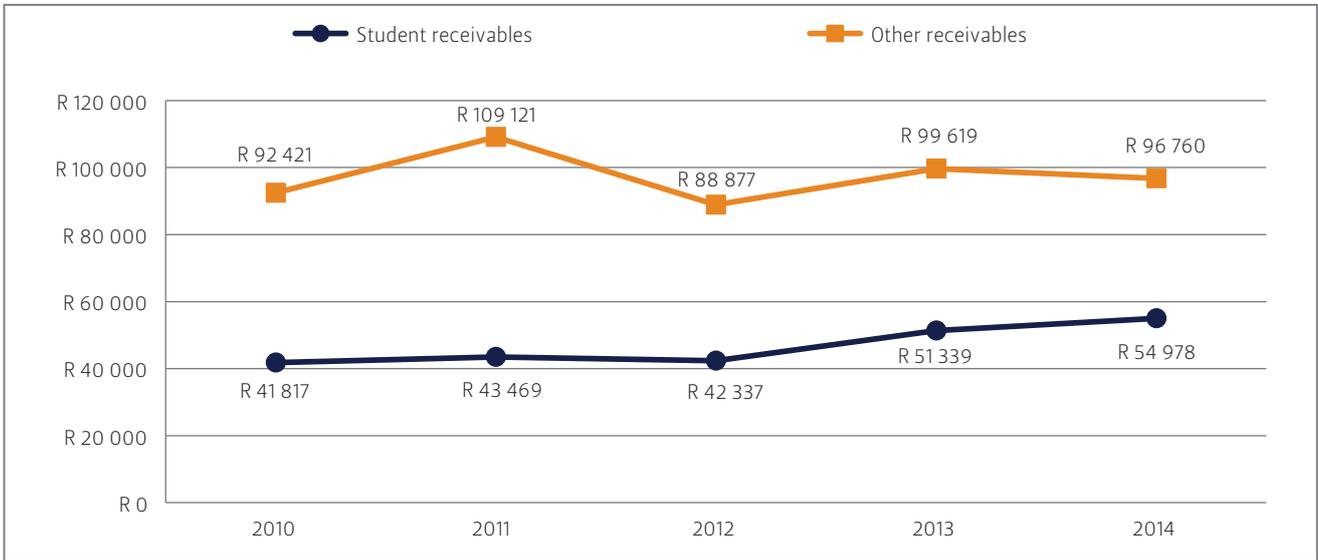


Figure 14: Total receivables



### Box 5: Funds and reserves

This is the fourth consecutive year that unrestricted council-controlled funds, restricted use funds, residence funds and restricted fixed asset funds increased.

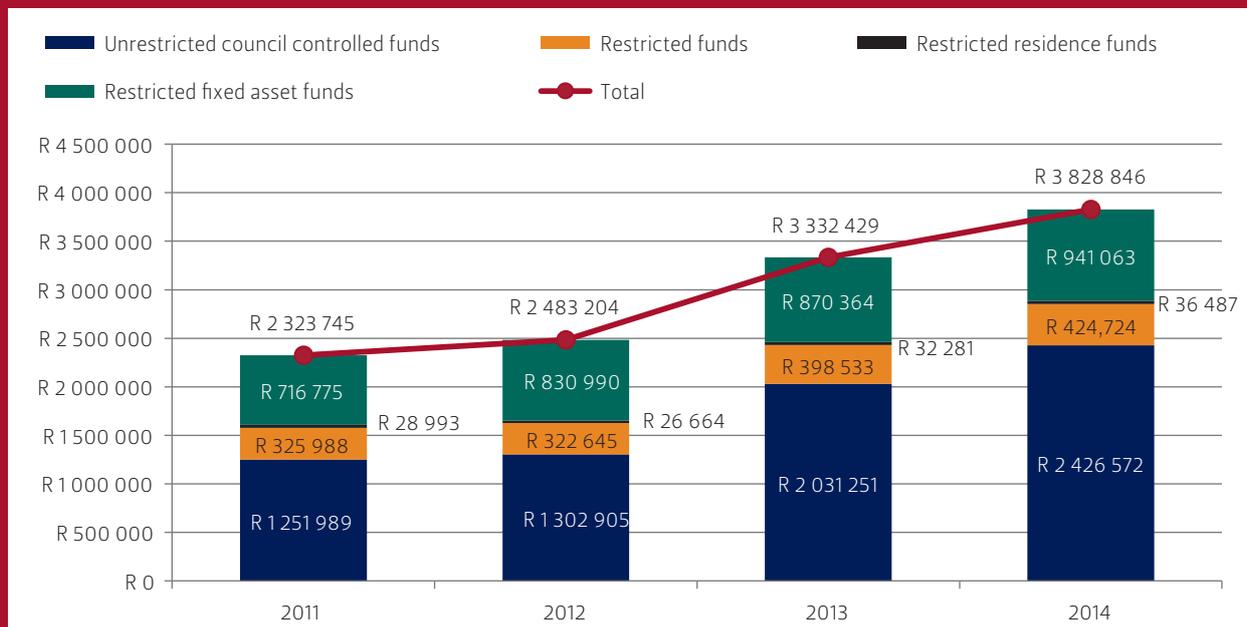


Figure 15: Funds and reserves (R'000)

### 6.4. Human resources

Like the other universities in the country, the UFS experiences the double problem of an ageing and untransformed academic body in terms of gender, race and academic tradition. The latter refers to a lack of diversity in the scholarly contexts from which our academics originate. Even though the challenge of intellectual homogeneity is not exclusive to historically Afrikaans universities, it is particularly obvious at these institutions. In terms of demographic diversity, the vast majority of our academics remain white and male, with white women occupying mostly the lower echelons of the academic hierarchy (also see section 4.2). The profile of our support workforce also varies greatly depending on post level, with white males occupying the highest positions. This is reflected in the University achieving the 2014 targets set in the current Employment Equity Plan of the UFS (1 October 2013 to 30 September 2016) for the lower employment levels, while those set for the level of professionally qualified and experienced specialists and mid-management were not achieved.

The fact that the UFS has identified the acceleration of the transformation of its workforce as one of its strategic priorities requires a transformation of our approach to human resource management in general, and to the management of academic staff in particular. This puts renewed pressure on our Human Resources (HR) division. An external review of the HR division in 2013 highlighted

the need for modernising the organisation of HR as well as its understanding of its function.

The UFS has put in place a number of initiatives to support the holistic development of a new generation of academics since 2010.

The modernisation of the University administration to which we will refer in more detail in Section 6.6 will require a critical review of the skills set required in the different functional units of the University. A Staff Development Policy that is premised on the value of planned development for staff at different stages of their careers has been prepared and is being commented on by the staff unions. In terms of the competencies of our academics, the academic promotions policy requires staff to perform across the scholarships of teaching and learning, discovery, and engagement with different demands in each area depending on the appointment level. The development of academics in the scholarship of teaching and learning is mostly concentrated in the CTL, where a series of modules that provide academics with a variety of skills and

competences in specific aspects of teaching and learning are presented (see section 5.1.4).

The UFS has put in place a number of initiatives to support the holistic development of a new generation of academics and to accelerate generational replacement of the academic workforce since 2010 (see, e.g., section 5.2.1). Generational replacement is a critical issue for the UFS. Table 5 shows that a total of 187 academic staff members are set to retire from the UFS within the next six years. The UFS is looking at these retirements in detail and the faculties are developing specific talent management and succession plans at the departmental level, with the support of HR and the CTL. The overall goal of these plans is to make use of vacancies resulting from retirements to achieve not only generational replacement, but to also change the intellectual and demographic profile of many academic departments. In relation to this it must be said that many of the positions that will become vacant are at professor level and that careful management will be needed to avoid the “juniorisation” of departments at the same time that a radical change in profile takes place. Generational replacement is also an important consideration in the academic (including enrolment) planning processes of the UFS.

Table 5: Planned UFS academic staff retirements, 2014 to 2019

Faculty	Number
Natural and Agricultural Sciences	69
Health Sciences	36
Humanities	41
Economic and Management Sciences	16
Education	15
Law	10
Total	187

#### 6.4.1. Remuneration

The philosophy and principles of the UFS remuneration management are based on the allocating of remuneration funds according to the Multiple-year, Income-related, Remuneration-adjustment Model. Affordability is the cornerstone of the model, and its most important principles are that management is committed to applying a full 53% of the total recurrent Council-controlled income of the UFS for staff remuneration costs, and that the staff remuneration costs will not exceed 53% of that income.

The average increase in the remuneration packages paid for all staff members in 2014 was 6.92%. The annual review of UFS staff remuneration is benchmarked to the tertiary market and awarded according to individual performance, determined through our performance management process. The University uses the Remchannel salary survey for benchmarking, with our target being to pay on the 100th percentile of the median of the market. We address any anomaly by adjusting the remuneration level of the affected job levels once the remuneration package becomes lower than 95th percentile of the median. In exceptional circumstances the Remuneration Committee of Council may approve payment of an individual staff member or group of staff members’ remuneration packages above the median. The outcomes of our performance management process affects the award of short- and long-term incentives. The short-term incentive, a yearly cash bonus, is linked to achieving strategic objectives. The proportion paid to employees depends on their performance against the operational and strategic objectives in their individual performance plans. The long-term incentives, merit notches and exceptional merit encourage loyalty and thereby improve staff retention. To this end the UFS also endeavours to provide a guaranteed remuneration package, individual growth and development opportunities, and a stimulating work environment.

In terms of senior management the UFS experienced changes in the positions of Registrar, Vice-Rector: Academic, Head of South Campus, and the Deans of Education, Law and Theology during 2014. In terms of the latter two positions, new Deans took office in 2014, while the process



# 6.92%

The average increase in the remuneration packages paid for all staff members in 2014.

of replacement of the first three positions has taken a longer time. The Vice-Rector: Academic was appointed in December and the search for the Registrar will continue into 2015.

The Remuneration Committee of Council reviews remuneration of senior management and other senior staff members. The Committee is responsible for the Remuneration Policy and operates according to a charter approved by the Council on 8 November 2007. It is responsible to ensure that staff remuneration costs do not exceed 53% of total income; to determine and agree the remuneration packages of executive management (the Vice-Chancellor and Vice-Rectors, Registrar, Deans and Senior Directors); review promotions and appointments of senior staff on levels equal to and higher than senior directors (Peromnes 4); and to ensure compliance with applicable laws and codes.

## 6.5. Risk management

The realisation of the University's strategy depends on its ability to take calculated risks in a manner that does not jeopardise the direct interests of stakeholders or achieving its strategic objectives. The risk management policy enables the University to anticipate and respond to changes in our environment, as well as to make informed decisions under conditions of uncertainty.

The policy defines risk as an event or action, or a combination or series of these, which could significantly impede the University's ability to achieve its current or future ob-

jectives and to execute its strategy effectively. The Council determines the risk appetite of the University in terms of the level of risk that is acceptable to the University. Risks with unacceptable exposure have to be addressed in an appropriate manner in accordance with a risk strategy. This includes identifying and taking advantage of opportunities, and protecting the University's intellectual capital, income and assets by mitigating the adverse impact of risk. At the institutional level the function of risk management is located in the Risk Management Committees for Academic Services and Support Services respectively. These committees report to the Audit and Risk Management Committee of Council.

The embedded risk-management model, adopted by the University in 2013, implies that risk management is the responsibility of every manager. The aim is to establish a culture of accountability by identification and mitigation of risks. Awareness and understanding of the University's risk management framework are established at all levels within the University and operational risks are constantly identified, managed, monitored and reported in the faculty or support service operational registers.

Through the risk management cycle of 2013, specific institutional risks were identified, mitigation strategies determined and decision-making structures and key role players established. The 2014 focus was on embedding risk management relating to the institutional risk and monitoring progress made with mitigating strategies. A summary of this progress is provided Table 6.

Table 6: Change in residual risk rating of UFS institutional risks from 2013 to 2014

Institutional risk	Residual risk rating 2013	Residual risk rating 2014	Change
Failure to attract excellent and diverse undergraduate students	Very high	High	↓
Failure to attract excellent and diverse postgraduate students	Very high	Very high	↔
Risk of not being able to increase the quality and quantity of research outputs	Very high	Very high	↔
Failure to attract and retain highly qualified and diverse academic staff	Very high	Very high	↔
Risk of not being able to increase the quality and quantity of teaching outputs	Very high	Very high	↔
Appropriate management and integration processes	Very high	Very high	↔
The depth of institutional transformation	High	High	↔
Financial and operational sustainability	High	Medium	↓
Failure to attract and retain highly qualified and diverse support staff	Medium	Medium	↔
Appropriate infrastructure	Medium	Medium	↔

NOTE: Also see Appendix 8: Statement on risk management and corporate governance by the UFS Audit and Risk Management Committee

## 6.6. External relations

Constant and systematic interactions with external stakeholders provide insight into the determination of issues that affect the UFS's ability to achieve its strategic goals. The UFS interacts with its external stakeholders at three levels: with the general public through its communications and brand management function, with surrounding communities through formalised community engagement, and with international stakeholders through its internationalisation function.

The UFS Communication Strategy was revised and realigned in 2014 to better support the UFS Strategic Plan 2012-2016. To better understand its stakeholders the UFS conducted a stakeholder perception survey that received the Jake Wittmer Research Award from the International Association of Business Communicators (IABC), a Merit award from the IABC in the category Communication Research and Management, and the 2014 IABC Africa Gold Quill Award. The survey also received a bronze medal from the International Business Association (IBA) and was a finalist in the Golden World Awards (GWA) of the International Public Relations Association (IPRA).

The UFS website is a key communication tool for the UFS, as is its presence on Facebook and Twitter. On Facebook, campaigns such as UFS Today, People of Kovies and Face of Facebook created immense interest. On our website we increased access to podcasts and live streaming of events, both of which are becoming increasingly popular. Video content was also made available regularly in the form of YouTube clips.

In order to enhance the visibility of the UFS brand, the University established a merchandise shop in January 2014 on the Bloemfontein Campus. Serving staff, students and the general public, KoviesGear has become the main supplier of clothing and gifts to the entire University community. Another first for the University was the establishment of a Visitors Centre on the Bloemfontein Campus. The centre, which also hosts the institution's call centre, assists visitors with easy access to the campus.

Community engagement as well as relations with government both national and provincial falls under the Vice-Rector: External Relations portfolio. The UFS defines community engagement as negotiated partnerships between the University and the community it serves. As indicated by the UFS Strategic Plan 2012-2016 it is important to the University that its students learn the value of public service through both their formal education and their voluntary work in surrounding communities. This is the driving force behind the projects undertaken by the Community Engagement Directorate. Structured initiatives focused around research, teaching and learning, and outreach are aimed at building mutually beneficial university-community relationships that are guided by the sharing of skills and experiences. Our approach is based on service learning, community-based research, volunteerism, and partnerships.

In 2014 this approach was extended to initiatives beyond our own student body. The Community Engagement Directorate collaborated with the Office for International Affairs to establish partnerships with a range of international universities and local organisations to provide opportunities for students from outside our borders to train in South African communities. Through these partnerships the UFS facilitates practical internships and service learning for student teachers from Rutgers and Appalachian State Universities, medical students from Appalachian State University and from the University of Groningen, social work students from Binghamton University, and psychology students from Antwerp University.

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Project Inspire brought learners to graduation functions to motivate aspirations for higher education.

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The UFS has also become increasingly involved in supporting the schools in its community. In 2014 UFS students trained high school learners to improve their language proficiency through the Debate Initiative (a partnership with the Department of Basic Education); Project Inspire brought learners to graduation functions on both the Qwaqwa and Bloemfontein Campuses in an effort to motivate aspirations for higher education. The Resilience Network Programme trained university students to mentor high school learners in the Qwaqwa region, in partnership with the University of the Western Cape and Kagiso Trust; the School Bag Project provided learners at Joe Solomon, Heide, Dr Visser, Pholohong, and Unity primary schools with stationery; and UFS students helped to renovate facilities and expand the library at Arbeidsgenot Primary School.

In addition to a strong focus on schools, the University also focused on developing entrepreneurship among youths, women and the unemployed through education and training, mentorship, and linkages to financial and material resources. In this regard the University mobilised financial resources to build a physical business development facility in Thaba-Nchu – the Wealth Creation Centre – that hosted 11 business ventures in 2014. The centre assists businesses with initial start-up capital and then provides ongoing support to ensure sustainability. The business ventures are diverse, ranging from dressmaking to furniture manufacture, from a food garden to internet and photocopying services, and from spaza shops to a hair and beauty salon.

Finally, the University supported capacity development in struggling Free State municipalities as well as non-profit and community-based organisations. Various forms of support were provided to community-based organisations including the Free State House of Traditional Leaders, Towers of Hope Church, Bloem Shelter, Lebone Village, Lerato crèche,



Tsholofelo Creative Kids, and the Jean Webber home for people with disabilities.

The UFS has managed healthy and productive relationships with the provincial government. We have worked especially this year on the relationship between the Department of Health and the University given our mutual interest in providing excellent education for health professionals.

## 6.7. Student experience

The UFS student experience is managed through the main student support services available at the University, specifically Student Academic Services (SAS), Student Affairs, and the CTL.

SAS resides under the office of the Registrar and comprises all the administrative steps in the student walk from application to the university to graduation. Because of this, SAS works in two directions simultaneously. In one direction, it faces the student and is a primary provider of a service. In this sense the speed, efficiency and quality of communication of SAS is a direct advertisement of the University for current as well as prospective students. In the other direction, SAS faces the faculties and their academic administration. Accuracy, simplicity and efficiency in the design of the processing of academic records (from marks to certificates) are essential for the efficient functioning of faculties but also for the ability of the University as such to account to the state and to the public for its work. Hand-in-hand with the expansion of the higher education system the size and complexity of university administration has grown exponentially. Universities need to adapt 30-year-old administrative systems and practices built to deal with a much smaller number of students and much fewer reporting responsibilities, in order to respond appropriately to students' expectations and new needs on the part of management.

During 2014 it became evident that although the University was able to discharge all the tasks that fall under student academic services there was room for considerable improvement. The identification of areas of development

and reconceptualisation that took place during this year will result in a review during 2015 of the totality of the academic administration of the UFS with a view to modernise and improve the services we provide.

The nature of the problems faced by Student Affairs made rapid response to rapidly changing circumstances a necessity. Partly because of this, until recently there was not a clear need to integrate existing programmes and projects in a single articulated conceptualisation of Student Affairs and its relation to students and the core function of teaching and learning, in particular. During 2014 a strategic plan (Dialogue Strategy 2016) was developed in order to guide the division in its path to support the UFS to achieve its vision and mission. The Student Affairs strategy intends to reposition and revitalise the division as part of the heartbeat of the transformation process within various student cohorts. Towards the end of 2014 it became clear that in order to think of the implementation of a new strategy it was necessary to do an assessment of the achievements of the Student Affairs section since 2009. This work will be undertaken in 2015.

A major accomplishment in student support in 2014 is progress made towards establishing the library as a multipurpose learning space.

One of the most significant shifts of 2014 was to move Residence Life from Housing and Residence Affairs (HRA) to the office of the Dean of Student Affairs. HRA has a managerial focus that oversees residence facilities, whereas the scope of the Residence Life portfolio extends beyond physical accommodation. This shift supported the establishment of the Student Life Colleges – that is the clustering of campus residences with one day residence per

College – across the Bloemfontein and Qwaqwa Campuses. This clustering is crucial as a structure for the roll-out of Student Affairs' co-curricular activities and it allows for greater access for commuter students to facilities previously only available to on-campus students, and for better communication with commuter students through programming within clustered colleges.

A stronger focus on co-curricular activities re-confirmed Student Affairs' commitment to both the academic and human projects, particularly in terms of teaching and learning excellence, and reconciliation and social justice. UFS co-curricular activities strive to engage the student in meaningful out-of-classroom activities that enhance their academic learning, as opposed to the traditional extra-curricular activities that seek to "keep students busy outside the classroom".

Other significant operational achievements of 2014 include groundwork for moving the Unit for Students with Disabilities to the Centre for Universal Access; the incorporation of the office for Student Leadership into the Centre for Leadership Development, allowing for a stronger focus on empowering students to participate in institutional governance; securing funding for the Artistic Codes model, which enhances creative and artistic expression through different platforms to the traditional ones usually found at the traditional Afrikaans universities; expansion of the Gateway First-Years' College to include a postgraduate component; and the adoption of the academic project as the guiding principle of the Gateway College.

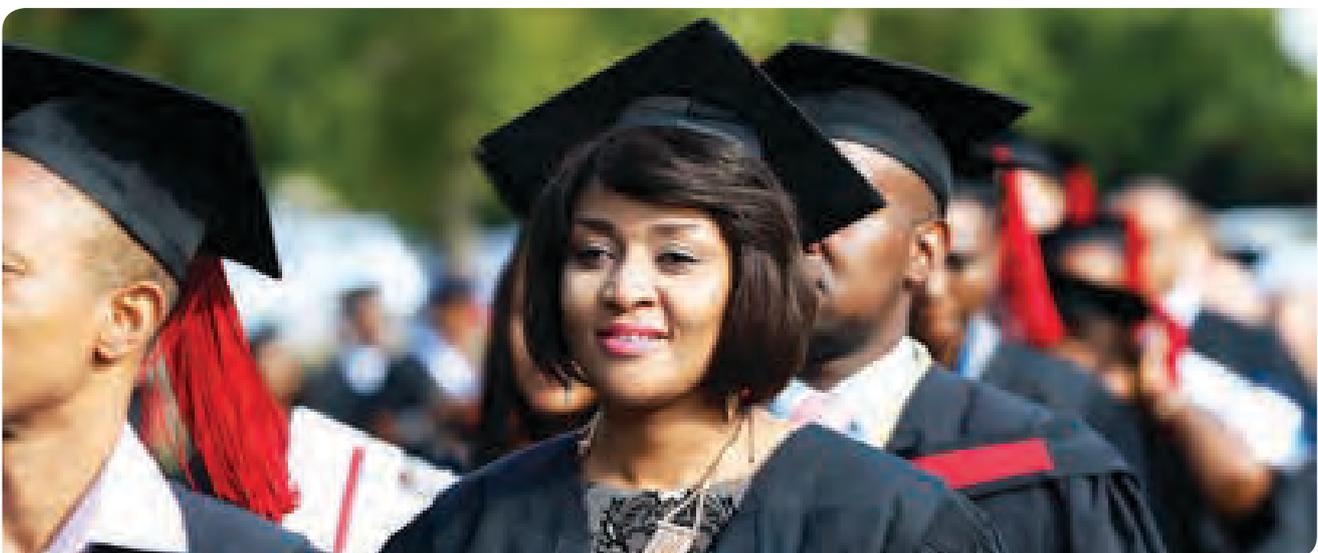
The Gateway College is a programme designed to introduce all students to the social, cultural and practical facets of university life, and to assist them to successfully transition into this life. In terms of the introduction of first-year students to university life at a curricular level, the UFS created a common first-year module, UFS101, managed by CTL. The module was piloted at the Bloemfontein Campus in 2011 with 200 students. The 2013 Qwaqwa pilot included 150 students, and the 2014 Kimberley roll-out added a further 26 students. In total the module served more than

5 000 UFS first-year students across three campuses in 2014. The module was also outsourced to the Sol Plaatjies University in 2014 and served 75 students there. This report has already referred to a variety of aspects of UFS101. Here we only comment on teaching and learning practices.

While Student Affairs has been growing into an integrated co-curricular vehicle that creates pathways for students to achieve key graduate attributes, we know that much more can be done to deepen and sharpen the interface between the human and the academic projects.

Innovative teaching and learning is at the top of the UFS101 priority list. Consequently, a number of new approaches were introduced during 2014, including a step-by-step class discussion guide for teaching assistants, and replacing the printed module guide with interactive eGuides. The results of annual formative evaluation showed that the large class does not result in the same level of student engagement as the small class tutorials, hence the introduction of the flipped classroom approach as its teaching and learning methodology in 2014. This mode of delivery means that students watch the lectures online before coming to class. This allows for enhanced student engagement in the classroom as students are expected to apply the information they received via the online lecture to case studies, debates, discussions, and more. This delivery structure consisted of online lectures, large class learning experiences, and small group discussion classes. Student evaluation of UFS101 indicated that the majority of students found these new approaches useful, that the flipped classroom enhanced their learning, and that their learning in other modules would also be enhanced if those modules were also delivered in this way.

A major accomplishment in student support in 2014 is progress made towards establishing the library as a multipurpose learning space, a space that allows for the meeting of minds, information sharing, and academic debate. The UFS invested R2 million in infrastructure to expand the library's Postgraduate Research Unit and to facilitate individual studying, group discussions, and



wireless access to web-based resources for library users. Orientation sessions conducted by UFS Library and Information Services (LIS) throughout the year further positioned the library as one of the key partners in students' academic and social life. This has been apparent in the increased number of students making use of library services. LIS also collaborated with CTL to introduce a UFS101 module in Information Literacy that equips first-year students with the skills required to search for and use relevant information to advance their knowledge, and to comply with the codes of referencing and of the legal and ethical use of information.

## 6.8. Management information

A traditional understanding of the management information function is limited to an electronic data system that captures organisational data and produces regular, scheduled reports according to pre-defined templates. In South African higher education, these schedules and templates have largely been determined by the DHET. However, in recent years the whole of the higher education system is realising that data is not only necessary for reporting purposes but also for the management of institutions. In this context the UFS has become more and more aware of the need to shift from using data for reporting compliance to looking at data to produce intelligence about the institution and to support management decisions.

Change in the conceptualisation of data and its relation with institutional research began in 2013 with the first presentation to Senate of a status report on the performance of the institution. This process was further accelerated by Council's request for the UFS to produce a scorecard to measure its performance and by the need to produce an annual performance plan for the DHET.

The UFS has selected key performance indicators that measure progress towards the goals and objectives specified in our strategic plan for its 2015 Annual Performance Plan (see Table 1, page 35: UFS key performance indicators), as well as secondary indicators for the purposes of internal reporting. On the basis of these indicators, the management information function of the UFS is expanding on the structure provided by the DHET Higher Education Management Information System (HEMIS) to develop dashboards and other user-friendly tools that will allow easy access to real-time, accurate monitoring data, for decision-makers from academic department heads to Council members.

The UFS management information function is located in DIRAP and reports directly to the Vice-Rector: Academic. This places the University in the fortunate position of maintaining close and constant interaction between staff members who modify and maintain the electronic data system and those who utilise the data retrieved from the system for the purposes of academic and institutional planning, monitoring and research.

The UFS has been very fortunate to have won a bid for funding from the Kresge Foundation focused on the improvement

of the institution's capacity for data analytics. While the Kresge Siyaphumelela project is focused on student success, it provides great opportunities for building DIRAP's management information capacity through exchange with practitioners and technical specialists from inside and outside South Africa, and through the addition of much-needed human resources.

## 6.9. Physical planning

The UFS Physical Planning department under the Vice-Rector: Operations portfolio is responsible for all capital projects that include buildings (new, upgrading and alterations) and new infrastructure (e.g. roads, storm water systems and water supply), as well as the allocation of available space for different uses (e.g. academic activities, student accommodation and sport and recreation). Highlights of the department's activities in 2014 include very successful infrastructure development projects, and the formulation of an Informal Independent Contractor Development Programme. The purpose of the latter is to:

- Transform previously disadvantaged individuals/ artisan contractors into formal independent contractors;
- Mentor upcoming entrepreneurs in the service and construction industry;
- Provide the UFS and surrounding areas with new registered and qualified independent contractors;
- Create an environment at the UFS to allow upcoming entrepreneurs to tender for construction projects;
- Complete an entire project with formal independent contractors and entrepreneurs who were previously disadvantaged.

DHET-funded infrastructure projects form an important component of the UFS capital projects. In the previous financial year we completed all of these successfully, on time and within budget limits and in 2013/2014 we implemented a further 17 DHET-funded projects on all three campuses. Our strict adherence to prescriptions and proof of prudent and efficient management of funds has led to a dramatic increase in the UFS allocation from R147,7 million in 2012 to R333,6 million in 2013/2014. These funds were utilised to support both the human project and the academic project of the University.

The infrastructural work undertaken by the UFS supports the production of graduates in scarce areas such as health sciences, life and physical sciences, and teacher training.

Careful planning for the utilisation of space is critically important for a growing university. The fact that UFS enrolment planning is not disaggregated by campus does pose a challenge with regard to separate spatial planning for the Bloemfontein, Qwaqwa and South Campuses. However, at this stage the University does have space available for future growth and development on all three campuses (see Figure 16, Figure 17, and Figure 18).

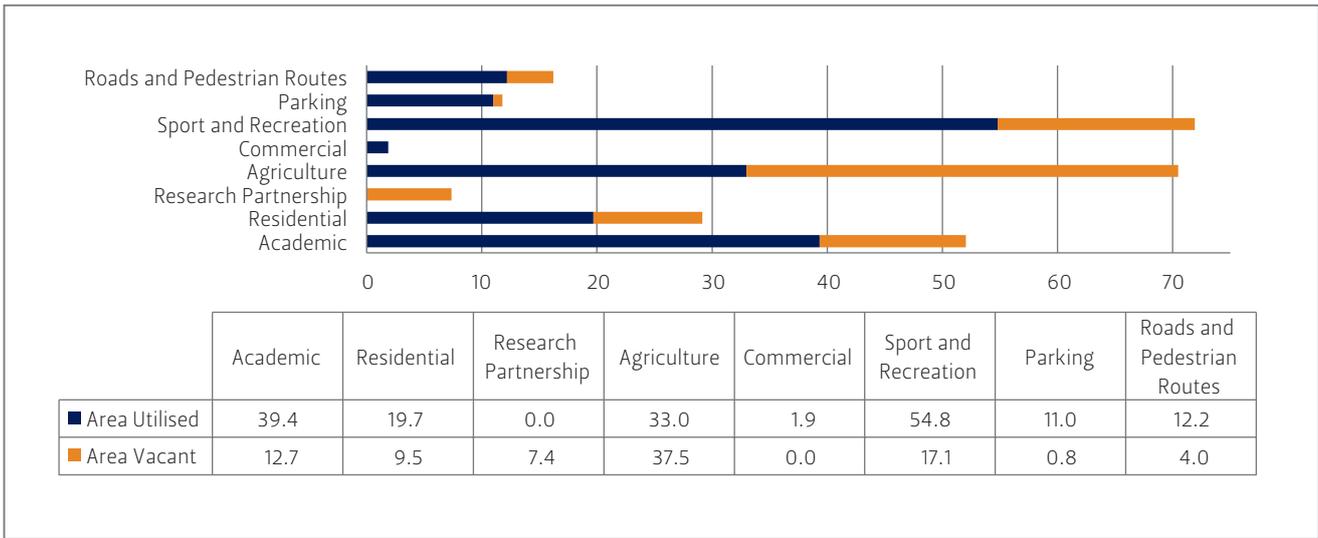


Figure 16: Utilised versus vacant land (total hectare per land use) – Bloemfontein Campus

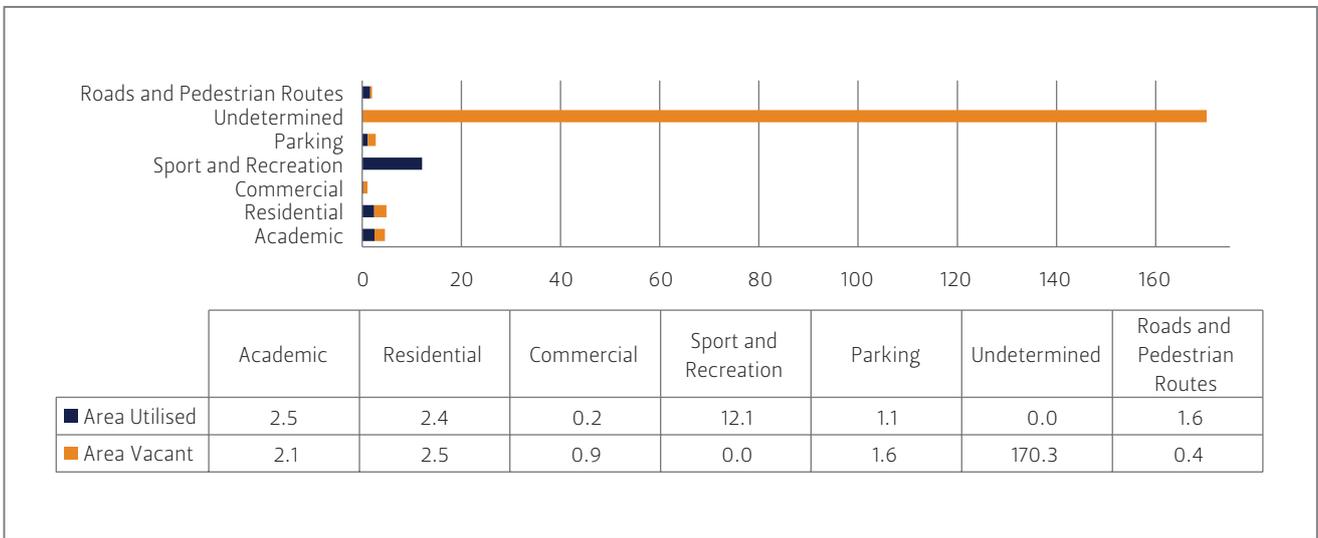


Figure 17: Utilised versus vacant land (total hectare per land use) – Qwaqwa Campus

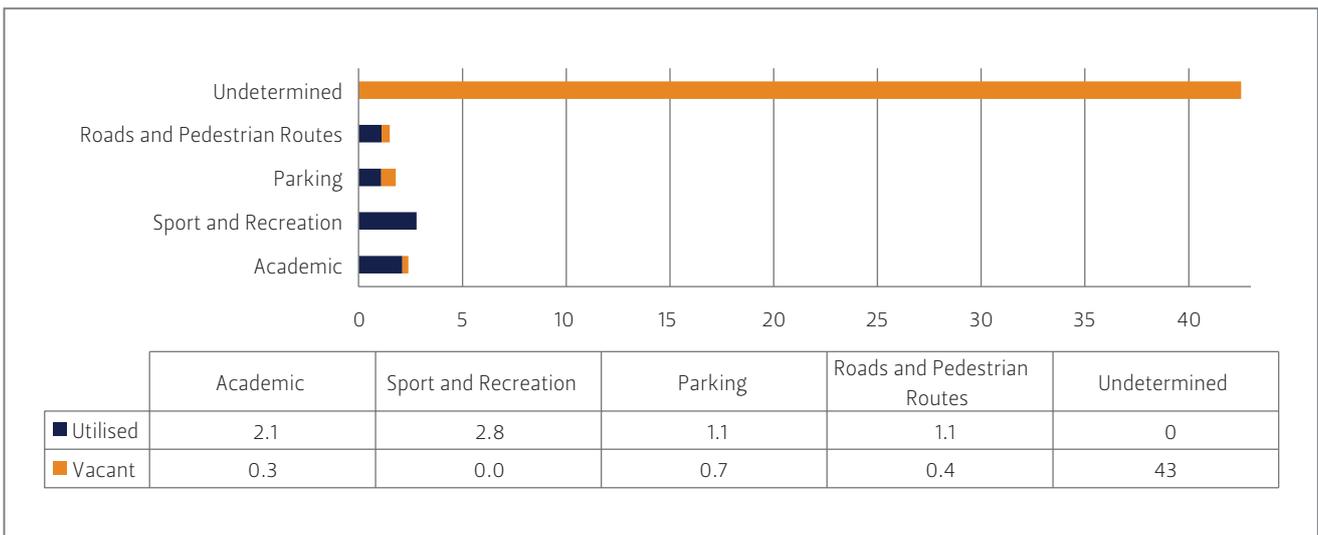


Figure 18: Utilised versus vacant land (total hectare per land use) – South Campus

**NOTE:** Also see Appendix 7: Statement on operational and administrative structures and systems of internal control by UFS Internal Audit and the Audit and Risk Management Committee of Council.

### Box 6: Changing patterns in the provision of academic courses

As already mentioned in section 4.1, since 2012 the UFS has been involved in a process of curricular review. This review took the process of alignment of qualifications with the Higher Education Qualifications Sub-Framework (HEQSF) as the external driver for a much deeper review of both the structure and the content of its undergraduate curriculum. While the review of the structure was basically concluded during 2013 and 2014, the review of curricular content is still under way.

The University has worked very hard to submit all its qualifications to the different stages of the alignment process and it is satisfied with the approval of its Programme and Qualifications Mix (PQM) in 2014. Our current PQM includes 42 new qualifications. The next two figures provide information about the number and faculty home of the new programmes.

The most prominent change in the UFS's provisioning of academic courses during 2014 reporting year is the number of qualifications on offer, which changed from 470 to 233. This, in our view, is a significant achievement, particularly when it was done in close collaboration with the faculties. From this base, we are looking forward, in the next year, to develop new programmes that respond to the UFS's strategic focus, changes in knowledge production and the needs of local, national and international development.

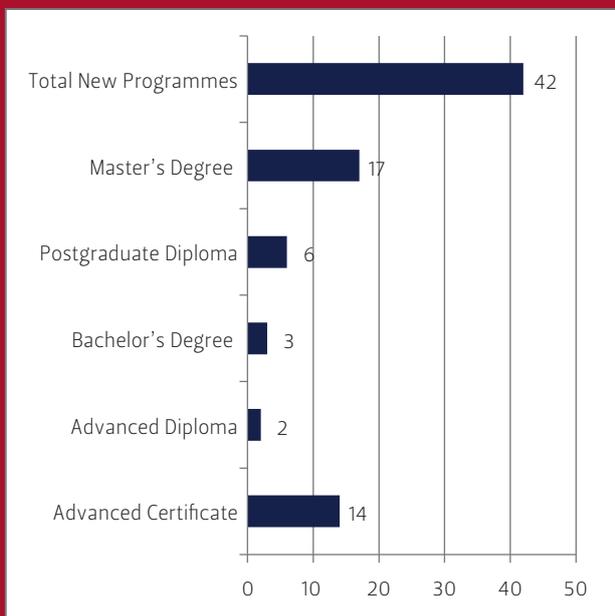


Figure 19: New programmes by qualification type for 2014

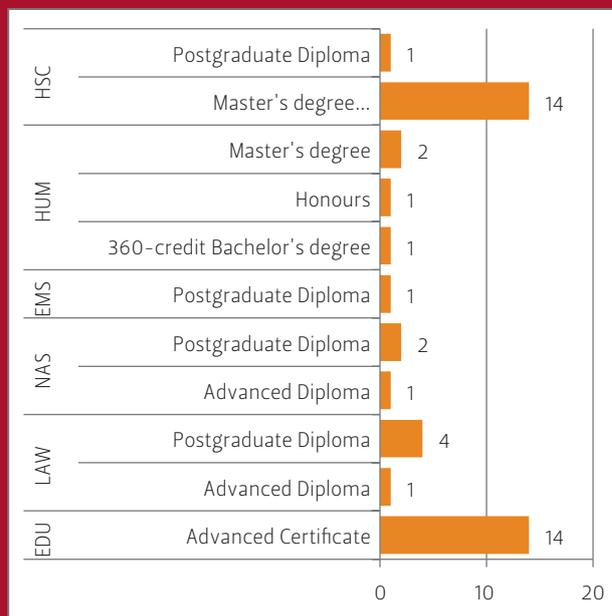


Figure 20: New programmes by qualification type per faculty for 2014







## UFS transformation: Towards a new sense of self

**E**arly in 2013 the UFS produced a report on the state of the University's transformation for the DHET. This section of the Integrated Report 2014 resumes the thread of the analysis provided in that report and when necessary it refers to specific sections of the current report.

In 2009, when the new leadership of the UFS took office, it was confronted with the three most important problems a new leadership could have to face: the quality of the academic offerings of the institution, the quality of the social life at the university, and the conceptualisation of the interface between these two.

In many respects the new vision and mission of the UFS as well as its Strategic Plan 2012–2016 respond to these three problems. "A university known locally and internationally for excellence in human reconciliation and academic achievement" is a vision that was given expression by the UFS's leadership as well as internal and external UFS stakeholders in the notion of a human project and an academic project integrated in the day-to-day life of the university.

### 7.1. Transformation as a multi-layered concept

The expansion and demographic changes in the University's student body took care of the quantitative transformation of the UFS into a predominantly black university in terms of student enrolments. Yet, as the state of the UFS in 2009 demonstrated, this was not enough. The creation of a social space in which diversity was a reason for celebration

and growth was lacking. Six years hence residences are integrated within acceptable proportions, and a number of programmes and interventions dealing with diversity have been put in place in the extracurricular environment that have helped the UFS to learn to talk and to listen. An important success in this regard has been the Leadership for Change Programme. Since 2010 the UFS has been providing leadership training to a selected group of students whose learning is crowned with an international experience of diversity at universities in different parts of the world. It is often the case that the F1 students, as they are known at the UFS, take up formal leadership positions at the UFS in different capacities, filtering down their learning and experience to the rest of the student body.

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The Institute for Reconciliation and Social Justice has been invaluable in identifying areas for intervention at different levels.

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The role of the Institute for Reconciliation and Social Justice has been invaluable in providing space to host and encourage difficult dialogues among different social groups at the University and identifying areas for intervention at different levels, while at the same time giving intellectual depth to the discourses about social justice and reconciliation. ▶



In terms of the core function of teaching and learning the UFS has centred its energies on the transformation of both curriculum and pedagogy, producing two fundamental interventions: the development of a core undergraduate curriculum (UFS101) built around the notion of pedagogic disruption; and a process of review of the curriculum with a two-pronged focus: technical (streamlining the curriculum and aligning it with the HEQSF) and conceptual (benchmarking of the curriculum against international and national disciplinary standards). We have discussed in section 4.1 the report on developments in the latter. UFS101 is in its fifth generation and has gone through constant evaluation of its impact in order to adapt the curriculum to students' needs. This new edition of UFS101 also provides skills that first-year students will need to face university life. Among the strategic goals behind the module is the conviction that students exposed to different, more interesting and more challenging types of learning will themselves demand better curriculum and better teaching from their lecturers, thus becoming themselves catalysts of change. At the same time the lecturers who participated in UFS101 are modelling teaching and learning for the rest of the university at a variety of levels.

In the last few years the UFS has put in place several measures aimed at addressing its own unawareness of the quality of teaching of its staff and by implication the lack of educationally productive communication in the classroom. 2014 has been a good year in this regard. The lecture hall, the tutorial, the laboratory are pre-eminent spaces of interaction between different people, different perceptions of the world and each other, different knowledge(s), and different personal vulnerabilities. The ability of the University to address these issues in the process of teaching and learning depends on improving the quality of teaching and being able to disrupt not only students' knowledge of themselves and of the world, but also lecturing staff's approach to both knowledge and teaching.

The creation of the CTL in 2012 was an important step forward in the university's ability to help staff to reflect on, change and improve their teaching.<sup>8</sup> The approach is based on the importance of research to provide evidence not only of the effectiveness of suggested practices but also of the impact of current practices. Particularly important in this regard is the research undertaken in the area of student engagement, which we mentioned earlier, in order to determine the quality and outcomes of the student experience from the perspective of both staff and students<sup>9</sup>. The findings of this research inform concrete interventions to improve teaching and learning at the University. The fact that the University does have good and excellent teachers does not detract from the fact that much needs to change in this area.

Very important, and not quite realised yet, is the UFS's ability to offer our students greater diversity in the academic workforce in terms of race but also in terms of curriculum and approaches to teaching. Section 4.2 referred to the UFS's commitments to staff diversity.

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- 8 The improvement of teaching and learning also includes the innovative use of technology, drawing on a theoretical model of teaching and learning practice that moves along a continuum from traditional lectures to the flipped classroom in which students use technology to view recorded lectures outside of class time and during class spend time on enquiry-based learning. CTL defines an educationally effective classroom as a place where students are actively engaged in the learning process and are motivated to learn. The UFS makes use of Blackboard as the learning management system that underpins the various e-learning initiatives.
- 9 Strydom J.F & Mentz, M (2010). *South African Survey of Student Engagement (SASSE) – Focusing the student experience on success through student engagement*. Pretoria: Council on Higher Education. Available at: <http://www.che.ac.za/documents/d000208/>  
Strydom, J.F; Basson, N & Mentz, M (2012). *Enhancing the quality of teaching and learning: Using student engagement data to establish a culture of evidence*. Pretoria: Council on Higher Education. Available at: <http://www.che.ac.za/documents/d000238/>

## 7.2. The UFS in its provincial context

As a multi-campus institution, the result of the process of incorporation of two historically black campuses (South Campus and Qwaqwa Campus) with the historically white Bloemfontein Campus, the UFS has taken a long time to find a satisfactory model to ensure the structural integration of the three campuses into one shared and understood institutional project. While in the last three years the identity and contribution of the South Campus to the institution have been defined as the School for Open Learning, which seems to be prospering with growing numbers of enrolments, the Qwaqwa Campus presented a more complex situation. Its geographic location, entrenched prejudice and mistrust as well as real concerns about academic performance in some areas, created a sense of “second classness” about Qwaqwa academics that undermined their relationship with their Bloemfontein colleagues (DIRAP, 2012). The university leadership embarked during 2012 on a rigorous process of analysing and synthesising different research conducted on Qwaqwa, including the views of the campus staff and leadership. Currently the campus has a reconfigured management, and a stronger relationship with and insertion into the university leadership. New academic initiatives, CTL-supported programmes for the improvement of teaching and learning and a new academic leadership on the campus constitute firm foundations for embedding transformation in the Qwaqwa Campus too.

The UFS has also opened itself to specific needs of the Free State province, building on a strong tradition of community engagement. The external relations portfolio in the Rectorate has oversight over a variety of projects including faculty-level community engagement activities. The schooling system in the province has been the focus of a variety of interventions in the context of MoUs signed between the UFS and the provincial government (involving 22 schools) and the UFS and municipalities (involving nine schools). The programmes include the improvement of infrastructure, help with enhancing learning in specific Grade 12 subjects and the early identification of young talented school leavers. The success rate in the 2013 and 2014 senior certificate examination in the Free State province can be partially attributed to the strong cooperation between the MEC for Education and passionate and committed UFS staff led by the Rector. While the University is doing very well in this area, there is still some way to go for the institution to emerge as a proactive, systematic and critical contributor to public debate and social development based on sound scholarship for both the province and the country.

The differences between the UFS in 2004 and in 2014 are not only in the size and composition of its student body and in the manner in which teaching and learning and research are being approached. Life at the university, particularly student life, is remarkably different. Two important moments in the process of UFS transformation were the



release of the HEQC Audit Report in 2008 and the Reitz incident in the same year, which was followed at national level by the Soudien Report.

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In the last five years the UFS has made important inroads in defining, reviewing and realising a complex process of transformation.

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In 2008 the HEQC, based on the findings of its audit panel, recommended that the UFS had to develop mechanisms to monitor the impact that different aspects of its institutional culture were having on the university's ability to discharge its core functions and the extent to which existing interventions were actually "effective in the face of resistance to change on the part of some students, staff and parents" (HEQC, 2008b:42). More specifically, the HEQC report recommended that the UFS should review all policies related to student residences that allowed for lack of racial integration (HEQC, 2008b:41). The racist incident

in the Reitz residence in 2008 blew open a deep old undercurrent at the university. At that stage the UFS was a racially, linguistically and emotionally polarised institution.

Five years into the implementation of a new project, the university has improved in all these areas and offers a very different image to the world. The shift in social life at the university, where human complexities and challenges specify and model life arrangements for staff and students in a changing university, country and world, is supported by a range of initiatives.

A policy of residential integration has been supported by purposeful activities focused on the development of student leadership and careful and constant attention to student feelings and needs as well as to all staff views and feelings. For the last five years, through directed interventions, the UFS has been educating for diversity and has provided four new intakes of first-year students with a different sense of themselves, their fellow students and the university. Student political participation is being normalised along non-party lines and in 2014 a non-racialised SRC was voted for in an election that had one of the highest participation rates in the country.

Thanks to key interventions and appointments at the UFS new spaces for dialogue, reflection and justice have



been developed on campus. No small part in this has been played by the common curriculum offered in UFS101. But structures such as the Human Rights Desk of the Institute for Reconciliation and Social Justice also provide safe spaces for staff and students to make their voices heard. UFS students are more at ease with each other: they learn together; they play sports together; they work together in the non-curricular space; and they create beautiful expressions of their sensibilities in the arts and drama.

As already mentioned, residences that were the focus of attention back in 2008 show a new profile with all male and female residences, especially on the Bloemfontein Campus, showing higher signs of diversity. The Gateway College programme takes care of the introduction and follow-up of students as they progress through their university careers.

But student life at the university goes beyond residence life and the launch of the new College project, which looks at the integration of residential and commuting students into a supportive and structured space of learning outside the formal curriculum, and provides a new basis to help educate UFS graduates inside and outside the lecture halls and laboratories.

While much is going on of which we are very proud, corrections and redirection are always needed. For 2015 we are planning a full external review of the Student Affairs portfolio to gather a critical perspective on our ways of thinking and doing.

Care and communication are fundamental elements of how “excellence in human reconciliation” manifests itself at the UFS. The *No Student Hungry Campaign*, which was started in 2011 to address the problem of poor students

unable to feed themselves appropriately to perform in their studies, has grown considerably since. A food bursary, secured through donations, is allocated to hungry students on the basis of academic excellence and commitment to public duty. In addition the programme offers food directly to many students as a result of donations from large supermarkets. Currently the programme caters for 150 students and is constantly trying to increase funds in order to expand its reach.

Communication has a variety of forms at the university. From the Monday Bulletin, sent out by the Rector every week to inform on and explain decisions, or to put questions to staff as to how to proceed in specific matters, to the direct interpersonal relations between students and senior leadership, there are a range of activities that support dialogue at the UFS. In 2011 the Rector introduced a campaign called ‘Talk to me’ first on the Bloemfontein Campus, then on the Qwaqwa and South Campuses. The programme entails the Rector regularly spending about one to one-and-a-half hours sitting in various open spaces on campus giving staff and students the opportunity to talk/interact with him.

In the last five years the UFS has made important inroads in defining, reviewing and realising a complex process of transformation. There is still much work to be done to embed further what has been achieved and to keep on redefining the object, purpose and modalities of transformation as the institutional and national contexts change. But the UFS counts on the commitment and ingenuity of its staff and students as well as on the support of its South African and international friends to succeed in a task that is important beyond our University. ■







# 8

## Conclusion: Looking to the future

2013 and 2014 marked a turning point in the implementation of the UFS Strategic Plan 2012-2016. Foundational work in both the academic and human projects was completed with good results and the institution is ready to move towards the deepening of change in all environments and towards a more detailed monitoring of its performance. Our efforts to deliver on the goals of the academic project have started to bear fruit and, as this report shows, the University has improved its performance in relation to most of its key performance indicators. The UFS human project is being recognised nationally and internationally for both its sophistication and its boldness and we find our student body and the overall social environment in our campuses showing signs of maturity and togetherness in dealing with issues of diversity and social justice. The support services foundation has also improved the quality and outcomes of its administrative processes as well as the kind of institutional information on which to base decision-making and to plan for the future.

In 2014 the Vice Chancellor was reappointed for another five-year term starting 1 July 2014; this has been marked

by an even more focused set of targets designed to spur the achievement of academic excellence. This renewed focus on academic excellence does not mean that the UFS will be paying less attention to the human project. It means that the UFS is now in a position to look more sharply at the interface of the human and the academic projects.

The three strategic objectives that shaped the work done during 2014, enhancing the UFS academic reputation, improving the equity profile of academics and students and strengthening the support services foundation in order to enhance financial sustainability, represent a long-term imperative for the University. Each of these objectives requires careful conceptualisation and monitoring.

We hope that in the next years we will be able to finalise still pending foundational work, for example in the academic administration, conclude the critical review of our undergraduate curriculum, build more solid bridges and interfaces between the human and the academic projects, and make a firm recovery in our student numbers and start imagining in more concrete terms a distinct academic identity for the UFS. ■



# APPENDICES



# APPENDIX

# 1

## Statement on cooperative governance by the UFS Council

The UFS has entered into formal recognition agreements with UVPERSU (the majority union) and NEHAWU. Monthly meetings are held individually with the Labour Relations Divisions and the unions.

Employee participation is encouraged throughout the infrastructure, systems, and committees by representation in various formal structures, i.e. the Institutional Forum (IF), Employment Equity Committee, Executive Committee of the Senate (ECS) and Council.

Two members of the Central Student Representative Council (CSRC) are full members of the University Council. One CSRC member is a full member of the Senate. Students and trade unions are also represented on the Executive

Committee of the Senate (ECS), the University Management Committee (UMC) and the Institutional Forum (IF).



**Judge CHG van der Merwe**  
Chairman of the Council





# APPENDIX

# 2

## Code of Ethical Conduct of the UFS Council

*This code has been formulated to promote the highest ethical and moral standards and to foster an understanding of the conduct expected from staff. The role of the University is to create, preserve, transmit and apply knowledge and understanding through teaching, research, creative works and other forms of scholarship. In carrying out this role, the University reaffirms its commitment to the values. Staff members should be aware that breaches of aspects of this code may fall within the scope of improper conduct and could result in disciplinary action being taken.*

The University of the Free State (UFS, also referred to as the University) adopts this Code of Ethical Conduct in order to:

- confirm core values to which it will adhere in the governance of the University,
- promote honest and ethical conduct by members of Council by establishing standards to which they should conform, and
- guide Council members in carrying out their duties to the UFS.

The core values of the University are:

- Superior Scholarship
- Human Embrace
- Institutional distinctiveness
- Emergent Leadership
- Public Service (linked with the Academic Project and the Human Project)

No code or policy can anticipate every situation that may arise. Accordingly, this Code is intended to serve as a source of guiding principles. Council members are encouraged to bring questions about particular circumstances that may implicate one or more of the provisions of this Code to the attention of the Chairperson of Council or the Chairperson of the UFS Audit and Risk Management Committee, who may provide guidance on the provision in question.

This Code applies to all members of Council of the UFS, regardless of the sector, constituency, office or entity to which they owe membership. Members of Council who are employees of the UFS are also subject to the conduct requirements and conditions of service of their appointments, which are separate requirements and are not part of this Code. Student members of Council are also bound by the rules and codes governing students. All Council members shall adhere to the requirements set forth below in carrying out their duties to the UFS.

### Standard of Conduct

In discharging her or his duty to direct the governance of the UFS, a Council member shall at all times act in a manner he or she believes in good faith to be in the best interests of the University, and shall exercise the care which an ordinarily prudent person in such a position would exercise under similar circumstances. The Council represents the interests of the UFS and has responsibility for overseeing governance and management and should also manage adherence to the principles of good governance by the

members of Council. The Council members' responsibilities in performing this oversight function include a *duty of care* and a *duty of loyalty*.

A Council member's *duty of care* refers to the responsibility to act reasonably and exercise appropriate diligence in overseeing the governance and management of the University, making decisions and taking other actions. In meeting the *duty of care*, members of Council are expected to:

1. Attend and participate personally in Council and related committee meetings. This entails ensuring that a member is not absent without leave from two consecutive ordinary meetings of the Council (See Section 15(7)(a) of the institutional statute.)
2. Remain properly informed about the business and affairs of the University. Council members will therefore devote appropriate time to review periodic updates provided by University management, as well as studying Council materials prior to each meeting.
3. Rely on others. In doing this, Council may have to rely on Council committees, UFS management and employees, and professional advisers.
4. Make inquiries during meetings. Members of Council will make inquiries about potential problems that come to their attention and follow up in subsequent meetings or in appropriate Council sub-committees until they are reasonably satisfied that management is addressing them appropriately. (This process must be seen in conjunction with the section on Compliance Procedures below.)

A Council member's *duty of loyalty* refers to the responsibility to act in good faith and in the University's best interests, not the interests of himself or herself, a family member or an organization with which the Council member is affiliated, or any other sectional interest of the member. Council members shall not use their positions for personal gain. The *duty of loyalty* may be relevant in cases of conflict of interest.

## Conflicts of Interest

Members of Council have a duty to be free from the influence of any conflicting interest when they participate in Council meetings or related Committee deliberations or voting, and to comply with the UFS Council Conflict of Interest Policy and the related annual declaration of any conflict of interest.

## Confidentiality

Members of Council will maintain the confidentiality of all proprietary, strategic and sensitive or valuable information

of the University entrusted to them, except when disclosure is authorized or legally mandated.

## Fair Dealing

In carrying out their responsibilities to the UFS (including establishing the University's policies and procedures), members of Council shall seek to deal fairly with the University's employees, service providers, suppliers, competitors, partners and students, and shall avoid taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice. Council members will refrain from making or supporting any statement, promotion, or advertisement that is deceptive or fraudulent, and from the use of implication or half-truths that could falsely represent a UFS programme or service.

## Protection and Proper Use of University Assets

In carrying out their responsibilities to the UFS (including establishing the University's policies and procedures), Council members will protect the assets of the University, ensure their efficient use and ensure that they are used for legitimate business purposes.

## Compliance with Laws and Regulations

In carrying out their responsibilities to the UFS, Council members will adhere, and cause the University to adhere, to all applicable international, national and local legislation and prerequisites. In particular, Council members will seek to comply with the requirements of both the Higher Education Act (No. 101) of 1997, as amended, and the Institutional Statute: University of the Free State (Government Gazette No. 33490, of 27 August 2010, as amended).

## Encouraging the Reporting of Possible Illegal or Unethical Behaviour

The Council will take steps to ensure that the University (a) promotes ethical behaviour; (b) encourages employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation; (c) encourages employees to report violations of laws, regulations or the University's own regulatory framework appropriate to its personnel and students; and (d) informs employees and students that the University will not allow retaliation or victimization for reports made in good faith.

## Compliance Procedures

Any waiver of any provision of this Code may only be made by the Executive Committee of Council (ECC) after due deliberation and a determination that appropriate controls to protect the UFS are in place. Any subsequent resulting amendment to this Code will be put before Council by the ECC for consideration.

Members of Council will communicate any suspected violations of this Code promptly to the Chairperson of Council

or the Chairperson of the Audit and Risk Management Committee as appropriate. Violations will be investigated by the ECC or by a person or persons designated by the Council, and appropriate action will be taken in the event of any violations of the Code.

*Approved by the Council on  
7 June 2013*





# APPENDIX

# 3

## Statement on financial audit by UFS Finance

The Public Audit Act of 2004 as amended (Act), prescribes the Auditor General to be the external auditor of the University. The audit is currently performed by PricewaterhouseCoopers, who also are responsible for the external audit under the auspices of the Auditor General in accordance with the requirements of the Act.

Section 28(1) of the Act requires from the external auditor to reflect such opinions and statements as may be required by any legislation applicable to the University, but this must reflect at least an opinion or conclusion on:

- Whether the financial statements of the University fairly present, in all material respects of its operations and cash flow for the period which ended on 31 December of each year, in accordance with the applicable financial framework and legislation.
- The University's compliance with any applicable legislation relating to financial matters, financial management and other related matters; and
- The reported information relating to the performance of the University against predetermined objectives.
- The governance and management of the University provides assurance for financial sustainability, and the UFS has received unqualified audit reports in all of the periods included in this report.



**CR Liebenberg**  
Senior Director: Finance



# APPENDIX

# 4

## UFS summary consolidated financial statements for the year ended 31 December 2014

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## GENERAL INFORMATION

**CHAIRMAN OF THE COUNCIL** Judge C.H.G. van der Merwe

**RECTOR AND VICE-CHANCELLOR** Prof J.D. Jansen

**POSTAL ADDRESS** P.O. Box 339  
Bloemfontein  
9300

**STREET ADDRESS** Nelson Mandela Drive  
Bloemfontein  
9301

**AUDITORS** PricewaterhouseCoopers Inc.  
Bloemfontein

**BANKERS** ABSA Bank

## COUNCIL'S STATEMENT OF RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The council is responsible for the preparation, integrity and presentation of the summary consolidated financial statements of the University of the Free State. The summary consolidated financial statements, presented on pages 91 to 137, have been prepared in accordance with the criteria developed by management. Under management's established criteria, management discloses the summary consolidated statement of financial position, summary consolidated statement of comprehensive income, statement of cash flow and other information which management determined as relevant. These summary consolidated financial statements are derived from the audited consolidated financial statements of the University for the year ended 31 December 2014, which were prepared in accordance with International Financial Reporting Standards (IFRS) and include amounts based on judgements and estimates made by management. The council also prepared the other information included in the annual report and is responsible for both its accuracy and consistency with the summary consolidated financial statements.

The going concern basis has been adopted in preparing the summary consolidated financial statements. The council has no reason to believe that the University of the Free State will not be a going concern in the foreseeable future based on forecasts and available cash resources. The viability of the University of the Free State is supported by the summary consolidated financial statements.

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

## APPROVAL OF THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The summary consolidated financial statements set out on pages 91 to 137 were approved by the council on 5 June 2015 and signed on its behalf by:



Rector and Vice-chancellor



Chairman of the Council



Senior Director: Finance



## INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF THE UNIVERSITY OF THE FREE STATE

### REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

#### Introduction

We have audited the summary consolidated financial statements of the University of the Free State and its subsidiaries as set out on pages 91 to 137, which comprise the summary consolidated statement of financial position as at 31 December 2014, the summary consolidated statement of comprehensive income, summary consolidated statement of changes in funds and the summary consolidated statement of cash flow for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 8 June 2015.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa (no. 101 of 1997) (HEA) as applicable to annual financial statements. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of University of the Free State.

#### Council's responsibility for the consolidated financial statements

The Council is responsible for the preparation of a summary of the audited consolidated financial statements in accordance with International Financial Reporting Standards.

#### Auditor's responsibility

Our responsibility is to express an opinion on these summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

#### Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of the University of the Free State for the year ended 31 December 2014 are consistent, in all material respects, with those consolidated financial statements, in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers Inc., 61 Second Avenue, Westdene, Bloemfontein 9301, P O Box 818, Bloemfontein  
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Africa Senior Partner: S P Kana

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The Company's principal place of business is at 2 Engin Road, Sunninghill where a list of directors names is available for inspection

Reg no 1998/012055/21, VAT reg.no. 4950174682



## 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 selected objectives presented in the UFS key performance indicators table for the year ended 31 December 2014:

- Objective strategy 1: (Strategic management of academic staff appointments) on page 35
- Objective strategy 2: (Decrease dependence on tuition fees) on page 36
- Objective strategy 3: (Strategic management of enrolments) on page 36

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 had complied with legislation 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 summary consolidated financial statements, Report on the Enrolment Objectives of the UFS for 2014 and compliance with legislation. We did not identify any significant deficiencies in internal control.



## OTHER REPORTS

### Agreed-upon procedures engagements

Entity name / engagement	Purpose of the engagement	Period covered
Department of Higher Education and Training - Infrastructure Grant	Agreeing of expenditure to contracts and supporting documentation.	1 March 2014 to 31 March 2015
Department of Higher Education and Training - Financial data submission	Agreeing of financial data to the Consolidated Financial Statements.	1 Jan 2014 to 31 Dec 2014
National Research Foundation (NRF - Awards)	Agreeing of expenditure against grant contracts and supporting documentation.	1 Jan 2014 to 31 Dec 2014
National Research Foundation grants (THRIP - Awards)	Agreeing of expenditure against grant contracts and supporting documentation.	1 Jan 2014 to 31 Dec 2014
Department of Higher Education and Training - Published research articles / research Output Certificates (ROC)	Agreeing of research outputs of published articles to supporting documentation and personnel records.	1 Jan 2014 to 31 Dec 2014
Department of Higher Education and Training - Clinical Research Funding	Agreeing expenditure on the grant to supporting documentation.	1 April 2014 to 31 March 2015
Department of Cooperative Governance - Administration of Disaster Management Learnership/Bursary	Agreeing of income and expenditure to supporting documentation.	1 April 2014 to 31 March 2015
Department of Higher Education and Training - Teaching Development Grant	Agreeing of expenditure to supporting documentation.	1 April 2014 to 31 March 2015
Department of Higher Education and Training - Foundation Grant	Agreeing of expenditure to supporting documentation.	1 April 2014 to 31 March 2015
Department of Higher Education and Training - Full Time Equivalent Student Statistics.	Agreeing of student statistics to the underlying financial systems and data.	1 Jan 2014 to 31 Dec 2014
University of the Free State - Klein Sêr	Agreeing of voting results.	1 Jan 2014 to 31 Dec 2014
University of the Free State - Rag Floats	Agreeing of voting results.	1 Jan 2014 to 31 Dec 2014
University of the Free State - Rag Crowning ball	Agreeing of voting results.	1 Jan 2014 to 31 Dec 2014
Research Development Grant	Agreeing of expenditure to supporting documentation and confirm that the grant was utilised for the correct purpose.	1 April 2014 to 31 March 2015

*PricewaterhouseCoopers Inc.*

PricewaterhouseCoopers Inc  
 Director: C.J. Hertzog  
 Registered auditor  
 8 June 2015

## SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Notes	2014 R ' 000	2013 R ' 000 (Restated)	2012 R ' 000 (Restated)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	3	3 390	3 045	2 595
Property, plant and equipment	4	903 271	831 517	791 088
Investment property	5	37 792	38 847	39 902
Available-for-sale financial assets	6.1	2 834 308	2 606 512	1 841 020
Investment in associates	7	39 597	40 821	30 513
Student loans	8	8 402	8 389	6 710
Retirement benefit surplus	14	109 130	25 236	-
Total non-current assets		3 935 890	3 554 367	2 711 829
<b>Current assets</b>				
Available-for-sale financial assets	6.2	703 308	530 730	576 655
Inventories	9	4 674	5 364	4 914
Biological assets	10	5 644	5 255	6 092
Trade and other receivables	11	123 734	120 263	105 010
Student debtors		30 599	27 081	22 079
Other		93 135	93 182	82 931
Cash and cash equivalents	12	114 654	174 020	113 177
Total current assets		952 015	835 631	805 848
<b>Total assets</b>		<b>4 887 905</b>	<b>4 389 998</b>	<b>3 517 677</b>
<b>FUNDS AND LIABILITIES</b>				
<b>Funds and reserves</b>				
Unrestricted funds - Education and general		2 426 572	2 031 251	1 302 905
Unrestricted designated funds		1 981 963	1 627 899	905 716
Unrestricted use funds		444 609	403 352	397 189
Restricted funds - Education and general		424 724	398 533	322 645
Trust funds		102 523	98 224	75 621
Funds for specific purposes		322 201	300 309	247 024
Restricted funds - Residences		36 487	32 281	26 664
Fixed assets fund PPE		941 063	870 364	830 990
Total funds and reserves		3 828 847	3 332 428	2 483 205
<b>Non-current liabilities</b>				
Borrowings	13	111 404	110 107	6 391
Post employment medical obligation	14	467 145	464 346	588 712
Retirement benefit liability	14	-	-	58 631
Accrued leave	14	141 162	143 438	129 169
Deferred income	15	7 064	35 601	31 077
Total non-current liabilities		726 775	753 492	813 980
<b>Current liabilities</b>				
Trade and other payables	16	216 543	177 885	127 271
Deferred income	15	98 223	119 535	85 903
Borrowings	13	2 113	1 896	1 727
Accrued leave	14	15 405	4 762	5 591
Total current liabilities		332 284	304 078	220 492
<b>Total funds and liabilities</b>		<b>4 887 905</b>	<b>4 389 998</b>	<b>3 517 677</b>

The notes on pages 95 to 137 are an integral part of these summary consolidated financial statements

**SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 December 2014 (all amounts in R'000)

2014

2013  
(Restated)

Notes	Council controlled Unrestricted	Specifically funded activities Restricted	SUB - TOTAL	Student & staff accommodation Restricted	TOTAL	TOTAL	
<b>TOTAL INCOME</b>	<b>1 634 547</b>	<b>304 313</b>	<b>1 938 861</b>	<b>90 261</b>	<b>2 029 122</b>	<b>1 905 774</b>	
State appropriations - subsidies and grants	894 029	136 248	1 030 276	-	1 030 276	971 508	
Tuition and other fee income	634 854	1 696	636 550	88 485	725 035	646 343	
Income from contracts	4 087	34 776	38 863	-	38 863	33 265	
for research	279	16 105	16 384	-	16 384	13 633	
for other activities	3 808	18 671	22 479	-	22 479	19 632	
Sales of goods and services	91 311	57 352	148 663	1 184	149 848	129 709	
Income from short learning programmes	12 756	23 534	36 290	-	36 290	32 341	
Private gifts and grants	4 680	49 308	53 988	31	54 020	90 184	
Profit / (loss) on disposal of property, plant and equipment	(7 369)	900	(6 469)	560	(5 909)	1 919	
Gain on revaluation of biological assets	200	499	699	-	699	506	
<b>TOTAL EXPENDITURE</b>	<b>1 627 072</b>	<b>286 226</b>	<b>1 913 299</b>	<b>74 037</b>	<b>1 987 336</b>	<b>1 784 573</b>	
Personnel costs	1 045 458	108 941	1 154 399	27 614	1 182 012	1 042 254	
Academic professionals	556 132	22 319	578 451	604	579 055	543 512	
Other personnel	489 326	86 622	575 948	27 010	602 957	591 973	
Cost due to change in subsidy policy	-	-	-	-	-	51 310	
Surplus due to change in subsidy policy	-	-	-	-	-	(144 541)	
Other operating expenses	498 598	177 274	675 872	46 423	722 296	666 089	
Depreciation and amortisation	83 016	11	83 028	-	83 028	76 231	
<b>OPERATING SURPLUS FOR THE YEAR</b>	<b>7 475</b>	<b>18 087</b>	<b>25 562</b>	<b>16 224</b>	<b>41 786</b>	<b>121 201</b>	
Other income	267 590	23 613	291 203	1	291 204	193 420	
Interest and dividends	130 178	13 367	143 545	1	143 546	112 197	
Investment income	137 412	11 470	148 882	-	148 882	70 914	
Profit / (loss) from associate	-	(1 224)	(1 224)	-	(1 224)	10 308	
Administration cost financial assets	(10 905)	(832)	(11 736)	-	(11 736)	(10 063)	
Interest paid on loans	(706)	-	(706)	(10 905)	(11 611)	(10 779)	
<b>Net surplus for the year</b>	<b>263 454</b>	<b>40 868</b>	<b>304 322</b>	<b>5 320</b>	<b>309 642</b>	<b>293 778</b>	
<b>OTHER COMPREHENSIVE INCOME</b>							
<b>Items that may be subsequently reclassified to profit or loss</b>							
Revaluation of investments to market value at year end	6	52 100	213	52 313	-	52 313	406 473
<b>Items that will not be reclassified to profit or loss</b>							
Recognition of post-retirement medical actuarial gains	14	43 723	-	43 723	-	43 723	51 863
Recognition of post-retirement pension actuarial gains	14	87 166	-	87 166	-	87 166	95 514
<b>Total comprehensive surplus for the year</b>	<b>446 443</b>	<b>41 081</b>	<b>487 524</b>	<b>5 320</b>	<b>492 844</b>	<b>847 629</b>	

The notes on pages 95 to 137 are an integral part of these summary consolidated financial statements

**SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN FUNDS**  
for the year ended 31 December 2014 (all amounts in R'000)

Description	Notes	Total	Accumulated fund Unrestricted	Designated Unrestricted	SUB - TOTAL A	Endowment funds Restricted	Funds for specific purposes Restricted	Trust funds Restricted	SUB - TOTAL B	Residence fund Restricted	Fixed assets fund PPE Restricted	SUB - TOTAL C
Balance at 31-12-2011		2 363 240	390 223	901 260	1 291 483	35 297	214 196	76 495	325 988	28 993	716 775	745 769
Restatement	32	(39 494)	-	(39 494)	(39 494)	-	-	-	-	-	-	-
Balance at 31-12-2011 restated		2 323 746	390 223	861 766	1 251 989	35 297	214 196	76 495	325 988	28 993	716 775	745 769
Net surplus previously disclosed		131 783	7 115	119 893	127 008	41 805	(33 212)	(2 103)	6 490	(1 715)	-	(1 715)
Restatement	32	232	-	232	232	-	-	-	-	-	-	-
Net Surplus restated		132 015	7 115	120 125	127 240	41 805	(33 212)	(2 103)	6 490	(1 715)	-	(1 715)
Reallocation of funds		-	-	66 607	66 607	(5 769)	(60 247)	(591)	(66 607)	-	-	-
Other additions (1)		1 645	-	230	230	-	-	1 415	1 415	-	-	-
Transfers (2)		-	-	-	-	-	-	-	-	-	-	-
Fixed asset reallocation		-	-	(168 612)	(168 612)	2 581	52 373	58	55 013	(615)	114 214	113 600
Revaluation of investments to market value at year end	6	149 814	-	149 467	149 467	-	-	346	346	-	-	-
Realisation of previous investment revaluation		(149)	(149)	-	(149)	-	-	-	-	-	-	-
Recognition of post-retirement medical actuarial losses	14	(62 339)	-	(62 339)	(62 339)	-	-	-	-	-	-	-
Recognition of post-retirement pension actuarial losses	14	(61 528)	-	(61 528)	(61 528)	-	-	-	-	-	-	-
Balance at 31-12-2012		2 522 466	397 189	944 978	1 342 167	73 913	173 110	75 621	322 645	26 664	830 990	857 654
Restatement	32	(39 262)	-	(39 262)	(39 262)	-	-	-	-	-	-	-
Balance at 31-12-2012 restated		2 483 204	397 189	905 716	1 302 905	73 913	173 110	75 621	322 645	26 664	830 990	857 654
Net surplus previously disclosed		290 976	85 926	105 730	191 656	2 962	69 848	20 553	93 363	5 958	-	5 958
Restatement	32	2 802	-	2 802	2 802	-	-	-	-	-	-	-
Net Surplus restated		293 778	85 926	108 532	194 458	2 962	69 848	20 553	93 363	5 958	-	5 958
Previous year surplus/deficit		-	(79 763)	79 736	(28)	-	-	-	-	28	-	28
Reallocation of funds		-	-	5 132	5 132	(54)	(5 084)	(10)	(5 148)	16	-	16
Other additions (1)		1 595	-	223	223	-	-	1 373	1 373	-	-	-
Fixed asset reallocation		-	-	(24 291)	(24 291)	(3 842)	(10 545)	(311)	(14 698)	(385)	39 374	38 989
Revaluation of investments to market value at year end	6	406 473	-	405 475	405 475	-	-	998	998	-	-	-
Recognition of post-retirement medical actuarial gains	14	51 863	-	51 863	51 863	-	-	-	-	-	-	-
Recognition of post-retirement pension actuarial gains	14	95 514	-	95 514	95 514	-	-	-	-	-	-	-
Balance at 31-12-2013		3 368 888	403 352	1 664 360	2 067 711	72 980	227 330	98 224	398 533	32 281	870 364	902 644
Restatement	32	(36 460)	-	(36 460)	(36 460)	-	-	-	-	-	-	-
Balance at 31-12-2013 restated		3 332 428	403 352	1 627 900	2 031 251	72 980	227 330	98 224	398 533	32 281	870 364	902 644
Net surplus		309 642	41 257	222 197	263 454	(160)	40 746	282	40 868	5 320	-	5 320
Reallocation of funds		-	-	745	745	(1 172)	(396)	860	(708)	(37)	-	(37)
Other additions (1)		3 574	-	417	417	-	-	3 158	3 158	-	-	-
Fixed asset reallocation		-	-	(52 283)	(52 283)	(2 030)	(15 096)	(213)	(17 339)	(1 077)	70 699	69 623
Revaluation of investments to market value at year end	6	52 313	-	52 100	52 100	-	-	213	213	-	-	-
Recognition of post-retirement medical actuarial gains	14	43 723	-	43 723	43 723	-	-	-	-	-	-	-
Recognition of post-retirement pension actuarial gains	14	87 166	-	87 166	87 166	-	-	-	-	-	-	-
<b>Balance at 31-12-2014</b>		<b>3 828 847</b>	<b>444 609</b>	<b>1 981 963</b>	<b>2 426 572</b>	<b>69 618</b>	<b>252 583</b>	<b>102 523</b>	<b>424 724</b>	<b>36 487</b>	<b>941 063</b>	<b>977 550</b>

(1) Profit on realisation of trust funds, funds for designated use  
The notes on pages 95 to 137 are an integral part of these summary consolidated financial statements

**SUMMARY CONSOLIDATED STATEMENT OF CASH FLOW**

for the year ended 31 December 2014

	Notes	2014 R' 000	2013 R' 000
<b>Cash flow from operating activities</b>			
Cash generated from operations	25	329 853	292 917
<b>Investment income less cost of finance</b>			
Dividends received		36 316	23 916
Interest income		107 230	88 282
Administration cost financial assets		(11 736)	(10 063)
Interest paid on loans		(11 611)	(10 779)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<b>450 052</b>	<b>384 273</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment and cost of patents		(167 491)	(119 029)
Purchase of available for sale financial assets		(2 769 509)	(2 268 556)
Proceeds on disposal of available for sale financial assets		2 421 448	1 955 463
Proceeds on disposal of assets		1 047	3 212
Proceeds on sale of trust funds		3 574	1 595
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		<b>(510 931)</b>	<b>(427 315)</b>
<b>Cash flow from financing activities</b>			
Increase on borrowings	13	10 905	109 626
Repayments on borrowings	13	(9 392)	(5 740)
<b>NET CASH OUTFLOW FROM FINANCING ACTIVITIES</b>		<b>1 513</b>	<b>103 886</b>
Increase / (decrease) in cash and cash equivalents		(59 366)	60 843
Cash and cash equivalents at beginning of year		174 020	113 177
Cash and cash equivalents at end of year	12	114 654	174 020

The notes on pages 95 to 137 are an integral part of these summary consolidated financial statements

## 1. General information

The summary financial statements were authorised for issue by the Council on 5 June 2015.

The University of the Free State is a Public University established under the Higher Education Act no 101 of 1997, as amended by Act 54 of 2000. The University of the Free State is domiciled in South Africa and the operations and principal activities of the University relate to education, research and community service, based on its vision and mission.

The presentation currency of the University is South African Rands. All amounts are rounded to the nearest thousand Rand.

## 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated annual financial statements are set out below. These policies are consistently applied for all year presented, unless otherwise stated.

### 2.1. Basis of preparation

The summary consolidated financial statements have been prepared in accordance with the criteria developed by management. Under management's established criteria, management discloses the summary consolidated statement of financial position, summary consolidated statement of comprehensive income, statement of cash flow and other information which management determined as relevant. These summary consolidated financial statements are derived from the audited consolidated financial statements of the University for the year ended 31 December 2014, which were prepared in accordance with International Financial Reporting Standards (IFRS).

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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 27 "Critical accounting estimates and judgements".

#### 2.1.1. Going concern

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

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

#### 2.1.2. Changes in accounting policy and disclosures

##### a) New and amended standards adopted by the University.

The following standards have been adopted for the first time for the financial year ending 31 December 2014. None of them are expected to have a material impact on the University.

Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the University financial statements. Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13.

Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The University has applied the amendment and there has been no significant impact on the University financial statements as a result.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The University is not currently subjected to significant levies so the impact on the University is not material. Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the University.

- b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the University.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. These standards are not expected to have a material impact on the financial statements of the University. The University intends to adopt all standards on its effective dates.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue

and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The University is assessing the impact of IFRS 15.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured

at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used

in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The University is yet to assess IFRS 9's full impact.

## 2.2. Statement of comprehensive income: separate activities

The format of the statement of comprehensive income is designed to disclose separately:

- 2.2.1. the utilisation of resources that are under the absolute control of the Council;
- 2.2.2. the utilisation of those resources which are prescribed in terms of the legal requirements of the providers of such resources; and
- 2.2.3. the provision of accommodation for students and / or staff.

## 2.3. Consolidation

### 2.3.1. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the university has control. The University controls an entity when the university is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the university. They are deconsolidated from the date that control ceases.

The University applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the University. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The University recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred. 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. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement. Inter-company transactions, balances and unrealised gains on transactions between University companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the University's accounting policies.

### 2.3.2. Transactions and minority interest

The University applies a policy of treating transactions with minority interests as transactions with external parties. Disposal to minority interest results in gains and losses and are recorded in the statement of comprehensive income. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

### 2.3.3. Associated companies

Associates are all entities over which the University has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The University's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The University's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to 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 legal or constructive obligations or made payments on behalf of the associate.

The University determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the University calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates in the income statement.

Profits and losses resulting from upstream and downstream transactions between the University and its associate are recognised in the University's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are 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. Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

## 2.4. Segment reporting

A segment is a recognised component of the university that is engaged in undertaking activities and providing services that are subject to risks and returns different from those of other segments. Segmentation provided in the Statement of Comprehensive Income of these financial statements is in terms of the guidelines prescribed by the Department of Higher

Education and Training and is specifically not in terms of IFRS 8. The Operating businesses are managed separately but fall under the oversight of the University of the Free State's executive leadership.

## 2.5. Foreign currency translation

### 2.5.1. Functional and presentation currency

Items included in the 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 financial statements are presented in South African Rand (R), which is the University's functional and presentation currency.

### 2.5.2. Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within "finance income or cost". All other foreign exchange gains and losses are presented in the statement of comprehensive income within "other (losses) / gains – net".

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit / loss, and other changes in the carrying amount are recognised in equity.

## 2.6. Financial instruments

Financial instruments carried on the statement of financial position include cash and bank balances, investments, receivables, payables, leases and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The purchase and sale of financial assets that require delivery are recognised on the trade date, being the date on which the University commits to purchase or sell the asset. The University and its subsidiary companies recognise a financial asset or a financial liability on their statement of financial position when, and only when, the University becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the University has transferred substantially all risks and rewards of ownership. Financial liabilities (or a part of the financial liability) are removed from the statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

## 2.7. Intangible assets

### 2.7.1. Patents

Research and development expenditure relating to patents is recognised as an expense except that costs incurred on development projects are recognised as development assets (intangible assets) to the extent that such expenditure is expected to have future economic benefits. However, development costs initially recognised as an expense are not recognised as an asset in a subsequent period.

Development costs that have been capitalised are amortised from the registration on a straight-line basis over the period of their expected benefit, which are as follow:

Patents: 20 years

An intangible asset shall be derecognised: on disposal; or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposal of intangible assets are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

### 2.7.2. Computer software development cost

Generally, costs associated with developing computer software programs are recognised as an expense as incurred. However, costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- It is technically feasible to complete the intangible asset so that it will be available for use.
- Management intends to complete the intangible asset and use or sell it.
- There is an ability to use or sell the intangible asset.
- It can be demonstrated how the intangible asset will generate probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available.
- The expenditure attributable to the intangible asset during its development can be reliably measured.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Expenditure that enhances and extends the benefits of computer software programs beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their estimated useful lives, not exceeding a period of 3 years. However, the method of amortisation, useful life and residual value is reviewed annually. Intangible assets are not revalued.

Purchased computer software that does not form an integral part of a tangible asset, recognised as property, plant and equipment, is recognised as an intangible asset at historical cost less accumulated amortisation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Post-acquisition 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.

## 2.8. Property, plant and equipment

Land and buildings mainly consist of lecture halls, laboratories, hostels and administrative buildings. All property (including investment properties), plant and equipment are recorded at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Property, plant and equipment acquired by means of donations are recorded at fair value at the date of the donation.

Post-acquisition 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 the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Equipment are recognised at cost, excluding donations of books and equipment, which are recognised at fair market values on the date of donation. All equipment is subsequently measured at cost less accumulated depreciation and books are expensed in the year of acquisition.

Land is not depreciated as it is deemed to have an indefinite useful life. Other assets are depreciated by using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	10 - 50 years
Air conditioners	10 - 20 years
Vehicles	5 - 8 years
Furniture and equipment	5 - 20 years
Computer equipment - Personal computers	3 - 10 years
Lifts	10 - 20 years

Museum and art collections are written off in the year of acquisition.

Library books are expensed in the year of acquisition.

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

Interest costs on borrowings to finance the construction of any qualifying asset IAS23 (AC114) are capitalised during the period of time that is required to complete and prepare the property for its intended use, as part of the cost of the asset.

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset.

## 2.9. Investment property

Investment property is held to earn income and appreciate in capital value. Excluded are properties used by the University, as well as those being constructed or developed for future use by the University.

Investment properties are treated as non-current assets and carried at cost less accumulated depreciation. Investment properties are depreciated by using the straight-line method to allocate their cost to their residual values over their estimated useful lives, which is estimated at 50 years. It is recognised initially at fair value.

Gains and losses on disposal of investment property are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

## 2.10. Financial assets

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

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the University commits to purchase or sell the asset.

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

Investments exclude entities of which the operating results are included in the consolidated financial statements of the University.

### 2.10.1. 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 end of the reporting period. These are classified as non-current assets. The University's loans and receivables comprise 'Trade and other receivables' and 'Student and staff loans' and cash and cash equivalents.

They are initially measured at fair value plus transaction costs. Subsequently, items included in this category are measured at the amortised cost, calculated based on the effective interest method, and interest income is included in profit/ loss for the period.

### 2.10.2. Student and staff loans

Loans to students and staff are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially measured at fair value plus transaction costs. Subsequently, items included in this category are measured at the amortised cost, calculated based on the effective interest method, and interest income is included in profit/ loss for the period. Net gains or losses represent reversals of impairment losses, impairment losses and gains, and losses on derecognition. Net gains or losses are included in other income or other expenses. Short-term receivables with no stated interest rates are measured at the original invoice amount if the effect of discounting is immaterial.

Impairment losses are recognised on loans and receivables when there is objective evidence of impairment. An impairment loss is recognised in profit/loss when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate of the instrument.

Assets that are individually significant are considered separately for impairment. When these assets are impaired, any impairment loss is recognised directly against the related asset. Assets that are individually significant and that are not impaired and Universities of small balances are considered for impairment on a portfolio basis, based on similar credit risk. Impairment losses are recognised in an allowance account for credit losses until the impairment can be identified with an individual asset and, at that point, the allowance is written off against the individual asset. Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

### 2.10.3. Trade receivables

Trade receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market. Financial assets classified as receivables are initially recognised at fair value plus transaction costs. Subsequent to recognition, receivables are carried at amortised cost using the effective interest rate method less provision for impairment. Short-term receivables with no stated interest are measured at the original invoice amount if the effect of discounting is immaterial. A provision for impairment for trade receivables 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 and default or delinquency in payments are considered indicators that the trade receivable is impaired. An impairment loss is recognised in profit/loss when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate of the instrument.

Assets that are individually significant are considered separately for impairment. When these assets are impaired, any impairment loss is recognised directly against the related asset. Assets that are individually significant and that are not impaired and Universities of small balances are considered for impairment on a portfolio basis, based on similar credit risk. Impairment losses are recognised in an allowance account for credit losses until the impairment can be identified with an individual asset and, at that point, the allowance is written off against the individual asset. Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

### 2.10.4. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intend to dispose of it within 12 months of the end of the reporting period.

Financial assets classified as available-for-sale are initially recognised at fair value plus transaction costs. Subsequent to initial recognition, available-for-sale financial assets are carried at fair value. The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets is the current bid price as per the Johannesburg Stock Exchange (JSE). If the market value of an investment cannot be determined, the investment is measured using an acceptable valuation method.

Unrealised gains and losses arising from the change in fair value are recognised directly in equity until the asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the statement of comprehensive income. However, interest income on these items, calculated using the effective interest method, is recognised in profit/loss. Dividend income is recognised when the University's right to payment has been established and it is included in other income. Net foreign exchange gains or losses on monetary available-for-sale financial assets are recorded directly in profit/loss as part of other income or other expenses. Cumulative gains or losses accumulated in equity are recognised in profit/loss upon disposal or impairment of the financial asset, as part of net gains or losses, and are included in other income or other expenses.

The University and its subsidiaries assess at each statement of financial position date whether there is objective evidence that a financial asset or University of assets is impaired. A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. Available-for-sale financial assets will become impaired when a significant or prolonged decline in the fair value of the investments below their cost price or amortised cost is noted. If any objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and current fair value less any impairment loss on the financial asset previously recognised in profit/loss, is removed from equity and recognised in the statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event

occurring after the impairment loss was recognised in profit/loss, the impairment loss is reversed through the statement of comprehensive income.

## 2.11. Inventories

Inventories mainly comprise consumer goods and stationery. Inventories are stated at the lower of cost, on the basis of weighted average cost for all categories, or net realisable value. The carrying amounts of different classifications of inventory are disclosed.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

## 2.12. Biological Assets

Livestock is mainly held at experimental farms of the University and by a subsidiary, the Lila Theron Trust. They are assessed based on fair values less estimated point-of-sale costs at appropriate reporting dates. Gains and losses arising from changes in the fair values are recorded in net profit or loss for the period in which they arise. The determination of fair value is based on active markets, at auction of livestock of similar age, breed or genetic merits, with adjustments where necessary to reflect the differences. All the expenses incurred in establishing and maintaining the assets is recognised in the statement of comprehensive income. All costs incurred in acquiring biological assets are capitalised. Finance charges are not capitalised.

## 2.13. Cash and cash equivalents

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

## 2.14. Reserve Funds

### 2.14.1. Unrestricted funds

The unrestricted funds reflect the University's subsidised activities and also includes the tuition fees. Additions to these funds mainly comprise formula-subsidy, tuition fees and the sales and services of educational activities, as well as transfers from other funds to finance expenditure.

Expenditure mainly comprises direct expenses in academic departments for training, research and community service, as well as other support service expenses, such as academic administration, library facilities, bursaries and loans. Institutional expenses, such as expenses incurred for the executive, student services, information technology and operating costs regarding land and buildings, are also recorded here. The budget of the University, as approved by Council, finds expression in this fund.

### 2.14.2. Restricted funds

These funds may be used only for the purposes that have been specified in legally binding terms by the provider of such funds or by another legally empowered person.

### 2.14.3. Council-designated funds

These funds fall under the absolute discretion and control of Council, for example, sales of goods and services, non-prescriptive donations and grants, income from investments that are not held as cover for trust, specific-purpose endowments or administrated funds, etc.

### 2.14.4. Non-distributable funds

These funds consist of the fixed asset fund. The investment in fixed assets fund represents that portion of the University's fixed assets that is financed from own funds.

## 2.15. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried 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.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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 statement of financial position date.

## 2.16. Employee benefits

### 2.16.1. Accrued leave

Employee entitlements to annual leave are recognised when it accrues to employees. An accrual is made for the estimated liability for accumulated annual leave and long-service leave as a result of services rendered by employees up to the statement of financial position date.

### 2.16.2. Retirement benefit 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. A defined contribution plan is a pension plan under which the University pays 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.

Typically defined benefit plans 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 liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. 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 by discounting the estimated future cash outflows using interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

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

Past-service costs are recognised immediately in income.

For defined contribution plans, the University pays contributions to trustee administered funds. The University has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### 2.16.3. Other post-retirement medical obligations

The University provides post-retirement healthcare benefits to the retirees through subsidisation. The entitlement to these benefits is based on the employees remaining in service up to retirement age and the completion of a minimum service period.

The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

## 2.17. Trade payables

Trade payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. It is classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade and other payables are initially recognised at fair value and subsequently it is measured at amortised cost using the effective interest method.

## 2.18. Provisions

Provision are recognised when the University has a current statutory or constructive obligation as a result of a past binding occurrence which probably will lead to an outflow of resources in the form of economic benefits to meet the obligation and when a reasonable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expected future expenditure to meet the obligation, discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

## 2.19. Revenue recognition

Income is generally recognised at the fair values of the amounts of goods or services received or receivable. Income is shown net of value-added tax, returns, rebates and discounts. The University recognises income when the amount of income can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the University's activities as described below.

### 2.19.1. State appropriations: Subsidy and grant income

Grants from the government are recognised at their fair 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 income statement 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 offset against the carrying amount of the relevant asset and unspent government grants relating to property, plant & equipment are presented as deferred income in the balance sheet.

### 2.19.2. Tuition and accommodation fee income

Tuition and fee income is only recognised when the amount can be measured reliably and future economic benefits will flow to the university

### 2.19.3. Designated income

Income received for designated specific purposes will arise from contracts, grants, donations and income on specifically purposed endowments. In all instances any such income is recognised as income in the financial period when the University is entitled to use those funds. Thus funds that will not be used until some specified future period or occurrence are held in an appropriate fund until the financial period in which the funds can be used. Prior to that time the amount is appropriately classified in one of the restricted funds comprising aggregate funds. These are treated as "transfers" on the statement of comprehensive income.

### 2.19.4. Income on assets representing endowment and trust funds

Investment funds are pooled and the investment income is apportioned to the various participating funds in proportion to their balances. Interest, dividends and other income received or due on assets representing endowment and trust funds are credited directly to the respective funds and are transferred to income only in terms of the legal or other appropriate conditions relating to the respective funds.

### 2.19.5. Interest income

Interest is recognised on a time allocation basis, taking account of the principal outstanding and the effective interest rate over the period to maturity, when it is determined that such income will accrue to the University. When impairment of a debtor occurs, the University reduces the carrying value to the recoverable value. The recoverable value represents

the future cash flow, discounted as interest over time. Interest income on loans in respect of which impairment has been recognised is recognised at the original effective interest rate.

#### 2.19.6. Dividend income

Dividends are recognised when the University's right to receive a dividend is established.

#### 2.19.7. Donations and gifts

Donations and gifts are recognised upon receipt. Donations in kind are recognised at fair value.

#### 2.19.8. Interdepartmental income

Interdepartmental income and expenditure are eliminated.

#### 2.19.9. 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.

#### 2.19.10. Occasional sales and services

Income derived from occasional sales and services are recognised in the period in which they accrue.

#### 2.19.11. Student deposits

Deposits provided by prospective students are treated as current liabilities.

## 2.20. Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation 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 costs to sell and value in use. For the purposes of assessing impairment, assets are recognised at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2.21. Leases

### 2.21.1. Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lesser are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lesser by way of penalty is recognised as an expense in the period in which termination takes place.

### 2.21.2. Finance leases

Leases of property, plant and equipment where the University has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

### 3. Intangible assets

	2014			2013		
	Cost R ' 000	Accumulated Amortisation R ' 000	Net book value R ' 000	Cost R ' 000	Accumulated Amortisation R ' 000	Net book value R ' 000
Patents	3 875	(486)	3 390	3 324	(279)	3 045

Reconciliation of the carrying amount:

	2014		2013	
	Patents R ' 000	Total R ' 000	Patents R ' 000	Total R ' 000
Cost at the beginning of the year	3 324	3 324	2 738	2 738
Accumulated amortisation at the beginning of the year	(279)	(279)	(142)	(142)
Opening net carrying amount	3 045	3 045	2 595	2 595
Additions	738	738	586	586
Disposals	(187)	(187)	-	-
Amortisation per income statement	(248)	(248)	(137)	(137)
Depreciation on patents disposed of	41	41	-	-
Closing net carrying amount	3 390	3 390	3 045	3 045

Intangible assets consist of self-developed patents by the University of the Free State.

### 4. Property, plant and equipment

	2014			2013		
	Cost R ' 000	Accumulated depreciation R ' 000	Net book value R ' 000	Cost R ' 000	Accumulated depreciation R ' 000	Net book value R ' 000
Buildings	900 577	(231 605)	668 972	821 823	(207 524)	614 299
Land	15 312	-	15 312	15 312	-	15 312
Art collections	5 524	(5 510)	15	5 516	(5 445)	71
Computer equipment	187 246	(118 880)	68 366	158 178	(97 802)	60 376
Furniture and equipment	347 748	(211 377)	136 371	314 153	(183 302)	130 851
Vehicles	19 696	(10 434)	9 261	16 675	(8 343)	8 332
Software	6 633	(1 660)	4 973	3 076	(800)	2 276
Balance at end of the year	1 482 736	(579 465)	903 271	1 334 733	(503 216)	831 517

2014	Land and buildings R ' 000	Vehicles R ' 000	Computer equipment R ' 000	Furniture and equipment R ' 000	Other R ' 000	Total R ' 000
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Reconciliation of the carrying amount:

Cost at the beginning of the year	837 135	16 675	158 178	314 153	8 592	1 334 733
Accumulated depreciation at the beginning of the year	(207 527)	(8 343)	(97 802)	(183 299)	(6 245)	(503 216)
Opening net carrying amount	629 609	8 332	60 376	130 853	2 347	831 517
Additions	78 754	3 931	39 222	41 273	3 572	166 753
Disposals	-	(911)	(10 154)	(7 677)	(7)	(18 750)
Depreciation charge	(24 078)	(2 025)	(23 406)	(31 292)	(924)	(81 725)
Depreciation on assets disposed of	-	(66)	2 329	3 214	-	5 476
Closing net carrying amount	684 284	9 261	68 366	136 371	4 988	903 271

Included in other assets are art collections with a net book value of R 0,015m and Software with a net book value of R 4,961m.

Included in assets are fully depreciated property, plant and equipment with a cost of R 97,617m (2013: R 77,108m) that are still in use.

Government grants to the amount of R 285,445m are recognised as deferred income (current liability) and then applied against the cost of the relevant asset when the asset is procured or constructed, in accordance with IAS 20.

#### 4. Property, plant and equipment (continued)

2013	Land and buildings R ' 000	Vehicles R ' 000	Computer equipment R ' 000	Furniture and equipment R ' 000	Other R ' 000	Total R ' 000
Reconciliation of the carrying amount:						
Cost at the beginning of the year	778 542	16 450	130 900	289 382	7 872	1 223 146
Accumulated depreciation at the beginning of the year	(185 361)	(8 790)	(77 891)	(154 420)	(5 595)	(432 057)
Opening net carrying amount	593 181	7 659	53 009	134 962	2 277	791 088
Additions	58 593	2 615	29 886	26 039	1 308	118 442
Disposals	-	(2 389)	(2 608)	(1 269)	(589)	(6 854)
Depreciation charge	(22 163)	(1 555)	(20 773)	(29 724)	(823)	(75 039)
Depreciation on assets disposed of	-	2 002	862	842	173	3 880
Closing net carrying amount	629 611	8 332	60 376	130 851	2 347	831 517

Included in other assets are art collections with a net book value of R 0,071m and Software with a net book value of R 2,276m. Included in assets are fully depreciated property, plant and equipment with a cost of R 77,108m (2012: R 50,174m) that are still in use. Government grants to the amount of R 167,954m are recognised as deferred income (current liability) and then applied against the cost of the relevant asset when the asset is procured or constructed, in accordance with IAS 20.

	2014 R ' 000	2013 R ' 000
<b>5. Investment property</b>		
Cost at the beginning of the year	52 763	52 763
Accumulated depreciation beginning of the year	(13 917)	(12 862)
Opening net carrying amount	38 847	39 902
Depreciation charge	(1 055)	(1 055)
Closing net carrying amount	37 792	38 847
Cost at the end of the year	52 763	52 763
Accumulated depreciation end of the year	(14 971)	(13 917)
Closing net carrying amount	37 792	38 847
Market value of investment property	162 436	101 572
Rent received on investment property	13 871	10 692
Direct operating expenses	2 984	3 079

Investment property consists mainly of the Thakaneng Bridge on campus, where various shops are let to small businesses, as well as buildings let to an associate company, Farmovs Parexel (Pty) Ltd.

The valuations were performed by management using the discounted cash flow approach and the following assumptions were used: Discount rate of 8,5% was used for Farmovs Parexel (Pty) Ltd as all expenses are paid by the tenant. A discount rate of 4% was used for the Thakaneng Bridge due to all expenses associated with the property being paid by the landlord and the fact that turnover is only applicable for 10 months of the year. Sustainable net annual income R13.8 million. Fifty years economic useful life

	2014	2013
	R ' 000	R ' 000
<b>6. Available-for-sale financial assets</b>		
Opening net carrying amount	3 137 242	2 417 675
Additions	2 769 509	2 268 556
Disposals	(2 421 448)	(1 955 463)
Fair value movements	52 313	406 473
Closing net carrying amount	<u>3 537 616</u>	<u>3 137 242</u>

Investments comprise marketable securities within an investment portfolio, managed by independent fund managers as per approved mandates, that are revalued annually at the close of business on 31 December with reference to Stock Exchange quoted prices. The market value approximates the fair value. Revaluation surpluses and deficits are taken directly to other comprehensive income.

### 6.1. Non-current available-for-sale financial assets

Opening net carrying amount	2 606 512	1 841 020
Additions	1 156 068	999 517
Disposals	(979 437)	(640 236)
Fair value movements	51 164	406 211
Closing net carrying amount	<u>2 834 308</u>	<u>2 606 512</u>

### 6.2. Current investments available-for-sale financial assets

Opening net carrying amount	530 730	576 655
Additions	1 613 441	1 269 039
Disposals	(1 442 011)	(1 315 227)
Fair value movements	1 149	263
Closing net carrying amount	<u>703 308</u>	<u>530 730</u>

Investments to the value of R146 million were provided as security for the FirstRand Bank loan (Note 13). These investments are managed within the portfolios of the Coronation and Allan Gray fund managers of the University.

### Credit quality of investments

The credit quality of investments are managed by the University with reference to the following categories. External credit ratings were included where available. None of these financial assets are either past due or impaired and no impairment provisions were raised in either 2014 or 2013.

Government stocks/bonds(AA)	617 740	421 594
Shares(listed)	1 235 325	1 149 105
Foreign shares and bonds	981 243	1 035 813
Futures	2 155	275
Current investments in AAA institutions	701 153	530 454
	<u>3 537 616</u>	<u>3 137 242</u>

### % Exposure of investments per category

Government stocks/bonds(AA)	17%	13%
Shares(listed)	35%	37%
Foreign shares and bonds	28%	33%
Futures	0%	0%
Current investments in AAA institutions	20%	17%
	<u>100%</u>	<u>100%</u>

	2014	2013
<b>6. Available-for-sale financial assets (continued)</b>	R ' 000	R ' 000
Listed Bonds maturity		
1 - 3 years	28.52%	34.02%
3 - 7 years	10.89%	15.79%
7 - 12 years	32.64%	24.58%
12+ years	27.95%	25.60%
	<b>100.00%</b>	<b>100.00%</b>

Available-for-sale financial assets are denominated in the following currencies:

Rand	72%	67%
US Dollar	28%	33%

## 7. Investment in associates

Unlisted	39 597	40 821
<b>Farmovs Parexel (Pty) Ltd</b>		
Opening net carrying amount	40 556	30 513
Profit/(loss) of associate	(1 249)	10 043
Closing net carrying amount	<b>39 308</b>	<b>40 556</b>
Revenue of the associate	<b>41 015</b>	<b>38 992</b>
Assets and liabilities of the associate:		
Assets	42 674	46 269
Liabilities	(10 129)	(13 186)
Equity	<b>32 545</b>	<b>33 083</b>

The University has a 30% share in Farmovs Parexel (Pty) Ltd. The company is a clinical research organisation involved in pharmaceutical contract research and operates principally in South Africa.

The investment has been accounted for using the equity method.

The shares (200 000 shares representing 20%) were acquired on 1 September 2000 and additional shares (100 000 shares representing 10%) were acquired on 1 September 2003.

	2014	2013
	R ' 000	R ' 000
<b>7. Investment in associates (continued)</b>		
<b>Sun Media (Pty) Ltd</b>		
Opening net carrying amount	265	-
Profit/(Loss) in associate	25	265
Closing net carrying amount	<u>290</u>	<u>265</u>
Revenue of the associate	<u>1 159</u>	<u>1 251</u>
Assets and liabilities of the associate:		
Assets	614	602
Liabilities	(343)	(337)
Equity	<u>271</u>	<u>265</u>

The University holds a 33.3% share in Sun Media (Pty) Ltd. The company is a publishing organisation which operates principally in South Africa.

The investment has been accounted for using the equity method.

The shares (320 shares representing 33.3%) were acquired on 1 January 2009.

## 8. Student loans

Student loans	8 412	8 501
Allowance for credit losses	(9)	(112)
Student loans	<u>8 402</u>	<u>8 389</u>

All non-current student loans are due within 5 years from the relevant year-end. The interest rate is prime less 1 %, which is deemed market related. None of these loans were re-negotiated and no collateral were taken on any of these loans.

The fair values of student loans approximates the carrying amounts.

Student loans	7 699	7 835
	<u>7 699</u>	<u>7 835</u>

The fair value of the student loans are based on the cash flows discounted using a rate based on the prime rate of 9.25% (2013: 8.5%).

The classification of these loans are represented as follows:

Student loans for students still studying - not yet repayable	7 950	8 213
Student loans for students who completed their studies - repayable	461	288
	<u>8 412</u>	<u>8 501</u>

Loans to students become repayable on completion of their studies.

The maximum exposure to credit risk at the reporting date is the fair value of each of the receivables mentioned above. The University does not hold any collateral as security. The carrying amounts of these loans are denominated in South African Rand.

	2014	2013
	R ' 000	R ' 000

## 8. Student loans (continued)

### Credit quality of student loans

The credit quality of student loans are managed by the University with reference to the following categories:

Student loans for students still studying, to the value of R7,950m (2013: R8,213m) are neither past due nor impaired, as the loans are not yet repayable. Students that are still studying are deemed as recoverable.

Student loans for students who completed their studies to the value of R0,461m (2013: R0,288m) are past due but not impaired. These relate to students for whom there is no recent history of default (i.e. making regular payments).

The age analysis of these loans are as follows:

Current	440	158
30 Days	6	7
60 Days	4	6
90 Days	2	5
120 Days and longer	9	112
	<b>461</b>	<b>288</b>

As at 31 December 2014, student loans of R0,009m (2013: R0,112m) were impaired and provided for. These individually impaired student loans mainly relate to students who experienced difficulty repaying the loans. An allowance for credit losses of R0,009m (2013: R0,112m) was raised.

Movement on the allowance for credit losses for students who completed their studies, which are past due are as follows:

Opening net carrying amount	(112)	(76)
Reversal / (allowance) for new credit losses	(62)	(72)
Loans written off during the year	166	36
Closing net carrying amount	<b>(9)</b>	<b>(112)</b>

The creation and release of allowances for credit losses have been included in 'Other operating expenses' in the consolidated statement of comprehensive income. Amounts charged to the statement of comprehensive income are generally written off when there is no reasonable expectation of recovery.

## 9. Inventories

Inventories comprise the following items:

Sundry - mostly stationery, cleaning material, furniture and fuel	3 015	3 444
Foodstuffs	1 659	1 919
	<b>4 674</b>	<b>5 364</b>

An amount of R 0,395m (2013: R 0,051m) is recognised in the consolidated statement of comprehensive income as a write-off of inventory shortages.

	2014	2013
	R ' 000	R ' 000
<b>10. Biological assets</b>		
Biological assets comprise the following:		
Opening net carrying amount	5 255	6 092
Livestock purchased	167	222
Livestock sold	(219)	(1 565)
Market value adjustment	642	506
Closing net carrying amount	<u>5 644</u>	<u>5 255</u>

Livestock is held on the experimental farms and the land held by the Lila Theron Trust. It consists of game, cattle and sheep. Fair values of livestock are based on market prices of similar livestock in the Free State region at year-end. Prices were provided by an independent auctioneer. Fair values are within level 3 of the fair value hierarchy.

## 11. Trade and other receivables

Student debtors		
Opening net carrying amount	54 978	51 339
Allowance for credit losses	(24 378)	(24 258)
Closing net carrying amount	<u>30 599</u>	<u>27 081</u>
Other receivables		
Receivables from government - clinical training grant	-	22 644
Pre-paid expenses	6 904	7 597
Sundry receivables	59 167	42 010
Accrued interest on investments	27 065	20 932
Closing net carrying amount	<u>93 135</u>	<u>93 182</u>
Total trade and other receivables	<u>123 734</u>	<u>120 263</u>

	2014	2013
<b>11. Trade and other receivables (continued)</b>	R ' 000	R ' 000

#### Student receivables

Student receivables are deemed impaired and credit losses are provided for if the students do not register for the next academic year and did not obtain a qualification. Students are not allowed to register for the next academic year if they still have outstanding debt. Students with outstanding debt who obtained a qualification are not considered to be impaired based on historical evidence that these students do settle their debt in full in order to collect their qualifications.

Carrying amount of sundry receivables approximate their fair values.

The credit quality of student receivables are managed by the University with reference to the following categories, were determined on a basis of historical student default rates:

Students still studying	24 253	22 977
Students not registered, who obtained a qualification	4 986	2 659
Students not registered and who did not obtain a qualification	25 738	25 703
	<b>54 978</b>	<b>51 339</b>

Movement on the allowance for credit losses of students who did not register again for the next academic year and who did not obtain a qualification are as follows:

Opening net carrying amount	(24 258)	(19 848)
New allowance for credit losses	(16 557)	(17 444)
Receivables written off during the year	16 437	13 034
Closing net carrying amount	<b>(24 378)</b>	<b>(24 258)</b>

The creation and release of allowance for credit losses have been included in 'other operating expenses' in the consolidated statement of comprehensive income. Student fees receivable are generally written off, when there is no reasonable expectation of recovery.

#### Prepaid expenses

Prepaid expenses comprise that portion of expenses that is paid in the current year, but which only is applicable to the next financial year. Prepaid expenses normally do materialise and credit losses are therefore deemed minimal.

	2014	2013
<b>11. Trade and other receivables (continued)</b>	<b>R ' 000</b>	<b>R ' 000</b>

**Sundry receivables**

Sundry receivables consist of amounts owed by a number of reputable institutions, resulting from various grants / projects or in accordance with other agreements. Credit losses have been provided for based on an individual evaluation of individual sundry receivables and historical default rates.

Movement on the allowance for credit losses of sundry receivables are as follows:

Opening net carrying amount	(6 437)	(5 946)
New allowance for credit losses	(2 026)	(1 787)
Receivables written off during the year	4 839	1 296
Closing net carrying amount	(3 625)	(6 437)

Sundry receivables of R 6,559m (2013: R 19,250m) were past due, but not impaired.

30 days to 3 months	5 024	6 041
over 3 months	1 536	13 209
	6 559	19 250

As of 31 December 2014, sundry receivables of R3,625m (2013: R 6,437m) were impaired.

Up to 30 days	49	1 339
30 days to 3 months	585	566
over 3 months	2 991	4 532
	3 625	6 437

The creation and release of allowance for credit losses have been included in 'other operating expenses' in the consolidated statement of comprehensive income. Sundry receivables are generally written off, when there is no expectation of recovery.

Carrying amount of sundry receivables approximate their fair values.

**Accrued interest on investments**

Accrued interest is amounts due to the University by their investment portfolio manager on investments within the University's portfolio. Based on the history of no defaults, there is no expectation of defaults, also due to the fact that the portfolios are managed by well established and recognised institutions. A multi-manager approach further mitigates the exposure to credit risk.

	2014	2013
	R ' 000	R ' 000

## 12. Cash and cash equivalents

Cash and cash equivalents

For the purpose of the cash flow statement, the year-end cash and cash equivalents comprise the following:

Cash and bank balances	114 654	174 020
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Included in the cash balances above, are utilized overdraft accounts of R 21,667m. This related to an overdraft account that is managed on the agreement that interest would only be levied if the overdraft exceeds the positive account balance.

The weighted average effective interest rate on short-term bank deposits was 4.2% (2013: 3.62%).

Cash and bank balances are encumbered by guarantees of R3,5 million provided to Centlec.

The fair value of cash and cash equivalents approximate their carrying amounts.

The University places cash and cash equivalents with reputable financial institutions to limit credit risk. The maximum exposure to credit risk at the reporting date is the carrying value of the cash and cash equivalents.

## 13. Borrowings

Non-current portion of borrowings

Other	2 436	4 548
FirstRand	108 968	105 559

Current portion of long term borrowings

2 113	1 896
<b>113 516</b>	<b>112 003</b>

The borrowings are from FirstRand Bank, Sanlam, INCA, The Public Investment Commissioner and are all in South African Rand.

A total borrowing facility of R230 million was secured with FirstRand Bank. The loan matures in 2033 and bears interest at a fixed rate of 10.13% p.a.. It is secured by investments of the University (note 6).

2014 2013

### 13. Borrowings (continued)

The interest rate exposure on total borrowings of the University are at fixed rates.

Weighted average effective interest rates:

Other	8.50%	8.50%
FirstRand Bank	10.13%	10.12%

Prime rate:	9.25%	8.50%
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#### Maturity of borrowings

	R ' 000	R ' 000
Between 2 and 3 years	2 436	4 482
Between 4 and 5 years	-	-
Between 6 and 7 years	-	-
After 7 years	108 968	105 625
	<b>111 404</b>	<b>110 107</b>

Except for bank borrowings, secured by investments of the University, other current borrowings are unsecured. Redemption loans are guaranteed by the Government.

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values of non-current borrowings are based on discounted cash flows using a rate based on the prime rate of 9.25% (2013: 8.5%) and are within level 2 of the fair value hierarchy.

The fair values of non-current interest-bearing borrowings are as follows:

Between 2 and 3 years	2 041	3 807
Between 4 and 5 years	-	-
Between 6 and 7 years	-	-
After 7 years	99 622	90 051
	<b>101 663</b>	<b>93 858</b>

### 14. Employee benefits

#### Accrued leave

Opening net carrying amount	148 200	134 761
Leave payouts	(11 771)	(9 803)
Accrued	20 139	23 243
Closing net carrying amount	<b>156 568</b>	<b>148 200</b>
Current portion of leave	<b>15 405</b>	<b>4 762</b>
Non-current portion of leave	<b>141 162</b>	<b>143 438</b>

The approved leave policy of the University prescribes that 21 working days be taken per leave cycle. The balance of the employee's annual leave may accumulate up to a maximum of 6 months.

A maximum of six months' leave gratuity is payable in respect of the vacation leave to a staff member's credit when he or she terminates his or her services as a result of death, retirement, medical unfitness or rationalisation. Leave gratuity is also payable to staff members who were employed prior to 1 January 2012 and who had accumulated leave days of more than six months up to a maximum of nine months vacation leave.

2014 2013

**14. Employee benefits (continued)**

The leave accrual is based on valuations performed by management.

The principal actuarial assumptions used for accounting purposes were:

Discount rate	6.10%	6.10%
Future salary increases, excluding merit promotions	7.10%	7.10%

<b>Retirement benefit surplus/ (obligations)</b>	<b>R'000</b>	<b>R'000</b>
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**Statement of Financial Position obligations for:**

Pension benefits	109 130	25 236
Post employment medical benefits	(467 145)	(464 346)
	<u>(358 015)</u>	<u>(439 110)</u>

**Statement of Comprehensive Income charge for: (note 18)**

Pension benefits	13 516	22 370
Post employment medical benefits	46 522	72 038
	<u>60 038</u>	<u>94 408</u>

**Other Comprehensive Income charge for:**

Pension benefits	(87 166)	(95 514)
Post employment medical benefits	(43 723)	(196 404)
	<u>(130 889)</u>	<u>(291 918)</u>

**Pension benefits**

The amounts recognised in the statement of financial position are determined as follows:

Present value of obligation	1 603 821	1 528 552
Fair value of plan assets	1 722 165	1 662 267
(Funded) / unfunded obligation according to actuarial valuation	<u>(118 344)</u>	<u>(133 715)</u>
Effect of write down to asset ceiling	9 214	108 479
Liability/(assets) in the statement of financial position	<u>(109 130)</u>	<u>(25 236)</u>

**Change in defined benefit obligation**

Defined benefit obligation at beginning of year	1 528 552	1 475 690
Interest cost	129 908	110 481
Current service cost	14 864	17 028
Benefit payments	(105 889)	(83 758)
Employee contributions	5 446	5 729
Actuarial (gain)/loss	30 940	3 382
As previously stated	-	(122 870)
Restatement (Refer to note 32)	-	126 252
Defined benefit obligation at end of year	<u>1 603 821</u>	<u>1 528 552</u>

	2014	2013
	R'000	R'000
<b>14. Employee benefits (continued)</b>		
<b>Change in defined benefit asset</b>		
Asset at fair value at beginning of year	1 662 267	1 417 059
Employer contributions	10 244	10 723
Employee contributions	5 446	5 729
Interest income on defined benefit assets	140 694	105 139
Actual return earned in excess of interest income	9 403	207 375
Benefit payments	(105 889)	(83 758)
Asset at fair value at end of year	<u>1 722 165</u>	<u>1 662 267</u>

The amounts recognised in the statement of comprehensive income are as follows:

**Cost / (credit) recognised in surplus / (deficit) as part of employee cost (note 18)**

Current service cost	14 864	17 028
Interest cost	129 908	110 481
Interest income	(140 694)	(105 139)
Effect of asset ceiling write-down	9 438	-
	<u>13 516</u>	<u>22 370</u>

**(Gain) / loss recognised in other comprehensive income**

Adjustment to asset ceiling	(108 703)	234 731
Return on plan assets in excess of interest	(9 403)	(207 375)
Actuarial (gain)/loss	30 940	(122 870)
Total (gain)	<u>(87 166)</u>	<u>(95 514)</u>

The principal actuarial assumptions used for accounting purposes were:

Discount rate	8.40%	8.70%
Future price inflation	6.10%	6.10%
Future salary increases, excluding merit promotions	7.10%	7.10%
Future pension increases (Cat A and B)	4.58%	4.58%
Future pension increases (Cat C)	2.29%	2.29%
Net discount rate - pre-retirement	1.21%	1.49%
Net discount rate - post-retirement (Cat A and B)	3.65%	3.94%
Net discount rate - post-retirement (Cat C)	5.97%	6.27%

## 14. Employee benefits (continued)

### Pension benefit arrangements

The Fund is a hybrid arrangement which includes in-service defined benefit and defined contribution members, defined contribution members with a defined benefit underpin and pensioners paid from the Fund. All new entrants join the defined contribution section of the Fund and the group of in-service defined benefit members is therefore a closed group.

The stated aim of the pension increase policy for category A and B pensioners paid from the Fund is to target pension increases equal to 75% of the increase in the Consumer Price Index on an annual basis (with pension increases being considered on 1 April of each year). The stated aim of the pension increase policy for category C pensioners paid from the Fund is to target pension increases equal to 37.5% of the increase in the Consumer Price Index on an annual basis.

Full details of the benefits payable can be found in the rules of the Fund.

### Governance

The responsibility for the governance of the Fund rests with the Trustees of the Fund and not with the University.

### Regulatory framework

The Fund is subject to the Pension Funds Act (“the PFA”). In terms of the PFA an actuarial valuation of the Fund must be performed at least once every three years. The last such valuation was performed as at 31 December 2011. If the Fund was to be found to be in a deficit position (a financially unsound position), a special scheme designed to restore the solvency of the Fund within an acceptable period would have to be lodged with the Registrar of Pension Funds. Such a scheme, could in certain circumstances, impose minimum funding requirements on the University. The PFA also stipulates that no actuarial surplus can be used for the benefit of the employer unless such actuarial surplus, or a part thereof, has been transferred to an employer surplus account.

### Funding arrangements

The employer contributions required for defined contribution members of the Fund are limited to the regular (known) contributions set out in the Rules of the Fund. The University is however responsible for funding the “balance of cost” of providing future defined benefit benefits in respect of defined benefit members. The University would also be required to make additional contributions to fund any shortfall arising in the assets backing defined benefit member liabilities. It is the practice of the Fund Trustees to grant pensioner increases subject to the affordability thereof.

### Apportionment of surplus arising after the Fund's surplus apportionment date

At the meeting of the Trustees of the Fund held on 18 June 2013, the Trustees resolved as follows:

- Former members, pensioners and defined contribution members and living annuitants will receive their equitable share of “surplus” in their respective pools. It is therefore only surplus arising in the defined benefit in-service member section which would need to be apportioned in terms of Section 15C of the PFA.
- Future surplus arising in the defined benefit in-service member section of the Fund will be determined and apportioned as follows:
  - Ensure solvency first – this is in the interests of all stakeholders. This means that the full solvency reserve (on a conservative valuation basis) will be fully funded before any future surplus is declared; and
  - Allocate any future surplus to the employer surplus account.

It should be noted that, although the Trustees have agreed to allocate / fund any future surplus / deficit arising from experience of the defined benefit in-service member pool to the employer surplus account, we have not made any allowance for the allocation / funding as at 31 December 2014. The amount to be allocated / funded can only be determined at a statutory valuation date and must be allocated to the employer surplus account by the Trustees. Any (future surplus) amounts allocated to or funded from the employer surplus account will be reflected at subsequent IAS19 valuation dates.

### Financial assumptions

The financial assumptions have been determined by Towers Watson (based on the principles set out in IAS19). These include:

Discount rate: In the valuation of the liability as at 31 December 2013, the discount rate (8.70% per annum) was determined with reference to the duration of the Fund defined benefit liability (on a time-weighted projected cash flow basis). The duration of the Fund defined benefit liability was in the order of 12 years. The actuaries have determined that the duration of the Fund defined benefit liability has remained in the order of 12 years. As such, the discount rate was set by determining the level of the South African zero coupon bond yield curve as at 31 December 2014 at a term of 12 years. The discount rate is 8.40% per annum at this term.

## 14. Employee benefits (continued)

Long-term price inflation rate: We have assumed a long-term future inflation rate of 6.10% per annum. In setting this rate, we have applied a similar methodology to that used at the previous valuation date, that is:

Expected inflation = nominal bond yield less inflation-linked bond yield less inflation risk premium.

The applicable nominal bond yield has been determined in the same way as the nominal bond yield used in determining the discount rate, i.e. 8.40% per annum. In order to determine the yield on inflation linked bonds (on the same basis as for nominal bonds) the actuaries have used the level of the South African zero coupon real yield bond curve as at 31 December 2014. The corresponding yield from this curve (at a term of 12 years) is 1.70% per annum at the valuation date. Excluding an allowance for an inflation risk premium, implies an expected future inflation rate of 6.70% per annum (8.40% less 1.70% per annum). The view is that based on market conditions at the valuation date, an inflation risk premium between 0.50% and 1.25% per annum is appropriate when determining the extent of the risk premium holders of nominal bonds currently require to compensate them for the risk that the value in their bonds may decline if inflation is higher than expected. They have assumed an inflation risk premium at the lower end of the above reasonable range for the purposes of this valuation. Based on the above, an expected inflation rate of 6.10% per annum has been assumed as at 31 December 2014 (i.e. 8.40% less 1.70% less 0.60%). An inflation rate of 6.10% per annum was assumed at the previous valuation (calculated on similar methodology as that described above).

Salary inflation: It has been assumed that inflationary salary increases will take place at a rate of 1.00% per annum in excess of price inflation, i.e. 7.10% per annum (7.10% used at the previous valuation date).

Net discount rate: The net discount rate applied to in-service members is thus 1.21% per annum (calculated as  $1.084 \div 1.071 - 1$ ). This is significantly lower than the 40% of Earnings Yield basis (2.36% per annum) discount rate specified in the Regulations to the PFA for the calculation of the Minimum Individual Reserve. The actuaries have set the actuarial reserve of the member equal to a minimum of the Minimum Individual Reserve ("MIR"). The MIR calculation depends on the member's normal retirement age – in terms of the Fund Rules the normal retirement age of Category A and B members is between ages 60 and 65 according to the member's employment conditions. For the purposes of the MIR calculation we have assumed an average normal retirement age of 64 (consistent with the previous valuation). We highlight that the difference between the various financial assumptions are generally more important than the absolute assumptions. The net pre-retirement discount rate has decreased from 1.49% to 1.21% per annum, and the net post retirement discount rate has decreased from 3.94% to 3.65% per annum (for Category A and B members and Fund pensioners). This implies, with all else being equal, that there will be a decrease in the calculated liabilities as a result of a change in the financial assumptions. The net post-retirement rate for Fund pensioners has increased from 2.45% per annum to 2.73% per annum for Fund pensioners. This implies, with all else being equal, that there will be a decrease in the calculated liabilities as a result of a change in the financial assumptions.

Pension increases: The Fund's pension increase policy (as it applies to current Fund pensioners and Category A and B members in retirement) is to target increases of 75% of inflation, subject to the affordability thereof. We have therefore allowed for pension increases of 4.58% p.a. (2013: 4.58% p.a.) (being 75% of the assumed inflation rate of 6.10% p.a.).

The net discount rate applied to Category A and B members in retirement is thus 3.65% p.a. (calculated as  $1.084 \div 1.0458 - 1$ ). (2013: 3.94% p.a.)

The Fund's pension increase policy (as it applies Category C members in retirement) is to target increases of 37.5% of inflation, subject to the affordability thereof. The actuaries have therefore allowed for pension increases of 2.29% p.a. (2013: 2.29% p.a.) (being 37.5% of the assumed inflation rate of 6.10% p.a.).

The net discount rate applied to Category C members in retirement is thus 5.97% p.a. (calculated as  $1.084 \div 1.0229 - 1$ ). (2013: 6.27% p.a.)

## 14. Employee benefits (continued)

Pension increases (pensioners): The pension increase assumption was previously determined with reference to the Fund's stated pension increase policy. The University has however obtained an opinion which states that IAS19R requires that allowance be made for pension increases in excess of the pension increase target, subject to affordability, where affordability is determined with reference to the Fund's "best estimate" actuarial assumptions. We have assumed that "best estimate" assumptions in this context refer to those assumptions applied in the last statutory actuarial valuation of the Fund. The University, in conjunction with their auditors, have therefore instructed us to perform the calculation of the pension increase assumption in respect of pensions in payment, in line with the principles set out above. Our methodology for performing such calculation has been set out below. Note that we have also re-stated the results of the valuation as at 31 December 2013 to take account of the above change in methodology.

Plan assets are comprised as follows:

	% of Total		R'000	R'000
	2014	2013	2014	2013
SA equities	21.20%	24.39%	365 087	405 372
SA Bonds and cash	51.71%	46.23%	890 487	768 417
International equities	25.52%	26.90%	439 562	447 159
Other	1.57%	2.49%	27 029	41 319
			<b>1 722 165</b>	<b>1 662 267</b>

	R'000	R'000	R'000	R'000	R'000
	2014	2013	2012	2011	2010
Present value of obligation	1 603 821	1 528 552	1 475 690	1 232 018	1 178 801
Fair value of plan assets	1 722 165	1 662 267	1 417 059	1 280 980	1 222 816
(Funded)/unfunded obligation	(118 344)	(133 715)	58 631	(48 962)	(44 015)

### Demographic assumptions

The following mortality tables have been used:

Before retirement	Mortality table SA85-90(light)
After retirement	PA(90) rated down 2 years

The same rates of resignation and ill-health as those adopted at previous statutory valuation of the Fund have been used. All in-service members are assumed to be married at retirement with the husband being on average 3 years older than the wife. (For pensioners, the actual marital status is taken into account).

All members are assumed to retire at age 65, but provision is made for early retirement at the same rates as those adopted at previous statutory valuation of the Fund. However, for the purposes of calculating the Minimum Individual Reserve, an average normal retirement age of 64 has been assumed.

Salary increases have been taken into account as the sum of general salary inflation and promotional / merit increases per age. The promotional / merit increase is based on the same tables as per the previous valuation.

### Analysis of actuarial gains and losses

The table below sets out the actuarial gains and losses due to changes in demographic assumptions and changes in financial assumptions for the year ending 31 December 2014:

	2014 R'000
Actuarial gain \ (loss) due to changes in demographic assumptions	-
Actuarial gain \ (loss) due to changes in financial assumptions	6 164
Actuarial gain \ (loss) due to experience differing from assumptions	(37 104)
<b>Total actuarial gain \ (loss) arising</b>	<b>(30 940)</b>

The actuarial gain due to changes in financial assumptions is due to the strengthening of the pre-retirement basis and weakening of the post-retirement basis from the previous valuation date. The net pre-retirement discount rate has decreased from 1.49% per annum to 1.21% per annum and the net post retirement discount rate for pensioners has increased from 2.45% per annum to 2.73% per annum.

The actuarial loss due to changes in experience differing from assumptions is mainly due to the pension increase granted on 1 April 2014 being higher than expected (9.50% compared to 6.10%). There is small offsetting item due to salary increases granted being slightly lower than allowed for in the previous valuation basis and other miscellaneous items arising from amongst other things, membership movements during the inter-valuation period.

## 14. Employee benefits (continued)

The accrued liabilities and one-year service costs in respect of eligible employees of the University as at the current and previous valuation dates (31 December 2014 and 31 December 2013 respectively) are set out in the tables below. The results have been shown separately for in-service members and pensioners.

### Fund liability position

Category	2014 R'000	2013 R'000
In-service member liability	663 185	663 077
Pensioner liability	940 636	865 476
Combined liability	1 603 821	1 528 553
Current service cost	14 864	17 028

The liability reflected above includes the liability in respect of disability claimants in each of the relevant categories, where applicable as well as the liability relating to the cost of Category D members' in-fund retirement option amounting to R18 196 000 as at 31 December 2014 (R15 541 000 as at 31 December 2013).

### Sensitivity analysis

#### Impact of 1% change in the salary inflation rate

The following table sets out the impact of a 1% change in the long term salary inflation rate when compared to the calculated base liability at 31 December 2014.

	1% decrease 6.10% p.a. R'000	Base liability 7.10% p.a. R'000	1% increase 8.10% p.a. R'000
Defined benefit asset	1 722 165	1 722 165	1 722 165
In-service member liability	(650 941)	(663 185)	(681 213)
Pensioner liability	(940 636)	(940 636)	(940 636)
<b>Funded /(Unfunded) status</b>	130 588	118 344	100 316
% change in defined benefit liability	-0.8%		1.1%
% change in funded status	10.3%		-15.2%
One-year service cost	14 415	15 171	16 104
% change	-5.0%		6.1%

## 14. Employee benefits (continued)

### Impact of a change in pension increase policy

The following table sets out the impact of a change in the pension increase policy to target either 50% or 100% of inflation when compared to the calculated base liability at 31 December 2014.

	Lower increases 50% of CPI	Base liability 75% of CPI	Higher liability 100% of CPI
	R'000	R'000	R'000
Defined benefit asset	1 722 165	1 722 165	1 722 165
In-service member liability	(575 627)	(663 185)	(779 471)
Pensioner liability	(753 120)	(940 636)	(940 636)
<b>Funded / (Unfunded) status</b>	393 418	118 344	2 058
% change in defined benefit liability	-17.2%		7.3%
% change in funded status	232.4%		-98.3%
One-year service cost	13 208	15 171	17 610
% change	-12.9%		16.1%
		<b>2014</b>	<b>2013</b>
<b>Post employment medical benefits</b>		<b>R'000</b>	<b>R'000</b>

The University of the Free State operates a number of post employment medical benefit schemes. The method of accounting and the frequency of valuations are similar to those used for defined benefit pension schemes. Employees of the University are primarily members of Discovery Health Medical Scheme. The latest actuarial valuation was carried out as at 31 December 2014.

The actuarial valuation method used is the Projected Unit Credit-method. The main actuarial assumptions are as follows:

Discount rate		<b>8.21%</b>	8.72%
Health care cost inflation (Salary inflation)		<b>6.39%</b>	7.59%
Consumer price inflation (CPI)		<b>6.39%</b>	6.59%
Salary inflation		<b>6.39%</b>	7.59%
Real discount rate		<b>1.71%</b>	1.05%
Members employed before 1 April 1998	- Normal retirement age	<b>65</b>	65
	- Expected average retirement age	<b>63.1</b>	63.1
Members employed on or after 1 April 1998	- Normal retirement age	<b>60</b>	65
	- Expected average retirement age	<b>59</b>	63.1
Spouse age gap		<b>3 years</b>	3 years
Continuation at retirement		<b>100.00%</b>	100.00%
Proportion married at retirement		<b>75.00%</b>	75.00%
Orphan contribution cease age		<b>21</b>	21
Subsidy-weighted duration of total liability		<b>11.5 years</b>	
Mortality pre-expected retirement age with consideration of actuary table, ref SA1985 - 90 LIGHTT			
Mortality post-expected retirement age, with consideration of actuary table, ref PA (90) - 2			

## 14. Employee benefits (continued)

Allowance for medical scheme membership changes due to stated assumptions of mortality and withdrawal. Since UFS employees and/or retired employees do not belong to a medical scheme that is closed to new entrants, we have not taken into account that the age profile of the medical scheme membership may change.

The sensitivity analysis that illustrates how the results change under various alternative assumptions.

	2014		2013	
	% Change in past-service contractual liability	% Change in service cost plus interest cost contractual liability	% Change in past-service contractual liability	% Change in service cost plus interest cost contractual liability
Consumer price inflation +1%	15.40%	17.40%	15.90%	17.90%
Consumer price inflation -1%	-12.60%	-14.00%	-12.90%	-14.30%
Mortality rate + 1 %	-8.90%	-9.60%	-9.50%	-10.30%
Mortality rate -1%	9.80%	10.70%	10.70%	11.70%
Resignation rate +1%	-3.40%	-4.50%	-3.50%	-4.60%
Resignation rate -1%	3.80%	5.10%	3.90%	5.20%

	2014	2013	2012	2011	2010
	R'000	R'000	R'000	R'000	R'000
The value of unfunded obligations at year end:	467 145	464 346	588 712	468 240	420 807

The total estimated subsidised contribution payable by the employer in respect of post-employment health care benefits for the year following the valuation date is R13,786 million.

	2014	2013
	R'000	R'000
The amounts recognised in the statement of financial position were determined as follows:		
Present value of unfunded obligations	467 145	464 346
Liability in the Statement of financial position	467 145	464 346

Movement in the defined benefit obligation is as follows:

	2014	2013
Opening net carrying amount	464 346	588 712
Current service cost	19 414	35 695
Interest cost	39 932	48 085
Benefits paid	(12 824)	(11 742)
Actuarial (gain)/loss	(43 723)	(196 404)
Closing net carrying amount	467 145	464 346

The amounts recognised in the Statement of comprehensive income are as follows:

	2014	2013
Current service cost	19 414	35 695
Benefits paid	(12 824)	(11 742)
Interest cost	39 932	48 085
Total included in staff cost	46 522	72 038

The amounts recognised as Other comprehensive income are as follows:

Recognition of previously unrecognised actuarial loss / (gain)	(43 723)	(196 404)
Total included in other comprehensive income	(43 723)	(196 404)

	2014	2013	2012
	R ' 000	R ' 000	R ' 000
		(Restated)	(Restated)
Opening net carrying amount	155 136	116 980	64 908
Grants received during the year	144 526	131 292	122 387
Grant realised	(194 375)	(93 137)	(70 314)
Closing net carrying amount	105 287	155 136	116 980
Non-current Deferred income	7 064	35 601	31 077
Current Deferred income	98 223	119 535	85 903

Included in deferred income above are the teaching and development grant, infrastructure grant, clinical training grant, and foundation grant. The infrastructure earmarked for the construction of assets, is deducted in arriving at the carrying value of any assets constructed from the grant.

Refer to note 32 for detail on prior year restatement

	2014	2013
	R'000	R'000
Trade payables	93 381	74 243
Other payables	39 465	21 384
Taxes	20 496	26 067
Student deposits	6 665	4 569
Tuition fees creditors	56 536	51 623
<b>Total trade and other payables</b>	<b>216 543</b>	<b>177 885</b>

The fair value of Trade and other payables approximates the carrying amounts as the majority of trade creditors are non interest bearing and are normally settled within agreed terms with creditors. Trade and other payables are denominated in South African Rand.

## 17. Other operating expenses by nature

The following items are included:

Supplies and services	429 242	419 682
Cost of maintenance services outsourced	42 874	33 212
Repairs and maintenance expenditure	28 279	19 857
Research and development expenditure	114 439	105 631
Auditor's remuneration	1 832	1 451
- Audit fee	1 655	1 451
- Other special investigations and special reports	177	-
Bursaries	105 232	86 201
Other operating expenses	397	55
<b>Total other operating expenses</b>	<b>722 296</b>	<b>666 089</b>

	2014	2013
	R ' 000	R ' 000
<b>18. Personnel costs</b>	Total	Total
Salaries and wages		
Academic professionals	578 991	543 512
Other personnel	603 021	643 283
Total salaries and wages	1 182 012	1 186 795
Surplus due to change in subsidy policy	-	(144 541)
	<b>1 182 012</b>	<b>1 042 254</b>

Included in salaries and wages are pension benefits of R13,516m (2013: R22,370m) and post employment medical benefits of R46,522m (2013: R72,038m).

Average monthly number of people employed by the University during the year:	Number	Number
Full time - Lecturing	999	971
Full time - Support	1 490	1 480
Part time - Lecturing	998	865
Part time - Support	1 170	1 448
	<b>4 657</b>	<b>4 764</b>

The numbers do not include people employed on the joint staff establishment of the Free State Department of Health.

## 19. Income from investments

Interest income	107 230	88 282
Dividend income	36 316	23 916
Total interest and dividend income	<b>143 546</b>	<b>112 197</b>

## 20. Administration cost financial assets

Administration cost financial assets	<b>11 736</b>	<b>10 063</b>
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R ' 000                      R ' 000                      R ' 000

## 21. Financial instruments

### Financial instruments by category

31 December 2014

	Loans and receivables	Available- for-sale	Total
<b>Assets as per Statement of Financial Position</b>			
Available for sale financial assets	-	3 537 616	3 537 616
Student loans	8 402	-	8 402
Trade and other receivables (excluding prepayments)	116 830	-	116 830
<b>Total</b>	<b>125 232</b>	<b>3 537 616</b>	<b>3 662 848</b>
<b>Liabilities as per Statement of Financial Position</b>			
		Other financial liabilities	Total
Trade and other payables excluding statutory liabilities		196 048	196 048
Borrowings		113 516	113 516
<b>Total</b>		<b>309 564</b>	<b>309 564</b>

31 December 2013

	Loans and receivables	Available- for-sale	Total
<b>Assets as per Statement of Financial Position</b>			
Available for sale financial assets	-	3 137 242	3 137 242
Student loans	8 389	-	8 389
Trade and other receivables (excluding prepayments)	112 666	-	112 666
<b>Total</b>	<b>121 055</b>	<b>3 137 242</b>	<b>3 258 297</b>
<b>Liabilities as per Statement of Financial Position</b>			
		Other financial liabilities	Total
Trade and other payables excluding statutory liabilities		151 817	151 817
Borrowings		112 003	112 003
<b>Total</b>		<b>263 821</b>	<b>263 821</b>

## 22. Financial risk management

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

Risk management is performed by the relevant decision-making structures in accordance with the policies approved by the Council. Members of the Executive Committee identify, evaluate and coordinate the management of strategic risks faced by the University. Risk management processes are reviewed regularly for continuing relevance and effectiveness. A report on the risk management process that is being followed, as well as a summary of the risk register, was presented to the Audit and Risk Management Committee and to the Council of the University during the year under review.

The University's investment channels have strong investment characteristics and no portfolios that have speculative characteristics, are being utilised.

## 23. Financial risk factors

### 23.1. Market risk

#### 23.1.1. Foreign currency risk

The University have foreign exchange exposure in the event of foreign sales transactions, settled on normal trade terms. This exposure is not significant and therefore no formal policy is in place to manage this risk. The University is further exposed to foreign currency risk in regards to foreign investments held, mainly denominated in US dollar. Foreign currency risk exposure relating to foreign investments, are managed by independent fund managers. A multi-manager approach is followed in appointing investment managers to limit investment risk exposures. These fund managers are overseen by and report to the Investment Committee of the University.

The table below shows the foreign currency risk exposure on foreign currency investments, taking into account a possible 10% variance in foreign currency rates.

	2014	2013
Possible variances in foreign currency rates:	±10%	±10%
	R'000	R'000
Foreign Investments	98 124	103 581

#### 23.1.2. Price risk

The University is exposed to equity securities price risk because of investments held by the University classified on the statement of financial position as available-for-sale. The University is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the University diversified its investment portfolio. The diversification is done by independent fund managers and the limits of diversification are overseen by the Investment Committee. A multi-manager approach is followed in appointing investment managers to limit further price risk.

The table below shows the price risk exposure taking into account a possible variance of 10% in the FTSE / JSE CAPI index, with all other variables held constant.

	2014	2013
Possible variance in price risk:	±10%	±10%
	R'000	R'000
Shares (listed)	123 532	114 910

#### 23.1.3. Cash flow and fair-value interest rate risk

Interest rate risk is the possibility that the University may suffer financial loss if either a fluctuating interest rate or fixed interest rate position is entered into and the interest rates move adversely. The University's income and operating cash flows are substantially independent of changes in market interest rates.

The University has interest rate exposure on interest-bearing liabilities. Interest rate attributes of new loans are reviewed and approved in accordance with policies approved by Council to ensure interest rate exposure will not exceed acceptable levels. Interest rates of all current loan agreements are fixed for their full term, except for the ABSA overdraft facility and therefore operating cash flows are substantially independent of changes in market interest rates. Refer to note 13 for further disclosures regarding interest-bearing borrowings and related interest rates.

The University also pays creditors within agreed settlement periods to avoid interest exposures.

The University has interest-bearing assets. The income and operating cash flows are substantially independent of changes in market interest rates and therefore the University did not enter into any agreements regarding interest rate derivatives for the 2014 and 2013 financial years.

The table below shows the interest rate risk exposure on the University's surplus taking into account a possible variance of 50 basis points. Only exposure due to interest earned on interest bearing assets were considered, as interest earned on trade receivables are not significant.

## 23.1.3. Cash flow and fair-value interest rate risk (continued)

	2014	2013
Possible variance in interest rate risk exposure:	+/-50 basis	+/-50 basis
	points	points
	R'000	R'000
Interest on investments	16 687	13 887

## 23.2. Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposure due to outstanding receivables from students and other debtors. The University has no significant concentration of credit risk. For banks and financial institutions, only independently highly rated parties are accepted and the University has policies in place to ensure that credit exposure to any one institution is limited. It also has policies in place to ensure that rendering of education service are made to students with an appropriate credit history. Further detail on this policy is disclosed under note 11.

For more detail regarding the nature of the specific credit risks associated with the individual areas, refer to notes 11 (Outstanding student fees and Sundry Receivables); Note 12 (Cash Equivalents); Note 8 (Student loans) and Note 6 (Available-for-sale investments).

The University is of the opinion that as at 31 December 2014, there existed no material credit risks that were not provided for.

## 23.3. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the University aims to maintain flexibility in funding by keeping committed credit lines available.

The University has minimised risk of liquidity as shown by its sufficient cash, cash equivalents and investment portfolio. The University manages a cash budget that is continuously updated and reported to Executive Management. An Investment Committee also oversees the investment portfolio managed by independent fund managers. A multi-manager approach is also followed in appointing investment managers to limit further liquidity risk.

The table below analyses the University's financial liabilities into 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.

	R'000	R'000	R'000	R'000
	Less than 1 year	Between 2 and 3 years	Between 4 and 5 years	Over 5 years
At 31 December 2014				
Borrowings	2 113	2 436	-	108 968
Trade and other payables	216 543	-	-	-
	218 656	2 436	-	108 968
At 31 December 2013				
Borrowings	1 896	4 482	-	105 625
Trade and other payables	177 885	-	-	-
	179 781	4 482	-	105 625

## 23.4. Capital risk management

The University's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain an optimal fund structure to reduce the cost of capital.

Funds comprise restricted and unrestricted funds. Restricted funds comprise funds which are subject to specific conditions for application. Unrestricted funds are those funds that can be employed by Council at its discretion. Funds on the statement of changes in funds are structured to differentiate between restricted and unrestricted funds.

In order to maintain the capital structure, the University has ensured a sound financial position by limiting exposure to debt and sufficient investment and cash balances, which is evident from the table below. This objective is met by a well-planned budget process each year in which the critical strategic objectives of the University are addressed

	2014 R'000	2013 R'000
Current portion of Available-for-sale financial assets	703 308	530 730
Cash and cash equivalents	114 654	174 020
<b>Total</b>	<b>817 962</b>	<b>704 750</b>
Current liabilities	332 284	267 618
<b>Total</b>	<b>332 284</b>	<b>267 618</b>
<b>Net position</b>	<b>485 679</b>	<b>437 132</b>

## 23.5. Fair values

IFRS 7 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 Inputs for fair value measurements, other than quoted prices, that are observable from the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3 Inputs, for fair value measurements from the asset or liability that are not based on observable market data (that is, unobservable inputs)

The following table represents the University's assets and liabilities that are measured at fair value at 31 December 2014.

	R'000 Level 1	R'000 Level 2	R'000 Level 3	R'000 Total
<b>Assets</b>				
- Available-for-sale financial assets	3 537 616	-	-	3 537 616
- Student loans	-	8 402	-	8 402
- Biological assets	-	-	5 644	5 644
<b>Total assets</b>	<b>3 537 616</b>	<b>8 402</b>	<b>5 644</b>	<b>3 551 662</b>
<b>Liabilities</b>				
Interest bearing borrowings	-	113 516	-	113 516
<b>Total liabilities</b>	<b>-</b>	<b>113 516</b>	<b>-</b>	<b>113 516</b>

## 23.5. Fair values (continued)

The following table represents the University's assets and liabilities that are measured at fair value at 31 December 2013.

	R '000	R '000	R '000	R '000
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
- Available-for-sale financial assets	3 137 242	-	-	3 137 242
- Student loans	-	8 389	-	8 389
- Biological assets	-	-	5 255	5 255
<b>Total assets</b>	<b>3 137 242</b>	<b>8 389</b>	<b>5 255</b>	<b>3 150 885</b>
<b>Liabilities</b>				
Interest bearing borrowings	-	112 003	-	112 003
<b>Total liabilities</b>	<b>-</b>	<b>112 003</b>	<b>-</b>	<b>112 003</b>

There were no transfers between levels 1, 2 and 3.

### a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at year-end. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing services, 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 bid price. These instruments are included in level 1.

### b) Financial instruments in level 2

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. The fair value of investments disclosed under level 2 are determined by portfolio managers based on current market indicators.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

### c) Financial instruments in level 3

The following table presents the changes in level 3 instruments:

	2014 R'000	2013 R'000
Opening net carrying amount	5 255	6 092
Selling	(477)	(1 565)
Additions	167	222
Revaluation	699	506
Closing net carrying amount	<b>5 644</b>	<b>5 255</b>

## 24. Commitments

2014  
R'000

2013  
R'000

### Capital commitments

Capital expenditure contracted at year end but not recognised in the financial statements, is as follows:

Property, plant and equipment	168 168	257 634
-------------------------------	---------	---------

These expenditure will be funded from existing financial resources and a portion of these capital commitments will be funded from future Government Grants for infrastructure. No contracts have been entered into at the Statement of financial position date.

### Operating lease receivable commitments

The future minimum lease receivables under non-cancellable operating leases are as follows:

Not later than 1 year	8 080	9 455
Later than 1 year and not later than 5 years	4 349	17 755
Later than 5 years	393	29 176
Total future cash flows	12 822	56 386
Straight lining already accrued	(1 180)	(1 373)
Future receivables	11 642	55 013

The University rents out property under various agreements which terminate between 2015 and 2023. The agreements include both fixed and inflation linked escalations and does not include the option to extend the leases.

## 25. Cash generated from operations

	2014 R'000	2013 R'000
Reconciliation of net surplus to cash generated from operations:		
Surplus for the year	309 642	293 778
(Income)/loss from associate	1 224	(10 308)
Surplus for the year without associate	310 866	283 470
Adjustments for:		
Depreciation (Note 3 and 4)	83 028	76 231
Dividends (Note 19)	(36 316)	(23 916)
Interest received (Note 19)	(107 230)	(88 282)
Administration cost financial assets(Note 20)	11 736	10 063
Interest expense	11 611	10 779
Proceeds on sale of property, plant and equipment	(1 047)	(3 212)
(Profit)/loss on sale of assets	13 419	2 975
Changes in working capital (excluding the effects of acquisition and disposal):		
- Inventories	689	(450)
- Biological assets	(389)	837
- Trade and other receivables	(3 472)	(15 253)
- Student loans	(14)	(1 678)
- Trade and other payables	38 659	50 614
- Deferred income	(49 849)	38 155
- Retirement benefit surplus	3 272	11 647
- Post-employment medical obligation	46 522	(72 503)
- Accrued leave	8 368	13 439
Cash generated from operations	329 853	292 917

## 26. Details of consolidated entities

The following entities have been consolidated:

Wholly owned entities	Interest
Kovsie Alumni Trust	100%
Lila Theron Trust	100%
Shimla Stigting	100%
Kovsie Holdings (Pty) Ltd	100%
Investment in Associates	
Sun Media (Pty) Ltd	33%
Farmovs Parexel (Pty) Ltd	30%

All of the above entities are wholly owned, except for SunMedia Ltd and Farmovs Parexel (Pty)Ltd. The University has a 33% share in Sunmedia Ltd and a 30% non-controlling share in Farmovs Parexel (Pty) Ltd. Both are accounted for as investments in an associate as indicated in note 7.

The financial results of these consolidated entities are not individually material and therefore separate and consolidated financial statements are not presented and consolidated results only are presented.

Refer to note 28 for details of related party transactions with the parties listed above.

### Statement of financial position of subsidiary undertakings

	2014 R'000	2013 R'000
<b>Assets</b>		
Property, plant and equipment	999	786
Biological Assets	3 358	2 969
Available for sale financial assets	14 757	5 515
Receivables and prepayments	215	86
Bank and cash	4 199	10 466
Total assets	<u>23 528</u>	<u>19 822</u>
<b>Funds and liabilities:</b>		
Accumulated profit / funds available	19 424	16 879
Accounts payable	4 104	2 943
Total funds and liabilities	<u>23 528</u>	<u>19 822</u>

## 27. Critical accounting estimates and judgements

Management's estimates and judgement are evaluated on an ongoing basis and are based on historical experience and other factors, including future expectations, considered reasonable under the circumstances.

The University makes estimates and assumptions regarding the future. Consequently, the accounting estimates used in the financial statements will not necessarily equal the actual outcome in subsequent periods. The following estimates and assumptions may have a material effect on the carrying amounts of assets and liabilities.

### Staff benefits

The provision for staff benefits is based on a number of assumptions.

Refer to note 14 for a complete list of all the assumptions.

The main assumption is a healthcare inflation rate of 6.39% (2013: 7.59%)

### Impairment of tuition fees

The allowance for credit losses on tuition fees is based on historical trends.

### Impairment of student loans

The annual provision for the impairment of student loans is based on the assumption that students are able to obtain loans at rates averaging prime less 2% in the market. This assumption is based on enquiries at various financial institutions.

### Useful life of assets

Land is not depreciated, since it has an unlimited useful life. The useful life of other assets is estimated based on past experience and the attributes of specific items. Refer to note 2.8 in the accounting policy for the useful lives of other assets.

### Fair value of biological assets

Estimates and judgements in determining the fair value of livestock relate to the market prices, average weight and quality of animals and mortality rates.

Market price of livestock is obtained from the weekly auctions at the local market. The quality of livestock sold at the local market is considered to approximate the University's breeding and slaughter livestock. The livestock grow at different rates and there can be a considerable spread in the quality and weight of animals which affects the price achieved.

## 28. Related parties

The institutions listed below is deemed related parties of the University.

Party	Relationship
Kovsie Alumni Trust	The University is the sole beneficiary
Lila Theron Trust	The University is the sole beneficiary
Shimla Stigting	The University is the sole beneficiary
Kovsie Holdings (Pty) Ltd	Full Subsidiary
Sun Media (Pty) Ltd	Associate
Farmovs Parexel (Pty) Ltd	Associate

The following transactions were carried out with related parties:

	2014 R'000	2013 R'000
Purchases of goods and services		
Sun Media (Pty) Ltd	2 229	2 193
Rent received		
Farmovs Parexel (Pty) Ltd	7 202	6 800

Services and rental income are based on normal commercial terms and conditions.

Payables to related parties arise mainly from purchase transactions. The payables bear no interest.

Executive management are also deemed related parties of the University.

Transactions with related parties include payment for administrative salaries, finance cost, as well as investment income earned.

During the financial year, none of the parties listed above had any material interest in any agreement of note with the University or its affiliates, which could have lead to a conflict of interest.

## 29. Significant matters

### Adjustment of the post-retirement medical policy

Due to the fact that the post-retirement medical liability of the University was growing faster than would be sustainable for the University, the following measures were negotiated and implemented during December 2013. Staff appointed from 1 July 2002 will not be able to accrue any further years towards full post-retirement medical benefits after 31 Dec 2013. This is only applicable to appointments after 1 July 2002 as the benefit accrued from day 1 for appointments before this date. Thus none of the employees' vested post-retirement benefits were affected but only the benefit that still has to accrue in the future has been terminated. Council further approved that the post-retirement benefit for all new personnel from 1 January 2014 was terminated. All qualifying new staff will thus receive the medical benefit until retirement, but will have no right to any subsidy after retirement.

Lump sum payments were made to qualifying members of medical funds to compensate for loss of the above benefits.

The effect of these changes in the post retirement medical policy on the medical liability was incorporated in the post retirement medical valuation. (Note 14)

	2013 R'000
The effect of the lump sum settlement payments on the statement of other comprehensive income were as follows:	
Other comprehensive income decreased by:	51 359

## 30. Income Tax

No provision for normal South African income tax was made, as the University is exempt in terms of section 10(1)(cA)(i) of the South African Income Tax Act.

## 31. Effect of change in valuation method of Category D members

Category D members have the option of purchasing a pension from the Fund on retirement. The valuation assumptions used to determine the amount of annual pension that can be bought using the member's equitable share are weaker than the IAS 19 assumptions. As such, Category D members buying into the defined benefit pensioner pool would cause an actuarial loss to arise (from an IAS 19 perspective) as the assets transferred into the pool would be less than the IAS 19 liability established on retirement. Whereas previously no allowance was made for this additional possible liability (actuarial loss), the 2013 actuarial (gain)/loss have been restated to raise this additional possible liability for the purposes of IAS 19R. As such, the actuaries have determined the additional category D in-Fund retirement option liability as follows: Converted the member's current equitable share to a pension using the funding valuation basis. The assumptions from the statutory valuation of the Fund are used to determine the in-Fund pension conversion rate; Deducted an allowance for pensioner administration expenses; capitalised the net amount using the IAS 19 valuation assumptions; and subjected the capitalised amount to the decrements.

The change in valuation method on Category D members had no effect on the Statement of financial position, Statement of changes in funds and Statement of comprehensive income.

	2013 R'000
The effect of the change in valuation method were as follow:	
Defined benefit asset - No effect	1 662 267
Defined benefit obligation previously stated	1 402 300
Decreased in recognised actuarial gain	126 252
Defined benefit obligation restated	1 528 552
Increase in write down to asset ceiling	(126 252)
Net effect on Defined benefit (asset) / liability	-

Refer to note 14 for more details.

## 32. Prior year restatement

To encourage spending on certain priority areas in higher education, the DHET earmarked grants for specific purposes. These funds were previously part of the general subsidy awarded to universities and recognised as unrestricted, council controlled funds. The rules and guidance relating to these grants are refined annually and as a result of this, the Teaching and Development grant, Foundation grant, Clinical Training grant and Research and Development grant are now classified as restricted in accordance with IAS 20.

	2013 R'000	2012 R'000
The effect of these changes in the Statement of financial position were as follows:		
Restricted funds decreased by:	36 460	39 262
Deferred income increased by:	(36 460)	(39 262)
The effect of these changes in the Statement of comprehensive income were as follows:		
State appropriations - subsidies and grants increased by:	2 802	232
The effect of these changes on the Statement of changes in funds were as follows:		
Restricted funds decreased by	(36 460)	(39 262)

Also refer to note 16 (Deferred income).

## 33. Contingencies

Litigation is in the process against the University relating to a dispute with two parties who alleged breach of contract and are seeking damages totalling R 2m. The University's lawyers and management consider the likelihood of the action against the University being successful as unlikely, and these cases should be resolved within the next year. Further litigation is also in process regarding a claim for personal injury totalling R 10m. The University's lawyers and management consider the likelihood of the action against the University being successful as unlikely.

SUPPLEMENTARY FINANCIAL STATEMENT 1  
**NON-CURRENT AND CURRENT INVESTMENTS**  
as at 31 December 2014 (all amounts in R'000)

TYPE OF INVESTMENT	Book value at beginning of the year	Market value at beginning of the year	Cost of additions during the year	Total withdrawals for the year	Surplus/Deficit on disposal of investments	Increase/Decrease on market value	Book value at Year-end	Market-/Estimated realisable value	Total income received
<b>Non-current investments</b>									
Government stocks/bonds	417 701	421 594	549 970	(358 873)	(49 594)	5 048	608 798	617 740	-
Shares (listed)	906 101	1149 105	502 372	(446 380)	(98 295)	30 227	962 094	1235 325	71 799
Other	531 736	1035 813	103 726	(174 184)	(993)	15 888	461 277	981 243	-
<b>Current investments</b>									
Futures	679	275	26 174	(25 651)	-	1 357	1 202	2 155	-
Other	529 789	530 454	1 587 266	(1 416 360)	-	(208)	700 696	701 153	71 747
<b>TOTAL</b>	<b>2 386 006</b>	<b>3 137 242</b>	<b>2 769 509</b>	<b>(2 421 448)</b>	<b>(148 882)</b>	<b>52 313</b>	<b>2 734 067</b>	<b>3 537 616</b>	<b>143 546</b>

This statement is unaudited and does not form part of the financial statements.

## SUPPLEMENTARY FINANCIAL STATEMENT 2

**NON-CURRENT AND CURRENT BORROWINGS**

as at 31 December 2014 (all amounts in R'000)

TYPE OF BORROWING	TOTAL	AMOUNTS PAYABLE WITHIN ONE YEAR
	R'000	R'000
Other financial institutions	113 516	2 113
<b>TOTAL</b>	<b>113 516</b>	<b>2 113</b>

This statement is unaudited and does not form part of the financial statements.



# APPENDIX

# 5

## Governance of information and communication technology

### ICT Services Divisions

#### ICT Specialist Services & Governance (In the Office of the CIO)

ICT Specialist Services are highly complex and/or specialised skills sets required to run and enable ICT across delivery functions. These services seldom have any line reporting to them, but in some instances a limited line function is required.

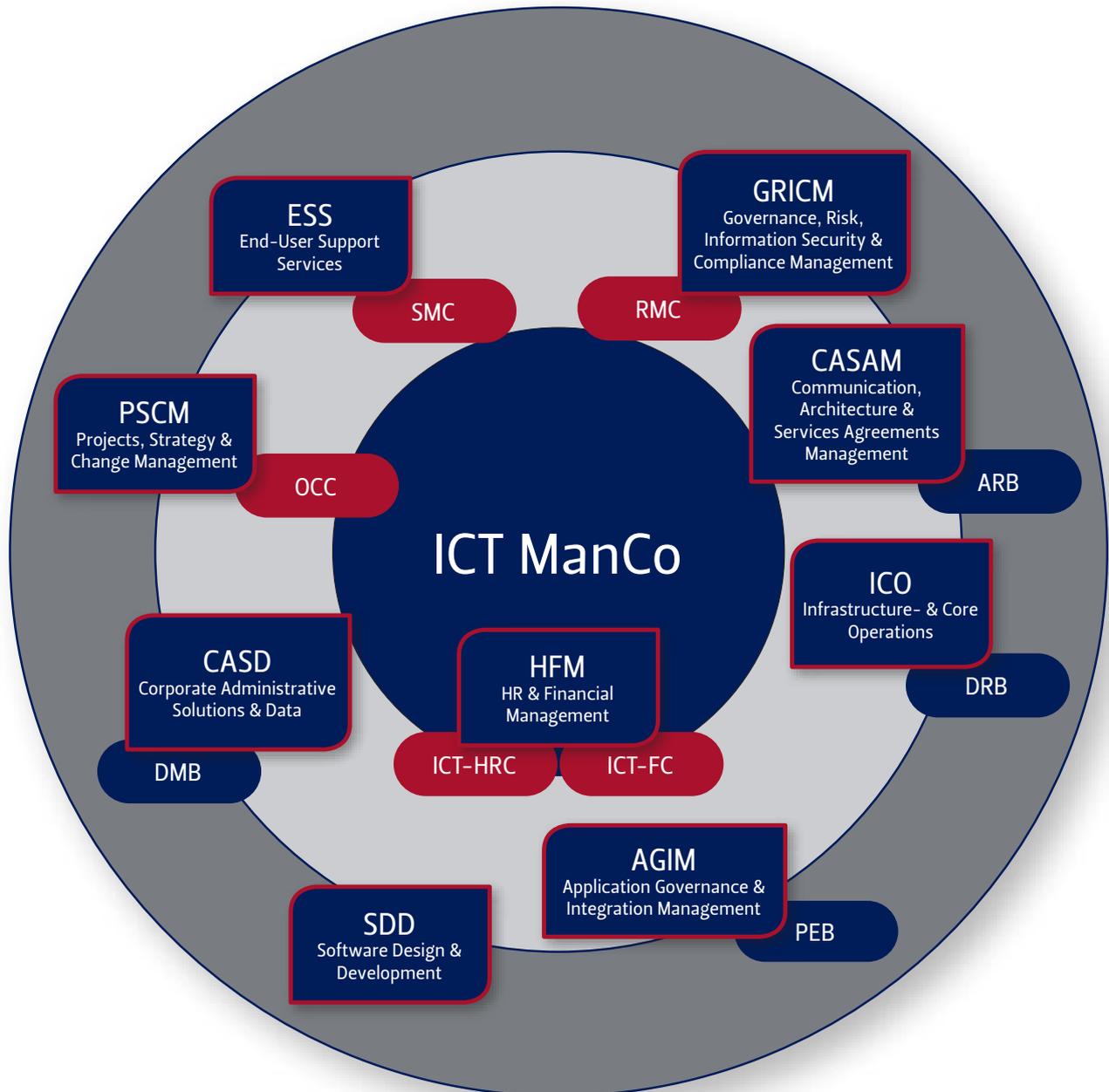
<p><b>PSCM</b> Projects, Strategy &amp; Change Management</p>	<p>PSCM guides ICT in terms of internal control (Policies, procedures, standards, etc.), ensures responsible management of change, structure and management of ICT programmes and projects, assists the CIO in determining ICT alignment and intent.</p>
<p><b>GRICM</b> Governance, Risk, Information Security &amp; Compliance Management</p>	<p>GRICM brings together aspects related to information security, risk management, governance and compliance management. It is a comprehensive approach to ensure the effective management of data, applications and infrastructures across the digital UFS landscape.</p>
<p><b>AGIM</b> Application Governance &amp; Integration Management</p>	<p>AGIM structures and formalises the relationship between the UFS user function/process community and ICT. This function brings together all aspects related to the management of business architecture, process architecture, and specification management. This function also provides technical, in-application training function to the UFS system's community.</p>
<p><b>HFM</b> HR &amp; Financial Management</p>	<p>HFM manages the HR and financial functions of ICT, ensures ICT spend aligned to budgets, provides financial information (burn-rate, spending patterns) and financial reporting. HFM provides ongoing HR alignment to SLE-values, oversees and reports on appointments, resignation, disciplinary actions, and equity profiles of the ICT.</p>
<p><b>CASAM</b> Communication, Architecture &amp; Service Agreements Management</p>	<p>ICT communications (internal and external) to be managed from a central point. CASAM also manages the ICT SLA framework and ensures service delivery against pre-determined specifications. CASAM brings together the 5 levels of Enterprise Architecture and manages the associated documentation and associated EA-repository.</p>

#### ICT Specialist Services & Governance ICT Delivery & Operations

ICT Delivery & Operations is the true customer-facing edge of ICT. Products and services delivered from this base represents the full scope of ICT services across the UFS domain. These delivery domains are complex super-structures containing within the constraints of each unique ICT products and services.

SDD	CASD	ESS	ICO
Software Design & Development	Corporate Administrative Solutions & Data	End-User Support Services	Infrastructure & Core Operations
<p>SDD incorporates all programming initiatives outside the systems managing the administrative core (ERP) of the UFS. This function is underpinned by a structured SDLC-framework that governs the various development initiatives and ensures a normalised and single development methodology.</p> <p>The complexity of the function lies in the acknowledgement of the diversity of programming protocols, development tools associated with software engineering and system development.</p> <p>Typical focus areas of this function are custom development initiatives associated with ECM (Electronic Content Management) practices.</p>	<p>The CASD-division caters for a structured approach to two essential corporate functions that are currently taken care of in a very disparate, unstructured and unmanaged manner viewed from a corporate perspective.</p> <p>Firstly, the management of the highly structured ERP-environment needs to be aligned to normalised practices in terms of specification alignment (specialised SDLC), system configuration and - alignment.</p> <p>Secondly, Corporate Data Management, as a practice, brings together a data management framework and an infrastructure that enables the effective management of corporate data across all operational UFS domains.</p>	<p>ESS deploys and provides technology-based support services to the UFS community in terms of technology-based end-user assistance, technology procurement, technical field services &amp; personalised installations of computers and software.</p> <p>This division also ensures the effective installation and operation of video conferencing facilities, audio-video infrastructures and point-to-point live streaming capabilities in all the venues of the UFS as a static - and/or mobile service.</p> <p>New to this function is the full support of all student laboratories and student facilities associated with the various labs and learning spaces of the UFS. This includes all teaching media facilities, technical support and student help-desk facilities on all three campuses of the UFS.</p>	<p>ICO represents the engine room of the UFS digital domain. This highly technical- and highly specialised function of ICT ensures a stable and digital operating platform for all systems- and associated applications such as system platforms, data storage and operating system integration.</p> <p>ICO also ensures the effective management of the digital 'sanity' of the UFS with specific emphasis on digital identity management, security management, intruder detection, virus attacks, hacking and patch deployment across all digital infrastructures of the UFS.</p> <p>Also managed from this central hub are all collaborative infrastructures such as networks (voice/digital, data), wireless deployments, Internet access and all digital security measures associated with these networks and infrastructures.</p>

# Committees of ManCo



## The Management of ICT

The management kernel of ICT is the ICT ManCo (Management Committee) around which nine (9) 'Committees of ManCo' are structured to manage the complex interplay between people, process, technology, governance, and data. Of the nine committees, 7 are defined in terms of the services intent of ICT, whilst the ICT Finance Committee (ICT-FC) and the ICT HR Committee (ICT-HRC) ensure human resources and financial integrity across all customer-facing functions of ICT.

The adjacent diagram shows the nine proposed divisions of ICT (dark blue blocks, red borders). Two concentric circles indicate the ICT domain (inner circle) and the UFS community (outer circle). As indicated, all but one division (HFM) shows an interaction between ICT and the UFS user community. As per the definition of 'committees' and 'boards', committees are internal to ICT and only cater for ICT members who are mandated to take decisions that shape and influence the internal operations of ICT. Boards are constituted around UFS stakeholders and here decisions are taken as to the involvement of ICT in the business domain of the UFS.

The **Service Management Committee (SMC)** monitors and considers service delivery. This internal committee continuously aligns service delivery to service level agreements (SLAs) and take corrective action if and when required.

The **ICT Risk Management Committee (RMC)** continuously evaluate ICT risks and ensures that ManCo expedite mitigating and corrective actions if and when required. This committee also extends its governance role into the greater UFS risk community and reports on ICT risks as part of the over-arching risk management framework of the UFS.

The **Operational Change Committee (OCC)** defines the ICT change control intent. This committee, existing of internal ICT members only considers, approves/disapproves, recommends and controls all changes made to the ICT operations. This committee evaluates potential knock-on effects of new additions to the ICT hardware, software, and operating environments and is the final go/no-go gate into the ICT operations domain.

The **Architecture Review Board (ARB)** is a customer-facing entity that, from an internal, standardised perspective, evaluates proposals from the UFS community in terms of proposed software implementations, hardware deployments, data structures, business processes, etc. This board integrates the various UFS stakeholders in the future deployment of ICT on the UFS campus.

The **Disaster Recovery Board (DRB)** ensures that the operational integrity of the UFS digital platform is guaranteed in the event of a potential disaster. This board will ensure that all key role players are incorporated in the disaster recovery framework and that all roles are integrated.

The **Data Management Board (DMB)** considers the overall integrity of corporate data in terms of data ownership, data cleanliness, integrity, availability and initiates activities whereby corporate data standards can be increased to more acceptable levels aligned to international best-practice.

The **Project Evaluation Board (PEB)** evaluates ICT-related projects in terms of technical architecture, risk to current systems, project feasibility, cost-of-ownership and overall benefit to the UFS.

The **ICT HR Committee** and the **ICT Financial Committee** ensure full compliance to the HR- and financial code of the UFS. These two committees monitor financial expenditure against budgets, ensures financial integrity and ensures that all ICT spend is auditable. The HR committee ensures that all HR practices are in compliance with the UFS code of conduct and that these practices are aligned to HR-policy.

Over-arching to the management committees, ICT is effectively defined and governed by a collection of baseline documents such as the ICT Capability Matrix, the ICT Governance Framework (Policies, Procedures, Standards, Guidelines), The ICT Services Charter and the ICT Management Charter. These documents, although contained in terms of numbers and volume, form the core of ICT's understanding of its domain, its mandate and its delivery intent.



# APPENDIX

# 6

## Report of the UFS Institutional Forum

Functioning within its statutory scope, the Institutional Forum (IF) convened regular meetings, once per term; a total of four for 2014; all quorated. This can be ascribed to an increase in our awareness of the importance of the IF as an advisory body.

In terms of the IF's role in appointment processes the most significant positions about which Council was advised were: the extension of term of the Rector (on which we advised the chair of Council to offer a full term), the appointment of Vice-Rector: Academic, and three new appointments for the positions of Deans of Law, Theology and Education. The IF was satisfied with the processes in all of these cases.

As in the past year the IF called some role-players to explain certain matters to us in relation to transformation, e.g. employment equity, the management of students and staff with disabilities, the condition of restrooms for service workers. On the last point, the condition of restrooms for service workers, the IF can report that an improvement plan was immediately launched as a result of our enquiry. The Vice-Rector: Operations addressed the IF on some questions that we had about the Integrated Report of 2012.

Following our meeting in 2013 with Housing and Residence Affairs (HRA) about the balance of placements, we can report

that in 2014 a revised application form was introduced on which applicants could not indicate preferences for residences; this function is computerised from 2014. This means that historical factors cannot privilege some and disadvantage others anymore. A placement oversight committee has also been established to advise HRA on residence placement matters.

One of our big steps in improving the functionality of the IF in 2014 was when the IF brought out a statement in support of the university's vision and mission direction, in part to dispel the false perception of a university in crisis and as an expression of our satisfaction with the transformation initiatives at the UFS.



**Dr EM Smuts**

Chairperson: UFS Institutional Forum

WALKER

grow where you're planted

# APPENDIX

# 7

## Statement on operational and administrative structures and systems of internal control by UFS Internal Audit and the Audit and Risk Management Committee of Council

The University maintains systems of internal control over financial reporting and the safeguarding of assets against unauthorised acquisition, use or disposal of such assets. Such systems are designed to provide reasonable assurance to the University and Council regarding an operational environment that promotes the safeguarding of a public higher education institution's assets, and the preparation and communication of reliable financial and other information.

The internal control systems include documented organisational structures setting out the division of responsibilities, as well as established policies and procedures, including a code of ethics that is communicated throughout the organisation to foster a strong ethical climate and the careful selection, training and development of its people.

Information systems utilising information technology are in use throughout the University. All of these have been developed and implemented according to defined and

documented standards to achieve efficiency, effectiveness, reliability, and security. Accepted standards are applied to protect privacy and ensure control over all data, including disaster recovery and back-up procedures. Password controls are strictly maintained, with users required to change passwords on a regular basis. Regular reviews are conducted to ensure that there are no clashes of user-access rights, and that the basic internal control concept of division of duties is maintained. Where, for capacity reasons, an occasional clash does occur, sufficient manual controls are in place to ensure that these clashes are mitigated. Systems are designed to promote ease of access for all users, and the systems are sufficiently integrated to minimise duplication of effort and ensure minimum manual intervention and reconciliation procedures. The development, maintenance and operation of all systems are controlled by competent, sufficiently trained staff.

The utilisation of electronic technology to conduct transactions with staff and third parties ensures that control aspects

receive close scrutiny and that procedures are designed and implemented to minimise the risk of fraud or error.

The Internal Auditor monitors the operation of internal control systems and reports findings and recommendations to Management and Council through the Audit and Risk Management Committee. Corrective actions are taken to address control deficiencies and other opportunities for improving systems when identified. The Council, operating through its Audit and Risk Management Committee, provides oversight of the financial reporting process.

There are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of an internal control system can change according to circumstances.

The University assessed its internal control systems as at 31 December 2014 in relation to the criteria for effective

internal control over financial reporting described in its financial policy documents. Based on this assessment, the University believes that, on 31 December 2014, its systems of internal control over operational environment, financial and information reporting and safeguarding of assets against the unauthorised acquisition, use or disposal of assets met these criteria.

The University conducted a review of its risk assessment document and, in conjunction with the internal auditors, developed a programme of internal audits to examine the systems, procedures and controls in those areas considered as high risk.

A study has been made of the third Report on Governance in South Africa (King III). The University strives to comply with the recommendations of the King III report as far as possible.

With regard to other matters on the agendas of the Audit and Risk Management Committee there were no outstanding items that exposed the University to loss arising from undue material risk.



**GJ van den Berg**

Director: Internal Audit



**EC Kieswetter**

Chairperson: Audit and Risk Management Committee

# APPENDIX

# 8

## Statement on risk management and corporate governance by the UFS Audit and Risk Management Committee of Council

The objective of the Audit and Risk Management Committee of Council is to assist the Council of the University of the Free State with its responsibility of safeguarding assets, maintaining effective and efficient internal controls, reviewing the financial information and overseeing the preparation of the annual financial statements. Specifically, the committee deals with matters pertaining to:

- Compliance with applicable legislation, the code of business conduct of the University, and the requirements of regulatory authorities.
- Compliance with the Code of Corporate Practices and Conduct.
- Compliance with the institution's Code of Ethics.
- Compliance, as far as practically possible, with the recommendations of King III.
- Internal and external policies.
- Financial and internal control, accounting policies, reporting and disclosure.
- Activities, scope, adequacy and effectiveness of the internal audit function and audit plans.
- Review and approval of external audit plans, findings, problems, reports and fees.
- Review (at least annually) of the internal auditor's assessment of risks and approval of the internal audit plan to ensure that audits are conducted appropriately to mitigate the risks identified.
- Assessment of all areas of financial risk and the management thereof.
- Annual financial statements to the finance committee.
- Approval of financial policies and any changes thereto.
- Ensuring that all items raised in the annual audit management letter and interim internal audit reports have been addressed and that actions previously taken to address these issues are still in place and effective, including points raised in previous reports and previously deemed to have been resolved, to ensure that the problem has not recurred.

- Ensuring that policies are in place to protect the University's assets from loss or unauthorised use.

The committee operates in accordance with terms of reference authorised by the Council and reviewed regularly. The internal and external auditors have unrestricted access to the committee members. The committee is also responsible for risk management. The committee ensures that identified risks are monitored and appropriate measures are devised and implemented to manage such risks.

The committee met four times during the period to review, inter alia, the matters arising from internal risk analysis, the internal and external audit plan and budget, the matters

arising from the completed audit, and the fair presentation of the financial statements presented to the Council.



**EC Kieswetter**

Chairperson: Audit and Risk Management Committee



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